

Leicester
City Council

MEETING OF THE OVERVIEW SELECT COMMITTEE

DATE: MONDAY, 2 FEBRUARY 2026

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 Joel (Chair)

Councillors Batool, Dave, Kitterick, March, O'Neill, Osman, Pickering, Porter,
Rae Bhatia, Waddington and Zaman

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

For Monitoring Officer

Officer contacts:

Julie Bryant and Ed Brown (Governance Services),
e-mail: governance@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: **Julie Bryant and Ed Brown, Governance Services**, Julie.bryant@leicester.gov.uk or Edmund.brown@leicester.gov.uk . Alternatively, email governance@leicester.gov.uk, or call in at City Hall.

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PUBLIC SESSION

AGENDA

NOTE:

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<http://www.leicester.public-i.tv/core/portal/webcasts>

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1. WELCOME AND APOLOGIES FOR ABSENCE

To issue a welcome to those present, and to confirm if there are any apologies for absence.

2. DECLARATIONS OF INTEREST

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

3. MINUTES OF THE PREVIOUS MEETING

Appendix A

The minutes of the meetings of the Overview Select Committee held on 1st December 2025 and 3rd December 2025 have been circulated, and Members will be asked to confirm them as a correct record.

4. CHAIR'S ANNOUNCEMENTS

The Chair is invited to make any announcements as they see fit.

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. QUESTIONS, REPRESENTATION 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.

7. PETITIONS

The Monitoring Officer to report on the receipt of any petitions.

The Monitoring Officer informs that a petition has been received as follows:

"We, the residents of Arbour Road, are facing ongoing and increasing difficulties with parking on our street. Day by day, it has become harder for households to find safe and convenient parking near their homes.

Many nearby streets in our area already operate under a Resident Parking Permit scheme. Because of this, a large number of non-residents are choosing to park on Arbour Road instead, creating significant congestion and leaving local residents without available parking spaces.

This situation is causing daily stress and inconvenience for families, elderly residents, carers, and working people who depend on accessible parking close to their homes.

Therefore, we the undersigned respectfully request that the Council introduce a Household Resident Parking Permit Scheme for Arbour Road.

This will help to:

- Ensure residents can park safely near their homes
- Reduce congestion caused by non-resident long-stay parking
- Bring fairness and consistency with neighbouring streets
- Improve overall traffic management and community wellbeing

We kindly ask the Council to review this matter urgently and take action to support the residents of Arbour Road."

8. TRACKING OF PETITIONS - MONITORING REPORT [Appendix B](#)

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.

9. 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.

10. CALL-IN OF EXECUTIVE DECISION - LGSCO MALADMINISTRATION REPORT - MR X **Appendix C**

An Executive decision taken by the Deputy City Mayor for Housing on 9 January 2026 relating to a LGSCO Maladministration report has been the subject of a 5-member call-in under the procedures at Rule 12 of Part 4D, City Mayor and Executive Procedure Rules, of the Council's Constitution.

The Committee is recommended to either:

- a) Note the report without further comment or recommendation. *(If the report is noted the process continues and the call in will be considered at a future meeting of Full Council); or*
- b) Comment on the specific issues raised by the call-in. *(If comments are made the process continues and the comments and call in will be considered at a future meeting of Full Council); or*
- c) Resolve that the call-in be withdrawn *(If the committee wish for there to be no further action on the call-in, then they must actively withdraw it. If withdrawal is agreed the call-in process stops, the call-in will not be considered at a future meeting of Full Council and the original decision takes immediate affect without amendment).*

11. WORKFORCE AND RESOURCING **Appendix D**

The Director of Corporate Services submits a report to provide a broad outline of the workforce challenges that Local Authorities, including Leicester, are facing.

12. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2026/27 **Appendix E**

The Director of Housing Submits a report setting out the City Mayor's proposed Housing Revenue Account (HRA) budget for 2025/26 prior to it being considered at Full Council on 19th February 2025. A minute extract from the meeting of the Housing Scrutiny Commission on 13th January 2026 is appended at Appendix H.

13. DRAFT GENERAL FUND REVENUE BUDGET 2026/27 **Appendix F**

The Director of Finance submits a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27.

The draft minute extracts detailing the respective Scrutiny Commissions' discussion on the Draft Revenue and Capital Budget reports are attached:

Housing – 13th January 2026

Economic Development, Transport and Climate Emergency – 14th January 2026

Adult Social Care – 15th January 2026

Children Young People and Education – 20th January 2026

Culture and Neighbourhoods – 22nd January 2026

14. DRAFT THREE YEAR CAPITAL PROGRAMME 2026/27 **Appendix G**

The Director of Finance submits a report setting out the City Mayor's proposed Draft Three Year Capital Programme 2026/27.

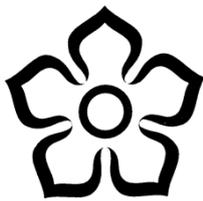
15. TREASURY & INVESTMENT STRATEGIES 2026/27 **Appendix H**

The Director of Finance submits a report outlining the Treasury & Investment Strategies for 2026/27.

16. OVERVIEW SELECT COMMITTEE WORK PROGRAMME **Appendix I**

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

17. ANY OTHER URGENT BUSINESS



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: MONDAY, 1 DECEMBER 2025 at 5:30 pm

P R E S E N T:

Councillor Joel - Chair

Councillor Batool
Councillor March
Councillor Pickering
Councillor Rae Bhatia
Councillor Zaman

Councillor Dave
Councillor O'Neill
Councillor Porter
Councillor Waddington

In attendance:

City Mayor Sir Peter Soulsby

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169. WELCOME AND APOLOGIES FOR ABSENCE

Apologies were received from Cllr Kitterick, Cllr Sahu substituted.

A Youth Council Representative joined online.

170. DECLARATIONS OF INTEREST

Members of the committee were asked to declare any interests that they may have in the proceedings, none were declared.

171. CHAIR'S ANNOUNCEMENTS

The Chair noted that this was a special additional meeting which was scheduled to accommodate a large number of items.

The Chair noted that the Recruitment item had been due to come to this meeting but would now go to the first meeting of the new year. Members were encouraged to contribute areas of interest for scrutiny.

- That the Director of Corporate Services and the Governance Services Manager work on the scope of the Recruitment item.

172. EXECUTIVE RESPONSE - SCRUTINY REVIEW - A REVIEW OF SUPPORT FOR ADVENTURE PLAYGROUNDS

The City Mayor provided an Executive Response to the recommendations made by the Task Group on Support for Adventure Playgrounds. The following was noted:

- The City Mayor expressed thanks to the task group members for their work.
- It was noted that Leicester City Council was among the last local authorities still providing support to adventure playgrounds.
- Previous decisions to withdraw financial support had been taken in response to austerity measures.
- The City Mayor stated that he hoped there would be an opportunity in the future to provide broader support for youth activities.
- Meetings had been held with the adventure playgrounds and the locality organisation that supports them, and alternative forms of support offering longer-term security had been explored.
- It was clarified that a Community Asset Transfer would require opening the process to wider bids.
- Longer-term arrangements would involve transferring responsibility for the maintenance of buildings.
- Adventure playground associations had been approached to determine whether they wished to pursue longer-term arrangements; none had responded to date, though the Council would be sympathetic to such discussions.
- It was noted that short-term tenure could limit the associations' ability to secure external funding.

In response to member discussions and questions, the following was noted:

- A detailed letter had been sent to the adventure playground associations, outlining the range of options available to them.
- It was noted that each adventure playground had different needs and circumstances, with some being more sustainable than others.
- To provide short-term protection, a five-year licence had been agreed.
- Members expressed the hope that further meetings could be arranged with the adventure playground associations.
- Members highlighted ongoing issues relating to building maintenance and stressed the importance of adherence to maintenance agreements.
- Members raised concerns about financial stability for the associations, fearing imminent closures, members advised that some had already issued redundancy notices.
- Members noted that the University of Leicester had produced a report on the five adventure playgrounds, which would be circulated.
- Members also noted that other councils were developing or maintaining

free-play provision. Hackney had introduced free-play schemes, and Nottingham and Manchester continued to operate adventure playgrounds. Members felt such provision reduced pressure on other council services.

- In response to questions on capital bidding, officers advised that legislation prevented the use of capital funding for revenue purposes, and that the Council did not meet the criteria required to sell capital assets to raise funds.
- The Commission would be informed on progress, with an update coming in the new year.
- The Chair would be meeting with Locality and the Adventure Playground Associations in the new year.

RECOMMENDATIONS:

- For the Commission to view the University report which members would forward.

AGREED:

- An future update would be added to the Work Programme.
- That the report be noted.

173. EXECUTIVE RESPONSE - SCRUTINY REVIEW - A REVIEW OF THE CHANGES TO THE COUNCIL TAX SUPPORT SCHEME

The City Mayor provided an Executive Response to the recommendations made by the Task Group on Changes to the Council Tax Support Scheme. Key points to note were as follows:

- The City Mayor expressed gratitude to the work of the Task Group.
- A substantive response could be provided after the service had been operating for a full year.

In response to member questions and comments, the following was noted:

- When setting the budget, projected figures were given for discretionary support, but capping was not permitted.

AGREED:

- That the report be noted.

174. CORPORATE ESTATE ANNUAL REPORT FY24/25

The City Mayor introduced the item noting that there was a substantial portfolio of around £147m, with a good rate of return going towards Revenue budgets.

The Director of Estates & Building Services submitted the Corporate Estate Annual Report for the 2024/25 Financial Year. The report was taken as read and a slide show was presented as appended.

Key points of member discussion to note were as follows:

- There was a good relationship with customers. There was availability of assets for customer expansion. Case studies on support provided would be circulated.
- The Haymarket Shopping Centre strategy was had seen improved net to gross performance.
- Details on the Travelodge hotel would be circulated to the commission.
- Members suggested receiving a Customer Satisfaction Report.
- Traditional tenancy agreements were in place with inbuilt obligations for landlord and occupiers. Tailored arrangements could be made to support customers in short term financial trading difficulties / debt.
- In response to a member question on the annual net cost to the council to comply with Minimum Energy Efficiency Standards (MEES), officers would circulate figures.
- Many of the buildings previously operating as retail businesses, were now run as food and leisure enterprises. A link would be distributed to the commission for trend analysis. Leicester benchmarked similarly to other local authorities in terms of national trends.

RECOMMENDATIONS:

- Members requested a Customer Satisfaction Report.

AGREED:

- Business Support case studies would be circulated.
- To provide details on the income from the Travel Lodge.
- More detail on MEES standards would be provided.
- The RICS link would be shared.
- That the report be noted

Cllr Rae Bhatia left at the end of this item.

175. DOMESTIC ABUSE AND SEXUAL VIOLENCE IN LEICESTER - BRIEFING

The Strategic Director of Social Care and Education submitted a report updating the Committee on local domestic abuse need, the types of service currently available locally, the approach in Leicester and plans to continue to better meet local need.

In response to member discussion and questions, the following was noted:

- The statutory duty remained focused on supporting survivors, with linked work undertaken alongside children's services and the criminal justice system.
- Ongoing work with Housing and commissioned providers continued to improve accessibility for disabled people and young people; a pilot project on young people's accommodation had recently been completed.
- Members requested that future standing items include data on individuals misusing support services.
- The extended three-year grant would support long-term sustainability of services.
- A multi-layered range of support mechanisms was in place to aid workforce development, with an annual refresh scheduled. Members requested that future reports include case studies.
- Practice included engagement with older people, alongside substantial work with the Safeguarding Adults Board.
- The Domestic and Sexual Violence portal was the primary referral pathway.
- Provider contracts were generally long-term and delivered wrap-around specialist support.
- In response to Member queries on refuge unit numbers, it was confirmed that 46 units were commissioned, with 48 units available in total when including non-commissioned provision. The Council commissions a minimum number of units rather than specific locations, with providers determining the final offer through the market response process.
- The statutory duty was to ensure provision without placing restrictions on individuals' movement outside the city.

RECOMMENDATIONS:

- Members suggested that the next report include case studies.
- Members suggested providing a breakdown of figures for those misusing support services.

AGREED:

- That the report be noted

Councillor Waddington left during the consideration of this item.

There being no other items of consideration, the meeting ended at 20:14.

*THE
CORPORATE
ESTATE
ANNUAL
REPORT*

7

FY24/25

Kathryn Ellis FIRRV



Minute Item 174

The Corporate Estate
Annual Report FY24/25

∞

*KEY
PERFORMANCE
METRICS*





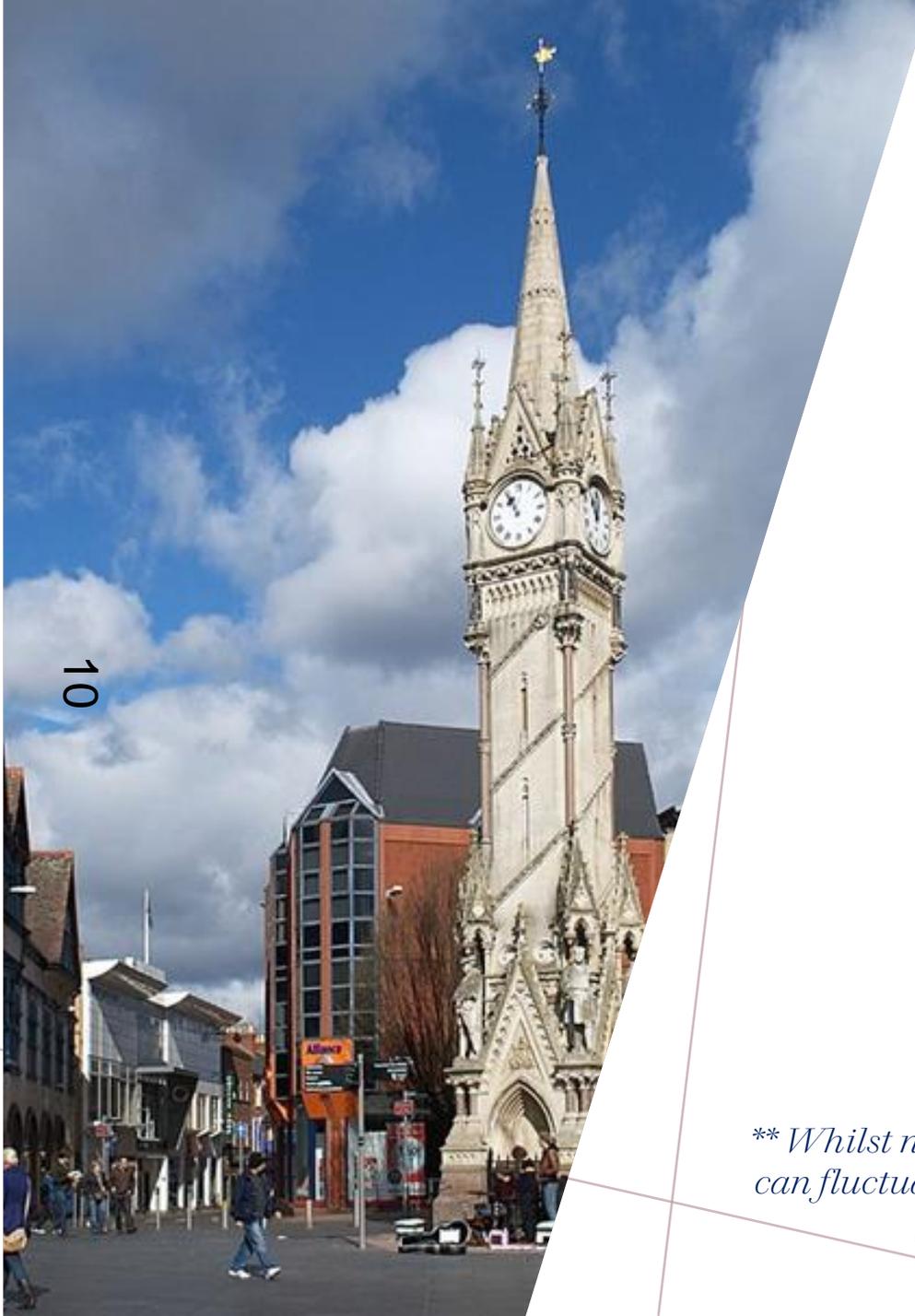
FY24/25

£154.4m Valuation of the Corporate Estate
(£147.2m value of the Corporate Estate FY23/24)

£12.29m Gross income
(£11.27m gross income FY23/24)

7.96 % Gross Yield considered 'very good'
(7.66% Gross Yield FY23/24)

£6.10m Net income has increased by 7.5%
(£5.68m net income FY23/24)



FY24/25

7.96% Gross Yield

(7.66% Gross Yield FY23/24)

CCLA Local Authorities' Property Fund gross yield 4.92% (Annual Report March 2025). Up 0.37% on FY23/24

*3.95% Net Yield***

(3.86% net yield FY24/25)

95% Occupancy

(95.5% Occupancy FY24/25)

1.51% of the Council's Net Revenue

(1.57% of the Council's Net Revenue FY23/24)

£0.9m Current Debt Position

(Opening position: £3.2m; 23/24 £1.1m; future goal: £0.65m)

*** Whilst net yield is important in determining the actual profitable return achieved, running costs can fluctuate dependent on how efficiently land and property is managed. As a result, gross yield is generally used to compare the financial performance of property investments.*



FUTURE STRATEGY

Continue to develop and professionalise the Strategic Property Team, including ensuring succession planning and building the team to deal with the wide breadth of skill and knowledge required.

Continue to methodically review rents, service charges, charging policy and procedure and consistently report on performance.

Continue to tackle and reduce bad debt through consistent monthly monitoring processes in place.

Realising transactions and negotiating opportunities that deliver the best outcomes for the Council and the City, including our Heart of Leicester Strategy.

Continue to develop the Capital Programme to ensure sustainability, protection of asset valuations, and meeting legislative requirements for H&S, MEES and ESG (Environmental and Social Governance).

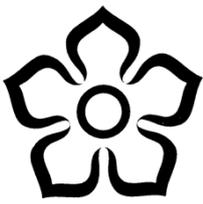
To continue to invest for the future and to enable relevant investment in a sustainable Commercial Real Estate portfolio. Wherever possible, improving on the quality of our estate or at end of useful lifecycle re-developing/investing in it through the capital programme.



*ANY
QUESTIONS?*

Kathryn Ellis FIRRV
Head of Strategic Property

Kathryn.Ellis@leicester.gov.uk
www.leicester.gov.uk



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: WEDNESDAY, 3 DECEMBER 2025 at 5:30 pm

P R E S E N T:

Councillor Joel - Chair

Councillor Batool	Councillor Dave
Councillor Kitterick	Councillor March
Councillor O'Neill	Councillor Porter
Councillor Waddington	Councillor Zaman

In Attendance:

City Mayor – Sir Peter Soulsby
Deputy City Mayor – Councillor Cutkelvin
Assistant City Mayor - Councillor Sood (Online)

Youth Council Representatives:
Sarah Sampson Vincent
Eashan Naik
Muhammad Mahmood

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176. WELCOME AND APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Pickering. She would join online.

177. DECLARATIONS OF INTEREST

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

Cllr Porter declared that he had an interest with regard to the Petitions Monitoring Report as he had been involved in the petition on Newarke Houses Museum.

Cllr Porter also declared that he had an interest in the item on the Contract Dispute Settlement. He had spoken to the press on the matter and had also

submitted a Freedom of Information request on the issue.

178. MINUTES OF THE PREVIOUS MEETING

AGREED:

- 1) That the minutes of the meeting held on 24 September 2025 be confirmed as a correct record.
- 2) That the minutes of the special meeting held on 10 November 2025 be confirmed as a correct record.

179. CHAIR'S ANNOUNCEMENTS

The Chair noted that actions were noted on the workplan.

No queries were made in respect of progress on actions agreed at the previous meeting.

180. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

The Chair noted that actions were noted on the workplan.

No queries were made in respect of progress on actions agreed at the previous meeting.

181. QUESTIONS, REPRESENTATION 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.

182. PETITIONS

The Monitoring Officer reported that no petitions had been received.

183. 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.

- It was suggested that future reports could contain columns on whether Ward Councillors had been informed and whether they had responded.
- Clarification would be sought on whether amber petitions referred to three months since they were received or three months since they had been added to the report.
- In response to a query on the process for verifying signatories to an online Petition the Monitoring Officer explained that the process followed

is that which is laid out in the published Scheme and it was a matter for Council, if it wished at a future time, to revise the Scheme within the Constitution.

AGREED:

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

184. QUESTIONS FOR THE CITY MAYOR

The Chair invited members to raise questions for The City Mayor.

Councillor Waddington asked a question that she had submitted ahead of the meeting:

I would like to ask the City Mayor if and when the flags attached to the Council's lamp posts will be removed.

Thank you

The City Mayor responded:

- The flags were in the process of being removed as part of routine maintenance, with any posing a safety risk prioritised for urgent removal.
- Reporting and management of related issues had been handled effectively.

In response to a question from a Young People's Council (YPC) Representative, the following was noted in relation to engagement with the YPC:

- There was a commitment to make the experience more meaningful and to involve the Young People's Council more fully.
- The Executive were happy to meet with the Young People's Council to ensure their voices were better heard and to provide opportunities for direct representations.

The Chair suggested creating an organised timetable for the Young People's attendance at the Executive Briefing and to take an active part in senior recruitment processes.

The City Mayor responded:

- There had been occasions when the Young People's Council had been invited to be part of the recruitment process, and there was further scope for inclusion on decision making bodies.

- It would be more beneficial for the Council to meet young people in their own environment.

In response to a question from a YPC Representative, the following was noted in relation to young people's access to travel, particularly in the evenings:

- The City Council had ceased to operate a bus service, but there was a good working relationship with current operators.
- The City Mayor was aware though that many areas of the city did not get a service throughout the evening or available at weekends when young people wanted to use them for leisure purposes and this had been taken up with the operators.

The Assistant City Mayor for Environment and Transport added that:

- The new green buses had security cameras in place.
- Additional subsidies were being considered to make more travel more affordable for young people.
- There was a focus to increase bus usage across the city.

In response to a question from a YPC Representative, the following was noted in relation to High Street performance:

- The City Mayor understood the young people's concerns but felt that the City Centre remained vibrant. Whilst a decline was noted in some areas, others were regenerating.
- When compared with many other city centres, Leicester was attracting significant amounts of business, with far more openings of new shops than closures.
- A further dialogue with the young people was welcomed.

In response to a question from Councillor Porter, the following was noted:

- The City Mayor had written to Central Government requesting an amendment to housing legislation, specifically the rule that families must not remain in temporary accommodation for more than six weeks.

185. LGSCO REPORT OF MALADMINISTRATION CAUSING INJUSTICE (HOUSING) - MS X

The Director of Housing submitted a report following the request at Full Council

on 18 September 2025 that Overview Select Committee consider the Council's letter to the Secretary of State, together with his reply, in considering whether a payment should be made. The City Mayor's letter to the Right Honourable Steven Reed MP, Secretary of State, and the response from Alison McGovern MP, Minister of State, were appended to the report.

The Chair clarified that the Committee did not have decision-making power over this issue.

The City Mayor introduced the item and made the following points:

- The Council had been clear about the circumstances that they found themselves in, and in the response from the Minister it had been recognised that the Council had dealt with this effectively, noting that the numbers of families in Bed and Breakfast accommodation had fallen by 94.7% from June 2024 to June 2025 as the result of investment in providing alternatives.
- There was no intention on the part of Government to change the law. The 6-week target had been set and the Government would not want to relax that target.
- The Minister had been clear that the department did not interfere with the Ombudsman's investigations or how local authorities choose to respond to their findings.

In discussions with Elected Members, the following was noted:

- In response to a question on preventative measures and the accountability measures in place, it was noted that there was an aim to provide temporary accommodation that was fit for purpose. £45m had been invested in temporary accommodation, providing 350 home units, of which 242 were family homes. Data was being reviewed, and projections were being looked at to see what more could be done.
- Points were raised about the moral principle of the need to pay compensation, and it was moved to recommend that the case be settled in full.
- In response, it was noted that the injustice was recognised, however, the Ombudsman had recognised that suitable temporary accommodation had not been available in the City at that time. It was confirmed that there were now more options available. It was stressed that this was not a wilful mistake.
- The point was raised that private accommodation had been found, but the Council had refused to fund it.
- It was noted that law was not retrospective and if Regulations were broken two years ago, even if the Government were minded to change

the regulations, it would not apply in this case.

- It was noted that legislation dated from 2003, and that the housing crisis had developed and intensified since then, making it increasingly difficult for the authority to meet those standards. The request to Government asked them to recognise that the housing situation today was now very different.
- It was clarified that the decision on this matter was an Executive one, which had been taken and published, following which the Ombudsman had issued a second report which was reported to Full Council. The Ombudsman was expecting a final response.
- It was further noted that recommendations were not binding on the Executive, but if the Committee wished to move a recommendation for payment, it would be a matter for Scrutiny Members.
- In response to a query from a Young People's Council representative regarding vacant housing lets, it was confirmed that the vacancy rate remained well below the industry benchmark of 2%, despite Covid-related challenges. A fuller discussion could be held with the Young People's Council and the Housing Scrutiny Commission could also address queries.

Councillor Kitterick moved that the Committee recommend that the case be settled in full.

This was seconded by Cllr Porter and upon being put to the vote the motion was DEFEATED.

AGREED

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.

186. MID-YEAR REVIEW OF TREASURY MANAGEMENT ACTIVITIES 2025/26

The Director of Finance submitted a report reviewing how the Council conducted its borrowing and investments during the first six months of 2025/26.

Members were invited to ask questions and make comments. Key points included:

- In response to a question on the Threadneedle property fund, it was explained that this was not a short-term investment, and value was expected to increase over a long period.
- In response to a request for an example of where losses had been substantially mitigated, it was explained that there had been very few losses, but investments could go both up and down. Safe investments were sought by the Council for a positive return. Property funds would

be expected to recover over time.

- It was clarified that the outstanding loans for 2024 in the report was a typographical error, this should have read 2025.
- In response to queries about the property fund, the Council had been transparent that the value was lower at the end of September than the initial investment.
- It was noted that the arena was still in arrears, as had been previously reported to the Committee, but there was no information to suggest that the next pay-date would not be achieved.
- In response to a request for clarification on planned borrowing, it was explained that the Council had been borrowing for the Housing Revenue Account (HRA) Affordable Homes Programme using Council money to balance the general fund. As reserves went down on the general fund, it had been necessary to borrow to keep cash at the correct level to pay for services. The timing of the borrowing had been managed around interest rates and forecasts. It had been aimed to minimise borrowing until interest rates decreased. When the general fund budget was set at council, some of the capital programme had been switched from being funded by revenue to being funded by borrowing and it was necessary to take this borrowing out as the money was spent.
- In response to a query from a Young People's Council Representative, it was suggested that training sessions could be offered to the Young People's Council Representatives on treasury management.
- In response to a further query, figures on how much was paid to financial advisors would be sought.

AGREED

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.

187. INCOME COLLECTION APRIL - SEPTEMBER 2025

The Director of Finance submitted a report detailing progress made in collecting debts raised by the Council during the first six months of 2025-26, 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 at reasonable effort and expense.

Members were invited to ask questions and make comments. Key points included:

- In response to a question about business rates, it was explained that business rates were a nationally-set. It was difficult to prevent debts around business rates, but businesses we do work with businesses to manage arrears.
- In response to questions about discretionary tax relief, it was noted that

in the first two quarters the Council had spent £470k on Council Tax discretionary relief to 855 households. A full year would be needed to see the impact of the Council Tax Support Scheme. At the end of the financial year information would be produced on the effect of the Council Tax Support Scheme. A breakdown could also be produced looking at patterns in the characteristics of the households being supported.

- With regard to collecting debt from people described as 'untraceable', it was explained that every effort was made to trace them. In some cases, these people had moved abroad, and the Council had access to credit agencies to ascertain where they had moved to.
- Information would be sought as to whether there was a national organisation or any local government coordination, perhaps through the DVLA on tracing vehicles which had incurred parking fines.
- Information could be produced in the next report on untraceable debt.
- With regard to outstanding debt, most of this was Council Tax and Business Rates paid over 10-12 months.
- Parking fine collection had been brought back in-house. This would need time to come through and would be revisited.
- Parking fine recovery had been reviewed to ascertain whether more could be done. The review showed that the methods used were very similar to those used by companies. An increase had been seen when the function was brought in-house.
- It was suggested that it was important for the proportion of outstanding debt written off to be considered.
- In response to a question over how long the write-off process took, it was noted that it depended on the circumstances and timings.

AGREED

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.

188. EXECUTIVE DECISION CAPITAL BUDGET MONITORING APRIL-SEPTEMBER 2025/26

The Director of Finance submits a report to present the position of the capital programme for 2025/26 as at the end of September 2025.

Members were invited to ask questions and make comments.

- In response to a query about the need to close the gap in capital receipts, it was noted that a report had been brought to the Committee with a clear list and methodology. £35m was with legal and the remainder was being negotiated and reviewed.
- In response to queries about the railway station, it was noted that no Council money had been spent so far. Whilst there had been a delay,

there was confidence that the scheme could be delivered, timescales depended on how quickly assurance could be received from central government. The Committee could be updated on this in the new year.

- It was added in response to a question from a Young People's council representative that the use of the entrance area for leisure use would hopefully be appealing to young people.
- Information could be provided on the £150k for Community Asset Transfer.

AGREED

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.

189. EXECUTIVE DECISION- REVENUE BUDGET MONITORING APRIL-SEPTEMBER 2025/26

The Director of Finance submitted a report a report updating the forecasts presented to the committee in September 2025.

Members were invited to ask questions and make comments.

- It was confirmed that it was proposed to bring forward a £1m of the planned saving for 2026/27 into 2025/26.
- The upcoming report on recruitment was discussed, it would be moved forward outside of the meeting.
- There was an overall underspend of £1.4m.
- In response to points made about the precept in Adult Social Care, it was noted that the department had struggled with correct predictions on Integrated Care Board (ICB) contributions. There was also a series of joint funding with the ICB, and the practice had changed which had worked well and was within the 2% tolerance. The reason for the good performance was due to increasing health contributions from Continuing Care and Section 117. It would become more difficult in future and there were substantial targets in Health and Social Care in terms of expenditure. The Leicester, Leicestershire and Rutland target was no more than £80m deficit on the budget, so there was pressure. In addition to this, changes in the NHS next year would add difficulty in achieving the level of income. There had been an issue in obtaining the volume of staff and there were many vacancies, however, vacancy levels were being taken and money was being used to expand the number of posts with the aim to bid for a higher volume of staffing, so staffing would be higher.
- It was added that Social Care in general was 70% of the total spend, and in previous years had the additional precept which went a small way towards the 70%.

AGREED

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.

190. PRIVATE SESSION

MOVED:

That the press and public be excluded during consideration of the following reports in accordance with by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information.

Paragraph 3

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Paragraph 5

Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

AGREED by majority (6 for, 1 against, 1 abstention)

191. CONTRACT DISPUTE SETTLEMENT

This item was discussed in private by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 Paragraphs 3 and 5, as indicated above.

192. OVERVIEW SELECT COMMITTEE WORK PROGRAMME

The Committee was asked to consider the current work programme and to make comments and/or amendments as it considered necessary.

AGREED:

That the current work programme be noted.

193. ANY OTHER URGENT BUSINESS

The Chair thanked the Director of Finance and other officers.

There being no other items of urgent business, the meeting closed at 9:20pm

Tracking of Petitions – Monitoring Report

Overview Select Committee

Date of meeting: 2nd February 2026

Lead officer: Jessica Skidmore

Useful information

- Ward(s) affected: All Wards – Corporate Issue
- Report author: Jessica Skidmore
- Author contact details: Jessica.Skidmore@leicester.gov.uk
- Report version number: 1

1. Purpose of the Report

To provide Members with an update on the current status of responses to petitions against the Council's target of providing a formal response within 3 months of being referred to the Divisional Director.

2. Recommendations

The Committee is asked to note the current status of outstanding petitions and to agree to remove those petitions marked 'Petition Process Complete' from the report.

3. Detailed report

The Committee is responsible for monitoring the progress and outcomes of petitions received within the Council. An Exception Report, showing those petitions currently outstanding or for consideration at the current Overview Select Committee meeting is attached.

The Exception Report contains comments on the current progress on each of the petitions. The following colour scheme approved by the Committee is used to highlight progress and the report has now been re-arranged to list the petitions in their colour groups for ease of reference:

- **Red** – denotes those petitions for which a pro-forma has not been completed within three months of being referred to the Divisional Director.
- **Petition Process Complete** - denotes petitions for which a response pro-forma has sent to the relevant Scrutiny Commission Chair for comment, subsequently endorsed by the Lead Executive Member and the Lead Petitioner and Ward Members informed of the response to the petition.
- **Green** – denotes petitions for which officers have proposed a recommendation in response to a petition, and a response pro-forma has been sent to the relevant Scrutiny Commission Chair for comment, before being endorsed by the Lead Executive Member.
- **Amber** – denotes petitions which are progressing within the prescribed timescales, or have provided clear reasoning for why the three-month deadline for completing the response pro-forma has elapsed.

In addition, all Divisional Directors have been asked to ensure that details of **all** petitions received direct into the Council (not just those formally accepted via a Council Meeting or

similar) are passed to the Monitoring Officer for logging and inclusion on this monitoring schedule.

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

There are no legal, financial or other implications arising from this report.

7. Background Papers – Local Government Act 1972

The Council's current overall internal process for responding to petitions.

8. Summary of appendices:

Appendix 1 – Table of Current petitions.

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

Date Petition referred to Divisional Director	Received From	Subject	Type - Cncr (C) Public (P)	No. of Sig	Ward	Lead Divisional Director	Current Position	Ward Councillors Consulted? (Y/N)	Current Status
04/09/2025	Cllr Malik and Cllr Batool	One-Way Traffic Flow at Dorothy Roundabout	(c)	138	Spinney Hills	Andrew L Smith	Petition sent to lead Director. A site visit with the lead petition has been conducted. Pro-forma expected to be received by Governance Services on 5th December.	Y	COMPLETE
05/09/2025	Cllr Sood	Neighbourhood Conditions in London Road, Victoria Avenue and Victoria Alley Area	(c)	15	Stoneygate	Sean Atterbury	Petition sent to lead Director. Officers have concluded investigations and drafted a response. Ward Councillors have agreed to take up the position of lead petitioner in Cllr Sood's absence and receive the final response letter once completed.		RED
22/09/2025	Cllr Porter	Save Leicester's Museums	(c)	192	Castle	Peter Chandler	Petition Pro-forma has been received and signed off by the Scrutiny Chair. It has been sent to the Executive Lead to sign off on 23 January.		AMBER
29/09/2025	Cllr Singh Sangha	Safer Pedestrian Crossings and Child Safety Measures	(c)	88	Troon	Andrew L Smith	Petition pro-forma has been signed by the scrutiny chair and lead executive member.	Y	COMPLETE
29/10/2025	Irfan Shah	Gopsall Street Parking	(p)	22	Wycliffe	Andrew L Smith	The petition is in its final stages and the lead executive member and ward councillors are being consulted prior to the finalisation of the pro-forma.		GREEN
03/11/2025	Mr Feizal Mussa	Traffic calming measures on Lanesborough Road	(p)	69	Rushey Mead	Andrew L Smith	Petition sent to lead Director		GREEN
07/01/2026	Cllr Singh Patel	Resident parking permits on Arbour Road	(c)	62	Rushey Mead	Andrew L Smith	Petition sent to lead Director. The petition will be presented at OSC on 2nd February 2026.		GREEN

**CALL-IN OF EXECUTIVE DECISION
LGSCO Maladministration Report - Mr X**

OVERVIEW SELECT COMMITTEE – 2 February 2026
COUNCIL – TBA

REPORT OF THE MONITORING OFFICER

Useful information

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

1. Summary

An Executive decision taken by the Deputy City Mayor for Housing on 9 January 2026 relating to a LGSCO Maladministration report has been the subject of a 5-member call-in under the procedures at Rule 12 of Part 4D, City Mayor and Executive Procedure Rules, of the Council's Constitution.

The procedure rules state that a scrutiny committee or any five councillors may request formally that the decision be called-in for a further review by giving notice in writing to the Monitoring Officer within five working days of the decision.

The 5 Councillors who signed the call in were: Councillor Porter (Proposer), Councillor Rae Bhatia (Seconder), Councillor Kitterick, Councillor Sahu, and Councillor Kennedy-Lount.

2. Recommended actions/decision

The Committee is recommended to either:

- a) Note the report without further comment or recommendation. *(If the report is noted the process continues and the call in will be considered at a future meeting of Full Council);* or
- b) Comment on the specific issues raised by the call-in. *(If comments are made the process continues and the comments and call in will be considered at a future meeting of Full Council);* or
- c) Resolve that the call-in be withdrawn *(If the committee wish for there to be no further action on the call-in, then they must actively withdraw it. If withdrawal is agreed the call-in process stops, the call-in will not be considered at a future meeting of Full Council and the original decision takes immediate affect without amendment).*

Council is recommended to either:

- a) Support the Deputy City Mayor's decision, and thus confirming the decision with immediate effect; or
- b) Recommend a different decision to the Deputy City Mayor. (The original decision will still stand, unless the Deputy City Mayor takes a further decision to amend the original.)

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

The Executive Decision Report, and Decision Notice are attached as appendices.

5. Detailed report

The call-in submitted to the Monitoring Officer was in the following terms:

“We are requesting a 'Call In' of this decision because it shows a deep inconsistency in how the Labour council deals with public money and accountability. The independent Ombudsman has found that the council breached its legal duties and caused an injustice to a homeless family. The Ombudsman has recommended that the council pays a modest amount of compensation to Mr X for the harm it caused. However the council is refusing to pay, claiming that compensation would be unfair to the taxpayers of Leicester.

However the council's argument is extremely difficult to accept when the very same council was willing to pay £10 million to X Ltd in a secret (behind closed doors) deal. A secret deal which did not receive any public or councillor scrutiny. The council can't have it both ways; it can't in all seriousness say that a small amount of compensation to a local resident who suffered unlawful treatment is unacceptable, but £10 million in a secret deal to a business is absolutely fine. It just doesn't add up or stand up to scrutiny.

It also creates a very troubling message: in that the Labour council is prepared to protect itself from embarrassment, but it's not prepared to accept responsibility and be accountable when it's found at fault by the Ombudsman. The 'Call-In' is therefore necessary to allow the full council to examine why financial caution is being used only when the council is asked to compensate a local resident and not when it suits the administration to make a £10 million payment to a private company. This is about transparency, accountability and treating residents with the same seriousness as a commercial business.”

The Monitoring Officer has confirmed that the call-in satisfies the requirements of the procedure rules and it has, therefore, proceeded as per the process set out at Rule 12 of Part 4D, City Mayor and Executive Procedure Rules of the Council's Constitution.

Where a call-in has been made, officers are to take no further legally binding action, unless the circumstances of Rule 12 (f) are fulfilled, and the matter shall be referred to a meeting of the full Council. Prior to this it shall be referred to the relevant Scrutiny Committee if one is programmed or a special scrutiny committee if one is convened.

The call-in may however be withdrawn if:

The relevant scrutiny committee/commission makes a resolution to withdraw; or

The sponsor and seconder of the call-in inform the Monitoring Officer that they wish the call-in to be withdrawn.

Following consideration of a call-in by Full Council, the original decision will be deemed to be revived in its entirety. Any agreement by the decision maker to change the original decision will require a further formal Executive Decision.

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

6.1 Financial implications

There are no financial implications arising from the call-in beyond those in the decision report.

Signed: Stuart McAvoy, Head of Finance
Dated : 23 January 2026

6.2 Legal implications

The legal implications arising from the call-in are explained in sections 2 and 5 above

Signed: Kamal Adatia, Monitoring Officer
Dated: 21 January 2026

6.3 Equalities implications

There are no comments in addition to those in the decision report.

Signed: Sukhi Biring, Equalities Officer
Dated: 22 January 2026

6.4 Climate Emergency implications

There are no further climate emergency implications to those provided in the decision report.

Signed: Phil Ball, Sustainability Officer
Dated: 23 January 2026

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

None

7. Background information and other papers:

None

8. Summary of appendices:

Appendix A Executive Decision Report – LGSCO Maladministration Report – Mr X dated 9 January 2026

Appendix B Decision Notice – LGSCO Maladministration Report – Mr X dated 9 January 2026

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

LGSCO Report of Maladministration causing injustice (Housing) – Mr X

Decision date: 9 January 2026

Decision to be taken by: Deputy City Mayor –
Housing, Economy, and Neighbourhoods

Report of the Monitoring Officer: Kamal Adatia

Useful information

- Ward(s) affected: N/A
- Report author: Kamal Adatia
- Author contact details: Kamal.Adatia@leicester.gov.uk
- Report version number: 1

1. Summary:

- 1.1 Mr X complained to the Local Government and Social Care Ombudsman (LGSCO) that the Council failed to provide sufficient support with his homelessness and housing application and that it also failed to provide suitable for him and his family. He claimed that as a result, Mr X and his family had been living in unsuitable accommodation for longer than necessary which caused significant distress. Mr X also considered that this has been detrimental to the health and development of his children.
- 1.2 By report dated 9th October 2025 and formally published on 6th November 2025 the LGSCO, pursuant to her powers under Part III Local Government Act 1974, found that Leicester City Council (LCC) had been guilty of maladministration causing injustice to Mr X. The full report can be found online here - [24 005 927 - Local Government and Social Care Ombudsman](#) and is attached as Appendix 1. The Council had, prior to this date, confirmed that we were unwilling to comply with one of the LGSCO's recommendations which is set out at paragraph 66 of the report.
- 1.3 That publication by the LGSCO made four recommendations in total and was accompanied by various requirements as to matters such as publication (by the Council) of press notices, but also consideration of that report by the Council's Cabinet. The scope of this duty is enshrined in section 31(2) Local Government Act 1974, and entails "consideration" of the report and "notification" back to the LGSCO.
- 1.4 There is a separate duty upon the Monitoring Officer pursuant to section 5A Local Government & Housing Act 1989, in cases of maladministration causing injustice, to report to the Council's Cabinet and all Elected Members about such maladministration.
- 1.5 This report purports to fulfil both the 1974 Act duty (the Cabinet's duty of consideration and notification) and the 1989 Act duty (the Monitoring Officer's duty of reporting).
- 1.6 A summary of the key facts of Mr X's case is found at paragraphs 29 to 44 of the LGSCO report.

2. Recommendations:

- 2.1 That the Council's Cabinet considers the report of the LGSCO dated 9th October 2025 finding maladministration causing injustice to Mr X and his family.
- 2.2 That the Deputy Mayor for Housing confirm whether the recommendations of the LGSCO will be complied with in full, and if not, to provide reasons for declining to comply with any recommendations.

3. LGSCO's conclusions:

3.1 Assessment, reviews and PHPs

The Council completed a housing needs assessment in June 2023 and decided it owed Mr X a prevention duty. Following Mr X's eviction, in August 2023, it completed another housing needs assessment and decided it owed Mr X a relief duty. Both times, it decided Mr X had the highest priority need. The Council quickly completed the assessments and made decisions and so there is no evidence of fault with this part of Mr X's complaint.

The Council produced a Personalised Housing Plan (PHP) for Mr X in June 2023, when it accepted its prevention duty. When its duty changed to a relief duty in August 2023, the Council failed to send Mr X an updated PHP. The Council said this was sent in its complaint response to Mr X, but there is no evidence that this was the case. The Council did not send an updated PHP until January 2024.

The Guidance says a council must work with applicants to identify steps for the council and an applicant to take to secure suitable accommodation in the form of a PHP. The Council delayed in reviewing Mr X's PHP, when its duty changed. Although there are no specific timeframes for reviewing and providing a copy of a PHP, we would not expect a Council to take five months to do so. The Council's delay was fault, which caused Mr X uncertainty about whether the Council was taking reasonable steps to provide him with suitable accommodation.

3.2 Review rights

When the Council decided to award Mr X the main housing duty, in July 2024, the status of the accommodation he was offered changed from interim to temporary accommodation. This change in status means a right to request a review of suitability would now apply. When the Council wrote to Mr X to tell him of this, it failed to include any details of his review rights. This was fault which resulted in Mr X being unaware of his right to request a review of the accommodation he considered to be unsuitable..

3.3 Accepting the main housing duty

The Council accepted the relief duty in August 2023. The Code says a council should decide whether it owes a main duty within 56 days. This means the Council should have decided whether it owed Mr X the main housing duty by October 2023. The Council did not make this decision until July 2024. The delay of around 48 weeks to accept the main housing duty was fault.

Given it went on to accept the main housing duty, on balance, the Council would have made the same decision in October 2023, as Mr X's circumstances had not changed. From October 2023, Mr X should have had a statutory right of review of the suitability of his accommodation. The Council's fault denied Mr X access to his right of review, which is an injustice. However both Mr X and the Council were aware the accommodation was unsuitable so a review would not have changed the position.

The Council said to prevent delays in future cases, it has recruited more officers. It has also put in place a continuing recruitment process so it can replace any leaving officers quickly, with minimal impact on customers. The Council has also provided details of a project to manage caseloads and mitigate associated risk of errors. We will therefore not make any further service improvement recommendations.

3.4 Continuous accommodation

We have read the Council's case notes related to Mr X, which includes the B&B bookings for him. There is no evidence the Council failed to provide any accommodation for a three-day period in January 2024. So, there is no fault here.

3.5 Unsuitable accommodation with lack of facilities

The Council placed Mr X and his family in several different B&Bs between August 2023 and July 2024. We are mindful of the significant challenges faced by Councils in finding accommodation to meet the needs of increasing numbers of homeless families. But the law is clear that Councils can house households with children in B&B accommodation only as a last resort, and for no longer than six weeks. We accept that B&B accommodation was the only accommodation available. But, not moving Mr X and his family to self-contained accommodation after six weeks was service failure and fault.

The Council offered Mr X a property in November 2023, which he refused. We cannot say whether the property offered was suitable to end the relief duty or the main duty which the Council should have accepted by then. The Council's incorrect reference to the property being social housing was fault. As soon as the Council realised its error, it reinstated its relief duty to Mr X, which reduced the injustice caused. We also note there was no interruption in Mr X's housing or bidding. Because of its errors, the Council could not end its duty to Mr X in November 2023. It therefore had an ongoing duty to provide suitable accommodation, which it failed to meet.

Mr X and his children lived in unsuitable B&B accommodation for 42 weeks longer than they should have. Mr X's family were split over several rooms, and they had no access to cooking facilities. Living in B&B accommodation can be particularly detrimental to the health and development of children (paragraph 17.33 of the Code of Guidance). We note that during this time, Mr X had children that were in important transitional periods at school and there was limited space for them to do schoolwork. There was also limited space for the children to play and the family moved around often, which would be disruptive to the children. This caused distress to Mr X and his family, avoidable expense, and is likely to have had a detrimental impact on their mental health. We have recommended a remedy for this injustice. But, in calculating this, we have considered that Mr X declining the offer of the property in November 2023 contributed towards the injustice arising from living in B&B accommodation for an unacceptable amount of time. This is because although we cannot say whether the offered property was suitable, Mr X had an opportunity to accept the property and then ask for a review of its suitability. This would have ended the family's stay in B&B, whatever the outcome of a review. The evidence shows the Council explained this to Mr X at the time.

4. LGSCO's recommendations and Council response:

There are four main recommendations made by the LGSCO:

- 4.1 The Council should consider the report at its full Council, Cabinet, or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)

Council response – agreed. Action to be completed.

- 4.2 Apologise to Mr X for the faults identified.

Council response – agreed. Action to be completed.

- 4.3 Make a symbolic payment of **£500** for the distress and uncertainty caused to Mr X by its delay in reviewing and sending an updated PHP, delaying its decision to award the main housing duty, delaying his right to a suitability review of his temporary accommodation and communicating poorly about his housing status

Council response – agreed. Action to be completed.

- 4.4 Make a symbolic payment of **£3,525** for the distress caused to Mr X and his family by living in unsuitable B and B accommodation for 42 weeks longer than they should have done. This is calculated at £150 per week from period in B&B up

until when the Council made an offer of accommodation in November 2023 (5 weeks in total) and £75 per week from 7 November 2023 to 29 July 2024 when they became suitably housed (37 weeks in total).

Council response – action not agreed. See section 5

- 4.5 Following a previous investigation by the Ombudsman (reference 23015268) the Council has already agreed to service improvements to address the use of B&B accommodation for families over six weeks therefore they have not repeated those recommendations and no further action by the Council is therefore required.

5. Council Position & Challenging

5.1 The Housing Division considered a draft of the LGSCO's report in July 2025 which also contained recommendation 4.4 above. At that time the following reasoning was provided by the Council to the LGSCO to explain why those recommendations were not agreed:

- *I can confirm that the Council is willing to abide by the recommendation set out in your draft report and will move forward with the actions with the exception of “make a symbolic payment of £3525 for the injustice caused to Mr X and his family by living in unsuitable B&B accommodation for 42 weeks longer than they should have done. This is calculated at £150 per week from the period in B and B up until when the Council made an offer of accommodation in November 2023 (5 weeks in total) and £75 per week from 7 November 2023 to 29 July 2024 when they became suitably housed” (37 weeks in total).*
- *We sincerely apologise to Mr X for the shortcomings identified in this case.*
- *We have no further comments to add to the report. The report was shared and viewed by the Chief Operating Officer Alison Greenhill and that we are complying with all recommendations with the exception of the B&B recommendation for the same reasons we have previously outlined and that this is a decision made on behalf of the Council.*

5.2 In making this submission the Housing Division were not suggesting that the extended stay in B&B accommodation was “suitable”. Technically, we can't argue that the 42 weeks extra in B&B was “suitable”. The Homelessness (Suitability of Accommodation) (England) Order 2003 makes it automatically *unsuitable* (regardless of its quality).

5.3 The LGSCO made the following point in reply:

5.4 *We acknowledge the Council has invested significantly in its attempts to address*

the housing shortages in its area.

We clearly differentiate between the failings detailed that amounted to service failure (when an organisation fails to provide a service as it should have done because of circumstances outside its control) and those where fault by the Council had occurred (maladministration).

We recognise the Council is concerned that agreeing all the recommendations in the report could have significant financial implications. Any cases brought to us, would be considered based on their individual circumstances.

Our recommended remedy for Mr X is a symbolic one to recognise the injustice he and his family have suffered, not to punish the Council. We have made numerous similar recommendations to councils throughout the country, informed by our [Guidance on remedies](#). The Council's continued refusal to make the symbolic payment recommended has meant the significant injustice experienced by Mr X and his family remains unremedied. This has further added to their distress.

- 5.4 Since this LGSCO report the Council has continued its strategy of acquiring accommodation to meet homelessness need. We are planning the delivery of 1,650 new affordable homes for the city by 2027 plus we have invested an additional £1m to increase our Private Rented Sector accommodation opportunities to double the number of outcomes for homeless households from 240 to 500. We have delivered an extra 125 leases offering our homeless households Assured Shorthold Tenancies. We have fully spent the £45m to provide better quality self-contained temporary accommodation. Overall, there are 275 new LCC owned self-contained Temporary Accommodation units (134 single/ 141 family) that have been brought online helping to significantly reduce down the use of B&B accommodation.
- 5.5 The Council are planning a further investment of £50m to deliver a further 250 additional self-contained units to be used as temporary accommodation to eliminate the use of hotel and B&B style accommodation. This includes a £1.83m investment to secure additional resources across the Homelessness teams to support the increasing demand for homelessness services.
- 5.6 Subsequent to the formal receipt of the completed report the Council issued press notices as required and is storing hard copies of the report at our main offices for anybody requesting a paper version of the report. The Report attracted publicity in some national press, for example -
- [Leicester City Council refuses payout to homeless B&B family - BBC News](#)
 - [City council refuses to implement Ombudsman recommendation on financial remedy in second homelessness case](#)

5.7 As noted in section 4 above, the majority of the LGSCO's recommendations are going to be complied with. This report seeks formal consideration of the outstanding recommendation.

5.8 It should be noted that if the decision of the Deputy City Mayor is that the Council should continue to resist making the payments set out at 4.4 above the LGSCO does not have the power to impose or enforce compliance, however she does have the power to take further action by way of publishing a further report highlighting the Council's refusal to fully comply. This will require publication in the local press and further consideration by Members, this time at Full Council. It is extremely rare for the LGSCO to have to issue a further report.

5.9 For completeness it should be noted that Mr X has moved to a Homecome tenancy within the Council on 29th July 2024.

6. Financial implications

For the individual case, which was the focus of the LGSCO report, the financial implications are clear in that accepting the remaining recommendation would cost the Council £3,525.

More widely, if the recommendation of the LGSCO which was not accepted by LCC were to be applied to all other cases in which families have, out of necessity, been living in B&B accommodation for more than 6 weeks over the last 12 months, then it is estimated that this could cost the Council in the region of £250k.

Stuart McAvoy – Head of Finance
8th December 2025

7. Legal implications

The powers of the LGSCO derive from the Local Government Act 1974 and break down as follows:

- Section 31(2) of the 1974 Act - In relation to the report dated 9th October 2025 the LGSCO is entitled to be satisfied as to certain actions that an appropriate Elected Member body of the Authority has taken in respect thereof. This is normally to be done within three months of receipt of the report, or within such alternative timescale as is mutually agreed.

- Sections 31(2A), (2D) set out the power of the LGSCO to issue a further report if dissatisfied with either the procedural or substantive response from the Council under section 31(2) above and sets out further requirements as to publicity thereof. Section 31A makes provision for any further adverse report to be considered by Full Council.

The powers and duties of the Monitoring Officer derive from the Local Government & Housing Act 1989 and break down as follows:

- Sections 5A(3) and (5) to (9) confirm that where a report finding maladministration has been made by the LGSCO the reporting duty of the Monitoring Officer is triggered, and the LGSCO's Manual for Councils sets out how the LGSCO interprets this duty which, in essence, varies in specificity dependent upon the Council's willingness to remedy the maladministration that has been found. In this case, as recommendations remain outstanding, a dedicated report is to be written by the Monitoring Officer, followed by the requirement for the Executive to consider the Monitoring Officer's report and formally reply. Lastly, that report and reply should be shared with all Members of the Council.

Kamal Adatia, Monitoring Officer
3rd December 2025

- **Climate emergency implications**

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

Phil Ball, Sustainability Officer, Ext 372246
2nd December 2025

9. Equality Implications

Local authorities have a duty to comply with both homelessness legislation and the Equality

Act when delivering services. This means they must not discriminate in housing provision and must consider the specific needs of individuals, including their protected characteristics, when their situation, determining eligibility for homelessness support, and deciding on the type and suitability of accommodation offered.

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, decision makers must pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

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

The council must ensure our policies and practices are not discriminatory and that they are actively advancing equality of opportunity for those facing homelessness, that they are explicitly inclusive and consider the diverse needs of individuals with all protected characteristics. It is important to actively monitor the impact of homelessness services on different groups and make any adjustments as needed. If the LGSCO recommendations are not implemented this may lead to continuing hardship or inconvenience that led to the complaint in the first instance.

Sukhi Biring, Equalities Officer
4 December 2025

**Report by the Local Government and Social Care
Ombudsman**

**Investigation into a complaint about
Leicester City Council
(reference number: 24 005 927)**

9 October 2025

The Ombudsman's role

We independently and impartially investigate complaints about councils and other organisations in our jurisdiction. If we decide to investigate, we look at whether organisations have made decisions the right way. Where we find fault has caused injustice, we can recommend actions to put things right, which are proportionate, appropriate and reasonable based on all the facts of the complaint. We can also identify service improvements so similar problems don't happen again. Our service is free.

We cannot force organisations to follow our recommendations, but they almost always do. Some of the things we might ask an organisation to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

We publish reports to raise awareness of significant issues, encourage scrutiny of local services and hold organisations to account.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Mr X The complainant

Report summary

Housing – Homelessness, Allocations

Mr X complained that the Council failed to provide sufficient support with his homelessness and housing application and that it also failed to provide suitable accommodation for him and his family. As a result, Mr X and his family have been living in unsuitable accommodation for longer than necessary which has caused significant distress. Mr X also considers that this has been detrimental to the health and development of his children.

Finding

Fault found causing injustice and recommendations made.

Recommendations

The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet, or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)

In addition to the requirements set out above, the Council should take the following actions within three months of the date of this report:

- apologise to Mr X for the faults identified. We publish [Guidance on remedies](#) which sets out our expectations for how organisations should apologise effectively to remedy injustice. The Council should consider this guidance in making its apology;
- make a symbolic payment of £500 for the distress and uncertainty caused to Mr X by its delay in reviewing and sending an updated personal housing plan (PHP), delaying its decision to award the main housing duty, delaying his right to a suitability review of his temporary accommodation and communicating poorly about his housing status; and
- make a symbolic payment of £3,525 for the injustice caused to Mr X and his family by living in unsuitable bed and breakfast (B and B) accommodation for 42 weeks longer than they should have done. This is calculated at £150 a week from the period in B and B up until when the Council made an offer of accommodation in November 2023 (5 weeks in total) and £75 a week from 7 November 2023 to 29 July 2024 when they became suitably housed (37 weeks in total).

Following a previous investigation by the Ombudsman, the Council has already agreed to service improvements to address the use of B and B accommodation for families for more than six weeks. We have not repeated those here.

The Council has agreed to all our recommendations, apart from making the symbolic payment of £3,525 for the injustice caused to Mr X and his family by living in unsuitable B and B accommodation for 42 weeks longer than they should have done. This symbolic payment is in line with our Guidance on remedies and we have issued this report because of the Council's refusal to accept this recommendation.

The complaint

1. Mr X complained about the way the Council dealt with his housing. He says the Council:
 - failed to complete a housing needs assessment and failed to review this;
 - failed to agree and complete a personalised housing plan;
 - delayed in accepting the main housing duty;
 - placed him and his family in several different bed and breakfasts;
 - failed to provide any accommodation for a three-day period in January 2024;
 - failed to provide financial support to help the family when they did not have any cooking or laundry facilities;
 - failed to offer suitable accommodation;
 - incorrectly said he declined a property; and
 - wrongly ended the relief duty.
2. Mr X says this has caused him and his family distress. He said that he and his family had not been able to eat hot food in their accommodation and have had poor sleep. Mr X also said his children's education suffered as they did not have their own space to study.

Legal and administrative background

The Ombudsman's role and powers

3. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (Local Government Act 1974, sections 26(1) and 26A(1), as amended)
4. The law says we cannot normally investigate a complaint unless we are satisfied the organisation knows about the complaint and has had an opportunity to investigate and reply. However, we may decide to investigate if we consider it would be unreasonable to notify the organisation of the complaint and give it an opportunity to investigate and reply. (Local Government Act 1974, section 26(5), section 34(B)6)
5. When considering complaints, we make findings based on the balance of probabilities. This means that we look at the available relevant evidence and decide what was more likely to have happened.
6. Service failure can happen when an organisation fails to provide a service as it should have done because of circumstances outside its control. We do not need to show any blame, intent, flawed policy or process, or bad faith by an organisation to say service failure (fault) has occurred. (Local Government Act 1974, sections 26(1), as amended)

Legislation and guidance

Homelessness

7. Someone is homeless if they have no accommodation or if they have accommodation, but it is not reasonable for them to continue to live there. (Housing Act 1996, Section 175)

Assessments and Personal Housing Plans (PHP)

8. Councils must complete an assessment if they are satisfied an applicant is homeless or threatened with homelessness. The Code of Guidance says, rather than advise the applicant to return when homelessness is more imminent, the housing authority may wish to accept a prevention duty and begin to take reasonable steps to prevent homelessness. Councils must notify the applicant of the assessment. Councils should work with applicants to identify practical and reasonable steps for the council and the applicant to take to help the applicant keep or secure suitable accommodation. These steps should be tailored to the household, and follow from the findings of the assessment, and must be provided to the applicant in writing as their personalised housing plan. (Housing Act 1996, section 189A and Homelessness Code of Guidance paragraphs 11.6 and 11.18)
9. There are no specific timescales for assessment or producing a PHP, but the Guidance stresses the need to take reasonable and sometimes urgent steps to prevent homelessness and that these may be taken alongside the process of assessment and drawing up the PHP.

The prevention duty

10. If councils are satisfied applicants are threatened with homelessness and eligible for assistance, they must help the applicants to secure that accommodation does not stop being available for their occupation. In deciding what steps they are to take, councils must have regard to their assessments of the applicants' cases. (Housing Act 1996, section 195)

The relief duty

11. Councils must take reasonable steps to help to secure suitable accommodation for any eligible homeless person. When a council decides this duty has come to an end, it must notify the applicant in writing (Housing Act 1996, section 189B)

The main housing duty

12. If a council is satisfied an applicant is homeless, eligible for assistance, and has a priority need the council has a duty to secure that accommodation is available for their occupation (unless it refers the application to another housing authority under section 198). But councils will not owe the main housing duty to applicants who have turned down a suitable final accommodation offer or a Housing Act Part 6 offer made during the relief stage, or if a council has given them notice under section 193B(2) due to their deliberate and unreasonable refusal to co-operate. (Housing Act 1996, section 193 and Homelessness Code of Guidance 15.39)

Review rights

13. Homeless applicants may request a review within 21 days of being notified of the following decisions:
 - giving notice to bring the prevention duty to an end;
 - giving notice to bring the relief duty to an end; and

- the suitability of accommodation offered to the applicant after a homelessness duty has been accepted (and the suitability of accommodation offered under section 200(3) and section 193). Applicants can request a review of the suitability of accommodation whether or not they have accepted the offer.

Interim and temporary accommodation

14. There are two types of accommodation councils provide to certain homeless applicants: interim accommodation and temporary accommodation.
15. A council must secure accommodation for applicants and their household if it has reason to believe they may be homeless, eligible for assistance and have a priority need. This is called interim accommodation. (Housing Act 1996, section 188)
16. If a council decides it owes a main housing duty, the accommodation a council provides until it can end this duty is called temporary accommodation. (Housing Act 1996, section 193)
17. If a council ends its interim accommodation duty, but then goes on to accept the main housing duty, it still has a duty to provide temporary accommodation.
18. The law says councils must ensure all accommodation provided to homeless applicants is suitable for the needs of the applicant and members of their household. This duty applies to interim and temporary accommodation. (Housing Act 1996, section 206 and Homelessness Code of Guidance 17.2)
19. Interim and temporary accommodation can be the same physical property. What changes is the legal duty under which a council provides it. This is important because there is a statutory right to review the suitability of temporary accommodation. This then carries a right of appeal to the county court on a point of law. There is no statutory right to review the suitability of interim accommodation.

Suitability of accommodation – including use of B and B

20. The law says councils must ensure all accommodation provided to homeless applicants is suitable for the needs of the applicant and members of their household. This duty applies to interim accommodation and accommodation provided under the main housing duty. (Housing Act 1996, section 206 and Homelessness Code of Guidance 17.2)
21. Homelessness temporary accommodation must be legally suitable. (Housing Act 1996, section 206) Anyone who believes their temporary accommodation is unsuitable can ask the council to review the accommodation's suitability. (Housing Act 1996, section 202) If the council's review decides the accommodation is unsuitable, the council must provide suitable accommodation. If the review decides the accommodation is suitable, the applicant has the right to appeal to the county court on a point of law. (Housing Act 1996, section 204)
22. Councils must consider the location of accommodation when they consider if it is suitable for the applicant and members of their household. If a council places an applicant outside its district, it must consider, among other matters:
 - the distance of the accommodation from the "home" district;
 - the significance of any disruption to the education of members of the applicant's household; and
 - the proximity and accessibility to local services, amenities and transport. (Homelessness (Suitability of Accommodation) Order 2012)

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23. Wherever possible, councils should avoid using B and B accommodation. (Homelessness Code of Guidance paragraph 17.33)
 24. B and B accommodation can only be used for households which include a pregnant woman or dependent child when no other accommodation is available and then for no more than six weeks. B and B is accommodation which is not self-contained, not owned by the council or a registered provider of social housing and where the toilet, washing, or cooking facilities are shared with other households. (Homelessness (Suitability of Accommodation) (England) Order 2003 and Homelessness Code of Guidance paragraph 17.35)

What we have not investigated

25. We cannot investigate matters about Mr X's complaint that the Council incorrectly said he declined a property. This is because we cannot see that Mr X complained to the Council about this. The law says we cannot normally investigate a complaint unless we are satisfied the organisation knows about the complaint and has had an opportunity to investigate and reply. Even if Mr X had complained about this, there is no evidence that his accommodation or bidding was interrupted, and so it is unlikely any fault would have caused him a significant injustice.
26. We have investigated the remainder of Mr X's complaint. The investigation start date is June 2023 and the end date is July 2024.

How we considered this complaint

27. We have produced this report following the examination of relevant files and documents.
28. We gave the complainant and the Council a confidential draft of this report and invited their comments. The comments received were taken into account when the report was finalised.

What we found

Summary of key events

29. Mr X made a homelessness application to the Council on 27 June 2023, because he was going to be evicted from his private rented accommodation. The Council completed an assessment and awarded him the highest band on the housing register, due to threat of homelessness. The prevention duty started.
30. At the end of August 2023, Mr X and his family were evicted from their private rented accommodation.
31. The Council accepted the relief duty and provided Mr X and his family with interim accommodation, in B and B accommodation, the same day. This consisted of several rooms, due to the size of Mr X's family. The Council said at this point, it did not review Mr X's PHP.
32. Between August 2023 and July 2024, the Council moved Mr X and his family several times into different B and Bs. The Council gave reasons for each move, which was usually due to lack of capacity within a B and B.
33. In early August 2023, the Council wrote to Mr X again to say it had completed an assessment and awarded him the highest band on the housing register, because

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- he was statutorily homeless. It said he could apply for five- and six-bedroom properties. It did not send Mr X an updated PHP.
34. In late August 2023, Mr X emailed the Council saying the interim accommodation was unsuitable as he could not prepare meals for his family. Mr X asked for accommodation with a kitchen. The Council responded to say he would need to wait due to lack of availability of large properties.
35. In early November 2023, the Council emailed Mr X to say it had found a five-bedroom private tenancy. Mr X said the property was too expensive and too far from his children's schools.
36. Shortly after, the Council wrote to Mr X to formally offer him this property to end its relief duty, it also set out his suitability review rights. However, the Council wrongly said it was an offer of social housing. The Council made the same mistake when it wrote to Mr X in December ending the relief duty because he had refused the offer. Mr X and his family remained in B and B accommodation throughout this time.
37. On 5 January 2024, Mr X contacted the Council to try to accept the offer of the property. The Council told him the property was no longer available.
38. The Council noticed the incorrect reference to social housing in mid-January 2024. Because of this error, the Council withdrew its decision to end the relief duty. It booked another B and B for the family and said there was no break in the Council providing Mr X with accommodation.
39. On 26 January 2024, the Council contacted Mr X, apologising for the delay in progressing his case. It said it had reviewed his housing assessment, and sent him an updated PHP.
40. In late May 2024, Mr X complained to the Council about the same issues as this complaint.
41. The Council said it made a main duty decision on 1 July 2024. We have read an undated letter telling Mr X about this decision. It said he had priority need, and the relief duty had ended. It also said it would provide temporary accommodation. It confirmed Mr X was awarded the highest band on the housing register. The Council included an updated PHP with the decision letter.
42. Within this letter, there was a section named 'suitability of temporary accommodation', but this did not include any details of Mr X's review rights about his temporary accommodation.
43. The Council responded to Mr X's complaint on 3 July 2024. It:
- upheld Mr X's complaint that it did not progress his case in a timely way, and there was a delay in progressing it to the main duty stage. The Council apologised for this, and said it had now placed his case in main duty with immediate effect;
 - said it appreciated the accommodation provided was not ideal. It said Mr X's need was five to six bedrooms, and it does not have properties of this size. It considered the B and B accommodation to be suitable for the number of household members. The Council said it explored moving the family to self-contained temporary accommodation, but these were not big enough;
 - acknowledged Mr X's concerns around lack of cooking and laundry facilities, but said it had reviewed his household income, and it was satisfied the family could cover laundry services and meals within this;

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- also directed the family to children’s centres across the city, who have open kitchens to support homeless families, so they can prepare their own food;
 - said it created a prevention PHP, at point of assessment and sent this to Mr X on 29 June 2023. It created a new PHP on 24 August 2023, when he became homeless (although there is no evidence of this), and the Council awarded a relief duty; and
 - accepted the maximum six-week requirement for families living in B and B accommodation but said due to a spike in homelessness and lack of available suitable temporary accommodation, the Council cannot comply with this.
44. On 26 July 2024, the Council offered Mr X a privately rented six-bedroom property which he accepted, and his new tenancy started on 29 July 2024. The Council then ended its duty to him.

Conclusions

Assessment, reviews and PHPs

45. The Council completed a housing needs assessment in June 2023 and decided it owed Mr X a prevention duty. Following Mr X’s eviction, in August 2023, it completed another housing needs assessment and decided it owed Mr X a relief duty. Both times, it decided Mr X had the highest priority need. The Council quickly completed the assessments and made decisions and so there is no evidence of fault with this part of Mr X’s complaint.
46. The Council produced a PHP for Mr X in June 2023, when it accepted its prevention duty. When its duty changed to a relief duty in August 2023, the Council failed to send Mr X an updated PHP. The Council said this was sent in its complaint response to Mr X, but there is no evidence that this was the case. The Council did not send an updated PHP until January 2024.
47. The Guidance says a council must work with applicants to identify steps for the council and an applicant to take, to secure suitable accommodation in the form of a PHP.
48. The Council delayed in reviewing Mr X’s PHP, when its duty changed. Although there are no specific timeframes for reviewing and providing a copy of a PHP, we would not expect a council to take five months to do so. The Council’s delay was fault, which caused Mr X uncertainty about whether the Council was taking reasonable steps to provide him with suitable accommodation.

Review rights

49. When the Council decided to award Mr X the main housing duty, in July 2024, the status of the accommodation he was offered changed from interim to temporary accommodation. As detailed in paragraph 21, this change in status means a right to request a review of suitability would now apply. When the Council wrote to Mr X to tell him of this, it failed to include any details of his review rights. This was fault which resulted in Mr X being unaware of his right to request a review of the accommodation he considered to be unsuitable.
50. However, both Mr X and the Council were aware the accommodation was unsuitable so a review would not have changed the position and instead confirmed this to be the case.

Accepting the main housing duty

51. The Council accepted the relief duty in August 2023. The Code says a council should decide whether it owes a main duty within 56 days. This means the Council should have decided whether it owed Mr X the main housing duty by October 2023. The Council did not make this decision until July 2024. The delay of around 48 weeks to accept the main housing duty was fault.
52. Given it went on to accept the main housing duty, on balance, the Council would have made the same decision in October 2023, as Mr X's circumstances had not changed. From October 2023, Mr X should have had a statutory right of review of the suitability of his accommodation. The Council's fault denied Mr X access to his right of review, which is an injustice. However, as already noted, both Mr X and the Council were aware the accommodation was unsuitable so a review would not have changed the position.
53. The Council said to prevent delays in future cases, it has recruited more officers. It has also put in place a continuing recruitment process so it can replace any leaving officers quickly, with minimal impact on customers. The Council has also provided details of a project to manage caseloads and mitigate associated risk of errors. We will therefore not make any further service improvement recommendations.

Unsuitable accommodation with lack of facilities

54. The Council placed Mr X and his family in several different B and Bs between August 2023 and July 2024.
55. We are mindful of the significant challenges faced by councils in finding accommodation to meet the needs of increasing numbers of homeless families.
56. But the law is clear that councils can house households with children in B and B accommodation only as a last resort, and for no longer than six weeks. We accept that B and B accommodation was the only accommodation available. But, not moving Mr X and his family to self-contained accommodation after six weeks was service failure and fault.
57. The Council offered Mr X a property in November 2023, which he refused. We cannot say whether the property offered was suitable to end the relief duty or the main duty which the Council should have accepted by then. The Council's incorrect reference to the property being social housing was fault. As soon as the Council realised its error, it reinstated its relief duty to Mr X, which reduced the injustice caused. We also note there was no interruption in Mr X's housing or bidding. Because of its errors, the Council could not end its duty to Mr X in November 2023. It therefore had an ongoing duty to provide suitable accommodation, which it failed to meet.
58. Mr X and his children lived in unsuitable B and B accommodation for 42 weeks longer than they should have. Mr X's family were split over several rooms, and they had no access to cooking facilities. Living in B and B accommodation can be particularly detrimental to the health and development of children (paragraph 17.33 of the Code of Guidance). We note that during this time, Mr X had children that were in important transitional periods at school and there was limited space for them to do schoolwork. There was also limited space for the children to play and the family moved around often, which would be disruptive to the children. This caused distress to Mr X and his family, avoidable expense, and is likely to have had a detrimental impact on their mental health.

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59. We have recommended a remedy for this injustice. But, in calculating this, we have considered that Mr X declining the offer of the property in November 2023, contributed towards the injustice arising from living in B and B accommodation for an unacceptable amount of time. This is because although we cannot say whether the offered property was suitable, Mr X had an opportunity to accept the property and then ask for a review of its suitability. This would have ended the family's stay in B and B, whatever the outcome of a review. The evidence shows the Council explained this to Mr X at the time.

Continuous accommodation

60. We have read the Council's case notes related to Mr X, which includes the B and B bookings for him. There is no evidence the Council failed to provide any accommodation for a three-day period in January 2024. So, there is no fault here.

Council comments

61. The Council in response to the draft of this report confirmed it would accept the recommendations made except for the symbolic payment of £3,525 for the period of time the family spent in B and B accommodation. It said it would not agree to make the symbolic payment because the lack of suitable interim and temporary accommodation is caused by national and international factors, not fault in the actions of the Council. It felt that paying the remedy set a precedent that would be repeated in other cases, leading to very significant costs to the Council. It pointed to the large investments it is making to tackle homelessness in its area.

Our comments

62. We acknowledge the Council has invested significantly in its attempts to address the housing shortages in its area.
63. We clearly differentiate between the failings detailed that amounted to service failure (when an organisation fails to provide a service as it should have done because of circumstances outside its control) and those where fault by the Council had occurred (maladministration).
64. We recognise the Council is concerned that agreeing all the recommendations in the report could have significant financial implications. Any cases brought to us, would be considered based on their individual circumstances.
65. Our recommended remedy for Mr X is a symbolic one to recognise the injustice he and his family have suffered, not to punish the Council. We have made numerous similar recommendations to councils throughout the country, informed by our [Guidance on remedies](#). The Council's continued refusal to make the symbolic payment recommended has meant the significant injustice experienced by Mr X and his family remains unremedied. This has further added to their distress.

Recommendations

66. The Council has not agreed to our recommendation to make a symbolic payment of £3,525 for the injustice caused to Mr X and his family by living in unsuitable B and B accommodation for 42 weeks longer than they should have done. This is calculated at £150 a week from the period in B and B up until when the Council made an offer of accommodation in November 2023 (5 weeks in total) and £75 per week from 7 November 2023 to 29 July 2024 when they became suitably housed (37 weeks in total). We remain of the view this payment is appropriate and proportionate.

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67. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet, or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)
68. In addition to the requirements set out above, the Council has agreed to take the following actions within three months of the date of this report:
- apologise to Mr X for the faults identified. We publish [Guidance on remedies](#) which sets out our expectations for how organisations should apologise effectively to remedy injustice. The Council should consider this guidance in making its apology; and
 - make a symbolic payment of £500 for the distress and uncertainty caused to Mr X by its delay in reviewing and sending an updated PHP, delaying its decision to award the main housing duty, delaying his right to a suitability review of his temporary accommodation and communicating poorly about his housing status.
69. Following a previous investigation by the Ombudsman, the Council has already agreed to service improvements to address the use of B and B accommodation for families over six weeks. We have not repeated those here.

Decision

70. We have completed our investigation into this complaint. There was fault by the Council which caused injustice to Mr X. The Council should take the action identified at paragraphs 66, 67 and 68 to remedy that injustice.

RECORD OF DECISION BY CITY MAYOR OR INDIVIDUAL EXECUTIVE MEMBER

1.	Decision title	LGSCO Maladministration Report – Mr X
2.	Declarations of interest	
3.	Date of decision	9 January 2026
4.	Decision maker	Deputy City Mayor – Housing, Economy, and Neighbourhoods
5.	Decision taken	To decline to comply with one of the four recommendations of the LGSCO - regarding payment of compensation to Mr X
6.	Reason for decision	<p>The recommendation set out at and 4.4 of the Decision Report are not to be complied with for the following reasons:</p> <ul style="list-style-type: none"> • The issue that is the subject of the recommendation at 4.4 are not of the Council's making. The Regulations regarding "unsuitability" were made by Parliament in 2003, over 20 years ago. The geopolitical context has changed unrecognisably since then. Between 2015 and 2025 the numbers presenting to the city council as homeless increased from 2163 to 6,891 and our provision, on which we spent over £5million per year, was overwhelmed, as was the case in comparable cities throughout the UK. Therefore these pressures a product of forces beyond one Council's control, together with policy made by multiple Government agencies including the Home Office. To seek to penalise a Council for a national and international crisis is grossly unfair to the Council and the taxpayers of Leicester. • It is impossible to see that the LGSCO have not set a clear precedent here that they will be bound to follow in other complaints. This is the second consecutive case in which a four-figure sum of compensation has been recommended by the Ombudsman. We calculate this exposure to be £250k for Leicester City Council, and many millions of pounds nationally. This could bring Councils

**RECORD OF DECISION BY CITY MAYOR OR INDIVIDUAL
EXECUTIVE MEMBER**

		<p>closer to the prospect of an unbalanced General Fund leading to significant and detrimental loss of local services for local people.</p> <ul style="list-style-type: none"> • The principle of awarding a remedy is predicated upon the public body who is at fault being able to put-right that error. This is not the case here. There will be no salutary effect from this compensatory exposure, because we (like just about every other Council in the country) have no power to immediately create extra housing that would avert the need to keep families in B&B for more than six weeks. The LGSCO recognises that the Council had nowhere else to place Mr X’s family during this period. • We are spending many millions of pounds to respond in a structured way to the pressures. In the last 12 months the Council has spent £45m in the acquisition of 253 self-contained family and single temporary accommodation units. It has also spent over £400m in conjunction with partners to deliver over 1,800 new permanent affordable homes in the city, with a further 800 in train to be delivered by 2027. Exposing us to paying hundreds of thousands of pounds of compensation will only serve to significantly set-back our plans to strategically address it. By investing in new temporary and permanent housing stock we have reduced the number of families staying in B&Bs from 421 in 2024 to 55 today
7.	<p>A) KEY DECISION Yes/No?</p> <p>b) If yes, was it published 5 clear days in advance? Yes/no</p>	No
8.	Options considered	<ol style="list-style-type: none"> 1. Compliance with all four recommendations 2. Compliance with three of the four recommendations

**RECORD OF DECISION BY CITY MAYOR OR INDIVIDUAL
EXECUTIVE MEMBER**

<p>9.</p>	<p>Deadline for call-in</p> <ul style="list-style-type: none"> • 5 members of a scrutiny commission or any 5 councillors can ask for the decision to be called-in. • Notification of call-in with reasons must be made to the monitoring officer 	<p>16 January 2026</p>
<p>10.</p>	<p>Signature of decision maker (City Mayor or where delegated by the City Mayor, name of executive member)</p>	

Workforce and Resourcing

Overview Select Committee

2 February 2026

Lead Director

Andrew Shilliam, Director of Corporate Services

Useful information

- Ward(s) affected: All
- Report authors: Andrew Shilliam, Director of Corporate Service
- Author contact details: andrew.shilliam@leicester.gov.uk
- Report version number: 1

1 Summary

- 1.1 Like many Councils, we continue to face recruitment challenges across a range of specialist and statutory roles where there are significant national workforce shortages or strong competition from the private sector.
- 1.2 Specifically, this includes Children's and Adult's Social Workers, and many of our technical and professional roles such as Accountants, Quantity Surveyors and Building Surveyors.
- 1.3 Vacancy rates here and elsewhere for these roles remain, though our intelligence and reports from other Councils show that it is not a problem unique to Leicester. Market conditions, national shortages, and rising salary expectations continue to impact permanent recruitment and drive temporary staffing reliance.
- 1.4 Despite these challenges, the Council has used several resourcing solutions, including the use of agency staff where necessary, to ensure services remain close to establishment and so that statutory service delivery is maintained.
- 1.5 With a specific focus on the area of Children's Social Work (Children in Need) and where pressures such as vacancy levels and agency deployment being the most acute, our resourcing solutions have resulted in successful recruitment initiatives and a modest growth in capacity.

2 Recommendations

- 2.1 The Overview Select Committee are asked to note and make comments on the report.

3 Background Information

- 3.1 A number of workforce and resourcing related questions arose from an earlier budget monitoring report shared at the 19th of March 2025 meeting and at subsequent meetings thereafter. These questions related broadly to the following:
 - The level of vacancies that exist across the Council in service areas such as social care, planning, and highways.
 - Recruitment activities and initiatives underway to address vacancies in these areas.
 - Whether there are certain services areas or posts that are recognised as 'hard to fill' and what makes that so.
 - The relationship between vacancies and service delivery, and the impact of these vacancies on staff morale and wellbeing.
- 3.2 This report is intended to:
 - Provide a broad outline of the workforce challenges that Local Authorities, including Leicester, are facing.
 - Give some context regarding our current workforce profile.
 - Explain what we are doing in our People Service to support effective resourcing.
 - Set out some of the other activities in place to address known workforce challenges.
 - Provide information about resourcing initiatives that have had success.

- Briefly outline some future focused challenges and opportunities.

4 Workforce challenges and the national Labour Market context

- 4.1 Councils up and down the country continue to experience many workforce challenges, with evidence and experience showing that an ageing workforce, difficulties recruiting to specialist roles, and growing competition for talent across the public and private sectors are commonplace issues. Levels of pay, funding uncertainty, and 'image' have all contributed to Local Government being a less attractive place to work.
- 4.2 The Local Government Association (LGA) regularly undertakes a survey of English Councils regarding workforce recruitment. Findings in the 24/25 survey showed that almost all respondents reported experiencing a recruitment challenge in at least one service area, and in particular 80% of respondents reported that they experienced challenges in both recruiting and retaining Children's Social Workers. 77% said the same in relation to Adult Social Workers, making it the second biggest problem area when it comes to recruitment for those responding Councils. Other occupations in Planning, Legal, Digital, Environmental Health, Finance, as well as Children's and Adult's Social Worker have also been harder to recruit to.
- 4.3 The recruitment challenges faced by Council's that provide Children's Social Care services are not new, are known nationally, and well documented by the Department of Education.
- 4.4 In response, additional regulations were introduced in October last year to address some of those staffing challenges. These changes aimed to improve stability and retention within local authority workforces, which indirectly supports recruitment by making permanent roles more attractive and reducing churn.
- 4.5 As a broad outline, changes have been made that are intended to reduce the likelihood of losing staff to agencies and to enable Councils to recruit directly. Agencies can now only supply social workers to Councils if the worker has at least three years' experience with a Local Authority. Workers leaving a Local Authority can't return as agency staff in the same region for at least three months. And a regional price cap on agency social work rates is now in place so wages are more aligned with Council pay, therefore reducing costly agency premiums.
- 4.6 Year on year funding challenges mean that many Councils struggle to compete for talent, with the total local government offer failing to attract and retain skilled employees. Government have themselves recognised the need to do more to champion Local Government careers and employment, and have introduced the "Make a Difference, Work for Your Local Council" drive.
- 4.7 This is a national Local Government orientated recruitment campaign funded by Government and delivered in partnership with organisations such as the Local Government Association (LGA). It its intended to raise awareness of working in Local Government and the breadth of roles available across Councils, to highlight the social value and personal impact of Council work — including roles in Social Care, Planning, Digital, Legal, Finance and frontline services, and to help Councils attract talent to fill vacancies and improve recruitment outcomes amid widespread workforce and retention challenges.
- 4.8 We're making use of the campaign assets provided across own social media and have added additional data reporting fields to our own recruitment processes so we can identify areas we attract the most candidates as a result.

- 4.9 External factors beyond our own local control, such as the changes to work permits for people immigrating to the UK and the sponsorship arrangements for skilled workers create some additional recruitment challenges. The salary caps for skilled workers has also changed. These factors have reduced our ability in some cases to recruit to roles that have previously been filled by international candidates who legitimately immigrate to the UK.
- 4.10 Regarding the public sector market in Leicester and Leicestershire, we know it is a particularly competitive one, with many other large ‘public’ employers and attractive places to work. We compete for the same talent with many of these employers. The following table provides a breakdown by employer of the workforce size for context.

Employer	Workforce Size (FTE) approx.
University Hospitals Leicester	17,000
Leicestershire County Council	7,500
Leicester Primary & Secondary Schools	6,500
Leicester City Council	5,600
University of Leicester	4,000
De Montfort University	3,500
Leicestershire Police	3,400
Leicestershire Fire & Rescue	700
TOTAL	48,200

5 Our workforce profile – a snapshot

- 5.1 Through the information we collect about our workforce we know that:
- We employ approximately 5,600 FTEs across all services.
 - Our workforce has reduced significantly in size since 2014.
 - Across all grades we know that the average time in post is 13 years.
 - Workforce turnover has remained at approx. 13%.
 - Within the Children’s Social Care service, we employ 609 FTEs across all grades.
 - Within the Adult Social Care service, we employ 813 FTEs across all grades.
 - Most of our vacancies aren’t for leadership roles - 89% or 1,136 of the vacancies in 23/24 were for jobs Grade 9 or lower.
 - Most employees at the Council are Grade 9 or below – over 5000 of our 5600 or so FTEs.
 - Almost 50% of our current workforce are 50+.
 - Leicester has a working population of 157,000 people.
- 5.2 Like many Councils, Leicester experiences workforce challenges in roles where there are national talent shortages, including Social Workers (particularly those at Level 3 and within the Children In Need team), Planners and some Trades roles.
- 5.3 Equally, we face high competition from Private and Commercial Sectors related to Accountant, Quantity Surveyor, Building Surveyor, Legal Specialist, Engineer and Project Manager positions. These specialist roles face wage inflation pressures, higher private-sector salary competition and have a limited available candidate pool because of the knowledge and practical skills required.
- 5.4 We currently make use of several levers to address the challenges we face when it comes to attracting and retaining staff at all levels. These include the use of targeted

strategies that enable us to grow our own talent from within. A more detailed outline of some those is outlined below.

'Grow your own' strategies

- 5.5 Where the external market is highly competitive or there is a shortage of skilled professionals, one of the most effective long-term strategies is to grow our own talent. We have an internal first recruitment model that enables the progression of staff within the authority.
- 5.6 Also, by investing in structured apprenticeship, trainee, and graduate pathways, we can develop a strong internal pipeline for hard-to-fill and specialist roles. This approach not only secures the skills we need for the future but also strengthens retention by providing clear progression and development opportunities.
- 5.7 In 2025 we had 62 apprenticeship placements. Of these 16 were recruited within trade roles which are identified as hard to fill and 3 are people considered to be from a looked after background. This creates a sustainable pipeline of colleagues who understand our services, values, and communities from the outset and are more likely to be committed to working at the Council for longer.
- 5.8 Similarly, at a higher level in Social Care, our successful degree qualification pathway supports non-qualified staff to progress to fully qualified Social Workers, building capability and future staffing resilience from within. We have also joined the LGA pathway to planning programme, which has enabled graduate planners to join as a cohort with a clear progression plan in place for each of them which focus on retaining them in the workforce after the programme has concluded.
- 5.9 The procurement of a new apprenticeship partner also allows for further work around staff development, and especially by creating talent pools and expanding the apprenticeship offer for all roles. The new provider has experience in helping organisations to maximise the available levy funds more creatively and providing better value for money.
- 5.10 Initiatives such as Women In Construction enable us to embed grow your own from underrepresented groups in a key hard to fill roles like some of our Trades occupations. This has increased the number of female apprentices in Housing during 2025, with 9 new FTE female apprentices starting at the Council in these roles compared to 31 FTE male apprentices.
- 5.11 The Resourcing Team within People Services have also built strong community links, partnering with HMP Welford Road and holding job sessions within the prison to target certain roles. They also work closely with the Employment Hub and Department for Work and Pensions, often attending events to showcase Leicester City Council as an employer of choice like the youth jobs fair, which targeted unemployment in care leavers and under 24-year-olds.

Temporary Workforce Position

- 5.12 In high-pressure areas, agency staffing has been effective in reducing immediate and more critical operational risk and has allowed us to maintain workforce levels close to establishment. That said, we are very aware that agency staffing is a more costly arrangement and have strict controls around its use.

5.13 Since January 2025 we have placed 194 agency staff in a variety of job categories via our agency partner Reed – see below. In addition, there have also been number of additional placements in Education, Finance and Trades roles through their own procured route and because of the specialist nature of the roles concerned being better fulfilled by a specialist agency partner. These are at a much lower number.

Job Category	In post
Social care	88
Trades & Operative	55
Legal	21
Other	30

5.14 Agency staffing remains an important short, medium, and long-term workforce fulfilment option for us and many other Councils, particularly while permanent recruitment and internal workforce development strategies mature. That said, it should be noted that with the introduction of increased control around the use of agency staff we have successfully reduced our reliance and spend on agency in recent years.

5.15 Our casual workforce also provides additional capacity to the Council in certain areas. In Festivals & Events, where a contractual post would not be fit for purpose, the use of casual employees works well. This is often due to the dynamic nature of the resource and the relation to the evolving festivals programme, and it helps to have a reliable bank of casual workers that can be called on as required. By relying on a casual workforce in these areas, we have significantly reduced the use of Agency Staff.

6 People Services – Our Human Resources Business Partner (HRBP) model of delivery and other activities

6.1 We have also introduced some significant structural changes to our People Service during the last quarter of 2025. By bringing in the HRBP model approach to our People (HR) Service, which sees HR professionals work closely leadership at all levels in order to align people management strategy and practices with organisational strategy and requirements, we believe that this will better support the organisation to anticipate workforce needs and to plan and put in place better resourcing arrangements.

6.2 The service will operate as a strategic partner to Council services, providing insight, challenge, and expertise on workforce, culture, and organisational performance. The model typically sits alongside shared services and centres of excellence. We will offer more tailored advice on workforce planning, organisational design, talent management, employee relations, and change management. Decisions about people will be better informed by both data and a deeper understanding of the business context, leading to more effective and sustainable outcomes.

People Service – support

6.3 In addition to the introduction of a new structure within our People Service, we have also created dedicated Technical Specialist and People Manager frameworks to ensure roles are evaluated consistently and fairly within the pathway that best reflects their purpose. Our approach recognises the distinct value of both types of roles, ensuring each pathway is supported, rewarded, and developed appropriately.

6.4 Technical specialists play a critical role in delivering high-quality, expert services, and we enable them to progress and be valued across all grade groups without needing to move into management. This allows us to create clear technical pathways with visible monetary progression as individuals deepen their specialist skills. A strong example is

within Planning, where a structured technical route - from entry-level Planner through to Senior Planner - has been established.

6.5 This approach enables the creation of roles focused on technical expertise, strengthens professional capability, and helps close the gap between our internal pay scales and external competitors.

6.6 In parallel, our People Manager pathway focuses on leadership capability, team development, and organisational culture, ensuring colleagues can grow in the direction that best aligns with their strengths and aspirations, while the organisation benefits from both technical excellence and strong, confident leadership.

6.7 While we recognise that some traditional methods of attracting talent - such as pension benefits - have become less influential in the current cost-of-living climate, and that candidates are often seeking higher base salaries, we are clear that being the highest payer in the market is not our ambition. Instead, we focus on attracting people who are motivated by public service and want to build their careers at Leicester.

7 Strategic Workforce Planning

7.1 A strategic approach to workforce planning is proven to enable organisations to identify potential skills gaps, succession risks, and hard-to-recruit roles early, allowing time to invest in training, apprenticeships, and alternative talent pipelines. These targeted initiatives reduce the reliance on agency staff, supports continuity of service delivery, and improves value for money.

7.2 In practice, strategic workforce planning involves understanding the current workforce - such as workforce size, skills, demographics, and costs – and considering how this relates to what will be needed in future. This involves looking at trends like service demand, funding pressures, technological change, and policy reform. By doing so, organisations can identify gaps, surpluses, and risks, and develop targeted actions such as recruitment plans, training and development, succession planning, and create an evidence based and planned approach to new ways of working.

7.3 In the long term, Councils with a strategic approach to workforce planning are better positioned to deliver high-quality services, manage risk, and respond effectively to future challenges while making the best use of public resources.

7.4 Recognising the value of this activity, we have designed and are in the early stages of introducing a workforce planning approach to Council services. Services have been asked to complete service plans that detail their workforce priorities. Within this succession planning, skills gap analysis and vacancy gap analysis are easily identifiable. Service plans also identify which roles are deemed as business critical.

7.5 And whilst services are responsible themselves for their own workforce planning and vacancy mapping, we will continue to assist them in this activity and the HRBP model makes that more possible.

8 Focus on Children's Social Workers

8.1 Given the known concerns around recruiting to posts within Children's Social Care, a targeted workforce strategy is in place in Children's Social Work in particular and which includes numerous activities that are intended to reduce our reliance on agency staff and strengthen long-term workforce sustainability.

- 8.2 A targeted attraction campaign and micro-site has been established to position Leicester as an employer of choice and highlight professional support, career pathways and benefits.
- 8.3 Regarding agency-to-permanent conversion, there has been a proactive focus and effort on the conversion of temporary to permanent staff, with five Social Workers successfully converted to permanent roles to date.
- 8.4 Our grow your own 'Social Work Academy' provides structured training and development for newly qualified Social Workers, which helps to build internal pipeline capacity and support retention. 17 newly qualified Social Workers started in September 2025 and will undertake their Assessed and Supported Year in Employment before becoming Level 2 social workers.
- 8.5 Our international recruitment approach helps to expand the talent pool particularly when domestic shortages exist. To date, 14 international Social Workers have been recruited, and all have been deployed to Children In Need teams. We've managed to retain all of the cohort to date. This programme has strengthened workforce stability and demonstrated strong onboarding and support structures. All are expected to have achieved their Level 3 (senior social worker) status within the next 6 months.
- 8.6 A further round of international recruitment is being completed in the first quarter of 2026, with 10 workers joining in April and then 10 more in October around the Access and Supported Year in Employment programme. This provides an influx of level two staff who we can develop into level three workers. However, changing regulations on work visas are a significant risk to this long-term strategy therefore we may need to pivot our efforts elsewhere. The additional resources required to support initiative are also more intensive.
- 8.7 On workforce diversification, under the 'Families First' agenda there will be an increasing ability for those "differently qualified" staff to hold cases of children on "Child in Need" plans with the support and oversight of a Qualified Social Worker on some cases, though this does not include those that involve looked after children or those on a child protection plan.

9 Our Children In Need (CIN) team at a glance

- 9.1 This is an area that Leicester, like many other Local Authorities, has found typically hard to recruit to. Nationally these sorts of teams are considered to have higher caseload numbers compared with other children's services teams, many of them involving complex, long-term cases involving neglect, domestic abuse, parental mental health, substance misuse, and poverty, with work sitting between early help and statutory intervention, meaning cases can become quite long term and can often escalate very quickly meaning that that are resource intensive areas of work.
- 9.2 Historically, CIN teams have relied heavily on agency social workers, though we know that agency roles often offer individuals significantly higher pay and greater flexibility therefore making any permanent positions extremely challenging to recruit into.
- 9.3 On the whole, recruitment to CIN social work teams is challenging because the role combines high caseloads, emotional intensity, professional risk, and system-wide pressures, while competing with agency pay and alternative roles that offer greater stability and control. Without improvements in workload, support, progression and system capacity, CIN teams remain one of the hardest areas to staff sustainably for many Local Authorities.

- 9.4 We know it is a service that faces increasing pressures due to a sharp rise in demand, with referrals increasing by over a third and single assessments by 70% in the past six months. Moreover, between April – October 2025, referrals increased by 37.4%, from 353 to 485, single assessments increased by 70%, from 242 to 410, and Child Protection Plans increased by 6%, from 49 to 52.
- 9.5 The CIN service currently has an establishment of 57.25 FTE; it grew in October 2025 by a further 8 posts which reflects a proactive commitment to strengthening capacity, supporting caseload sustainability, and improving workforce resilience.
- 9.6 In addition to increasing staff, these challenges are also being managed within the service in other ways, including the introduction of targeted case reviews, demand prevention activities, workload sharing practices, and permanent recruitment campaigns.
- 9.7 There is some reliance on a temporary workforce, with 12 agency Social Workers currently deployed in CIN teams to mitigate the known service pressures and maintain safe and effective caseload management.
- 9.8 While these agency staff provide essential interim capacity, the roles remain permanent vacancies within the establishment. A recruitment exercise is also currently underway to fill these roles on a permanent basis, which is more likely to be more successful due to the new rules introduced by Government.
- 9.9 Since October 2025 and under these new rules, and as a reminder, all agency workers must have worked directly for a local authority for three years before becoming an agency worker. Agency pay rates are also now capped on a regional basis. “Project teams” - essentially purchasing team of social workers along with their manager from an agency – are also no longer allowed.
- 9.10 These changes are intended to reduce the more lucrative nature of agency work and to put local authorities on a more even footing when it comes to recruitment. These DFE statutory regulations also introduced a reporting mechanism with a quarterly data return scrutinised by the DFE, this is also reviewed regionally by the Tier Two leads group and the HR regional social work group.
- 10 Other successful resourcing initiatives in areas that once were considered hard to recruit**
- 10.1 Generally, and when we become aware of them, roles that become recognised as hard to fill often benefit from proactive and bespoke campaigns managed by the resourcing team. The introduction of the HRBP model will allow us to be more consistent and supportive with this activity. Currently and where necessary specialist adverts, media plans and headhunting activity for specific roles does take place. Recently these methods have helped us to successfully recruited a Head of Finance, a Vehicle Technician, and a Fleet Services Manager.
- 10.2 The success of targeted recruitment activity is particularly evidenced when it comes to recruiting to trade-based roles. For example, we ran a recruitment campaign from April 2024 to July 2025 and which included activities such as hosting stands at B&Q, placing specialised signage on work vans and within communities. This activity led to the recruitment of 33 additional staff. What’s more, of the 16 trade workers in this area, 6 of those were eventually converted to permanent posts.

- 10.3 Targeted job evaluation work that has taken place in Legal, IT and Planning has also resulted in being able to reduce the number of hard to fill roles through the creation of career pathways. These clear progression plans allow individuals to join us on a level suited to them and together with an outline of the defined next steps that they can see and eventually take which will allow them to progress, that has improved retention in those areas.
- 10.4 For example, by adding the Senior Lawyer Grade 11 post and linking this specifically to the Grade 10 and 9 Qualified Lawyer role we have improved retention and reduced agency staff in Legal Services. That has allowed us to end 17 Qualified Lawyer agency bookings during 2025.
- 10.5 Similarly, in Planning, the extended career grades and introduction of the People Manager role have allowed people to see more clearly their career pathway and future and have allowed skilled technical managers the time and space to focus on the technical requirements of the service while the People Manager takes responsibility for people focused workforce matters. This has had a positive effect on staff retention.

11 Areas of emerging interest

- 11.1 Service intelligence seems to suggest that there are some positive opportunities when it comes to recruitment, especially in a changing labour market.
- 11.2 Because of the strong connection between purpose and social impact, more people seem to consider public service, community impact, and meaningful work as an increasingly important factor in work. Councils are well placed to take advantage, particularly when it comes to younger and values-driven applicants.
- 11.3 Flexible and modern working practices are also becoming an increasing important point of interest for people when it comes to work choices. As we do, offering a range of working options, flexible hours, job share opportunities and Family-friendly policies can widen the talent pool and appeal to people who might otherwise be excluded (e.g. carers, people with disabilities).
- 11.4 With Local Government Reorganisation under consideration, that too can prevent some interesting opportunities for Councils when it comes to recruiting staff. With modernisation and service change and transformation likely to be part of any reorganisation efforts, activity in those areas can be appealing to prospective candidates for a number of reasons.
- 11.5 What's more, it presents an opportunity for Councils to reset employer brand, promote a new organisational vision and identity, and to highlight the values that are important to what it does.

12 Details of scrutiny

- 12.1 N/a

13 Financial, legal, equalities, climate emergency and other implications

13.1 Financial implications

Agency rates are typically much higher than the cost of a permanent members of staff, so where agency is used to provide cover this can add considerable cost to the provision of services. The Council has processes in place to ensure that these additional costs are properly approved, controlled and managed.

Stuart McAvoy, Head of Finance
21st January 2026

13.2 Legal implications

Whilst there are no direct legal implications arising from this report, it should be noted that long term use of the same agency staff carries an equal pay risk and it is therefore prudent for them to only be used as a short-term solution. The use of market pay also carries an equal pay risk and it should therefore only be applied where there is clear evidence of recruitment and retention issues associated with levels of pay. It is therefore important to only apply market pay supplements on a temporary basis and for them to be regularly reviewed.

Paul Holmes, Head of Law
21st January 2026

13.3 Climate change and carbon reduction implications

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

Phil Ball, Sustainability Officer, Ext 372246
16th January 2026

13.4 Equalities implications

With respect to the equality implications of the report, there is an opportunity to explore how proportionate and measured positive action could enable the widening of the talent pool for hard to fill vacancies in the medium to long-term. There are examples from other organisations which demonstrate how alignment of workforce planning objectives with equity, diversity and inclusion can address complex recruitment and succession issues.

In terms of pay equity, a risk could arise from the use of agency staff if this leads to disparities in pay outcomes with respect to sex. If the Equality (Race and Disability) Bill is enacted a similar risk may occur in relation to race and disability pay disparities.

In terms of service delivery, mitigating action is already being implemented with respect to minimising impact on diverse groups or individuals who access and rely on our services and recruitment challenges. However, striking the right balance between recruitment of agency staff to meet the needs of our diverse population, and negating any potential negative implications relating to pay equity is important.

Aloma Onyemah, Head of Communities & Equalities
21st January 2026

14 Background information and other papers

N/a



Housing Revenue Account Budget (including Capital Programme) 2026/27

Overview Select Committee: 2nd February 2026

Full Council: 25th February 2026

Decision to be taken by: Council

Lead director: Chris Burgin, Director of Housing

Useful information

- Ward(s) affected: All
- Report authors: Chris Burgin, Director of Housing &
Stuart McAvoy, Head of Finance

1. Purpose

- 1.1 The purpose of this report is for Full Council to consider and approve the City Mayor's proposed Housing Revenue Account (HRA) budget for 2026/27.

2. Summary

- 2.1 Throughout the changing financial landscape since self-financing was introduced in 2012, the HRA has consistently delivered balanced budgets. This report proposes a balanced budget against a difficult financial backdrop for local authorities, with additional pressure arising from housing regulation changes, and the erosion of income from the continuing loss of stock through Right to Buy (RTB).
- 2.2 The maximum rent increase that can be applied for HRA tenants in 2026/27 is 4.8%, this being CPI+1% as at September 2025. This report details the continued inflationary pressures being faced by the service and, therefore, proposes a core rent increase in line with the maximum rate permitted. Applying a rent increase below 4.8% would lead to a budget shortfall, and further work would be required to bridge this gap; if, for example, a 2.5% increase was to be applied then this would lead to a £2m shortfall in the budget.
- 2.3 The proposals within this report are for the charges to tenants and leaseholders (homeowners) for services they receive to be representative of the underlying cost of the service being provided. The installation of heat meters for those tenants and homeowners connected to the District Heating network has enabled people to pay the direct cost of what they consume; this report seeks approval of the unit rate per kWh charge, along with the standing charge. For those tenants without heat meters there is the continued need to apply a fixed charge which is not directly linked to usage.
- 2.4 There is a comprehensive capital maintenance programme in place to ensure that homes are properly maintained, and this is supplemented with investment into the wider estate. The proposals in this report support the continuation of this approach.
- 2.5 Consultation on the proposals within this report will have taken place with the tenants and leaseholders, the Housing Scrutiny Commission, and the Overview Select Committee.

3. Recommendations

3.1 Full Council is recommended to:

- i) Note the comments from the tenants and leaseholders at Appendix G, the Housing Scrutiny Commission at Appendix H, and the Overview Select Commission at Appendix I;
- ii) Approve the Housing Revenue budget;
- iii) Approve a Capital budget for 2026/27 of £11.66m;
- iv) Approve rent changes for tenants for 2026/27 as follows:
 - 4.8% increase to core rent;
 - 4.8% increase to garage rent.
 - 4.8% increase for Hostel rent and service charges;
 - 4% increase for Gypsy and Traveller plot rent;
- v) Approve service charge changes for tenants and leaseholders for 2026/27 as follows:
 - A reduction in the charges for District Heating as set out in section 4.6.2, including a 16% reduction in the variable charge for metered heat and a 22% reduction in the fixed metered charges;
 - applying increases to all other service charges of 3.8%, in line with CPI.
- vi) Agree to delegate to the City Mayor the authority to vary service charges by the extent to which this represents a change to the cost of providing those services.
- vii) Note the equality impact assessment of the proposed revenue and capital reductions required to present a balanced budget, at Appendix J;
- viii) Note that the scheme of virement (included within the General Fund Revenue Budget report which is also on your agenda) applies also to the HRA budget with total expenditure and total income acting as budget ceilings for this purpose;
- ix) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- x) For the purposes of finance procedure rules determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes;
- xi) As in previous years, delegate to the City Mayor:
 - Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
 - Authority to reduce or delete any capital scheme, subject to a maximum reduction of 20% of scheme value for “immediate starts”; and
 - Authority to transfer any “policy provision” to the “immediate starts” category.
- xii) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure;
- xiii) Note that the capital strategy in the Capital Budget report applies also to the HRA.

4. Report

- 4.1 The overall aim of Leicester City Council's Housing Division is to provide a decent home within the reach of every citizen of Leicester. This underpins the priorities for the HRA budget.
- 4.2 The HRA operates in a self-financing environment. Spending priorities are made in the context of needing to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £313m. The HRA budget is set by modelling expected levels of income and expenditure.
- 4.3 This report identifies the pressures facing the HRA in 2026/27 (most of which are unavoidable) followed by measures which would be required to set a balanced budget. These include proposals for increases to rent and service charges and savings from efficiency measures.

4.4 Revenue Cost Pressures

- 4.4.1 In recent years the primary external pressure on the HRA has been a loss of income from Right to Buy sales. Whilst this is expected to continue along with some inflationary pressures, complying with new legislation and Regulation also features as a key challenge. Table 1, below, summarises the known pressures and budget growth requirements within the HRA:

Table 1: Revenue Cost Pressures	2026/27 £000
Legislative & Regulatory Pressures	2,098
Increase in capital expenditure	1,100
Right to Buy sales	1,094
Staffing growth	774
Running costs	602
Interest & Debt	223
Other Pressures	353
Total Cost Pressures	6,244

4.4.2 Legislative & Regulatory Pressures

There is a pressure arising from the need to create additional capacity and resource in relation to the implementation of Awaab's Law, alongside the continued roll out of Electrical Installation Condition Reports (EICR's).

4.4.3 Capital Expenditure Financed from Revenue

The default source of funding for the maintenance aspects of the HRA capital programme (i.e. excluding affordable housing) is from revenue resources, which in 2025/26 amounted to £10.56m. In 2026/27 the figure increases to £11.66m, representing a revenue pressure. The detail of changes to specific schemes is within section 4.8, below.

4.4.4 Right to Buy

From November 2024, the maximum discount a tenant is eligible for when purchasing their property reduced from £102,400 to £24,000. This should aid the long-term finances of the HRA, through the loss of a smaller number of properties and through the retention of a higher capital receipt when properties are sold. There was a surge in applications prior to November 2024, in anticipation of the changes, and these applications are still being processed. As a result, it is predicted that the HRA will suffer an income loss of £1.1m in 2026/27 from sales under Right to Buy. Whilst a reduction in dwelling stock should lead to reductions in associated expenditure on managing and repairing those properties, the economies of scale that come from managing a large portfolio are gradually being eroded. Longer term, the changes to RTB eligibility and discount levels should help lead to a more financially sustainable HRA.

4.4.5 Staffing growth

There are various areas in the division where increased staffing is required for 2026/27. Pest control staff are to be sought at a cost of £230k to make local areas cleaner and target locations with persistent pest issues. Secondly, the complaints team require growth of £89k to fund a complaints manager and 1.5 FTE complaints officers to ensure any tenant complaints are dealt with in a timely and efficient manner. Thirdly, a repairs QC and a Training Safety Coordinator are required to assist with training and process improvement, as well as ensuring compliance with standards outlined by the Housing Regulator. Furthermore, 5.5 FTE Neighbourhood Housing Officers are required to help support access work, including PEEP regulation measures. There will also be £85k to fund a Principal Accountant post to deal primarily with HRA matters due to complexities within the division.

4.4.6 Running Cost Inflation

Inflation affects almost all areas of HRA running costs and is largely unavoidable. Contracts are reviewed as required to ensure that best value is being obtained, but the HRA is subject to wider market forces over which it has little influence. For 2026/27, materials and contractor inflation are forecast to be £0.3m higher than 2025/26. Other service costs, including cleaning and vehicle costs, are increasing due to inflation, which causes a pressure of £0.3m.

4.4.7 Interest & Debt

Over the lifespan of the assets, HRA finances are improved through the building and acquisition of properties for affordable rent. This new supply relies on prudential borrowing, on which interest must be paid, and interest charges are expected to decrease by £0.16m in 2026/27 due to the fall in the base rate of interest. However, the HRA also holds cash balances on which it earns interest; due to the reduced interest rate, £0.38m less will be earned in interest in 2026/27.

4.4.8 Other Pressures

Estates warden services require growth of £140k to ensure there is adequate coverage during annual leave periods and to increase the remit to cover work previously conducted by the Green Team. Extra Legionella risk assessments are required at a collective cost of £108k to be in line with government regulations. A further £105k is to be spent on training to ensure that all Housing Managers are trained in line with new guidelines within the Competency and Conduct Standard issued by the Housing Regulator.

4.5 Rent

4.5.1 The primary source of income into the HRA is from the rent charged to tenants. Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and the maximum increase from one year to the next. Whilst the stated aim has been to provide medium-term assurance on a consistent methodology, in practice this has fluctuated. The government has announced a long-term rent settlement permitting increases to rents of CPI + 1% for the next 10 years from April 2026. In 2026/27 social rent increases of up to 4.8% are permitted, reflecting CPI + 1% as at September 2025.

4.5.2 Given the scale of the pressures outlined in section 4.4 of this report, the proposal is to seek approval to apply a rent increase of 4.8%. To apply a rent increase of anything less than this would necessitate either a scaling back of the capital programme, a draw on limited reserves, or revenue service cuts. A rent increase below 4.8% would lead to a loss of income of over £1m for each 1% in 2026/27, and £11.1m over a 10-year period. Importantly, there would be no opportunity to recover this reduction to the base level income by applying a higher rental increase in future years (other than when properties are re-let). This level of increase will also apply to hostels, where all individuals staying at the Dawn centre are eligible for Housing Benefit.

4.5.3 Gypsy & Traveller Plot Rent

Whilst the Gypsy and Traveller sites sit outside the Housing Revenue Account, it is still necessary to set the annual rent for these plots and this is typically incorporated within this report. It is proposed that a 4% rental increase be applied for 2025/26, in line with the combined effect of CPI and wage inflation.

4.5.4 Garage Rent

Whilst garage rents are set separately to dwelling rents it is proposed to increase these by 4.8%, in line with core rent.

4.6 Service Charges

4.6.1 Service charges should be set with the intention of recovering the full cost of providing the service. To ensure parity with costs, it is proposed that a 3.8% increase is applied in 2025/26 in line with inflation (CPI), other than for district heating.

4.6.2 District Heating

Approximately 1,900 tenants and 1,000 homeowners are supplied heating and hot water through the District Heating scheme. Charges are raised on 2 separate bases: those which have a heat meter installed and those which do not.

It is essential to remember that the Council are subject to market forces when buying gas for the District Heating system. We do not control the price of gas and while the Council works to buy gas through ESPO at times that wholesale prices are low ultimately District Heating prices have to reflect the market gas price and these can be subject to rises and external forces. Those on the District heating system and charges

do benefit from a degree of protection from any in year increases in gas because it is usual for the Council to only set the charge levels once per year as part of this budget.

Properties With a Heat Meter

The charges for properties with a heat meter are separated into fixed charges (which are payable regardless of usage) and a variable charge for the heat actually consumed. The forecast underlying cost of gas for 2026/27 is significantly lower and this is reflected in the proposed charges set out in the table below:

	25/26 Annual Charge for Tenants	26/27 Annual Charge for Tenants
Fixed Charges	£140	£91
Billing & Collection	£78	£78
VAT on the above (@5%)	£10.90	£8.47
Total Fixed Charges	£228.80	£177.83
Weekly Charge (over 50 weeks)	£4.58	£3.56
Variable Charge pKWh of Heat	6.30p	5.28p

It is important to note that the forecast price of gas is subject to change and will crystallise as the year progresses; there may be a need to revise these charges during the financial year.

Properties With No Heat Meter Installed

Where there is no way of charging based on actual heat consumption, fixed charges are applied. The reduction in the forecast price of gas means that the charges for tenants and leaseholders in 2026/27 will be 18% below the level for 2025/26. The proposed charges are set out below:

	2025/26 Annual Charge	2026/27 Annual Charge
1 bed	£885	£716
2 bed	£1,226	£1,002
3 bed	£1,543	£1,267
4 bed	£1,871	£1,542
Other	£470	£369
Avge	£1,087	£886
Average Weekly Charge (50 weeks)	£21.75	£17.71

4.7 Revenue Savings

4.7.1 The proposals within this report meet the identified budget pressure of £6.24m in 2026/27. The proposed changes to rent and service charges at section 4.5 and 4.6 would result in additional income of £5m. Table 2, below, summarises the additional income and proposed savings to deliver a balanced budget:

Table 2: Additional Income & Reductions in Expenditure	2025/26 £000
Dwelling Rent & Service Charges	(5,041)
Rent From Supply of New Housing	(1,105)
Pay Inflation	(98)
Total Savings	(6,244)

4.7.2 Rental Income from Supply of New Housing

The HRA has embarked on an extensive programme of acquiring properties on the open market to increase the number of homes available at an affordable rent. In addition, a programme of building new properties on Council-owned land is underway. Additional rental income will accrue of £1.1m in 2026/27 as a result of this programme.

4.7.3 Pay Inflation

An assumed pay award for 2026/27 of 3% has been built into this budget resulting in an increase in pay costs of £1.2m. This however has been offset by a reduction in Employer's pension contributions, with the rate for 2026/27 falling from 27.8% to 21.8%, generating a saving of £1.3m.

4.7.4 In summary, the proposals outlined in this report will meet the amount required to balance the revenue budget for 2026/27. Appendix A shows a high-level breakdown of the proposed HRA revenue budgets for the year.

4.8 **Capital Expenditure**

4.8.1 The proposed 2026/27 capital programme (excluding budgets slipped from previous years) is £11.66m.

4.8.2 Appendix E outlines the way in which capital works are identified as being required in council dwellings. Appendix F provides wider details of the priorities which direct HRA expenditure, including achievements throughout the last year.

4.8.3 Work is underway in preparing the 30-year HRA Business Plan. Outputs from the HHSRS Stock condition surveys feed into this and will help to inform and manage any risks of increased need for capital investment.

4.8.4 Appendix B shows the proposed capital programme for 2026/27. The following changes to the capital programme are proposed:

4.8.5 Kitchens & Bathrooms

The Kitchen and Bathrooms programme is ongoing with 250 refurbishments anticipated to be completed for 2025/26. For 2026/27 the annual budget will be £1.25m, which will fund a further 250 installations. This factors in slippage of £1.15m from 2025/26.

4.8.6 Boilers

A further investment of £2m has been included to fund boiler replacements, in line with the 2025/26 programme. We aim to replace 480 boilers during 2025/26, and a further 480 in 2026/27.

4.8.7 Re-Wiring

A continuation of the re-wiring budget at the same level as for 2025/26 will help to support full/partial re-wiring at 450 properties across the city.

4.8.8 Re-Roofing, Soffits & Facias

The investment in re-roofing will increase by £0.5m to facilitate a greater number of roof replacements. This will help to address the increase in responsive repairs over the last year. During 2025/26 we aim to have replaced roofs at 120 properties and 160 during 2026/27.

4.8.9 District Heating

The HRA incurs costs in maintaining the secondary network of district heating. The £0.5m cost of this important work in 2026/27 is not passed on to tenants.

4.8.10 Communal Improvements & Environmental Works

This report proposes the continuation of this important work with a further £0.2m budget. Examples of the type of work this has funded over the last year include:

- Eco fencing installed on Humberstone Road to provide security and privacy for tenants.
- Development of a community garden at Meadow Gardens with widened pathways around bungalows to improve access for residents who are wheelchair users. This project has helped tackle food poverty, combat social isolation and reduced void turnover in the area, therefore creating a more settled community. This was a joint project with Public Health.
- Mesh fencing installed on Tudor Road to improve security.
- New bin stores installed at Gresley Close and Oronsay Road to reduce pest problems and fly tipping.
- Knee rails installed on Comet Close to stop cars parking on the grass.
- Internal painting of communal areas at Portmore Close, which has completely transformed these blocks.

4.8.11 Community & Environmental Works – St Peter’s Boiler House

£275k has been added to the capital programme to part-fund the demolition of the chimney at St Peter’s Boiler House; further budget will be required in 2027/28.

4.8.12 Communal Flat Improvement Programme

The improvements to communal flats is set to continue, with £0.2m being included in the capital programme to continue funding the replacement of external cladding, which has become dated, with more efficient materials which will also be easier to maintain.

4.8.13 Loft Insulation

A further investment of £0.1m has been proposed to fund loft top ups, in line with the 2025/26 programme. This is required to improve energy efficiency as well as ensuring that insulation meets current standards.

4.8.14 Door entry replacements

£250k has been added for a further year to continue funding the replacement of various door entry systems. Many of these systems are dated and due to their age are

becoming very expensive to repair. This programme is required to ensure the systems are kept up to standard.

4.8.15 St Matthews Estate Balcony/Walkway Work

A further £0.2m is being added to the capital programme towards balcony/walkway work across the St Matthews Estate, including balconies and walkways.

4.8.16 St Matthews Centre

£0.5m has been added to the capital programme for 2026/27 to fund renovation works at St Matthews Centre. This report seeks to add this to the programme as a policy provision, with its use being subject to further details in a future Executive Decision.

4.8.17 Supported Housing Refurbishment

£0.2m has been added to the capital programme for 2026/26 to fund refurbishment and reconfiguration works to various unused buildings to change their purpose and convert them into usable premises.

4.8.18 Water Heater & Tank Replacements

A proposed £0.4m will be added to the capital programme to complete water heater and tank replacements.

4.8.19 The financing of the proposed capital programme is shown in the table below:

Table 3: Financing of HRA Capital Programme	2025/26 £000	2026/27 £000
Funded From Revenue	10,560	11,660
Funded From Reserves	0	0
Funded From 2025/26 Revenue Underspends	400	0
Funded From Right to Buy Receipts (incl. Allowable Debt)	12,000	0
Funded from Borrowing	18,000	0
	40,960	11,660

4.9 HRA Reserves

4.9.1 Drawing down on reserves in an attempt to avoid the need to make savings is only viable as a short-term approach to meeting any budget shortfall. Reserves are better utilised in meeting one-off costs, to support the delivery of long-term efficiencies and providing cover for major repairs. In keeping with this approach, no reserves are proposed to be used to balance the budget for 2026/27.

4.9.2 Projections of the HRA reserve position at the end of 2025/26 indicate that there will be only limited unallocated reserves, in the region of £0.5m. This is a very small sum, particularly given the short and medium-term financial risks facing the HRA.

Forecast Opening Reserves Balance as at 1 st April 2026	£17.8m
Amount held to cover minimum working balances	£5.0m
Amount held to finance prior years' capital approvals (including policy provisions)	£7.7m
Earmarked for future anticipated calls on reserves	£4.6m
Forecast Unallocated Reserves Balance as at 31st March 2027	£0.5m

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 This report is exclusively concerned with financial issues.

Amy Oliver, Director of Finance

5.2 Legal implications

- 5.2.1 The Council is obliged to formulate proposals in relation to
- (a) the income of the authority for the year from rents and other charges in respect of houses and other property within their Housing Revenue Account;
 - (b) the expenditure of the authority for the year in respect of the repair, maintenance, supervision and management of such property; and
 - (c) such other matters connected with the exercise of the authority's functions in relation to such property as the Secretary of State may direct.
- 5.2.2 Proposals under the above, should secure that the account for that year does not show a debit balance. (s.76 Local Government and Housing Act 1989).
- 5.2.3 The Council is also required to ring-fence the HRA to ensure that only monies received and spent for obligations and powers under the Housing Act 1985 can be paid into and out of the HRA (s.75 and Schedule 4 Local Government and Housing Act 1989).

Shazmina Ghumra (Principal Lawyer) Civil Litigation
24/11/25

5.3 Equalities implications

- 5.3.1 When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.
- 5.3.2 Protected groups under the Equality Act 2010 are age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.
- 5.3.3 The report recommendations with regards to increases in rent is likely to have a negative impact on people from across a range of protected characteristics by impact on household budgets. However, the work being carried out from income raised by the rent increases will lead to positive equality impacts, particularly on increased space and adaptations being made to homes. Continued investment

in building and acquiring new energy-efficient homes helps address the housing shortage and overcrowding, advancing equality of opportunity for those on the housing waiting list.

- 5.3.4 An Equality Impact Assessment has been carried out and will continue to be updated as consultation continues to reflect information that is collated.

Equalities Officer, Surinder Singh Ext 37 4148

Dated 25 November 2025

5.4 Climate Change and Carbon Reduction implications

- 5.4.1 Housing is responsible for around a third of Leicester's overall carbon emissions. Following the city council's declaration of a Climate Emergency in 2019 and its aim to achieve net zero carbon emissions for the city and council addressing these emissions is vital to meeting our ambition, particularly through the council's own housing where it has the highest level of influence and control.
- 5.4.2 Opportunities to reduce the energy use and carbon emissions of properties should be identified and implemented wherever possible. In the case of newly built or purchased dwellings this means meeting a high standard of energy efficiency and providing low carbon heating and hot water systems, as provided in climate change implications for relevant reports. Additionally, the programme of maintenance for existing housing properties should provide opportunities to improve their energy efficiency, which should be investigated where practical. Improving energy efficiency should also help to ensure that housing reaches a high standard, reduce energy bills for tenants and help to limit maintenance costs.
- 5.4.3 Further detail of actions being undertaken to improve energy efficiency are noted in the report and within Appendix F as part of 'Priority three – Sustainable Leicester', including the construction of new energy efficient council homes, the installation of energy efficiency measures including insulation, LED lighting and upgraded heating in properties and heat metering for properties on the district heating network.

6. Background information and other papers:

None

7. Summary of appendices:

Appendix A: Proposed HRA Revenue Budget 2026/27

Appendix B: Proposed HRA Capital Programme 2026/27

Appendix C: Other Service Charges and Payments 2026/27

Appendix D: Leicester Average Rents Comparison

Appendix E: Planning Capital Works in Council Dwellings

Appendix F: How Priorities Are Assessed for HRA Expenditure

Appendix G: Feedback from Consultation with Tenants' and Leaseholders' Forum

Appendix H: Minutes of the Housing Scrutiny Commission

Appendix I: Minutes of OSC

Appendix J: Equality Impact Assessment (EIA)

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a "key decision"?

No

**Proposed HRA Revenue Budget
2026/27**

	- 2026/27 -			Proposed 2026/27 Budget £000
	2025/26 Current Budget £000	2026/27 Budget Pressures £000	2026/27 Savings & Reductions £000	
Income				
Dwelling & Non-Dwelling Rent	(90,733)	1,094	(6,105)	(95,744)
Service Charges	(12,902)	0	(44)	(12,946)
Total Income	(103,635)	1,094	(6,149)	(108,690)
Expenditure				
Management & Landlord Services	31,790	538	(95)	32,233
Repairs & Maintenance	35,408	2,926	0	38,334
Interest on Borrowing	13,113	223	0	13,336
Charges for Support Services	6,134	174	0	6,308
Contribution to GF Services	6,630	189	0	6,819
	93,075	4,050	(95)	97,030
Capital Funded From Revenue	10,560	1,100	0	11,660
(Surplus) / Deficit Before Reserves	0	6,244	(6,244)	0
Funding From Reserves	0			0
Contributions To Reserves	0			0
(Surplus) / Deficit	0	6,244	(6,244)	0

HRA Capital Programme 2025/26

The table below shows the 2025/26 capital programme approved in February 2025 (excluding budgets slipped from previous years' programmes), and the proposed programme for 2026/27. Other than the St Matthews Centre (which is being added as a policy provision) all of the schemes listed for 2026/27 are immediate starts.

	25/26 Capital Programme £000	26/27 Capital Programme Additions £000
Kitchens & Bathrooms	2,400	1,250
Boilers	2,000	2,000
Re-wiring	1,610	1,610
Re-roofing	1,500	2,000
Soffits & Facia	150	150
Windows and Doors	50	500
District Heating Maintenance	500	500
Communal Improvements & Environmental Works	200	475
Communal Flat Improvement Programme	200	200
Disabled Adaptations	1,200	725
Fire Risk Works	500	500
Safety Works including Targeted Alarms	100	100
Loft Insulation	100	100
Affordable Housing - Acquisitions & New Build	30,000	0*
St Matthews Balcony/walkway Estate Work	200	200
Door Entry Replacements	250	250
St Matthews Centre	0	500
Supported Housing Refurbishment	0	200
Water Heater and Tank Replacements	0	400
Total Capital Programme	40,960	11,660

*As at the end of October 2025 there was £159m remaining in the HRA Affordable Housing Programme, financed from a range of sources including retained Right to Buy Receipts, grant funding, and HRA borrowing. A bid is being prepared for grant funding to Homes England, which if successful could bring in up to £25m of additional funding.

Other Service Charges and Payments

It is proposed that the payments and charges shown in the table be as follows:

Service Charge	Details of Charges
Replacement Rent Swipe Cards	The charge for a replacement swipe card is £5.00.
Pre-sale questionnaires from solicitors and mortgage providers	Housing Services receive a large number of requests from mortgage providers and solicitors for information in connection with property type / condition and tenancy history. A charge is levied to recover the cost to the council of providing this information. The charge for this is £125 (Note that requests in connection with tenants' statutory rights under Right to Buy legislation are excluded from this charge).
Security Fob Replacements	Where tenants and leaseholders require a replacement security fob these are charged at £10 each.

Payments	Details of Payments																																
Disturbance Allowance	Disturbance allowances are paid when a full property electrical rewire is carried out to an occupied LCC-owned property. A disturbance allowance can also be paid where it is necessary to undertake major works in an occupied property. The disturbance allowances are as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>Bedsit £130</td> <td>4-Bed £230</td> </tr> <tr> <td>1-Bed £155</td> <td>5-Bed £255</td> </tr> <tr> <td>2-Bed £180</td> <td>6-Bed £280</td> </tr> <tr> <td>3-Bed £205</td> <td>7-Bed £305</td> </tr> </table>	Bedsit £130	4-Bed £230	1-Bed £155	5-Bed £255	2-Bed £180	6-Bed £280	3-Bed £205	7-Bed £305																								
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1-Bed £155	5-Bed £255																																
2-Bed £180	6-Bed £280																																
3-Bed £205	7-Bed £305																																
Decorating Allowances	Decorating allowances are paid to new tenants based on the condition of the property on a per room basis. The allowances are paid through a voucher scheme with a major DIY chain. Current allowances are set out below: <table border="0" style="margin-left: 40px;"> <tr> <td>Bathroom</td> <td>£45.00</td> <td>Halls (flats/bungalows)</td> <td>£45.00</td> </tr> <tr> <td>Kitchen</td> <td>£56.25</td> <td>Hall/Stairs/Landing</td> <td>£78.75</td> </tr> <tr> <td>Lounge</td> <td>£67.50</td> <td>Large Bedroom</td> <td>£67.50</td> </tr> <tr> <td>Dining Room</td> <td>£67.50</td> <td>Middle Bedroom</td> <td>£56.25</td> </tr> <tr> <td>WC (where separate)</td> <td>£22.50</td> <td>Small Bedroom</td> <td>£36.00</td> </tr> </table> <p>The amount payable is capped as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>3+ bed house / maisonette</td> <td>£300</td> </tr> <tr> <td>3+ bed bungalow / flat</td> <td>£250</td> </tr> <tr> <td>2 bed house / maisonette</td> <td>£250</td> </tr> <tr> <td>2 bed flat / bungalow</td> <td>£200</td> </tr> <tr> <td>1 bed flat / bungalow</td> <td>£150</td> </tr> <tr> <td>Bedsit</td> <td>£100</td> </tr> </table>	Bathroom	£45.00	Halls (flats/bungalows)	£45.00	Kitchen	£56.25	Hall/Stairs/Landing	£78.75	Lounge	£67.50	Large Bedroom	£67.50	Dining Room	£67.50	Middle Bedroom	£56.25	WC (where separate)	£22.50	Small Bedroom	£36.00	3+ bed house / maisonette	£300	3+ bed bungalow / flat	£250	2 bed house / maisonette	£250	2 bed flat / bungalow	£200	1 bed flat / bungalow	£150	Bedsit	£100
Bathroom	£45.00	Halls (flats/bungalows)	£45.00																														
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1 bed flat / bungalow	£150																																
Bedsit	£100																																

Average Rents Comparison

The table below compares the rent levels for different types of property in the HRA with rents for similar sized properties across the city.

Property type	LCC HRA	Housing Association 2025 (gross social rents)	Private Sector (LHA rate 2025)	Private Sector (City wide)
	2026/27			Sept 2025
	£	£	£	£
Room only	-	-	£91	
Bedsit (studio)	£80.31	£100.90		£163.38
1 bed	£84.70	£107.82	£124.27	
2 bed	£99.84	£109.47	£149.59	£203.54
3 bed	£111.92	£115.03	£178.36	£237.46
4 bed	£128.29	£137.05	£241.64	£333.23
5 bed	£138.22	£141.83		
6 bed	£149.36	£159.43		

Planning Capital Works in Council Dwellings

Each defined element within a council property is upgraded or renewed in line with good practice, legislative requirements and the changing needs and expectations of our tenants. The table below identifies some of the main criteria for planning major works in council dwellings:

Component for replacement	Leicester's replacement condition criteria	Decent Homes Standard minimum age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central heating boiler	Based on assessed condition from annual service	15 years (future life expectancy of boilers is expected to be on average 12 years)
Chimney	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	50 years
Windows and Doors	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2036	20 – 30 years
Roof	Based on assessed condition for the Stock Condition Survey / Housing Health and Safety Rating System	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	80 years
Wall structure	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	60 years

Asset data for all HRA stock is held on the Northgate IT system. This includes the age, construction type, number of bedrooms, type and age of boiler, the last time the lighting and heating circuits were rewired etc. Condition survey data is also held for certain external elements such as roofs and chimneys, external paths, windows and doors etc.

The proposed capital budget for 2026/27 is not purely based on life cycle and condition survey data; major elements are pre-inspected before they are added to the programme and the repairs history for the property is checked. For example, all roofs are pre-inspected before the order is sent to the contractor. Likewise, all electrical

installations are tested at 30 years and a decision is made whether to carry out a full rewire or part upgrade of the circuits. Properties are not added to the kitchen programme if they have had major repair work carried out in the previous 5 years.

Requests for additions to the capital programme are also received from the Repairs Team if an element requires replacement rather than repair. For example, a roof repair may result in the property being added to the programme.

Some works are reactive such as Disabled Adaptations. There is a joint working protocol between Housing and Adult Social Care, which allocates priority points to each case.

How priorities are assessed for Housing Revenue Account expenditure

The overall aim of Leicester City Council's Housing Division is to provide a decent home within the reach of every citizen of Leicester. Under this aim the priorities for the Housing Revenue Account Budget are:

- Providing Decent Homes
- Making our communities and neighbourhoods places where people want to live and keeping in touch with our tenants
- Making Leicester a low carbon city by improving the energy efficiency of homes
- Providing appropriate housing to match people's changing needs
- Making Leicester a place to do business by creating jobs and supporting the local economy

This appendix sets out how we are meeting these priorities and the plans for investment in our 19,270 (October 2025) council homes and their neighbourhoods.

Priority one – Providing Decent Homes

Just over 1 in 7 homes in Leicester is a council house, flat, maisonette or bungalow. 13.2% of all homes in the city are council homes. It is crucially important that we look after these assets, not just for current tenants, but for those who will live in them for many years to come. When we plan the Housing Capital Programme, we must consider what investment will be needed over at least the next 40 years, not just the next three or four years. We must ensure we do not let the programmes for essential items with long life spans fall behind, for example roofs, boilers, re-wiring, kitchens, and bathrooms.

The Government's Decent Homes target was met in 2011/12. However, to meet the standard on an on-going basis further investment for major works is required.

Major works are planned for all council housing following an assessment of condition, age, tenant priorities and other criteria set as part of the Decent Homes Standard. We use a bespoke software package that enables us to analyse stock condition and plan major work accordingly, when it is required. To ensure we have accurate and up to date information in relation to our properties we have started a programme to visit every property over a 5-year rolling period to undertake a Housing Health and Safety Rating Systems (HHSRS) assessment.

The Government's current definition of a Decent Home was set in 2006. A Decent Home must meet the following four criteria:

- It meets the current statutory minimum standard for housing.
- It is in reasonable repair.

- It has reasonably modern facilities and services; and
- It provides a reasonable degree of thermal comfort.

As well as achieving the Decent Homes Standard, we also address tenants' priorities. The majority of tenants see improvements made within their home as a priority and the priority elements for improvements are kitchens and bathrooms.

Below are some of the main criteria used to plan major works in Council properties:

Component for replacement	Leicester's replacement condition criteria	Decent Homes Standard minimum age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central heating boiler	Based on assessed condition from annual service	15 years (future life expectancy of boilers is expected to be on average 12 years)
Chimney	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	50 years
Windows and doors	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2036	20 – 30 years
Roof	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	80 years
Wall structure	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	60 years

The table below shows the key Capital Programme work being carried out during 2025 / 26 and our proposals for 2026 / 27.

Programmed element	Achievements and proposals
Kitchens and bathrooms	We expect to have installed 250 kitchens / bathrooms in 2025/26. During 2026/2027 we are expecting to install a further 250. As at the 1 st April 2025, 85% of all council properties have had either a Leicester Standard kitchen or bathroom.
Rewiring	We expect to have rewired 450 homes in 2025/26 and a further 480 during 2026/27
Central heating boilers	Investment is calculated to replace boilers every 15 years based on condition data from the annual gas service. We expect to have replaced 480 boilers in 2025/26 and a further 480 in 2026/27.
Roofing and chimneys	We expect to have installed 120 new roofs in 2025/26 and a further 160 in 2026/27
Central heating systems	We have 54 properties without any form of central heating. In these cases, tenants have refused to have central heating installed. Provision is made in the programme to install central heating on tenant request or when these properties become vacant
Windows and doors	Excluding properties in Conservation Areas where there are often restrictions on the use of UPVC, we have 36 properties that do not have UPVC double glazed windows. In these cases, tenants have refused our previous offers of installing double glazing. Provision is made in the programme to install windows / doors on tenant request or when these properties become vacant.
Structural works	Investment is required to address any structural works identified each year. As well as dealing with structural problems, such as subsidence, issues such as woodwork

	treatment and failed damp proof courses are also dealt with when identified.
Soffits, fascias, guttering	By replacing these items with UPVC, it will help to reduce long term maintenance costs. During 2025/26, we anticipate installing UPVC soffits, fascias and gutters to 106 properties, and a further 105 properties in 2026/27.
Condensation and damp works	On the 27 October 2025 provisions were introduced by Section 42 of the Social Housing (Regulation) Act 2023 (known as Awaab's Law), which means landlords must investigate and fix emergency and significant hazards related to damp and mould within strict timeframes when an issue has been reported. In 2025/26, we expect to complete damp and mould work on 2,820 properties and a further 2,900 in 2026/27.
Safety and fire risk work	Investment is required to implement the planned programme of fire safety measures, as agreed with the Fire Service

The Building Safety Act came into force in April 2022. The Act is principally concerned with improving safety in higher risk buildings (those at least 18 metres in height or those that have at least 7 storeys). We have a Building Safety Manager who is responsible for overseeing work in relation to Building Safety. We are also implementing a new IT module to improve our management of work related to fire safety.

Earlier in the year the Government consulted on a proposed update to the Decent Homes Standard which would extend it from social housing to also include the private rented sector. Other proposed revisions include a new definition of disrepair; a new separate criteria requiring homes to be free of damp and mould and updating the thermal comfort criteria for homes. Current guidelines state the new requirements will be implemented in either 2035 or 2037.

It is crucial that we continue to repair and maintain homes. Responsive repairs are those reported by tenants when something breaks or stops working in their home, which we are responsible for fixing. During 2024/25 80,308 responsive repairs were completed compared to 77,538 in 2023/24. To make sure that the most serious repairs are dealt with first, we have 3 levels of repair priority. During 2024/25 we completed 89.6% of emergency repairs within our 24 hours target. For other repairs we completed 73.2% of these on our first visit. Sometimes we are unable to complete repairs when we first visit if tenants are not at home for their appointment or we need to order in specific parts to complete the work.

During 2024/25 the average time it took to re-let a property after it became vacant was 177 days – this is 7 days less than the previous year. Increasingly major works need to be carried out on our vacant properties to ensure the safety of our new tenants. This work can include asbestos removal, the fitting of new kitchens or bathrooms, rewires, boilers replacements and specialist cleaning, which increases the time properties are vacant. At the end of September 2025, we were carrying out work on 406 vacant properties.

Priority two – Making our communities and neighbourhoods places where people want to live and keeping in touch with our tenants

Key to the delivery of all our services in our neighbourhoods is our income collection. Despite significant challenges brought about by the Cost of Living crisis, the Income Management Team have worked hard to support tenants in paying their rent, ensuring 98.84% of rent was collected in 2024/25. The high rate of income collection enables us to continue delivering high quality services.

Providing decent homes is not just about 'bricks and mortar', it can also lead to improvements in educational achievement and health, help tackle poverty and reduce crime. Creating sustainable communities is also more than housing, it means cleaner, safer, greener neighbourhoods in which people have confidence and pride.

The environmental works and communal areas fund helps deliver significant environmental improvements on estates, such as landscaping, new security measures, community facilities, pocket parks, fencing and communal area improvements. Tenants and ward councillors help decide where this money should be spent, based on their local needs and priorities. These schemes have made significant contributions to improving the overall image, appearance and general quality of life within our estates.

In 2025 / 26 the £200k environmental and communal works budget is being shared across the city in all neighbourhood housing areas. Some of the Environmental works that are being carried out this year include:

- Installing fencing on Humberstone Road to provide security and privacy to residents
- Development a community garden at Meadow Gardens and widening pathways around bungalows to improve access for residents who are wheelchair users.
- Installing mesh fencing on Tudor Road to improve security
- Installing new bin stores at Greasley Close and Ornsay Road to reduce pest problems and fly-tipping
- Installing knee rails on Comet Close to stop cars parking on the grass
- Internal painting of communal areas at Portmore Close

We have worked closely with the Burns Flat's Action Group and local ward Cllrs to carry out improvements for tenants in the area. The Crayburn House Community Rooms are a hive of activity and used regularly by tenants to access services and

support. Coffee mornings and advice sessions are being run there by Team Hub. Cleaning services to the Burns Flats have significantly improved with the input of tenants and we are now consulting on the implementation of the new door entry system. We have also had a dedicated team focusing on tackling anti-social behaviour. This is an excellent example of the council working in partnership with communities to improve the local area making it a better place to live and work for everyone.

The Neighbourhood Improvement Scheme carries out painting, clearing of alleyways, removal of graffiti and other works to improve the look of the local environment.

The Housing Division works closely with the Probation Service through the Community Payback scheme, undertaking tasks such as litter picking, painting, and tidying up the green areas in our estates.

District Managers attend ward community meetings and other local forums where concerns about anti-social behaviour are often raised. We work closely with the police and are involved in the local Joint Action Groups.

We respond vigorously to reports of anti-social behaviour and increasingly, we have seen more complex anti-social behaviour cases. The Council has a specialist team that investigates and resolves these issues. The team has close links with housing officers and the police. Where it is determined that tenants have caused anti-social behaviour, we will deal with this as a breach of tenancy conditions. We also offer security packages to tenants who are victims of anti-social behaviour, such as secure letter boxes and alarms, to help them feel safe in their homes whilst reports are investigated.

We continue to provide our housing management service with local teams so that our staff know the neighbourhoods and communities in which they work. Housing Officers are out and about on their 'patches' and our craft repairs workforce is fully mobile.

Housing office services are provided in shared Council buildings within local communities. In addition to this in March 2025 we have introduced weekly "Pop-Up" Housing Offices at 6 locations across the City. These are New Parks Library, the Tudor Centre, Pork Pie Library, the Brite Centre, the St Matthews Centre and Thurnby Lodge Community Centre. These pop up sessions allow tenants to meet with housing staff, who will deal with their enquiries face to face and provides an opportunity to engage with housing services. The Customer Support service runs a telephone advice line during working hours where tenants can report emergency repairs and tenancy issues. Out of hours emergency calls are taken by an external provider.

Tenants now report their non-emergency repairs through Housing Online. At the start of November 2025, 13,140 (just over 63%) of tenants have registered to access services via Housing Online.

We appreciate that some tenants may have difficulty initially signing up to the Housing Online service and reporting a repair for the first time. To address this, we have a dedicated Housing Online Support telephone line where officers will help set up online accounts and give guidance on how to report repairs.

We also understand there will be a small proportion of our tenants who are digitally excluded and will not be able to use the online service, perhaps because they do not have access to IT devices or Wi-Fi, a disability or a lack of skills or confidence to use this service. Where we identify that this is the case, we flag this on our systems and the tenant can continue to report their repairs to the Customer Support telephone line. No tenant will be left in the position where that they cannot report a repair. At the start of November 2025 we have assessed 2,845 tenants as being digitally excluded, who will continue to report their non-emergency repairs through the Customer Support telephone service.

In 2025 we launched our new Tenant Engagement and Communication Strategy, following consultation with our tenants. The aim of the Strategy is to ensure we have robust opportunities for tenants to be involved in the delivery of housing services provided to them and to ensure they are listened to when new projects, initiatives and services are being introduced.

One action resulting from the Strategy has been the formation of the Tenants Scrutiny Panel. This group of tenants from across the City, will be consulted on key aspects of housing services, including being consulted on the proposals for the Housing Revenue Account Budget.

To support the work we want to undertake to widen our engagement activities, we have recruited a dedicated Engagement Manager and 3 Engagement Officers. We are also in the process of recruiting a Communications Officer to support improved communication to our tenants.

To support the needs of people living in our 1,814 (September 2025) leasehold properties we have a Leaseholders Liaison Team who are responsible for responding to Council leaseholder queries and improving services to meet their needs. Leaseholder Forums take place to allow leaseholders to discuss particular issues affecting this tenure type and to put forward suggestions for improvement.

Priority three – Making Leicester a low carbon city by improving the energy efficiency of homes

Leicester City Council has an ambition to become a climate ready city, which means working towards net zero carbon emissions and adapting to climate change. The Housing Division has a significant role to play in helping Leicester become climate ready through improving operational energy use and insulation, as well as through emissions from construction. The energy efficiency work we have previously undertaken, including our Housing Capital Programme initiatives, has already delivered significant reductions in CO₂.

We have been working towards improving the environmental impact of our homes for many years and during this time we have significantly reduced the CO₂ emissions

from our housing stock. This has been achieved through double glazed window replacements, new central heating installations, new energy efficient boilers, internal and external wall schemes and loft top up insulation works. We have also fitted solar panels to some of our properties. Some specific examples of work we undertook in 2024/25 are:

- All replacement boilers fitted had an A grade energy efficiency rating
- Installing loft insulation in 350 properties.
- Ongoing programme of fitting meters into our properties connected to the District Heating network to enable tenants to better control their energy use and save money on these bills.
- The homes being built as part of our current housebuilding programme have been designed to maximise energy efficiency.

We are committed to ensuring that all new housing developments meet the Future Homes Standard 2025. By integrating this standard, we will ensure that new homes in Leicester are built with the highest levels of energy efficiency, reduced carbon emissions, and no reliance on fossil fuels. This commitment aligns with our broader goals for sustainability and carbon neutrality, contributing to a greener future for the city and ensuring that new homes are resilient and environmentally responsible.

Priority four – Providing appropriate housing to match people’s changing needs

The latest Housing Needs Assessment (Leicester City Local Housing Need Assessment & Update Addendum, 2022) identified that Leicester’s net affordable housing need is 1,117 additional affordable housing homes per year. Of that total, there is a need for an extra 1,008 affordable rental properties per year in Leicester (over the period 2020-36).

Between 2019 and 2025 1,505 new affordable homes were made available through new build, conversions and acquisitions. This equates to an average of 251 completions a year, well below what has been determined to be needed in the Housing Needs Assessment.

Issues affecting our ability to provide new affordable housing include:

- The lack of available and viable sites for residential development
- Poor and/or negligible success in securing new affordable housing supply via planning gain. Historically, a proportion of our new supply of affordable housing had been delivered via planning gain (Section 106 contributions). For a period now, the proportion and number of applicable planning consents which include planning gain affordable housing has been negligible.
- Significant increases in actual and projected costs and inflation associated with housing development. This has been coupled with a shortage of construction labour and skills, significant shortage of materials and financial uncertainties.
- The reduction in the availability of uncommitted Right to Buy Receipts means our funds for new council housing have been fully committed, We are working up bids

with Homes England to fund future house building projects. It is likely that there will be more reliance on this type of external funding in future years.

Right to Buy sales reduce the number of council homes available at an affordable rent. In 2024/25 we lost 146 homes through Right to Buy sales.

The number of households on the Housing Register was 6,368 on 01/4/2025. Overcrowding remains the biggest reason for households joining the Housing Register and currently accounts for 54% (3,451) of the register.

Demand for Housing is very high in Leicester, but it is also a city with a relatively low average household income. For many, renting from the council or a housing association is the only hope of a decent and settled home.

In order to help meet housing need, there is an active programme of housing development through the Housing Revenue Account. In 2024/25 there were 424 completions of new Affordable Housing. Registered Providers delivered 203 of these completions. We also acquired 111 properties via the Housing Revenue Account. This work is continuing in 2025/26 and beyond.

Vacant Council properties are advertised through Leicester HomeChoice. In 2024/25 1,017 households became new Council tenants.

We subscribe to the national Home Swapper Scheme that enables tenants to identify mutual exchanges. This is particularly important for those tenants who want to move but have a low priority on the Housing Register.

It is important to us that our properties are accessible. This means tenants can remain independent and occupy their own home for as long as possible. It is also essential that we have a supply of accessible homes for those who might need them in future.

Adaptations in tenant's homes are undertaken following an occupational therapy assessment of need. Council tenants do not have to pay for the adaptations that are recommended by an Occupational Therapist. They will be carried out if they are necessary and appropriate, reasonable and practical. If these criteria are not met, alternative solutions may be proposed.

We keep a record of which properties have been adapted so we can allocate them to households on the Housing Register who need the adaptation, when the property becomes vacant.

We have 2,508 homes that have been adapted in some way, of which 117 have been fully adapted for wheelchair users and 2,391 partially adapted with level access into and around the property.

Each year the Capital Programme funds the adaptations of tenants' existing homes where Adult Social Care and Children's Services identify the current tenant or family members need those adaptations.

In 2024/25 we carried out 134 major adaptations, such as new and replacement stairlifts, through floor lifts, level access showers and ramps. We also carried out

283 minor adaptations to tenants' homes, such as installing grab and handrails, fitting shower seats, raising electrical sockets and fitting lever taps.

Due to the increasing demand for adaptations in tenants' homes, £600k has been set aside for this work in 2026/27. We are also in the process of developing an Adaptations Strategy to tackle the current lack of suitable adapted housing available to help tenants to live well.

As well as providing homes, it is also important that we provide support to our tenants to maintain their tenancies. We have a Sensitive Lets and Tenancy Support Procedure which helps to identify suitable housing for tenants who are vulnerable and have complex needs. This is to ensure tenants have the right support in place as soon as they move into their new home.

The Supporting Tenants and Residents (STAR) service provides one-to-one support to council tenants who might otherwise lose their homes. Priority is given to support those who have been previously homeless and those who have other problems which means they are not coping or complying with tenancy conditions. The service also works closely with Children's Services to help looked after children, foster families, children leaving care and other vulnerable families. During 2024/25, there were just 4 evictions for rent arrears and 2 evictions for anti-social behaviour. We have a low eviction rate compared to other authorities, due to the comprehensive support and income collection work we undertake with tenants.

In 2024/25 the Income Management Team helped 1,399 vulnerable households to access the Government's Housing Support Fund. This was money allocated to help people during the Cost-of-Living crisis. On average households received over £600 from this fund. In addition to this the Income Management Team supported tenants to apply for Discretionary Housing Payments. A total £259,153 was paid in awards for all qualifying council tenants.

As part of the Council's response to the invasion of Ukraine, a team within STAR continues to operate to support Ukrainian Refugees to help them settle into their new homes and provide assistance with pathways to employment. The STAR service also includes the STAR AMAL team who provide support for Syrian refugees as part of the Government's resettlement programme.

Housing Officers undertake a programme of Welfare Visits to tenants who may be vulnerable. This contact is an opportunity for us to check whether the tenant is coping in their home and, where appropriate, we signpost or refer people to support services. This is a preventative measure to help sustain tenancies, ensure people are safe and well, and enables us to act before a crisis point is reached.

Our Tenancy Management and Homeless Services were successful in bidding for funding from Public Health England to address substance misuse. This award has allowed us to fund a team of 7 Housing Related Support Workers for three years, and provides additional support to tenants with drug and alcohol dependency issues. The team provides floating support to tenants in their own home to help sustain tenancies and help people engage with treatment services to aid their recovery.

Some people may not have all the skills needed to manage a new tenancy. To help address this need, we have created 11 “trainer accommodation” units in the ZIP building. This provides people with 12 months accommodation in a supported environment. The support includes providing assistance with tasks, such as budgeting, maintaining a home, shopping and cooking, accessing community services, training and education, and keeping healthy. The aim of the project is to give people the skills and knowledge to be able to manage a home when a longer-term council tenancy is granted and to support the sustainment of their new home.

In 2024/25 95.29% of Council tenancies were sustained. This means that 95.29% of people who became new tenants in 2023/24 remained in their tenancy 12 months later. During 2024/25, the STAR service received 928 referrals for support. At the end of 2024/25 the service was supporting 345 tenants to help maintain their home.

Priority five – Making Leicester a place to do business, by creating jobs and supporting the local economy

The Housing Division makes a significant contribution to the local economy.

The Housing Division employs a workforce of just over 1,000 people, funded through the Housing Revenue Account. Additional employment is created with local firms through the procured contracts that the Housing Division has to undertake certain types of work for the Division.

The Housing Division continues to offer craft apprenticeship opportunities each year and boasts the largest programme within the Council. This year, 16 additional apprentices have been recruited to train as Roofers, Gas Engineers, and Electrical Engineers. Currently, there are 48 apprentices in total.

The Housing Neighbourhood Improvement Scheme continues to assist the long-term unemployed by providing pre-employment training and offering a 12-month work placement through the Leicester to Work programme. Each year, 10 individuals are recruited, and this year, 7 have successfully transitioned into roles within the business; 4 of these employees have been successful in the apprenticeship programme.

Regulator of Social Housing Consumer Standards

In April 2024, as part of the Social Housing (Regulation) Act 2023, the Regulator for Social Housing brought in new Consumer Standards that all social landlords are required to meet. The four standards now in place are:

Quality and Safety Standard: Social Housing providers must ensure that homes meet the Decent Homes Standard, and all health and safety assessments have been undertaken. These include areas such as gas, electrical, water, lift and fire safety checks.

Transparency, Influence and Accountability Standard: Ensures that tenants have opportunities to be involved in the decision-making processes in relation to the management of their home and area in which they live. This Standard also places requirements on landlords to listen to tenants', so their voices are heard and that complaints are dealt with effectively.

Tenancy Standard: Requirements are placed on landlords to ensure properties are let fairly and transparently, tenants are supported to remain in their homes and support is available for those who wish to move through a mutual exchange.

Neighbourhood and Community Standard: Addresses the management of communal areas and the role of housing providers play in fostering safe, sustainable communities. This includes tackling anti-social behaviour and promoting neighbourhood wellbeing.

These standards aim to enhance the quality of social housing and services provided, to ensure that residents live in safe, well-managed environments that meet their needs. When determining spend from the Housing Revenue Account Budget as well as meeting our 5 priorities above we also ensure that money is available to meet the specific requirements on The Housing Regulator's Consumer Standards.

Feedback from consultation with Tenants' and Leaseholders'

Combined Summary

Tenant HRA budget 2026/27 consultation

Question 1

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

377 people responded to this question, 175 (46.42%) supported the proposals or supported them with some concerns. 168 (44.56%) did not support the proposal

Response option	Number of respondents	% of respondents
Fully support	69	18.30%
Support, but with some concerns	106	28.12%
Do not support	168	44.56%
Don't know	27	7.16%
Not answered	7	1.86%

Question 2

What is your opinion of our proposals for service charges to ensure these continue to be provided?

There were 377 responses to this question. 154 (40.85%) supported the proposals or supported them with some concerns. 130 (34.48%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	80	21.22%
Support, but with some concerns	74	19.63%
Do not support	130	34.48%
Don't know	78	20.69%

Not answered

15

3.98%

Question 3a

What is your opinion of our proposals to reduce District Heating charges?

There were 367 responses to this part of the question. 189 (51.50%) supported the proposals or supported them with some concerns. 50 (13.62%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	171	45.36%
Support, but with some concerns	28	7.43%
Do not support	50	13.26%
Don't know	110	29.18%
Not answered	18	4.77%

Housing Revenue Account Budget 2026/27

Tenant and leaseholder consultation feedback

The Tenants Scrutiny Panel (TSP) met on 10 December 2025 to consider the proposed Housing Revenue Account (HRA) budget for 2026/27.

Chris Burgin, Director of Housing, and Alvin Raj, Policy and Engagement Manager, consulted with ten TSP members representing Council tenants on the proposals. The consultation covered the proposed rent levels, service charges, district heating charges, and the allocation of investment within the Capital Programme.

A series of questions were asked to the Tenants Scrutiny Panel in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

Response option	Number of respondents	% of respondents
Fully support	1	10.00%
Support, but with some concerns	9	90.00%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

The Tenants' Scrutiny Panel either supported the proposals or supported them with some concerns. The tenant who fully supported the increase acknowledged the reasons for the rent rise and noted that non-council tenants often pay higher rents elsewhere, adding that they would prefer a council property.

The nine panel members who supported the proposals with some concerns acknowledged that 65% of tenants have their full housing costs covered by Housing Benefit or Universal Credit. However, they expressed concern about the remaining 35% of tenants who receive partial or no housing cost support. They felt that, given the current cost-of-living pressures, these tenants would find it challenging to afford the rent increase.

Question 2

What is your opinion of our proposals for service charges to ensure these continue to be provided?

Response option	Number of respondents	% of respondents
Fully support	0	0%
Support, but with some concerns	10	100.00%

Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants' Scrutiny Panel supported the proposal for service charges, albeit with some concerns. While all acknowledged the rationale for the increased cost of services, the panel felt that tenants are currently paying for services that require improvement. The panel's expectation is that the quality of services delivered should reflect and justify the service charges paid by tenants.

Question 3

What is your opinion of our proposals to reduce District Heating charges?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the reduction in District Heating charges. Some panel members felt that the savings made on District Heating would help offset increases in other charges, such as rent and service charges. However, this will benefit only tenants that have District Heating.

Question 4

What is your opinion of our proposals on how the Capital Programme is going to be spent ?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the proposal on how the Capital Programme is to be spent.

Housing Revenue Account Budget 2026/27

Tenant Online HRA Budget 2026 / 27 Consultation

An online consultation on the Housing Revenue Account (HRA) budget proposals took place with Leicester City Council tenants and leaseholders between 5th December 2025 and 21st December 2025.

Tenants and leaseholders were informed of the consultation via email and postal letters. The communications explained the purpose of the consultation and outlined the different ways in which feedback could be provided. This included attending a face-to-face drop-in session at one of 12 locations across the city, or completing the consultation survey online via a weblink provided in the correspondence. Repairs operatives distributed 2,000 leaflets while visiting tenant homes.

Face-to-face drop-in sessions were held at the following locations:

- New Parks Library – 9th and 16th December 2025 11am to 3pm
- Tudor Centre – 9th and 16th December 2025, 11am to 3pm
- Pork Pie Library – 10th and 17th December 2025, 11am to 3pm
- Brite Centre – 10th and 17th December 2025, 11am to 3pm
- St Matthews Centre – 11th and 18th December 2025, 11am to 3pm
- Thurnby Lodge Community Centre – 11th and 18th December 2025, 11am to 3pm.

Engagement Officers recorded the responses at these sessions onto the online consultation portal.

In total 367 tenants and leaseholders responded to the online consultation.

Of these:

- 324 (88.28%) were from tenants
- 41 (11.18%) were from leaseholders
- 1 (0.27%) were from non-tenants and leaseholders
- 1 (0.27%) not answered

A series of questions were asked in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1a

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

367 people responded to this question, 165 (44.96%) supported the proposals or supported them with some concerns. 168 (45.78%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	68	18.53%
Support, but with some concerns	97	26.43%
Do not support	168	45.78%
Don't know	27	7.36%
Not answered	7	1.91%

Question 1b

If you have said you do not support the proposal or you support the proposal with some concerns, please state why.

A total of 232 respondents submitted comments in relation to this question. Where comments related specifically to the proposed rent increase, 27 respondents expressed concerns regarding their ability to afford the additional rent. A further 112 respondents indicated that the proposal would exacerbate the financial pressures associated with the current cost-of-living crisis.

In addition, 46 respondents stated that improvements to housing services would be necessary in order to justify the proposed increase, while 16 respondents felt that enhancements to Leicester City Council's housing stock would be required to merit the increase.

Question 1c

What impact do you feel the proposals to increase council home rents may have on you, your family or the wider community?

A total of 257 responses were received to this question. Where comments related to the potential impact of the proposed rent increase, 13 respondents stated that it would have little or no impact. In contrast, 119 respondents indicated that the increase could lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

Additional impacts identified by respondents included a potential increase in homelessness (4 respondents) and adverse effects on mental health (14 respondents).

In terms of groups perceived to be most affected by the proposed rent increase, the greatest concerns were expressed in relation to families (19 respondents), working people (11 respondents), and people with disabilities (4 respondents). Other groups highlighted included single parents (5 respondents) and pensioners (5 respondents).

Question 2a

What is your opinion of our proposals for service charges to ensure these continue to be provided?

There were 367 responses to this question. 144 (39.24%) supported the proposals or supported them with some concerns. 130 (35.42%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	80	21.80%
Support, but with some concerns	64	17.44%
Do not support	130	35.42%
Don't know	78	21.25%
Not answered	15	4.09%

Question 2b

If you have said you do not support the proposal or you support the proposal with some concerns, please state why.

There were 162 responses to this question. Where feedback related to concerns about the service charge proposals, it was similar to that received in relation to the rent proposals. Respondents felt that Housing Services would need to improve to justify the proposed increase. Concerns were also raised about affordability, particularly in the context of rising day-to-day living costs. Where specific service charges were mentioned, the highest number of concerns related to communal cleaning charges (16 respondents), followed by door entry system charges (9 respondents) and laundry room charges (3 respondents).

Question 2c

What impact do you feel the service charge proposals will have on you, your family or the wider community?

There were 147 responses to this question. Of those that commented on the potential impact of the service charge proposals, 18 respondents stated that they would have little or no impact. In contrast, 36 respondents said the proposals could lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

In terms of which groups may be most affected, the greatest concerns related to tenants with families (4 respondents). Other groups identified as being particularly impacted included pensioners (4 respondents), disabled people (1 respondent), and vulnerable people (1 respondent).

Question 3a

What is your opinion of our proposals to reduce District Heating charges?

There were 367 responses to this part of the question. 189 (51.50%) supported the proposals or supported them with some concerns. 50 (13.62%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	161	43.87%
Support, but with some concerns	28	7.63%
Do not support	50	13.62%
Don't know	110	29.97%
Not answered	18	4.90%

Question 3b

If you have said you do not support the proposal or you support the proposal with some concerns, please state why.

There were 91 responses to this question. 28 people stated the proposal to reduce district heating charges was positive. Despite the proposed reduction in charges 24 people commented on affordability issues related to paying this reduced charge, with comments made generally about rising energy costs and other household bills.

4 people were concerned the proposed reduction is a forecast.

Question 3c

What impact do you feel the District Heating Charge proposals will have on you, your family or the wider community?

There were 88 responses to this question. Of these, 20 respondents felt that the proposal would have a positive impact for tenants and leaseholders on the district heating scheme, as they would pay less for the service. A further 12 respondents stated that the proposal would have little or no impact.

Despite the proposal to reduce district heating charges, 16 respondents stated that the amount they would still be required to pay was too high and could place additional financial pressure on some households. These comments were generally made in the context of wider increases in day-to-day living costs.

A few people commented the proposal would still impact on the elderly and vulnerable people.

Question 4a

What is your opinion of our proposals to increase garage rents by 4.8% in line with the proposed increase of rent for council homes?

There were 367 responses to this part of the question. 114 (31.06%) supported the proposals or supported them with some concerns. 58 (15.80%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	85	23.16%
Support, but with some concerns	29	7.90%
Do not support	58	15.80%
Don't know	163	44.41%
Not answered	32	8.72%

Question 4b

If you have said you do not support the proposal or support the proposal with some concerns, please state why.

There were 89 responses to this question. Where these related to concerns about the proposed increase to garage rents, 15 responses raised concerns about the ability for some

people to pay the increase charge. Generally, comments received were about the maintenance of the garages.

Question 4c

What impact do you feel the proposal to increase garage rents may have on you, your family or the wider community?

There were 70 responses to this question. 21 people stated there would be no or little impact. 17 people stated the proposed increase would add to the financial hardship of people renting garages. 2 responses stated the garages should be demolished to generate additional car parking spaces.

General comments received were about the current pressures of street parking and value for money.

There were no comments received as to whether the proposed garage rents would impact more on a particular group.

Question 5

As a Leicester City Council tenant or leaseholder, what are your top three priorities for how we spend the money?

There were 345 responses to this question. Where services are provided by the Housing Revenue Account, the highest priority by a significant margin was repairs. This was followed by home improvements and modernisation of properties, and then security measures. The table below sets out the full range of priorities identified by respondents.

Service area	Number of respondents	% of respondents
Repairs	197	53.68%
Improvements and modernization of homes	45	12.26%
Security measures	37	10.08%
Upkeep of communal areas in blocks/communal cleaning	8	2.18%
Energy efficiency measures	7	1.91%
Tenant support services	4	1.09%

Building new council homes	16	4.36%
Parking on estates	8	2.18%
Providing value for money	5	1.36%
Tackling anti-social behavior	10	2.72%
Letting empty properties	3	0.82%
Tenant involvement activities	1	0.27%
Providing information to tenants	1	0.27%
Rent	3	0.82%

Background information of respondents:

Ethnicity

Option	Total	Percent
Asian or Asian British: Bangladeshi	4	1.09%
Asian or Asian British: Indian	49	13.35%
Asian or Asian British: Pakistani	4	1.09%
Asian or Asian British: Any other Asian background	15	4.09%
Black or Black British: African	30	8.17%
Black or Black British: Caribbean	9	2.45%
Black or Black British: Somali	3	0.82%
Black or Black British: Any other Black background	1	0.27%
Chinese	2	0.54%
Chinese: Any other Chinese background	0	0.00%
Dual/Multiple Heritage: White & Asian	2	0.54%
Dual/Multiple Heritage: White & Black African	0	0.00%
Dual/Multiple Heritage: White & Black Caribbean	3	0.82%
Dual/Multiple Heritage: Any other heritage background	0	0.00%
White: British	165	44.96%
White: European	11	3.00%
White: Irish	2	0.54%

White: Any other White background	6	1.63%
Other ethnic group: Gypsy/Romany/Irish Traveller	0	0.00%
Other ethnic group: Any other ethnic group	4	1.09%
Prefer not to say	47	12.81%
Not Answered	10	2.72%

Sex

Option	Total	Percent
Female	217	59.13%
Male	109	29.70%
Other	1	0.27%
Prefer not to say	29	7.90%
Not Answered	11	3.00%

Age

Option	Total	Percent
under 18	0	0%
18 - 25	7	1.91%
26 - 35	38	10.35%
36 - 45	67	18.26%
46 - 55	67	18.26%
56 - 65	89	24.25%
66+	70	19.07%
Prefer not to say	20	5.45%
Not Answered	9	2.45%

Disability

Option	Total	Percent
Yes	149	40.60%
No	164	44.69%
Prefer not to say	41	11.17%
Not Answered	13	3.54%

Sexual orientation

Option	Total	Percent
Bisexual	7	1.91%

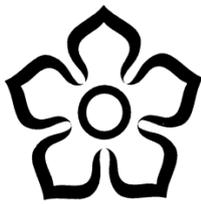
Gay / lesbian	2	0.54%
Heterosexual / straight	262	71.39%
Prefer not to say	55	14.99%
Other	9	2.45%
Not Answered	32	8.72%

Religion and belief

Option	Total	Percent
Atheist	18	4.90%
Bahai	0	0%
Buddhist	3	0.82%
Christian	111	30.24%
Hindu	22	5.99%
Jain	0	0%
Jewish	0	0%
Muslim	56	15.26%
Sikh	1	0.27%
No religion	68	18.53%
Prefer not to say	52	14.17%
Other	8	2.18%
Not Answered	28	7.63%

Parent or carer

Option	Total	Percent
0-4 years	46	12.53%
5-10 years	61	16.62%
11-15 years	50	13.62%
16-17 years	25	6.81%
18+	68	18.53%
Not Answered	207	56.40%



Leicester
City Council

Appendix H

Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION

**7. HOUSING REVENUE ACCOUNT BUDGET DRAFT (INCLUDING CAPITAL
PROGRAMME) 2026/27**

Minute Extract of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: TUESDAY, 13 JANUARY 2026 at 5:30 pm

P R E S E N T:

Councillor O'Neill – Chair
Councillor Bajaj -Vice Chair

Councillor Aqbany
Councillor Gregg

Councillor Gopal
Councillor Singh Sangha

In Attendance: Deputy Mayor – Councillor Cutkelvin

**1. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL
PROGRAMME) 2026/27**

The Director for Housing presented the Housing Revenue Account Budget for 2026/27:

- The Director of Housing advised that the proposed budget for the year was balanced but there were significant pressures that the HRA faced this coming year which totalled over £6 Million.
- The key factors that were causing these pressures were explored. New legislation such as Awaab's Law, regarding mould and damp, which came into place in 2025 had added additional responsibilities to the authority as well as shorter timeframes to handle damp and mould cases. The new Housing Regulator and Consumer standards require new unfinanced actions and tasks. The Regulator is also introducing a new Conduct & Competency framework to further professionalise the Housing for all Housing employees This will result in the authority needing to put a considerable number of housing staff through new training to ensure that the authority was compliant with the new standards.

It was explained that these combined factors alone made up £3 Million of the £6 million total pressures.

- Other pressures included the continued loss of housing stock which was expected to cost the City Council an additional £1 million in the upcoming year as well as the increase in running cost expenses due to inflation which was predicted to cost £750,000. A furthermore, £1 million has also been added to the Capital budget for 26/27.
- An increase of 4.8% on core rent, garage rent, and hostel rent for all Council tenant, garages and hostel rents was proposed to help balance these pressures. An increase in rent of 4% for Gypsy and Traveller was also proposed, the difference in percentage increase was due to the different legislation around Traveller plots.
- Regarding district heating, there was a proposed decrease of 16% in the variable charge for metred heat as well as for those on fixed charges. A further 22% reduction was proposed in the fixed metre charges for tenants with metres.
- There was an increase of 3.8% in service charges proposed.
- It was noted that a number of the capital items were due to remain ongoing and unchanged from the previous year including, boilers, rewires, district heating, soffits and fascias, door entry replacements, kitchens and bathrooms.
- It was also proposed that there would be a reduction in the funding for disabled adaptations to Council properties from £1.2 Million to £725,000. It was explained that the authority was handling demand as currently there was no waiting list for adaptations. Consequently, this reduction would cause minimal impact to the area and help balance the budget The Director of Housing committed to keep an eye on this area and review the funding pot in year if there was any change in the demand.
- A preventative programme of increasing the re-roofing budget was proposed to help tackle the issue of roof repairs and leaks in Council houses. In the previous financial year, it was noted that there was an increase in demand for roof repairs and therefore, the budget of £1.5 million was proposed to increase to £2 million to enable this.
- A programme to upgrade and replace the windows and doors in Council Houses is also proposed to be added. It was stated that the programme which would take place over several years would have its budget increased from £50,000 to £500,000 to intensify the programme's progress.
- A one-off investment of £500,000 was planned for the St Matthew's Centre. While the building was owned by Housing it was being utilised by Libraries, communities and other groups. At the time, plans were being drawn up for the future of the centre, but nothing had yet been decided. It was explained that regardless of what happened, the centre needed investment for any of the proposed plans and that the money had been set aside to provide the necessary headroom.
- A new £200,000 capital line was proposed for a new supported housing project. A unit was identified where alterations could be made to convert it into a new supported housing unit which would further support the work that was being carried out in this area.
- A sum of £400,000 was put aside for water heater and tank replacements This project had become linked with the water safety and Legionella checks which the authority routinely carried out on water tanks. The Director of Housing emphasised that the risk of Legionella could be significantly reduced by having direct fed water rather than having water tanks.
- It was noted that the Housing department was not requesting any additional funding in the year 2026/27 for creating additional affordable housing. This was

due to the fact that the authority already had £159 Million in the funding pot and was in discussions with Homes England to gain an additional £60 Million. Therefore, it was deemed that no additional funding was need for the year. The Director of Housing wanted to make it clear that just because further funding was not being requested, it did not mean that the affordable housing delivery was stopping.

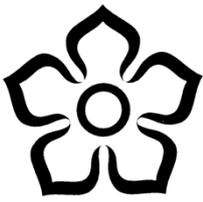
- The Director explained that in both online and face to face discussions with tenants and members of the tenant scrutiny board, the reception to the budget changes were overall supported by a majority.

Comments:

- The tenant's responses were commented on by the Chair and the fact that although the majority approved, it was a small majority. The Chair requested further clarification as to what the causes of this slim approval margin was. It was detailed by the Director of Housing that the main cause of concern among tenants surveyed, was the impact these changes would have on the most vulnerable, particularly with bills increasing and the cost of living and also the impact it would have on those working and required to pay the increase. The Housing department were aware of these concerns and reassured and reminded the commission that the Council had tenancy sustainment rates of 96% which was due the support services provided by the authority. Notably was the Income Management Team who work directly with tenants to ensure they were able to make sustainable payments while maximising income for the Council.
- The affordability of the increase in rents was commented on by Members who wished to learn about the broader impacts of this increase on tenants. The Director of Housing commented that these increases were offset by other pay increases to tenants. It was commented that 60% of Council tenants were on Housing Benefit so they would not be affected, in other areas, Universal Credit increase by 6.2% for 2026/27, Pensions had increased by 4.8% and salaries had increased by 5%. This meant that the overall increase was equivalent to those increases in income people had.
- The topic of Service Charges was raised by the Members who requested further detail on these increases. It was detailed that the authority only charges tenants what it costs the authority, CPI and inflationary pressure had increased to 3.8% hence the proportionate increase. Further reviews of services charges were planned for the rest of the 2026/27 year.
- Questions were raised about the reduction in district heating costs and why they were reducing while several other prices increased across the board. In response it was explained that the City Council only charges its tenants what its costs the authority to buy the fuel. The Council bought gas when it was cheap and in bulk, so the authority has passed those savings on to the tenants.

AGREED:

- The report was noted by the Commission.



Leicester
City Council

Appendix I – OSC Minutes Extract

MINUTE EXTRACT

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

To Follow



Equality Impact Assessment

Title of proposal	Housing Revenue Account Budget (including Capital Programme) 2026/27
Name of division/service	Housing
Name of lead officer completing this assessment	Helen McGarry, Programme Manager
Date EIA assessment commenced	3 rd November 2025
Date EIA assessment completed (<i>prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes</i>)	23 rd December 2025
Decision maker	Full Council
Date decision taken	25 th February 2026

EIA sign off on completion:	Signature	Date
Lead officer	Helen McGarry	23 rd December 2025
Equalities officer (has been consulted)	Surinder Singh	4 December 2025
Divisional director	Chris Burgin	23 rd December 2025

Please ensure the following:

- e) That the document is **understandable to a reader who has not read any other documents** and explains (on its own) how the Public Sector Equality Duty is met. This does not need to be lengthy but must be complete and based in evidence.
- e) That available support information and data is identified and where it can be found. Also be clear about highlighting gaps in existing data or evidence that you hold, and how you have sought to address these knowledge gaps.

- e) That the equality impacts are capable of aggregation with those of other EIAs to identify the cumulative impact of all service changes made by the council on different groups of people.
- e) That the equality impact assessment is started at an early stage in the decision-making process, so that it can be used to inform the consultation, engagement and the decision. It should not be a tick-box exercise. Equality impact assessment is an iterative process that should be revisited throughout the decision-making process. It can be used to assess several different options.
- e) Decision makers must be aware of their duty to pay 'due regard' to the Public Sector Equality Duty (see below) and 'due regard' must be paid before and at the time a decision is taken. Please see the Brown Principles on the equality intranet pages, for information on how to undertake a lawful decision-making process, from an equalities perspective. Please append the draft EIA and the final EIA to papers for decision makers (including leadership team meetings, lead member briefings, scrutiny meetings and executive meetings) and draw out the key points for their consideration. The Equalities Team provide equalities comments on reports.

1. Setting the context

Describe the proposal, the reasons it is being made, and the intended change or outcome. Will the needs of those who are currently using the service continue to be met?

The Housing Revenue Account (HRA) operates in a self-financing environment. This means the budget is set by the Council, within Government boundaries, taking into account expected levels of income and predictions on what needs to be spent. Spending priorities are made based on the need to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £313m.

There is a requirement that the proposed budget for 2026/27 is set as a balanced budget (money spent does not exceed the income received). However, there are a number of pressures (most of which are unavoidable) that are increasing the amount which must be spent. These pressures include:

Legislative and Regulatory Pressures

There is a pressure arising from the need to create additional capacity and resource in relation to tackling reports of damp and mould following the implementation of Awaab's Law, alongside the continued roll out of Electrical Installation Condition Reports (EICR's).

Capital Expenditure Financed from Revenue

An increase in funding is required for the maintenance aspects of the Housing Revenue Capital Programme. It is proposed that to adequately fund this programme

the amount allocated needs to increase from £10.56m in 2025/26 to £11.81m in 2026/27.

Right to Buy

From November 2024, the maximum discount a tenant is eligible for when purchasing their property reduced from £102,400 to £24,000. This should aid the long-term finances of the Housing Revenue Account, through the loss of a smaller number of properties. However, it is predicted that the Housing Revenue Account will still lose £1.1m income from Right to Buy sales in 2026/27.

Staffing growth

There are various areas in the division where increased staffing is required for 2026/27:

- Pest control staff are to be sought at a cost of £230k to make local areas cleaner and target locations with persistent pest issues.
- The complaints team require growth of £89k to fund a complaints manager and 1.5 FTE complaints officers to ensure any tenant complaints are dealt with in a timely and efficient manner.
- A Repairs Quality Control Officer and a Training Safety Coordinator are required to assist with training and process improvement, as well as ensuring compliance with standards outlined by the Housing Regulator.
- 5.5 FTE Neighbourhood Housing Officers are required to help support access work to properties, including Personal Emergency Evacuation Plan regulation measures.
- It is also proposed that £85k will be needed to fund a Principal Accountant post to deal solely with Housing Revenue Account matters due to complexities of this budget.

Running Cost Inflation

Inflation affects almost all areas of Housing Revenue Account running costs and is largely unavoidable. For 2026/27, materials and contractor inflation are forecast to be £0.3m higher than 2025/26. Other service costs, including cleaning and vehicle costs, are increasing due to inflation; together, this causes a pressure of £0.3m.

Interest and Debt

The new supply of housing relies on prudential borrowing, on which interest must be paid. These interest charges are expected to decrease by £0.16m in 2026/27 due to the fall in the base rate. However, the Housing Revenue Account also holds cash balances on which it earns interest; due to the reduced interest rate, £0.38m less will be earned in interest in 2026/27.

Other Pressures

- The Estates Warden service require growth of £140k to ensure there is adequate coverage during annual leave periods and to increase the remit to cover work previously conducted by the Green Team.
- Extra Legionella risk assessments are required at a cost of £108k to be in line with government regulations.
- £105k is needed to be spent on training to ensure that all Housing Managers are trained in line with new guidelines within the Competency and Conduct Standard issued by the Housing Regulator.

Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and maximum annual rent increases, which is currently CPI+1%. As at September 2025 this means the maximum permitted rent increase social landlords can implement is 4.8%.

Taking into account all the pressures being felt, the Housing Revenue Account Budget proposals for 2026/2027 is recommending a 4.8% increase to Council tenant rents. It is reported that applying a rent increase less than 4.8% would either result in scaling back of the Capital Programme, a draw on limited reserves, or service cuts.

As well as this proposed rent increase for 2026/27, the following recommendations are put forward:

- Whilst the Gypsy and Traveller sites sit outside the Housing Revenue Account, it is proposed that a rental increase of 4% is applied for plot rents, in line with the combined effect of CPI and wage inflation.
- A 4.8% increase in garage rents, in line with increases to core rents
- A 4.8% increase in hostel rents and service charges, which aligns with inflation and estimated increases in pay for the delivery of the services

Service charges should be set with the intention of recovering the full cost of providing the service. It is proposed that a 3.8% increase is applied to service charges in line with inflation.

District heating charges (metered properties) – It is proposed that tenants and leaseholders on the district heating scheme, who have meters fitted in their homes will have an annual charge of £177.83 applied for the provision of the service in 2026/27, a reduction from £228.80 in 2025/26. Through the fitting of meters in properties, these tenants will be able to control the amount of energy they use in their property. It is proposed the variable charge p/kwh of heat will be £5.28 in 2026/27, a reduction from £6.30 in 2025/26. The cost of energy use will be charged in addition to the fixed charges and the actual costs will be dependent on the energy use of each household.

District heating charged (non-metered properties) – Where meters are not fitted in properties there is no way of charging based on actual energy consumption. It is

therefore proposed that a combined annual cost charged (fixed costs for providing the service and energy use), will on average be £886 for 2026/27. This is a reduction from the average annual charge of £1,087 in 2025/26.

The following project are those where it is proposed changes are made to the allocation of funding through the Capital Programme:

- The kitchen and bathrooms programme is ongoing with 250 refurbishments anticipated to be completed for 2025/26. For 2026/27 the annual budget will be £1.25m, which will fund a further 250 installations. This factors in slippage of £1.15m from 2025/26
 - A further investment of £2m has been included to fund boiler replacements.
 - A continuation of the re-wiring budget at the same level as for 2025/26 to help support full/part rewires.
 - The investment in re-roofing will increase by £0.5m to facilitate a greater number of roof replacements.
 - £0.5m for maintaining the district heating system. This cost is not passed onto tenants
 - A continuation of the Communal and Environmental Works budget with a further £0.2m for 2026/27
 - £275k has been added to the Capital Programme to fund the demolition of the chimney at St Peter's Boiler House
 - £0.2m has been included in the capital programme to continue funding the replacement external cladding
 - A further £0.1m is proposed to fund loft top up insulation
 - £250k has been added to the Capital Programme for a further year to fund the replacement of door entry systems
 - A further £0.2m is being added to the capital programme towards balcony/walkway work across St Matthews
 - £0.5k is to be added to the Capital Programme to fund renovation works at the St Matthews Centre.
 - £0.2m is being proposed to fund refurbishment and reconfiguration works to various unused buildings to change their purpose and convert them into usable supported accommodation
 - A proposed £0.4m will be added to complete water heater and tank replacements
- The main service need of tenants is that they have a suitably sized, Decent Home, maintained through an effective repairs service with quality tenancy and estate management services. Current service user needs will continue to be met with the recommendations being made.

2. Equality implications/obligations

Which aims of the Public Sector Equality Duty (PSED) are likely be relevant to the proposal? In this question, consider both the current service and the proposed changes.

a. Eliminate unlawful discrimination, harassment and victimisation

- How does the proposal/service aim to remove barriers or disproportionate impacts for anyone with a particular protected characteristics compared with someone who does not share the same protected characteristics?
- Is this a relevant consideration? What issues could arise?

Some households may experience a rise in costs and therefore it will impact on their personal budgets and disposable income. This will impact on people across all protected characteristics. Support is in place through the Supporting Tenants and Residents service (STAR) and the Income Management Team for tenants and leaseholders to access services and manage their tenancy. Some of the potential barriers may relate to:

- Customer access to information about the changes
- How information is communicated to users
- The ease of use of information provided
- Availability in different language formats
- Information provided on rights and /or entitlements
- Information on which agencies can help with money / debt advice (promotion of this to tenants and leaseholders)
- Physical access to services
- Monitoring of potential adverse impact on particular groups

b. Advance equality of opportunity between different groups

- Does the proposal/service advance equality of opportunity for people?
- Identify inequalities faced by those with specific protected characteristic(s).
- Is this a relevant consideration? What issues could arise?

The proposals continue to commit to the provision of Decent Homes to council tenants and equality of opportunity for people to have Decent Homes to live in, which includes carrying out adaptations for those with a disability. The standard of accommodation in council owned properties is higher than in some areas of the private sector.

c. Foster good relations between different groups

- Does the service contribute to good relations or to broader community cohesion objectives?
- How does it achieve this aim?
- Is this a relevant consideration? What issues could arise?

Maintaining properties and making improvements on estates creates an environment where people are satisfied with their homes they live in, and reducing the likelihood of anti-social behaviour and community tensions.

3. Who is affected?

Outline who could be affected, and how they could be affected by the proposal/service change. Include people who currently use the service and those who could benefit from, but do not currently access the service. Where possible include data to support this.

All tenants and leaseholders of Leicester City Council will be impacted upon by the proposals (just over 19,200 tenanted properties and just over 1,800 leasehold properties).

All Council tenants will be charged more rent. The current average rent for a Council property is £94.73 per week. The proposals will mean, on average, tenants will be charged an additional £4.55 per week. The additional amount tenants will actually have to pay is dependent on the number of bedrooms in their property. This weekly increase will range from £3.68 per week for a bedsit and £6.84 per week for a 6-bedroom property.

Tenants in receipt of full Housing Benefit or in receipt of full Universal Credit Housing costs will have the additional charges paid through their benefit entitlement. We know that this applies to approximately 65% of our tenants. Therefore, the proposed increased rent charges will depend on a tenants' financial situation and will impact upon approximately 35% of tenants who are in receipt of partial or no Housing Benefit or Universal Credit Housing Costs.

37 Gypsy and Traveller households, who rent pitches from the council will be impacted upon by the proposed 4% increase in charges for these. Those households in receipt of full Housing Benefit or those that receive Universal Housing Costs will have the increased charges paid through their benefit entitlement.

The 4.8% increase for hostel rents will impact on households who are homeless and currently in temporary accommodation. All individuals staying in this accommodation are eligible for Housing Benefit or Universal Credit Housing Costs, so the increased charge will be paid through their benefit entitlement.

Service charges are paid in addition to rent where additional services are provided. Individual service charges for tenants and leaseholders vary due the additional services provided. Where service charges are in place tenants and leaseholders will need to pay an additional 3.8% for these. The table below shows the financial impact of the proposed charges and the number of tenants impacted upon by each of these.

Tenant Service Charges	Approximate Number of Tenants	Current Average Weekly Charge	Proposed Increase	Proposed Weekly Charge
Waylighting	6,290	£2.97	3.8%	£3.08
Security	1,486	£6.04	3.8%	£6.27
TV Receiving Service	5,536	£0.78	3.8%	£0.81
Cleaning	4,058	£3.71	3.8%	£3.85
Laundry	751	£1.56	3.8%	£1.62
Furniture / White Goods	829	£2.10	3.8%	£2.18
Sheltered Lounge	398	£2.88	3.8%	£2.99
Energy Conservation Package	27	£2.41	3.8%	£2.50
Access to Parking Spaces	11	£1.20	3.8%	£1.25
Door Entry	4,071	£3.61	3.8%	£3.75

The table below shows the financial impact of the proposed charges and the number of leaseholders impacted upon by each of these.

Leaseholder Service Charges	Approximate number of Leaseholders	Current Average Weekly Charge	Proposed Increase	Proposed Weekly Charge
Waylighting	1,525	£3.96	3.8%	£4.11
Security	43	£7.84	3.8%	£8.13
TV Receiving Service	1,594	£0.78	3.8%	£0.81
Cleaning	874	£4.76	3.8%	£4.95
Laundry	23	£1.10	3.8%	£1.14
Admin Charges	1,794	£4.02	3.8%	£4.18
Building Insurance	1,794	£4.43		£4.43
Door Entry	1,059	£3.59	3.8%	£3.73
Lifts	97	£2.65	3.8%	£2.75

Approximately 1,900 tenants and an additional 1,000 other households are connected to the district heating scheme. These charges are not covered by Housing Benefit or Universal Credit Housing Costs, so all tenants and other households on the scheme will be impacted upon by the proposals. The Council is undertaking a programme to fit meters into properties served by district heating. This means households will have greater control of their energy usage and the costs associated with this, which could reduce. In November 2025 approximately 970 properties have had meters installed. This number will increase as the meter fitting programme progresses. The table below states how tenants and other households, with meters will benefit from reduced fixed costs during 2026/27. The table also provides information on how tenants and other households will benefit from lower variable charges per KHW of heat in 2026/27.

	25/26 Annual Charge for Tenants	26/27 Annual Charge for Tenants
Fixed Charges	£140	£91
Billing & Collection	£78	£78
VAT on the above (@5%)	£10.90	£8.47
Total Fixed Charges	£228.80	£177.83
Weekly Charge (over 50 weeks)	£4.58	£3.56
Variable Charge pKWh of Heat	6.30p	5.28p

At the start of November 2025 approximately 2,000 tenants and other households on the district heating scheme do not have meters fitted to their home. This number will reduce as the meter fitting programme progresses. District heating charges to these households will include both fixed costs and costs for the use of energy. The proposed charges vary, dependant on the number of bedrooms in a property. The table below shows how the proposed reduction in charges will impact households in each bedroom category.

Bedroom size	2025/26 Annual Charge	2026/27 Annual Charge	Annual saving for 2026/27
1 bed	£885	£716	£169
2 bed	£1,226	£1,002	£224
3 bed	£1,543	£1,267	£276
4 bed	£1,871	£1,542	£329
Other	£470	£369	£101
Average	£1,087	£886	£201

Average weekly charge (50 weeks)	£21.75	£17.71	£4.04
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Council owned garages are rented out to members of the public generally, not just Council tenants. The charge is not covered by Housing Benefit or Universal Credit. At the start of November, we currently had 502 garages and parking spaces rented out, so the proposed 4.8% increase will impact upon these people. People renting Council garages will see an increase in charges from £12.14 per week to £12.72.

The above proposals will also impact households who become new tenants and new leaseholders in 2026/27. Also, new people accessing temporary accommodation, and renting a garage from the Council.

The Housing Capital Programme generally benefits all tenants and leaseholders in the city. Projects to improve individual properties are decided on their condition to meet health and safety regulations. The impact for tenants and leaseholders will generally be positive as properties and areas are improved.

4. Information used to inform the equality impact assessment

- What **data, research, or trend analysis** have you used?
- Describe how you have got your information and what it tells you
- Are there any gaps or limitations in the information you currently hold, and how you have sought to address this? E.g. proxy data, national trends, equality monitoring etc.

Tenant profiling information has been collected and analysed from the NEC IT system (See profiling information at the end of the EIA.) This includes information on ages, ethnic origin, disability, gender, sexuality and religion.

For tenants there are gaps in data in relation to gender re-assignment, marriage and civil partnership, pregnancy and maternity and sexual orientation.

We also have limited profiling information in relation to leaseholders.

For those tenants with protected characteristics commented upon in Section 6 below we know:

15,256 are of working age (18 – 60)

2,293 have a disability

9,595 have a white background and 5,939 have other ethnic backgrounds

10,841 are female

48 are Gay (male) and 47 are Gay (female / lesbian)

5. Consultation

Have you undertaken consultation about the proposal with people who use the service or people affected, people who may potentially use the service and other stakeholders? What did they say about:

- What is important to them regarding the current service?
- How does (or could) the service meet their needs? How will they be affected by the proposal? What potential impacts did they identify because of their protected characteristic(s)?
- Did they identify any potential barriers they may face in accessing services/other opportunities that meet their needs?

The Tenants Scrutiny Panel (TSP) met on 10 December 2025 to consider the proposed Housing Revenue Account (HRA) budget for 2026/27.

Chris Burgin, Director of Housing, and Alvin Raj, Policy and Engagement Manager, consulted with ten TSP members on the proposals. The consultation covered the proposed rent levels, service charges, district heating charges, and the allocation of investment within the Capital Programme.

A series of questions were asked to the Tenants Scrutiny Panel in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

Response option	Number of respondents	% of respondents
Fully support	1	10.00%
Support, but with some concerns	9	90.00%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

The Tenants' Scrutiny Panel either supported the proposals or supported them with some concerns. The tenant who fully supported the increase acknowledged the

reasons for the rent rise and noted that non-council tenants often pay higher rents elsewhere, adding that they would prefer a council property.

The nine panel members who supported the proposals with some concerns acknowledged that 65% of tenants have their full housing costs covered by Housing Benefit or Universal Credit. However, they expressed concern about the remaining 35% of tenants who receive partial or no housing cost support. They felt that, given the current cost-of-living pressures, these tenants would find it challenging to afford the rent increase.

Question 2

What is your opinion of our proposals for service charges to ensure these continue to be provided?

Response option	Number of respondents	% of respondents
Fully support	0	0%
Support, but with some concerns	10	100.00%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants' Scrutiny Panel supported the proposal for service charges, albeit with some concerns. While all acknowledged the rationale for the increased cost of services, the panel felt that tenants are currently paying for services that require improvement. The panel's expectation is that the quality of services delivered should reflect and justify the service charges paid by tenants.

Question 3

What is your opinion of our proposals to reduce District Heating charges?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the reduction in District Heating charges. Some panel members felt that the savings made on District Heating would help offset increases in other charges, such as rent and service charges. However, this will benefit only tenants that have District Heating.

Question 4

What is your opinion of our proposals on how the Capital Programme is going to be spent?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the proposal on how the Capital Programme is to be spent.

An online consultation on the Housing Revenue Account (HRA) budget proposals took place with Leicester City Council tenants and leaseholders between 5th December 2025 and 21st December 2025.

Tenants and leaseholders were informed of the consultation via email and postal letters. The communications explained the purpose of the consultation and outlined the different ways in which feedback could be provided. This included attending a face-to-face drop-in session at one of 12 locations across the city, or completing the consultation survey online via a weblink provided in the correspondence. Repairs operatives distributed 2,000 leaflets while visiting tenant homes.

Face-to-face drop-in sessions were held at the following locations:

- New Parks Library – 9th and 16th December 2025 11am to 3pm
- Tudor Centre – 9th and 16th December 2025, 11am to 3pm
- Pork Pie Library – 10th and 17th December 2025, 11am to 3pm
- Brite Centre – 10th and 17th December 2025, 11am to 3pm
- St Matthews Centre – 11th and 18th December 2025, 11am to 3pm
- Thurnby Lodge Community Centre – 11th and 18th December 2025, 11am to 3pm.

Engagement Officers recorded the responses at these sessions onto the online consultation portal.

In total 367 tenants and leaseholders responded to the online consultation. Of these:

- 324 (88.28%) were from tenants
- 41 (11.18%) were from leaseholders
- 1 (0.27%) were from non-tenants and leaseholders
- 1 (0.27%) not answered

A series of questions were asked in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1a

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

367 people responded to this question, 165 (44.96%) supported the proposals or supported them with some concerns. 168 (45.78%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	68	18.53%
Support, but with some concerns	97	26.43%
Do not support	168	45.78%
Don't know	27	7.36%
Not answered	7	1.91%

Question 1b

If you have said you do not support the proposal or you support the proposal with some concerns, please state why.

A total of 232 respondents submitted comments in relation to this question. Where comments related specifically to the proposed rent increase, 27 respondents expressed concerns regarding their ability to afford the additional rent. A further 112 respondents indicated that the proposal would exacerbate the financial pressures associated with the current cost-of-living crisis.

In addition, 46 respondents stated that improvements to housing services would be necessary in order to justify the proposed increase, while 16 respondents felt that enhancements to Leicester City Council's housing stock would be required to merit the increase.

Question 1c

What impact do you feel the proposals to increase council home rents may have on you, your family or the wider community?

A total of 257 responses were received to this question. Where comments related to the potential impact of the proposed rent increase, 13 respondents stated that it would have little or no impact. In contrast, 119 respondents indicated that the increase could lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

Additional impacts identified by respondents included a potential increase in homelessness (4 respondents) and adverse effects on mental health (14 respondents).

In terms of groups perceived to be most affected by the proposed rent increase, the greatest concerns were expressed in relation to families (19 respondents), working people (11 respondents), and people with disabilities (4 respondents). Other groups highlighted included single parents (5 respondents) and pensioners (5 respondents).

Question 2a

What is your opinion of our proposals for service charges to ensure these continue to be provided?

There were 367 responses to this question. 144 (39.24%) supported the proposals or supported them with some concerns. 130 (35.42%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	80	21.80%
Support, but with some concerns	64	17.44%
Do not support	130	35.42%
Don't know	78	21.25%
Not answered	15	4.09%

Question 2b

If you have said you do not support the proposal or you support the proposal with some concerns, please state why.

There were 162 responses to this question. Where feedback related to concerns about the service charge proposals, it was similar to that received in relation to the rent proposals. Respondents felt that Housing Services would need to improve to justify the proposed increase. Concerns were also raised about affordability, particularly in the context of rising day-to-day living costs. Where specific service charges were mentioned, the highest number of concerns related to communal cleaning charges (16 respondents), followed by door entry system charges (9 respondents) and laundry room charges (3 respondents).

Question 2c

What impact do you feel the service charge proposals will have on you, your family or the wider community?

There were 147 responses to this question. Of those that commented on the potential impact of the service charge proposals, 18 respondents stated that they would have little or no impact. In contrast, 36 respondents said the proposals could

lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

In terms of which groups may be most affected, the greatest concerns related to tenants with families (4 respondents). Other groups identified as being particularly impacted included pensioners (4 respondents), disabled people (1 respondent), and vulnerable people (1 respondent).

Question 3a

What is your opinion of our proposals to reduce District Heating charges?

There were 367 responses to this part of the question. 189 (51.50%) supported the proposals or supported them with some concerns. 50 (13.62%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	161	43.87%
Support, but with some concerns	28	7.63%
Do not support	50	13.62%
Don't know	110	29.97%
Not answered	18	4.90%

Question 3b

If you have said you do not support the proposal or you support the proposal with some concerns, please state why.

There were 91 responses to this question. 28 people stated the proposal to reduce district heating charges was positive. Despite the proposed reduction in charges 24 people commented on affordability issues related to paying this reduced charge, with comments made generally about rising energy costs and other household bills.

4 people were concerned the proposed reduction is a forecast.

Question 3c

What impact do you feel the District Heating Charge proposals will have on you, your family or the wider community?

There were 88 responses to this question. Of these, 20 respondents felt that the proposal would have a positive impact for tenants and leaseholders on the district heating scheme, as they would pay less for the service. A further 12 respondents stated that the proposal would have little or no impact.

Despite the proposal to reduce district heating charges, 16 respondents stated that the amount they would still be required to pay was too high and could place additional financial pressure on some households. These comments were generally made in the context of wider increases in day-to-day living costs.

A few people commented the proposal would still impact on the elderly and vulnerable people.

Question 4a

What is your opinion of our proposals to increase garage rents by 4.8% in line with the proposed increase of rent for council homes?

There were 367 responses to this part of the question. 114 (31.06%) supported the proposals or supported them with some concerns. 58 (15.80%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	85	23.16%
Support, but with some concerns	29	7.90%
Do not support	58	15.80%
Don't know	163	44.41%
Not answered	32	8.72%

Question 4b

If you have said you do not support the proposal or support the proposal with some concerns, please state why.

There were 89 responses to this question. Where these related to concerns about the proposed increase to garage rents, 15 responses raised concerns about the ability for some people to pay the increase charge. Generally, comments received were about the maintenance of the garages.

Question 4c

What impact do you feel the proposal to increase garage rents may have on you, your family or the wider community?

There were 70 responses to this question. 21 people stated there would be no or little impact. 17 people stated the proposed increase would add to the financial hardship of people renting garages. 2 responses stated the garages should be demolished to generate additional car parking spaces.

General comments received were about the current pressures of street parking and value for money.

There were no comments received as to whether the proposed garage rents would impact more on a particular group.

Question 5

As a Leicester City Council tenant or leaseholder, what are your top three priorities for how we spend the money?

There were 345 responses to this question. Where services are provided by the Housing Revenue Account, the highest priority by a significant margin was repairs. This was followed by home improvements and modernisation of properties, and then security measures. The table below sets out the full range of priorities identified by respondents.

Service area	Number of respondents	% of respondents
Repairs	197	53.68%
Improvements and modernization of homes	45	12.26%
Security measures	37	10.08%
Upkeep of communal areas in blocks/communal cleaning	8	2.18%
Energy efficiency measures	7	1.91%
Tenant support services	4	1.09%
Building new council homes	16	4.36%
Parking on estates	8	2.18%
Providing value for money	5	1.36%
Tackling anti-social behavior	10	2.72%
Letting empty properties	3	0.82%
Tenant involvement activities	1	0.27%
Providing information to tenants	1	0.27%
Rent	3	0.82%

6. Potential Equality Impact

Based on your understanding of the service area, any specific evidence you may have on people who use the service and those who could potentially use the service and the findings of any consultation you have undertaken, use the table below to explain which individuals or community groups are likely to be affected by the proposal because of their protected characteristic(s). Describe what the impact is likely to be, how significant that impact is for individual or group well-being, and what mitigating actions can be taken to reduce or remove negative impacts. This could include indirect impacts, as well as direct impacts.

Looking at potential impacts from a different perspective, this section also asks you to consider whether any other particular groups, especially vulnerable groups, are likely to be affected by the proposal. List the relevant groups that may be affected, along with the likely impact, potential risks and mitigating actions that would reduce or remove any negative impacts. These groups do not have to be defined by their protected characteristic(s).

Protected characteristics

Impact of proposal:

Describe the likely impact of the proposal on people because of their protected characteristic and how they may be affected. Why is this protected characteristic relevant to the proposal? How does the protected characteristic determine/shape the potential impact of the proposal? This may also include **positive impacts** which support the aims of the Public Sector Equality Duty to advance equality of opportunity and foster good relations.

Risk of disproportionate negative impact:

How likely is it that people with this protected characteristic will be disproportionately negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?

Mitigating actions:

For disproportionate negative impacts on protected characteristic/s, what mitigating actions can be taken to reduce or remove the impact? You may also wish to include actions which support the positive aims of the Public Sector Equality Duty to advance equality of opportunity and to foster good relations. All actions identified here should also be included in the action plan at the end of this EIA.

i) Age

Indicate which age group/s is/ are most affected, either specify general age group (children, young people, working aged people or older people) or specific age bands.

What is the impact of the proposal on age?

With the Cost of Living Crisis earnings have not kept up with inflation so working households are likely to already be facing pressures on household budgets. Younger people, and particularly children, are more likely to be in poverty before the current Cost of Living Crisis and this is likely to continue.

What is the risk of disproportionate negative impact on age?

Incomes continue to be squeezed through reducing real term wages for working age households and families with children.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

i) Disability

A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities. If specific impairments are affected by the proposal, specify which these are. Our standard categories are on our equality monitoring form – physical impairment, sensory impairment, mental health condition, learning disability, long standing illness, or health condition.

What is the impact of the proposal on disability?

Disabled people are more likely to be in poverty. In addition, many disabled people are disproportionately affected by household fuel costs and may have limited opportunities to reduce usage.

The rent and service charge increases could have an impact on such household incomes.

What is the risk of disproportionate negative impact on disability?

Further erosion of the quality of life being experienced by disabled people.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets. This includes signposting people to support agencies such as Clockwise, Citizens Advice, Department of Work and Pensions and Energy Wise. Information about support available can be found at [Cost of living support](#) Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living

costs. However, it has not yet been announced as to whether this support will be provided by Government in 2026 / 27.

The programme in place to install meters in properties on the District Heating network, will give disabled households more control over their energy use and costs.

Where needed we will provide information in different formats to enable tenants with a disability to receive this.

i) Gender reassignment

Indicate whether the proposal has potential impact on trans men or trans women, and if so, which group is affected. a trans person is someone who proposes to, starts, or has completed a process to change his or her gender. A person does not need to be under medical supervision to be protected.

What is the impact of the proposal on gender reassignment?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on gender reassignment?

Not applicable

What are the mitigating actions?

Not applicable

i) Marriage and civil partnership

Please note that the under the Public Sector Equality Duty this protected characteristic applies to the first general duty of the Act, eliminating unlawful discrimination, only. The focus within this is eliminating discrimination against people that are married or in a civil partnership with regard specifically to employment.

What is the impact of the proposal on marriage and civil partnership?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on marriage and civil partnership?

Not applicable

What are the mitigating actions?

Not applicable

i) Pregnancy and maternity

Does the proposal treat someone unfairly because they're pregnant, breastfeeding or because they've recently given birth.

What is the impact of the proposal on pregnancy and maternity?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on pregnancy and maternity?

Not applicable

What are the mitigating actions?

Not applicable

i) Race

Race refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins. A racial group can be made up of two or more distinct racial groups, for example Black Britons, British Asians, British Sikhs, British Jews, Romany Gypsies and Irish Travellers.

What is the impact of the proposal on race?

Those from white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of benefits [English indices of deprivation 2025: statistical release - GOV.UK](#) . Some ethnic minority people are also on low income and on benefits, this will include our Gypsy and Traveller tenants who rent pitches from the council.

A large proportion of properties in the centre area of the city are on the District Heating scheme. We know a higher proportion of people with a Black, Asian and other ethnic background live in this area, so they could be more impacted upon by the District Heating charge proposals.

What is the risk of disproportionate negative impact on race?

Household income being further squeezed through low wages and reducing levels of benefit income. There is a direct impact on Gypsy and Traveller families who may not be able to afford the proposed increased charges for pitch rents.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

Where required, interpretation and translation will be provided to remove barriers in accessing support.

The programme in place to install meters in properties on the District Heating network, will give households more control over their energy use and costs.

The City Council employs a Gypsy and Traveller Manager to manage our sites and provide support to people living on these. Communication about the proposed changes will take place. Gypsy and Travellers will be provided with specific support from this officer if they are facing financial difficulties.

i) Religion or belief

Religion refers to any religion, including a lack of religion. Belief refers to any religious or philosophical belief and includes a lack of belief. Generally, a belief should affect your life choices or the way you live for it to be included in the definition. This must be a belief and not just an opinion or viewpoint based on the present state of information available and;

- be about a weighty and substantial aspect of human life and behaviour
- attain a certain level of cogency, seriousness, cohesion, and importance, and
- be worthy of respect in a democratic society, not incompatible with human dignity and not in conflict with fundamental rights of others. For example, Holocaust denial, or the belief in racial superiority are not protected.

Are your services sensitive to different religious requirements e.g., times a customer may want to access a service, religious days and festivals and dietary requirements

What is the impact of the proposal on religion or belief?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on religion or belief?

Not applicable

What are the mitigating actions?

Not applicable

i) Sex

Indicate whether this has potential impact on either males or females.

What is the impact of the proposal on sex?

Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents, who are more likely to experience poverty

What is the risk of disproportionate negative impact on sex?

Incomes squeezed through low wages and reducing levels of benefit income. Increased risk for women as they are more likely to be lone parents

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

i) Sexual orientation

Indicate if there is a potential impact on people based on their sexual orientation. The Act protects heterosexual, gay, lesbian or bisexual people.

What is the impact of the proposal on sexual orientation?

Gay men and Lesbian women are more likely to be in poverty than heterosexual people, and trans people are even more likely to be in poverty and unemployed

What is the risk of disproportionate negative impact on sexual orientation?

Household income being further squeezed through low wages and reducing levels of benefit income

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

7. Summary of protected characteristics

a. Summarise why the protected characteristics you have commented on, are relevant to the proposal?

All protected characteristics have been commented on because the budget proposals will impact upon all tenants and leaseholders

b. Summarise why the protected characteristics you have not commented on, are not relevant to the proposal?

Not applicable

8. Armed Forces Covenant Duty

The Covenant Duty is a legal obligation on certain public bodies to 'have due regard' to the principles of the Covenant and requires decisions about the development and delivery of certain services to be made with conscious consideration of the needs of the Armed Forces community.

When Leicester City Council exercises a relevant function, within the fields of healthcare, education, and housing services it must have due regard to the aims set out below:

a. The unique obligations of, and sacrifices made by, the Armed Forces

These include danger; geographical mobility; separation; Service law and rights; unfamiliarity with civilian life; hours of work; and stress.

b. The principle that it is desirable to remove disadvantages arising for Service people from membership, or former membership, of the Armed Forces

A disadvantage is when the level of access a member of the Armed Forces Community has to goods and services, or the support they receive, is comparatively lower than that of someone in a similar position who is not a member of the Armed Forces Community, and this difference arises from one (or more) of the unique obligations and sacrifices of Service life.

c. The principle that special provision for Service people may be justified by the effects on such people of membership, or former membership, of the Armed Forces

Special provision is the taking of actions that go beyond the support provided to reduce or remove disadvantage. Special provision may be justified by the effects of the unique obligations and sacrifices of Service life, especially for those that have sacrificed the most, such as the bereaved and the injured (whether that injury is physical or mental).

Does the service/issue under consideration fall within the scope of a function covered by the Duty (healthcare, education, housing)? Which aims of the Duty are likely be relevant to the proposal? In this question, consider both the current service and the proposed changes. Are members of the Armed Forces specifically disadvantaged or further disadvantaged by the proposal/service? Identify any mitigations including where appropriate possible special provision.

A local authority must consider the principles of the Covenant when carrying out specific housing-related functions, including: 78

Processing homeless applications
Allocating social housing properties
Formulating tenancy and homelessness policies

All these policies will take on board impacts on the armed forces

9. Other groups

Other groups

Impact of proposal:

Describe the likely impact of the proposal on children in poverty or any other people who we may consider to be vulnerable, for example people who misuse substances, care leavers, people living in poverty, care experienced young people, carers, those who are digitally excluded. List any vulnerable groups likely to be affected. Will their needs continue to be met? What issues will affect their take up of services/other opportunities that meet their needs/address inequalities they face?

Risk of disproportionate negative impact:

How likely is it that this group of people will be negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?

Mitigating actions:

For negative impacts, what mitigating actions can be taken to reduce or remove this impact for this vulnerable group of people? These should be included in the action plan at the end of this EIA. You may also wish to use this section to identify opportunities for positive impacts.

a. Care Experienced People

This is someone who was looked after by children's services for a period of 13 weeks after the age of 14', but without any limit on age, recognising older people may still be impacted from care experience into later life.

What is the impact of the proposal on Care Experienced People?

No disproportionate impact is attributable specifically to Care Experienced People

What is the risk of negative impact on Care Experienced People?

Not applicable

What are the mitigating actions?

Not applicable

b. Children in poverty

What is the impact of the proposal on children in poverty?

Households with children living in poverty are likely to face difficulties generally, with the rising costs of living

What is the risk of negative impact on children in poverty?

There is a risk that an increasing number of households with children living in poverty are unable to afford all essential items for day-to-day living

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also,

promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

c. Other (describe)

What is the impact of the proposal on any other groups?

Not known at present

What is the risk of negative impact on any other groups?

Not applicable

What are the mitigating actions?

Not applicable

10. Other sources of potential negative impacts

Are there any other potential negative impacts external to the service that could further disadvantage service users over the next three years that should be considered? For example, these could include:

- other proposed changes to council services that would affect the same group of service users;
- Government policies or proposed changes to current provision by public agencies (such as new benefit arrangements) that would negatively affect residents;
- external economic impacts such as an economic downturn.

The wider cost of living crisis and rise in energy bills has put additional financial pressure on all households and it is likely this will continue for the foreseeable future.

11. Human rights implications

Are there any human rights implications which need to be considered and addressed (please see the list at the end of the template), if so, please outline the implications and how they will be addressed below:

No known impacts

12. Monitoring impact

You will need to ensure that monitoring systems are established to check for impact on the protected characteristics and human rights after the decision has been implemented. Describe the systems which are set up to:

- monitor impact (positive and negative, intended and unintended) for different groups
- monitor barriers for different groups
- enable open feedback and suggestions from different communities
- ensure that the EIA action plan (below) is delivered.

If you want to undertake equality monitoring, please refer to our [equality monitoring guidance and templates](#).

Our IT system allows us to monitor tenants rent accounts, including district heating payments and see when accounts go into arrears. Our Income Management Team carries out this monitoring on a daily basis. Through this monitoring we will be able to identify any increases in rent arrears, relating to the proposed increased charges and provide support to tenants to reduce these and maximise their income.

13. EIA action plan

Please list all the equality objectives, actions and targets that result from this assessment (continue on separate sheets as necessary). These now need to be included in the relevant service plan for mainstreaming and performance management purposes.

Equality Outcome	Action	Officer Responsible	Completion date
All tenant and leaseholders are able to pay their rent, service and district heating charges.	The service needs to ensure that they effectively communicate information about the increase in charges as well what advice and assistance is available to tenants, so they are able to access benefits and entitlements. Provide translated materials/options where required.	Chris Burgin – Director of Housing	Ongoing
Households have access to financial help and assistance if they	Referrals to the Income Management Team and financial	Natasha Pau – Income Collection Manager	Ongoing

find they are unable to pay for the additional charge	support services in the city.		
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Human rights articles:

Part 1: The convention rights and freedoms

Article 2: Right to Life

Article 3: Right not to be tortured or treated in an inhuman or degrading way

Article 4: Right not to be subjected to slavery/forced labour

Article 5: Right to liberty and security

Article 6: Right to a fair trial

Article 7: No punishment without law

Article 8: Right to respect for private and family life

Article 9: Right to freedom of thought, conscience and religion

Article 10: Right to freedom of expression

Article 11: Right to freedom of assembly and association

Article 12: Right to marry

Article 14: Right not to be discriminated against

Part 2: First protocol

Article 1: Protection of property/peaceful enjoyment

Article 2: Right to education

Article 3: Right to free elections

Tenant profiling information – November 2025

Ethnicity

Ethnicity		Number of tenants	% of tenants
Asian	Arab	42	0.23%
Asian	Asian/Asian British of Other Asian Origin	573	2.97%
Asian	Asian/Asian British of Bangladeshi Origin	199	1.03%
Asian	Asian/Asian British of Chinese Origin	18	0.09%
Asian	Asian/Asian British of Indian Origin	1,405	7.29%
Asian	Asian/Asian British of Pakistani Origin	261	1.35%
Black	Black/Black British of African Origin	1,468	7.62%
Black	Black/Black British of Caribbean Origin	360	1.87%
Black	Black/Black British of Other Black Background	204	1.06%
Black	Black/Black British of Somali Origin	417	2.16%
Dual Heritage	Dual/Multi Heritage Asian and White	49	0.25%
Dual Heritage	Dual/Multi Heritage Black African and White	62	0.32%
Dual Heritage	Dual/Multi Heritage Black Caribbean and White	252	1.31%
Other	Any Other Ethnic Group	490	2.54%
Other	Any other Heritage Background	118	0.61%

Other	Other Ethnic Group Gypsy/Romany/Irish Traveller	21	0.11%
Prefer Not to Say	Prefer Not to Say	537	1.85%
Unknown / Not Recorded	Ethnicity Unknown	3,199	17.55%
White	White British	8,655	44.91%
White	White of European Origin	467	2.42%
White	White of Irish Origin	94	0.49%
White	White of Other White Background	379	1.97%
Total		19,270	100.00%

Age

Age	Number of Tenants	% of tenants
18 - 29	953	4.95%
30 - 39	2,678	13.90%
40 - 49	4,032	20.92%
50 - 59	4,084	21.19%
60 - 69	3,509	18.21%
70 - 80	2,382	12.36%
80+	896	4.65%
Not known	736	3.82%
Total	19,270	100%

Gender

Gender	Number of tenants	% of tenants
Female	10,841	56.20%
Male	7,693	39.92%
Non-binary	2	0.01%
Prefer to say	9	0.05%

Transgender	11	0.06%
Not known	714	3.76%
Total	19,270	100%

Religion or belief

Religion	Number of tenants	% of tenants
Not recorded	9,419	48.47%
Atheist	331	1.72%
Buddhist	18	0.09%
Christian	2,404	12.48%
Hindu	437	2.67%
Jain	1	0.01%
Jewish	5	0.03%
Muslim	2,477	12.85%
No religion	2,760	14.32%
Other	306	1.59%
Prefer not to say	1,002	5.20%
Sikh	110	0.57%
Total	19,270	100%

Sexual orientation

Sexual orientation	Number of tenants	% of tenants
Bisexual	195	1.01%

Gay (female / lesbian)	47	0.24%
Gay (male)	48	0.25%
Heterosexual	8,935	46.37%
Other	198	1.03%
Prefer not to say	1,417	7.35%
Not known	8,430	43.75%
Total	19,270	100%

Disability

Disability	Number of tenants	% of tenants
Yes	2,293	11.90%
No	16,974	88.1%
Total	19,270	100%

Draft General Fund Revenue Budget 2026/27

Decision to be taken by: Council

Date of meeting: Draft for 25 February 2026

Lead director: Amy Oliver, Director of Finance



Useful information

- Ward(s) affected: All
- Report author: Catherine Taylor/Amy Oliver
- Author contact details: amy.oliver@leicester.gov.uk
- Report version number: 1

1. Purpose

- 1.1. The purpose of this report is to present the City Mayor's strategy for balancing the budget for the next 3 years and to seek approval to the actual budget for 2026/27. The strategy is a continuation of the medium-term strategy established last year and includes the use of one-off money and reductions in annual service spending through savings and work to reduce the growth areas such as social care and homelessness. It is designed to ensure we remain financially sustainable for as long as possible, while we continue to seek ways to reduce the ongoing budget gap.
- 1.2. Whilst the strategy is forecast to provide sufficient reserves to balance the budget for at least the next three years, and is a significant improvement on previous forecasts, an ongoing budget gap continues. The Council continues to annually spend more than the income received and is using one-off monies to balance the budget. The City Mayor will continue to make these points to the Government.
- 1.3. The proposed budget for 2026/27 is described in this report, subject to any amendments the City Mayor may wish to recommend when he makes a firm proposal to the Council.

2. Summary

- 2.1. As members will be aware, the financial outlook is difficult. Like many authorities, we have ongoing difficulties in being able to balance our budget. A number of authorities have previously applied to the Government for "exceptional financial support", and/or to issue a formal report under section 114 of the Local Government Finance Act 1988. We are unaware if further authorities will be applying for EFS as part of this year's budget setting
- 2.2. We have so far been able to avoid reaching a financial crisis point, by the use of a "managed reserves strategy" and a multi-strand budget strategy approved last year. This is progressing, and the underlying financial position – while still difficult – has improved from last year's forecasts. As a result, this report proposes continuing the existing financial strategy and extending it to March 2029.
- 2.3. We are continuing with our £60m asset sales program, however we are not envisaging requiring a capitalisation direction over the three-year period of this financial strategy. Therefore, we will look to use this to fund some of the previously approved capital budget to relieve the borrowing pressures in the years the capital receipts are received.

- 2.4. Achieving our strategic vision for the Council is dependent on establishing a sustainable budget position, which enables decisions to be made that balance the resource implications against the financial constraints. This strategy does not make specific decisions about how any service will be delivered, but provides a framework within which those decisions will be made. In particular, it reinforces our commitment to providing high quality care services, and provides additional resources in this area. We are also looking to maintain our economic development to support the long term vision for the City and invest in areas that improve the city for the people that live here.
- 2.5. In addition, to this we are continuing to mitigate the pressures within temporary accommodation by investing in additional accommodation for these households. This strategy looks to provide the revenue support to continue with our positive approach to preventing homelessness, alongside significant capital investment included in the capital budget strategy.
- 2.6. Estimates of our available funding are particularly uncertain this year. The government is undertaking a substantial review of support to local authorities; at the time of writing, the outcome of a consultation has just been published, and we do not expect to have the finance settlement for 2026/27 until just before Christmas. As a result, this draft budget report is based on estimates that could change significantly. However, given the wider position of the public finances, it is very unlikely that any changes will eliminate the substantial gap between our annual spending and income.
- 2.7. Local government reorganisation (LGR) could deliver significant efficiency savings to support the Council's budget, depending on the option chosen by the Government. As these would not start to materialise until 2028/29 at the earliest, the impact has been disregarded for the purposes of this report.
- 2.8. The report proposes a council tax increase of just under 5%, which is the maximum we believe we will be allowed to set without a referendum.
- 2.9. The medium-term outlook is attached at Appendix 4 and shows the escalating scale of the financial pressures facing the council.

3. Recommendations

- 3.1. At the meeting in February, the Council will be asked to:
 - a) approve the three year budget strategy described in this report;
 - b) approve the proposed budget and council tax for 2026/27, including the recommendations in the formal budget resolution, subject to any changes proposed by the City Mayor when he makes his final proposal to the Council;
 - c) approve the budget ceilings for each service, drafts of which will be at Appendix 1 to the final report;
 - d) approve the scheme of virement described in Appendix 2 to this report;

- e) note my view on the adequacy of reserves and the estimates used in preparing the budget;
- f) note the equality implications arising from the proposed tax increase, as described in paragraph 15 and Appendix 3;
- g) note the medium-term financial strategy and forecasts presented at Appendix 4, and the significant financial challenges ahead;
- h) note the earmarked reserves position that will be set out at Appendix 5 to the final report;
- i) note the policy on council tax premiums and discounts set out at Appendix 6;
- j) note the council tax support scheme has been reviewed by the Executive, and reported to OSC, during the year;
- k) approve the inflationary increase to Council Tax Support Scheme thresholds as shown at Appendix 7 and approve further inflationary increases in future years (to be calculated with reference to published CPI inflation for the September prior to the start of the year in question);
- l) approve the capital receipts flexibility policy that will be at Appendix 8.

4. Background and Financial Strategy

- 4.1. Between 2010 and 2020, a “decade of austerity” meant that services other than social care had to be reduced by 53% in real terms, limiting our scope to make further cuts. This was followed by the covid-19 pandemic which led to “stop gap” budgets whilst we dealt with the immediate emergency, and saw the budgets being supported by reserves.
- 4.2. This is alongside cost pressures shared by authorities across the country. These include pressures on the costs of children that are looked after and support for homeless households, as well as the long-standing pressures in adult social care and the hike in inflation. The budgets for 2024/25 and 2025/26 were supported by a further £61m and £31m of reserves respectively.
- 4.3. Plans for a “fair funding” review of grant allocation have been repeatedly delayed. This has left us providing services to a population far in excess of our last needs assessment (population has grown faster than elsewhere in the country, so an equitable system ought to give us a greater share of the national pot). The review is now being introduced for the 2026/27 financial year, although full implementation will take several years.
- 4.4. In February 2025, the Council approved a multi-strand budget strategy aimed at balancing the budget for a minimum three years. This includes:

Strand 1 - Releasing one-off monies to buy time, including the release of £90m from the capital reserve, and replacing this with borrowing to fund the capital programme;

Strand 2 - Reductions in the capital programme to reduce the borrowing required, and therefore reduce the cost of this borrowing;

Strand 3 – A programme of property sales aiming to secure an additional £60m of one-off monies. These receipts cannot be used to support the revenue budget without permission from the Secretary of State. It is now planned to use some of the capital receipts to support the capital programme and reduced the revenue cost of borrowing.

Strand 4 – Steps to constrain growth in those statutory services that are under demand led pressure (i.e. adult and children’s social care services, and homelessness).

Strand 5 – Ongoing savings totalling £23m per year by 2027/28.

- 4.5. Progress against each of these strands is set out in the sections below, along with a limited number of areas of additional investment to assist in meeting corporate priorities.
- 4.6. Given the progress already made, and some improvements in factors outside our direct control, we now expect to have reserves available at the end of the forecast period (March 2029). However, these reserves are one-off funding and an underlying budget gap remains (although improved) which will need to be met in the longer term.

5. **Strands 1-3: releasing one-off monies and reductions in the capital programme**

- 5.1. Last year’s forecasts included the release of £90m from the capital reserve, and £20m from other earmarked reserves. Since the budget was approved, a further £12m has been added to the budget reserve from subsequent reviews and additional one-off income.
- 5.2. Given the difficult financial outlook, earmarked reserves are kept under regular review, and amounts that are no longer required for their original purpose are released to the budget strategy reserve. This has now identified a further £0.5m that can be used to support the overall budget position.
- 5.3. The programme of property sales is continuing, and has achieved £21m in completed or legally contracted sales, with a further £55m of sales being progressed.
- 5.4. Originally, it was forecast that these receipts would be required to balance the budget after the 3-year strategy (which would require specific permission from the government). To do this, we would need to borrow money to fund the capital programme, which increases our revenue costs in the longer term. Given the improvement in reserves balances in the latest forecasts, options are now being explored to use some of these receipts to reduce our borrowing requirements.

5.5. Available one-off funding has also been reviewed to ensure future costs are provided for. As detailed in paragraph 9 below, it is proposed to set monies aside towards transitional costs associated with local government reorganisations, and the DSG cumulative deficit when the current statutory override ends.

6. **Strand 4: Constraining Growth in Service Demand**

6.1. For several years, one of the chief reasons for our budget gap is growth in the costs of statutory services, particularly social care (and, more recently, homelessness), which have outstripped growth in our income.

Adult Social Care

6.2. The budget for **Adult Social Care** requires growth to take account of demographic and inflationary pressures. Demographic pressures can be the result of increased packages of support to those people already receiving care, or a change in the mix of people we provide care for, for example more working age people are diagnosed early with life-long health conditions such mental health and dementia. Inflationary pressures arise from increases in National Living Wage (NLW) and general inflation.

6.3. Calculating future growth is a complex process taking into account current care packages and future projections. The growth required can be seen in the following table:

	2026/27	2027/28	2028/29
	£m	£m	£m
Underlying budget	179.1	179.1	179.1
Placement growth	14.8	29.8	45.1
Additional income	(2.0)	(2.0)	(2.0)
Vacancy factor	(0.4)	(0.2)	0.0
TOTAL	191.5	206.7	222.2

6.4. The department continues to reduce growth in the costs of care by reducing new entrants, preventative and early support, and by enhanced partnership working. Tracking of current package costs indicate that the department may have spent £24m more in 2025/26 (rising to £41m in 2026/27) if cost mitigation work had not taken place. This programme of work continues, and the future growth pressures identified above takes this into account. Despite this work, it is forecast that costs of care will increase by over £40m over the three years of this strategy.

6.5. The council has undertaken significant work to ensure that other local authority and health partners are contributing their fair share towards care costs. Through this work, adult social care have generated an additional £2.6m in 2025/26. Although we do not anticipate a sudden drop in future, this additional income is subject to the changes that

occur in care packages following reassessments or changes in a person's health conditions.

- 6.6. Adult Social Care was rated as 'Requires Improvement' by the CQC in July. They recognised that we have an effective care and support system, there is clear governance in place and that we are committed to staff development. However, as there were areas for improvement identified, we are implementing an action plan focussing on this.
- 6.7. Adult social care continues to struggle with recruiting and are undertaking significant work to reduce vacancies. However, we need to recognise that they are unlikely to be fully established in 2026/27, so have included a vacancy factor that will reduce over the three strategy period.

Education and Children's Services

- 6.8. The budget for **Education and Children's Services** will require growth in future years. This is due to the increasing costs of providing children's social care, particularly where a small number of care packages incur a significant cost due to the specific needs of those children.
- 6.9. The growth required has been estimated as shown in the following table.

	2026/27 £m	2027/28 £m	2028/29 £m
Underlying budget	120.1	120.1	120.1
Growth already in the strategy	1.0	2.1	0
Additional growth required	3.3	4.9	8.7
Vacancy factor	(1.0)	(0.5)	(0.2)
TOTAL	123.4	126.6	128.6

- 6.10. There is a strategy in place to increase our in-house offer providing better quality accommodation, improved quality control, lower likelihood of placement breakdowns and better matching to the needs of young people. This is also anticipated to provide better cost efficiency than external placements. It costs on average £260,200 per annum across our internal provision compared to £302,667 externally in residential settings; costs are lower by about 14% in our internal homes, along with having better outcomes.
- 6.11. This cost differential will be greater as we plan to improve our capabilities for providing in-house support for children and young people with complex needs, particularly those at risk of deprivation of liberty orders (DOLs) or living in accommodation unregulated by Ofsted. This may also benefit children who are living in care out of the city in need of a local residential placement. The capital build costs will be funded jointly with the Department of Education (DFE) and these two new children's homes are expected to be operational in 2027.

- 6.12. We are part of a pilot Families First Partnership (FFP) programme where we are working with our safeguarding partners to transform and expand preventative support. The overall aim is to keep more families together by strengthening kinship support and ultimately gain a significant reduction in the numbers of looked after children. Several work strands are underway including family group decision making, improving the role of education in multi-agency safeguarding arrangements and information sharing between partners. Through this work, the department has avoided costs of £1.3m in 2025/26 and this is expected to continue in future years.
- 6.13. The Dedicated Schools Grant (DSG) cumulative deficit at the end of 2024/25 was £22.5m and is forecast to be £44.8m by the end of the current financial year 2025/26. The government has extended the statutory override to the end of 2027/28 whilst it considers reform to the funding for SEND and children’s social care. The government have indicated that they will resolve (or centrally fund) DSG deficits occurring after April 2028, but it is not clear how deficits already accrued will be resolved; our cumulative deficit could be as high as £78m by the end of 2027/28. Therefore, it is planned to set aside the funding of the deficit to date from the budget reserve. This transfer will be made in the outturn monitoring report once the final deficit figure is known. Local authorities are not allowed to charge borrowing costs of the cumulative deficit to the DSG but have to pay it from the General Fund.

General Fund Housing

- 6.14. The budget for **homelessness** has been under severe pressure due to increased numbers of households presenting as homeless, and growth of £11m, in addition to a £6m contingency, was included in the 2025/26 budget. Mitigating work, including £45m of investment in temporary housing, has avoided an estimated £59m of costs by 26/27. However, the number of cases continues to increase and (without further action) will put further pressure on future years’ budgets.
- 6.15. The 2026/27 General Fund Capital Programme Report (also on your agenda) includes the addition of £50m for the direct acquisition of properties for use as temporary accommodation. The revenue implications of this investment are covered within that report. Alongside acquisitions, it is proposed that we grow the number of properties leased from private sector landlords by 110; the cost of leasing a property is significantly less than hotel stays, and is estimated to result in the avoidance of annual revenue costs. Given the increasing number of homelessness presentations, additional staff are required to ensure that the focus remains on prevention rather than alleviation of need, and funding for additional staff is included in this budget.
- 6.16. The overall revenue impact of the above is estimated as:

	26/27 £m	27/28 £m	28/29 £m
Additional growth required without further mitigations	5.9	12.0	12.0
Net revenue impact of property acquisitions	(2.2)	(6.2)	(6.2)

Net impact of additional leased properties	(1.7)	(3.9)	(3.9)
Additional staffing cost	1.8	1.8	1.8
Total	3.8	6.6	6.6

6.17. In recent years, nationally the cost of Housing Benefit linked to supported housing has continued to rise and this is the same for us. Unlike the majority of Housing Benefit, these elements are not fully funded through government subsidy, and we have limited ability to influence either the level of rents charged or the claims themselves. The forthcoming changes to licensing and rent setting under the Supported Housing Act should improve our ability to manage these cases, but this will take time to have a material impact. To reflect the ongoing pressure, growth of £1.5m per year has been included in the proposed budget.

7. Strand 5 – Savings Programme

7.1. The budget strategy approved last year required achievement of savings totalling £23m by 2027/28. Progress against these savings targets has been regularly monitored and reported in the quarterly budget monitoring reports. By period 6 in 2025/26, over 60% of the £23m total had already been achieved:

	Target (full year) £m	Achieved to date £m
Estates & Building Services	2.8	1.0
Housing	1.0	0.9
Neighbourhoods & Environmental Services	7.2	2.1
Planning, Development and Transportation	4.0	4.0
Tourism, Culture & Inward Investment	2.3	2.3
Children's Services	1.0	1.0
Corporate Services	2.0	0.9
Financial Services	1.1	0.4
Adult Social Care	1.2	1.2
TOTAL	22.6	13.7

7.2. More details on these savings can be found in the regular quarterly monitoring reports. Work is ongoing to realise the balance of the savings total.

8. Additional Investment

8.1. Given the underlying financial pressures, the scope for additional investment is limited. However, growth has been built into the budget for some priority areas:

8.2. During the redevelopment of the central market there is a shortfall of income as a consequence of a reduction in the number of traders and a lower fee being charged.

£450k is being made available in 2026/27 to cover this shortfall in income until the new market becomes operational.

- 8.3. This budget includes funding for a permanent team, building on the pilot work already underway, to better manage public spaces across the city. At a cost of £0.3m per year, the hybrid team will work 7 days a week to tackle anti-social behaviour and environmental enforcement, working alongside the existing City Warden, Public Health and Housing teams.
- 8.4. The UK Shared Prosperity Fund (UKSPF) is a government grant to invest in communities, businesses, people and skills, which runs until March 2026. This funding has been supporting some Council services such as festival, inward investment and business/retail support team. Without the addition of the £1m to the budget this would lead to this work not continuing.
- 8.5. Ash dieback is a disease which ultimately leads to the death of ash trees, of which there are 19,000 across the City. The disease increases the chance of branches becoming brittle and falling. Whilst this risk has been appropriately managed, existing budgets have become strained and a dedicated team is needed to deal with this going forward. £0.3m is being made available for a team to monitor sites and prioritise trees for removal.

9. Budget Strategy Reserve

- 9.1. When the 2025/26 budget was set, the budget strategy reserve was forecast to be £163.6m at 1st April 2025, reducing to £25m by March 2028. There have been improvements to the forecasts, offset by the need to set aside amounts to meet the historic DSG deficit as described in 6.13 above. Updated forecasts show that we are now expecting a balance of £27.2m by March 2029:

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
At the beginning of the year	193.8	129.9	101.7	71.2
Add: Forecast rates pool surplus	7.5			
<i>Reserve restatements:</i>				
From earmarked reserves		0.5		
Set aside for DSG deficit	(44.8)			
Set aside for LGR transitional costs		(14.0)		
Minus budget gap	(26.6)	(14.7)	(30.5)	(44.0)
At the end of the year	129.9	101.7	71.2	27.2

10. Construction of the 2026/27 budget

- 10.1. By law, the Council's role in budget setting is to determine
 - a) The level of council tax;
 - b) The limits on the amount the City Mayor is entitled to spend on any service ("budget ceilings") - proposed budget ceilings are shown at Appendix 1;
- 10.2. In line with Finance Procedure Rules, the Council must also approve the scheme of virement that controls subsequent changes to these ceilings. The proposed scheme is shown at Appendix 2.
- 10.3. The budget is based on a proposed Band D tax for 2026/27 of £2,121.87, an increase of just under 5% compared to 2025/26. This is the maximum which will be permitted without a referendum.
- 10.4. The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part – 84% in 2025/26). Separate taxes are raised by the Police and Crime Commissioner and the Combined Fire Authority. These are added to the Council's tax, to constitute the total tax charged.
- 10.5. The actual amounts people will be paying, however, depend upon the valuation band their property is in and their entitlement to any discounts, exemptions or benefit. Almost 80% of properties in the city are in band A or band B, so the tax will be lower than the Band D figure quoted above. The Council also has schemes for mitigating hardship.
- 10.6. The Police and Crime Commissioner and Combined Fire Authority will set their precepts in February 2026. The formal resolution will set out the precepts issued for 2026/27, together with the total tax payable in the city.

11. 2026/27 Budget Overview

- 11.1. The table below summarises the proposed budget for 2026/27 (projections for a full three-year period are included in the medium-term strategy at Appendix 4):

	2026/27
	£m
Net service budget	456.8
Provision for pay inflation	6.0
Corporate budgets (including capital finance)	12.4
Housing Benefits	1.5
General contingency for risk	1.0
Expenditure total	477.7
Income:	
Council tax	179.3
Collection Fund surplus	0.8

Settlement Funding Assessment	275.5
Extended Producer Responsibility for Waste	7.4
Income total	463.0
Remaining budget gap (to be met from reserves)	14.7

12. Departmental Budget Ceilings

12.1. Budget ceilings have been prepared for each service, calculated as follows:

- a) The starting point is last year's budget, subject to any changes made since then which are permitted by the constitution (e.g. virement);
- b) An allowance is made for non-pay inflation on a restricted number of budgets. Our general rule is that no allowance is made, and departments are expected to manage with the same cash sum that they had in the previous year. Exceptions are made for the budgets for independent sector adult social care (2%) and foster care (2%) but as these areas of service are receiving growth funding, an inflation allowance is merely academic (we pay from one pot rather than another). Budgets for the waste PFI contract have been increased by RPI, in line with contract terms.
- c) Unavoidable growth has been built into the budget. This has been mitigated by action that has already been taken to control costs in demand-led areas, as detailed in paragraph 6 above. Budgets have also been increased for the investment described at section 8.
- d) Savings requirements for 2026/27, as set out in last year's budget strategy, have been deducted from service budgets, along with additional savings that have been approved subsequently to the strategy being set.
- e) Budget ceilings have been reduced to reflect the reduction in employers' pension contributions from April 2026. The pension fund is managed by the County Council and its performance is reviewed by independent actuaries every 3 years. The actuaries examine investment performance in particular, and seek to ensure that all councils in the scheme make future contributions that are sufficient to pay all pensions when they become due. Our contributions are paid as a percentage of payroll costs, and previous reviews have usually led to an increase. As a consequence of the most recent review, we will be paying around £9m per year less than we are now. Members are asked to note that this does not reflect any reduction in the Council's overall liabilities: ultimately, we have to pay sufficient contributions to the County Council to ensure that all future pension costs are paid. Note that employees also pay a percentage of their earnings to the fund – these amounts are fixed by law.

12.2. The proposed budget ceilings are set out in Appendix 1.

- 12.3. In recent years, the pay award for local government staff has not been agreed until part way through the financial year. A central provision is held to fund the 2026/27 pay award, forecast at 3% and will be added to budget ceilings once agreed.
- 12.4. A substantial review of government funding is under way (see paragraph 14 below). It is likely that this will lead to some current grant funding streams being rolled into general funding, which will require amendments to the budget ceilings. (These are largely presentational changes to government funding that will not, in themselves, affect the amount we have available to spend).
- 12.5. The role of the Council is to determine the financial envelopes within which services are delivered. Delivering the services within budget is a function of the City Mayor.

13. Corporately held Budgets and Provisions

- 13.1. In addition to the services' budget ceilings, some budgets are held corporately. These are described below.
- 13.2. As discussed above, a provision has been set aside for **pay awards**, which are not (in recent years) agreed until some time into the financial year. The provision is based on an assumed 3% pay award each year
- 13.3. The budget for **capital financing** represents the cost of interest and debt repayment on capital spending, less interest received on balances held by the council. Decisions to borrow money to fund capital expenditure have led to an increase in the budget, although this increase will reduce where capital receipts are used to fund expenditure in lieu of borrowing. The budget also reflects the scale of the Dedicated Schools Grant deficit, impacts the level of interest received and must be met from the general fund.
- 13.4. **Miscellaneous central budgets** include external audit fees, pension costs of some former staff, levy payments to the Environment Agency, bank charges, general insurance costs, money set aside to assist council taxpayers suffering hardship and other sums it is not appropriate to include in service budgets. Miscellaneous central budgets are partially offset by the effect of recharges from the general fund into other statutory accounts of the Council.
- 13.5. The **housing benefits** budget funds the difference between benefits payments and the amount of subsidy received from central government. This gap has been increasing in recent years, particularly around supported housing (see para. 6.17 above).
- 13.6. A corporate contingency budget of £1m has been set aside, which will only be allocated if necessary. Following a number of years of having limited requirement to use the corporate contingencies the budgets have been reduced. However, it should be noted if we do have any unexpected pressures in 2026/27 the budget strategy

reserve is available to be used. This would however reduce the one-off funding available for the future year budget strategies.

14. Resources

- 14.1. The majority of the council's core funding comes from business rates; government grant funding; and council tax. Service-specific sources of funding, such as fees & charges and specific grants, are credited to the relevant budget ceilings, and are part of departmental budgets.
- 14.2. A major review of government funding is in progress, which will update funding allocations for the first time since 2013. At the time of writing, we do not have the outcome of this review and this draft budget is necessarily based on estimates, informed by modelling work commissioned from external advisors. The provisional settlement, which will give us figures for the major funding streams, is expected shortly before Christmas.

Business rates and core grant funding

- 14.3. Local government retains 50% of business rates collected locally, with the balance being paid to central government. In recognition of the fact that different authorities' ability to raise rates do not correspond to needs, there are additional elements of the business rates retention scheme: a top-up to local business rates, paid to authorities with lower taxbases, and Revenue Support Grant (RSG).
- 14.4. The government's planned reforms from April 2026 include several overlapping strands:
- Fully equalising for differences in council tax bases across the country. We should gain from this as our tax base is relatively low;
 - Revised and updated formulae that measure each area's "need to spend" on different service areas. It appears from the information we have to date, that we will lose funding from some of these changes;
 - Rebasing business rates income to redistribute growth achieved since 2013; and to reflect the rates revaluation that will be implemented from April;
 - Transitional arrangements to phase in the effect on individual authorities.
- 14.5. The split of funding between different funding streams (business rates, top-up and RSG payments) is not yet known. For this draft budget, the total "settlement funding assessment" (SFA) is shown as a proxy for the totality of government grant and the proportion of business rates that are kept by the City Council. Overall, our current assessment is that the Council should benefit from these changes, but not as significantly as we might have anticipated.

Council tax

- 14.6. Council tax income is estimated at £179m in 2026/27, based on an assumed tax increase of just below 5% (the maximum we believe will be allowed to set without a

referendum). The 5% limit will include a “social care levy” of 2%, designed to help social care authorities mitigate the growing costs of social care. Since our tax base is relatively low for the size of population, the levy raises just £3.5m per year.

- 14.7. The estimated council tax base has grown by 2.3% since last year’s budget was set. The final council tax base is calculated on data from the end of November, and will be included in the final budget report to Council in February.
- 14.8. While the major elements of Council Tax banding and discounts are determined nationally, some discounts and premiums, as well as the Council Tax Support Scheme for those on low incomes, are determined locally. Appendix 6 sets out these discounts and premiums.

Other corporate income

- 14.9. The majority of grant funding is treated as income to the relevant service departments and is not shown separately in the table at paragraph 11. Other grants which existed in previous years are expected to be rolled into the general settlement, and are not shown separately.
- 14.10. From 2025/26, a new (unringfenced) funding stream relating to Extended Producer Responsibility (EPR) in respect of waste packaging has been received, for which our provisional allocation for 2026/27 is £7.4m. We have only limited information about likely levels of income in later years, which will depend on producers’ responses to the new levy. Regardless of the position, we expect waste costs to increase by up to £3m per year when there is a new contract in May 2028.

Collection Fund surplus / deficit

- 14.11. Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true.
- 14.12. The Council has an estimated **council tax collection fund surplus** of £2.4m, after allowing for shares to be paid by the police and fire authorities. The reasons for this include a reduction in bad debt provision, following significant work to improve collection rates; and a continuing fall in the cost of the council tax support scheme (CTSS).
- 14.13. The Council has an estimated **business rates collection fund deficit** of £1.5m.

15. Budget and Equalities (Surinder Singh, Equalities Officer)

- 15.1. The Council is committed to promoting equality of opportunity for its residents; both through its policies aimed at reducing inequality of outcomes, and through its practices aimed at ensuring fair treatment for all and the provision of appropriate and culturally sensitive services that meet local people’s needs.

- 15.2. In accordance with section 149 of the Equality Act 2010, the Council must “have due regard”, when making decisions, to the need to meet the following aims of our Public Sector Equality Duty :-
- (a) eliminate unlawful discrimination;
 - (b) advance equality of opportunity between those who share a protected characteristic and those who do not;
 - (c) foster good relations between those who share a protected characteristic and those who do not.
- 15.3. Protected groups under the public sector equality duty are characterised by age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.
- 15.4. When making decisions, the Council (or decision maker, such as the City Mayor) must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact on those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.
- 15.5. A number of risks to the budget are addressed within this report (section 16 below). If these risks are not mitigated effectively, there could be a disproportionate impact on people with particular protected characteristics and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with particular protected characteristics, is required.

16. Risk Assessment and Estimates

- 16.1. Best practice requires me to identify any risks associated with the budget, and Section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.
- 16.2. Assessing the robustness of estimates requires a judgement to be made, which is now hard given the volatility of some elements of the budget. The most significant individual risks are described below.
- 16.3. Like most (probably all) upper tier authorities, we run the risk of further demand and cost increase in adults’ social care and children’s placements, despite mitigating work that is continuing.
- 16.4. Like many housing authorities, we run the risk of further cost pressures from homelessness. However, the Council has a significant programme of investment in temporary accommodation to mitigate this risk.

- 16.5. In addition to the above, we have a cumulative overspend of £22.5m on the schools' "high needs" block, which we have not had to write off against general fund reserves due to a special dispensation given by the Government, and available until 31st March 2028; by which time it could be as high as £78m. It remains unclear how this national issue will be resolved; a planned White Paper has been delayed to next year which is expected to propose ways to reduce the ongoing costs deficit, but the historic deficit will still need to be met.
- 16.6. We are also exposed to any further inflationary cost pressures, which may result from world events.
- 16.7. Significant progress has been made on achieving the savings target, however failure to deliver the savings would have significant impact on the strategy.
- 16.8. A key part of our strategy is the use of one-off monies to balance the budget gap. This has a multiplicative effect of any risks which crystallise into annual cost pressures. For instance, an additional £5m per year of unavoidable cost will, all other things being equal, use £15m of reserves by the end of 2028/29.
- 16.9. The proposed budget contains a reduced level of corporate contingency (£1m per year) compared to previous years. As our budget is supported by reserves, this is largely presentational – a lower call on reserves is initially budgeted for each year, but with a greater chance that pressures will exceed the available contingency and further use of reserves will have to be made. If the call on reserves is required this will reduce the future one-off monies available in future budgets.
- 16.10. However, there is a clear plan: that shows the improvements that have been made in our financial strategy and the budget gap is closing, we continue to work on a programme to further reduce it. This involves the continuation of the cost mitigation work in areas of service under pressure, transformation of services and the potential to reduce borrowing by using capital receipts to fund the capital programme.
- 16.11. Subject to the above comments, I believe the estimates made in preparing the budget are sufficiently robust to allow the budget for 2026/27 to be approved.
- 16.12. In addition, we have a substantial level of reserves available to support the budget strategy. This means that, in the short term, reserves can be used in substitution for any savings which cannot be made, or for unexpected cost pressures; and there is limited risk of being unable to balance the budget in 2026/27. I regard our level of reserves as adequate.
- 16.13. As a last resort, a £15m General Fund emergency balance is held. I do not expect to have to call on this balance in the time period set out in this strategy.

17. Financial, Legal and Other Implications

17.1. Financial Implications

This report is exclusively concerned with financial issues.

17.2. **Legal Implications (Kamal Adatia, City Barrister & Head of Standards)**

- 17.2.1. The budget preparations have been in accordance with the Council's Budget and Policy Framework Procedure Rules – Council's Constitution – Part 4C. The decision with regard to the setting of the Council's budget is a function under the constitution which is the responsibility of the full Council.
- 17.2.2. At the budget-setting stage, Council is estimating, not determining, what will happen as a means to the end of setting the budget and therefore the council tax. Setting a budget is not the same as deciding what expenditure will be incurred. The Local Government Finance Act, 1992, requires an authority, through the full Council, to calculate the aggregate of various estimated amounts, in order to find the shortfall to which its council tax base has to be applied. The Council can allocate greater or fewer funds than are requested by the Mayor in his proposed budget.
- 17.2.3. As well as detailing the recommended council tax increase for 2026/27, the report also complies with the following statutory requirements:-
- (a) Robustness of the estimates made for the purposes of the calculations;
 - (b) Adequacy of reserves;
 - (c) The requirement to set a balanced budget.
- 17.2.4. Section 65 of the Local Government Finance Act, 1992, places upon local authorities a duty to consult representatives of non-domestic ratepayers before setting a budget. There are no specific statutory requirements to consult residents.
- 17.2.5. The discharge of the 'function' of setting a budget triggers the duty in s.149 of the Equality Act, 2010, for the Council to have "due regard" to its public sector equality duties. These are set out in paragraph 15. There are considered to be no specific proposals within this year's budget that could result in new changes of provision that could affect different groups of people sharing protected characteristics. Where savings are anticipated, equality assessments will be prepared as necessary. Directors and the City Mayor have freedom to vary or abort proposals under the scheme of virement where there are unacceptable equality consequences. As a consequence, there are no service-specific 'impact assessments' that accompany the budget. There is no requirement in law to undertake equality impact assessments as the only means to discharge the s.149 duty to have "due regard". The discharge of the duty is not achieved by pointing to one document looking at a snapshot in time, and the report evidences that the Council treats the duty as a live and enduring one. Indeed, case law is clear that undertaking an EIA on an 'envelope-setting' budget is of limited value, and that it is at the point in time when policies are developed which reconfigure services to live within the budgetary constraint when impact is best assessed. However, an analysis of equality impacts

has been prepared in respect of the proposed increase in council tax, and this is set out in Appendix 3.

17.2.6. Judicial review is the mechanism by which the lawfulness of Council budget-setting exercises are most likely to be challenged. There is no sensible way to provide an assurance that a process of budget setting has been undertaken in a manner which is immune from challenge. Nevertheless the approach taken with regard to due process and equality impacts is regarded by the City Barrister to be robust in law.

17.2.7. Schedule 1A to the Local Government Finance Act 1992 states that the Council must “make” a Council Tax Reduction scheme for each financial year, and if it wishes to change it, it must “revise” or “replace” it. The deadline for making, revising or replacing a Scheme is 11th March. There are no proposals to change the CTSS so recommendation 3.1(j) reflects the decision to keep the existing Scheme, subject to inflationary changes to thresholds for support.

17.3. **Climate Change Implications**

17.3.1 The climate emergency remains one of the key long-term challenges facing the council and the city, creating increasing real-world consequences, including financial costs, as we have seen from recent flooding incidents.

17.3.2 In broad terms, the financial pressures facing the council, and the strategy proposed for addressing them, are likely to have the following implications for addressing the climate emergency:

- Reductions in service delivery and sale of council buildings may result in reductions in the council’s own carbon footprint i.e. the emissions caused by our own use of buildings and travel. These savings may not always be reflected in those of the wider city if reductions in council activity are offset by increases in community or business activity. For example, where council facilities need to be closed and sold/transferred, their use by community groups or businesses will still generate emissions.

- The constraints on both revenue and capital are likely to reduce opportunities for the council to invest in projects to reduce carbon emissions and to make the city more resilient to the changing climate, except where a compelling ‘spend-to-save’ business case can be made or external grant funding can be secured.

17.3.3 Efforts should continue to develop financial and environmental ‘win-win’ climate projects, such as those which can cut council energy/fuel bills and carbon emissions. Likewise, any opportunities to secure external funding for climate work should be sought.

17.3.4 More specific climate emergency implications will continue to be provided for individual decisions regarding projects and service/policy changes relating to implementing the budget strategy.

Budget Ceilings

[to follow]

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Scheme of Virement

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

Budget Ceilings

2. Directors are authorised to vire sums within budget ceilings without limit, providing such virement does not give rise to a change of Council policy.
3. Directors are authorised to vire money between any two budget ceilings within their departmental budgets, provided such virement does not give rise to a change of Council policy. The maximum amount by which any budget ceiling can be increased or reduced during the course of a year is £500,000. This money can be vired on a one-off or permanent basis.
4. Directors are responsible, in consultation with the appropriate Deputy/Assistant Mayor if necessary, for determining whether a proposed virement would give rise to a change of Council policy.
5. Movement of money between budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services.
6. The City Mayor is authorised to increase or reduce any budget ceiling. The maximum amount by which any budget ceiling can be increased during the course of a year is £5m. Increases or reductions can be carried out on a one-off or permanent basis.
7. The Director of Finance may vire money between budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision. The Director of Finance may vire money between budget ceilings to reflect where the savings (currently shown as summary figures in Appendix One) actually fall.
8. Nothing above requires the City Mayor or any director to spend up to the budget ceiling for any service. At the end of the year, underspends on any budget ceiling shall be applied:
 - (a) Firstly, to offset any overspends in the same department;
 - (b) Secondly, to the corporate reserve for future budget pressures.

Corporate Budgets

9. The following authorities are granted in respect of corporate budgets:
 - (a) the Director of Finance may incur costs for which there is provision in miscellaneous corporate budgets, except that any policy decision requires the approval of the City Mayor;
 - (b) the Director of Finance may allocate the provision for pay awards and other inflation;

Earmarked Reserves

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
11. Directors may add sums to an earmarked reserve from a budget ceiling, if the purposes of the reserve are within the scope of the service budget, and with the agreement of the Director of Finance. This cannot take place at year end (see para. 8 above).
12. Directors may spend earmarked reserves on the purpose for which they have been created.
13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.
14. The City Mayor may transfer any sum between earmarked reserves.

Other

15. The City Mayor may amend the flexible use of capital receipts policy, and submit revised policies to the Secretary of State.

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Equality Impact Assessment

Equality Impact Assessment (EIA) Tool:

Title of proposal	Council tax increase for 2026/27
Name of division/service	Corporate
Name of lead officer completing this assessment	Catherine Taylor, Financial Strategy Manager
Date EIA assessment commenced	3 rd November 2025
Date EIA assessment completed (<i>prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes</i>)	
Decision maker	Council
Date decision taken	25 February 2026

EIA sign off on completion:	Signature	Date
Lead officer	Catherine Taylor	21 November 2025
Equalities officer (has been consulted)	Surinder Singh	21 November 2025
Divisional director	Amy Oliver	4 December 2025

Please ensure the following:

- a) That the document is **understandable to a reader who has not read any other documents** and explains (on its own) how the Public Sector Equality Duty is met. This does not need to be lengthy but must be complete and based in evidence.
- b) That available support information and data is identified and where it can be found. Also be clear about highlighting gaps in existing data or evidence that you hold, and how you have sought to address these knowledge gaps.
- c) That the equality impacts are capable of aggregation with those of other EIAs to identify the cumulative impact of all service changes made by the council on different groups of people.
- d) That the equality impact assessment is started at an early stage in the decision-making process, so that it can be used to inform the consultation, engagement and the decision. It should not be a tick-box exercise. Equality impact assessment is an iterative process that should be revisited throughout the decision-making process. It can be used to assess several different options.
- e) Decision makers must be aware of their duty to pay 'due regard' to the Public Sector Equality Duty (see below) and 'due regard' must be paid before and at the time a decision is taken. Please see the Brown Principles on the equality intranet pages, for information on how to undertake a lawful decision-making process, from an equalities perspective. Please append the draft EIA and the final EIA to papers for decision makers (including leadership team meetings, lead member briefings, scrutiny meetings and executive meetings) and draw out the key points for their consideration. The Equalities Team provide equalities comments on reports.

1. Setting the context

Describe the proposal, the reasons it is being made, and the intended change or outcome. Will the needs of those who are currently using the service continue to be met?

Purpose

The Council has a legal obligation to set a balanced budget each year. There remains a difficult balance between funding services for those most in need, maintaining support for most vulnerable and the investment required to ensure the effective delivery of services. Council Tax is a vital funding stream for the Council to fund essential services. This appendix presents the draft equalities impact of a proposed 4.99% council tax increase. This includes a precept of 2% for Adult Social Care, as permitted by the Government without requiring a referendum.

Alternative options

The realistic alternative to a 5% council tax increase would be a lower (or no) increase. A reduced tax increase would represent a permanent diminution of our income unless we hold a council tax referendum in a future year. In my view, such a referendum is unlikely to support a higher tax rise. It would also require more cuts to services in later years (on top of the substantial cost savings already required by the budget strategy).

The budget situation is already extremely difficult, and it seems inevitable that further cuts will have severe effects on front-line services. It is not possible to say precisely where these future cuts would fall; however, certain protected groups (e.g. older people; families with children; and people with disabilities) could face disproportionate impacts from reductions to services.

Mitigating actions

The Council has a range of mitigating actions for residents. These include: funding through the new Crisis & Resilience Fund, which replaces the Household Support Fund and Discretionary Housing Payments from April 2026, direct support through Council Tax Discretionary Relief (which increased by 50% from £500,000 to £750,000 from April 2025 for two years) and Community Support Grant awards; the council's work with voluntary and community sector organisations to provide food to local people where it is required – through the network of food banks in the city; through schemes which support people getting into work (and include cost reducing initiatives that address high transport costs such as providing recycled bicycles); and through support to social welfare advice services.

2. Equality implications/obligations

Which aims of the Public Sector Equality Duty (PSED) are likely be relevant to the proposal? In this question, consider both the current service and the proposed changes.

a. Eliminate unlawful discrimination, harassment and victimisation

- How does the proposal/service aim to remove barriers or disproportionate impacts for anyone with a particular protected characteristics compared with someone who does not share the same protected characteristics?
- Is this a relevant consideration? What issues could arise?

The Council Tax decision, as part of the overall budget strategy, aims to balance the funding of services for those in need, maintaining support for most vulnerable and the investment required to ensure the effective delivery of services. It does not, in itself, make specific decisions about the delivery of those services; which will be the subject of separate decisions with their own equality assessments, where appropriate.

b. Advance equality of opportunity between different groups

- Does the proposal/service advance equality of opportunity for people?
- Identify inequalities faced by those with specific protected characteristic(s).
- Is this a relevant consideration? What issues could arise?

By securing funding, the proposal aims to advance equality of opportunity by maintaining services that support independence and quality of life for these key protected groups, thereby reducing inequalities they face.

c. Foster good relations between different groups

- Does the service contribute to good relations or to broader community cohesion objectives?
- How does it achieve this aim?
- Is this a relevant consideration? What issues could arise?

Securing a sustainable budget for local services contributes to community stability and social cohesion. Effective, well-funded services that support vulnerable residents can help indirectly in fostering good relations.

3. Who is affected?

Outline who could be affected, and how they could be affected by the proposal/service change. Include people who currently use the service and those who could benefit from, but do not currently access the service. Where possible include data to support this.

Who is affected by the proposal?

As at October 2025, there were 133,220 properties liable for Council Tax in the city (excluding those registered as exempt, such as student households).

Under the CTSS scheme, “vulnerable” households with low income are eligible for up to 100% support, limited to the amount payable on a band C property. Other low income households are eligible for up to 80% support, limited to the amount payable on a Band B property. Households deemed vulnerable are defined in the scheme which uses proxies to identify disability and/or caring responsibilities.

Council tax support for pensioner households follows different rules. Low-income pensioners are eligible for up to 100% relief on the total amount payable.

How are they affected?

The table below sets out the financial impact of the proposed council tax increase on different properties, before any discounts or reliefs are applied. It shows the weekly increase in each band, and the minimum weekly increase for those in receipt of a reduction under the CTSS for working-age households who are not classed as vulnerable. [Under the scheme introduced last year, households classified as vulnerable can access up to 100% CTSS support]

Band	No. of Properties	Weekly increase (£)	Minimum Weekly Increase under CTSS (£)
A-	411	1.08	0.22
A	77,960	1.29	0.26
B	26,994	1.51	0.30
C	15,571	1.72	0.52

D	6,667	1.94	0.73
E	3,432	2.37	1.16
F	1,530	2.80	1.59
G	613	3.23	2.02
H	42	3.88	2.67
Total	133,220		

In most cases, the change in council tax (around £1.51 per week for a band B property with no discounts; and just 30p per week if eligible for the maximum 80% reduction for non-vulnerable households under the CTSS) is a small proportion of disposable income, and a small contributor to any squeeze on household budgets. A council tax increase would be applicable to all properties - the increase would not target any one protected group, rather it would be an increase that is applied across the board. However, it is recognised that this may have a more significant impact among households with a low disposable income.

Households at all levels of income have seen their real-terms income decline in recent years due to cost-of-living increases, and wages that have failed to keep up with inflation; although inflation has fallen more recently. These pressures are not limited to any protected group; however, there is evidence that low-income families spend a greater proportion of their income on food and fuel (where price rises have been highest), and are therefore more affected by price increases.

A 3.8% uplift to most working-age benefits, in line with CPI inflation, will come into effect from April 2026, while the State Pension and pension-age benefits will increase by 4.8%. The Local Housing Allowance rates for 2026/27 have not yet been announced. [NB council and housing association tenants are not affected by this as their rent support is calculated differently and their full rent can be compensated from benefits].

4. Information used to inform the equality impact assessment

- What **data, research, or trend analysis** have you used?
- Describe how you have got your information and what it tells you
- Are there any gaps or limitations in the information you currently hold, and how you have sought to address this? E.g. proxy data, national trends, equality monitoring etc.

Information on the properties subject to Council Tax is obtained from the Council's own systems. We do not hold detailed information on council taxpayers' protected characteristics; national and local economic data has been used to help assess the likely impact on different groups.

5. Consultation

Have you undertaken consultation about the proposal with people who use the service or people affected, people who may potentially use the service and other stakeholders? What did they say about:

- What is important to them regarding the current service?
- How does (or could) the service meet their needs? How will they be affected by the proposal? What potential impacts did they identify because of their protected characteristic(s)?
- Did they identify any potential barriers they may face in accessing services/other opportunities that meet their needs?

Draft budget will be published in early December in advance of the final decision in February

6. Potential Equality Impact

Based on your understanding of the service area, any specific evidence you may have on people who use the service and those who could potentially use the service and the findings of any consultation you have undertaken, use the table below to explain which individuals or community groups are likely to be affected by the proposal because of their protected characteristic(s). Describe what the impact is likely to be, how significant that impact is for individual or group well-being, and what mitigating actions can be taken to reduce or remove negative impacts. This could include indirect impacts, as well as direct impacts.

Looking at potential impacts from a different perspective, this section also asks you to consider whether any other particular groups, especially vulnerable groups, are likely to be affected by the proposal. List the relevant groups that may be affected, along with the likely impact, potential risks and mitigating actions that would reduce or remove any negative impacts. These groups do not have to be defined by their protected characteristic(s).

Protected characteristics

Impact of proposal:

Describe the likely impact of the proposal on people because of their protected characteristic and how they may be affected. Why is this protected characteristic relevant to the proposal? How does the protected characteristic determine/shape the potential impact of the proposal? This may also include **positive impacts** which support the aims of the Public Sector Equality Duty to advance equality of opportunity and foster good relations.

Risk of disproportionate negative impact:

How likely is it that people with this protected characteristic will be disproportionately negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?

Mitigating actions:

For disproportionate negative impacts on protected characteristic/s, what mitigating actions can be taken to reduce or remove the impact? You may also wish to include actions which support the positive aims of the Public Sector Equality Duty to advance equality of opportunity and to foster good relations. All actions identified here should also be included in the action plan at the end of this EIA.

a) Age

Indicate which age group/s is/ are most affected, either specify general age group (children, young people, working aged people or older people) or specific age bands.

What is the impact of the proposal on age?

Older people (pension age and older) are least affected by a potential increase in council tax and can access more generous (up to 100%) council tax relief. However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as older people are the primary service users of Adult Social Care.

While employment rates remain high, earnings have not kept up with inflation in recent years so working families are likely to already be facing pressures on households' budgets. Younger people, and particularly children, were more likely to be in poverty before the current cost-of-living crisis and this is likely to have continued.

What is the risk of disproportionate negative impact on age?

Working age households and families with children – incomes squeezed through reducing real-terms wages.

What are the mitigating actions?

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

b) Disability

A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities. If specific impairments are affected by the proposal, specify which these are. Our standard categories are on our equality monitoring form – physical impairment, sensory impairment, mental health condition, learning disability, long standing illness, or health condition.

What is the impact of the proposal on disability?

Disabled people are more likely to be in poverty. Many disabled people will be classed as vulnerable in the proposed new CTSS scheme and will therefore be protected from the impact of a council tax increase.

However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as disabled people are more likely to be service users of Adult Social Care.

What is the risk of disproportionate negative impact on disability?

Further erode quality of life being experienced by disabled people.

What are the mitigating actions?

The CTSS scheme has been designed to give additional support (up to 100%) to vulnerable households. It also allows support at the level of the band C tax, rather than band B as applies to non-vulnerable households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets.

Ensure all information and advice relating to the CTSS scheme, discretionary funds, and support services is available and provided in a range of accessible formats.

c) Gender reassignment

Indicate whether the proposal has potential impact on trans men or trans women, and if so, which group is affected. a trans person is someone who proposes to, starts, or has completed a process to change his or her gender. A person does not need to be under medical supervision to be protected.

What is the impact of the proposal on gender reassignment?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on gender reassignment?

N/A

What are the mitigating actions?

N/A

d) Marriage and civil partnership

Please note that the under the Public Sector Equality Duty this protected characteristic applies to the first general duty of the Act, eliminating unlawful discrimination, only. The focus within this is eliminating discrimination against people that are married or in a civil partnership with regard specifically to employment.

What is the impact of the proposal on marriage and civil partnership?

No disproportionate impact is attributable specifically to this characteristic

What is the risk of disproportionate negative impact on marriage and civil partnership?

N/A

What are the mitigating actions?

N/A

e) Pregnancy and maternity

Does the proposal treat someone unfairly because they're pregnant, breastfeeding or because they've recently given birth.

What is the impact of the proposal on pregnancy and maternity?

Someone who is pregnant or recently given birth often have lower incomes during the period immediately before and after childbirth, when they may be receiving statutory maternity pay or no pay at all.

What is the risk of disproportionate negative impact on pregnancy and maternity?

Household may have a lower income during this period and be disproportionately impacted by the increase in Council Tax.

What are the mitigating actions?

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

f) Race

Race refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins. A racial group can be made up of two or more distinct racial groups, for example Black Britons, British Asians, British Sikhs, British Jews, Romany Gypsies and Irish Travellers.

What is the impact of the proposal on race?

Those with white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of social security benefits. Some ethnic minority people are also low income and on benefits.

What is the risk of disproportionate negative impact on race?

Household income being further squeezed through low wages and reducing levels of benefit income.

What are the mitigating actions?

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

Where required, interpretation and translation services will be provided to remove barriers in accessing support/advice.

g) Religion or belief

Religion refers to any religion, including a lack of religion. Belief refers to any religious or philosophical belief and includes a lack of belief. Generally, a belief should affect your life choices or the way you live for it to be included in the definition. This must be a belief and not just an opinion or viewpoint based on the present state of information available and;

- be about a weighty and substantial aspect of human life and behaviour
- attain a certain level of cogency, seriousness, cohesion, and importance, and
- be worthy of respect in a democratic society, not incompatible with human dignity and not in conflict with fundamental rights of others. For example, Holocaust denial, or the belief in racial superiority are not protected.

Are your services sensitive to different religious requirements e.g., times a customer may want to access a service, religious days and festivals and dietary requirements

What is the impact of the proposal on religion or belief?

No disproportionate impact is attributable specifically to this characteristic

What is the risk of disproportionate negative impact on religion or belief?

N/A

What are the mitigating actions?

N/A

h) Sex

Indicate whether this has potential impact on either males or females.

What is the impact of the proposal on sex?

Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents, who are more likely to experience poverty.

What is the risk of disproportionate negative impact on sex?

Incomes squeezed through low wages and reducing levels of benefit income. Increased risk for women as they are more likely to be lone parents.

What are the mitigating actions?

If in receipt of Universal Credit or tax credits, a significant proportion of childcare costs are met by these sources.

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

i) Sexual orientation

Indicate if there is a potential impact on people based on their sexual orientation. The Act protects heterosexual, gay, lesbian or bisexual people.

What is the impact of the proposal on sexual orientation?

Gay men and Lesbian women are disproportionately more likely to be in poverty than heterosexual people and trans people even more likely to be in poverty and unemployed. This would mean they are more likely to be on benefits.

What is the risk of disproportionate negative impact on sexual orientation?

Household income being lowered wages and reducing levels of benefit income.

What are the mitigating actions?

Lower-income households will be have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

7. Summary of protected characteristics**a. Summarise why the protected characteristics you have commented on, are relevant to the proposal?**

Some protected groups are more likely to be in poverty or have low disposable income, and therefore a council tax increase may have a more significant impact.

b. Summarise why the protected characteristics you have not commented on, are not relevant to the proposal?

For some groups no disproportionate impact has been identified. Individuals in these groups will still be able to access CTSS and discretionary support based on their specific circumstances.

8. Armed Forces Covenant Duty

The Covenant Duty is a legal obligation on certain public bodies to ‘have due regard’ to the principles of the Covenant and requires decisions about the development and delivery of certain services to be made with conscious consideration of the needs of the Armed Forces community.

When Leicester City Council exercises a relevant function, within the fields of healthcare, education, and housing services it must have due regard to the aims set out below:

a. The unique obligations of, and sacrifices made by, the Armed Forces

These include danger; geographical mobility; separation; Service law and rights; unfamiliarity with civilian life; hours of work; and stress.

b. The principle that it is desirable to remove disadvantages arising for Service people from membership, or former membership, of the Armed Forces

A disadvantage is when the level of access a member of the Armed Forces Community has to goods and services, or the support they receive, is comparatively lower than that of someone in a similar position who is not a member of the Armed Forces Community, and this difference arises from one (or more) of the unique obligations and sacrifices of Service life.

c. The principle that special provision for Service people may be justified by the effects on such people of membership, or former membership, of the Armed Forces

Special provision is the taking of actions that go beyond the support provided to reduce or remove disadvantage. Special provision may be justified by the effects of the unique obligations and sacrifices of Service life, especially for those that have sacrificed the most, such as the bereaved and the injured (whether that injury is physical or mental).

Does the service/issue under consideration fall within the scope of a function covered by the Duty (healthcare, education, housing)? Which aims of the Duty are likely be relevant to the proposal? In this question, consider both the current service and the proposed changes. Are members of the Armed Forces specifically disadvantaged or further disadvantaged by the proposal/service? Identify any mitigations including where appropriate possible special provision.

No specific impacts have been identified on members, or former members, of the Armed Forces. Individuals facing a significant impact will have access to a range of mitigating measures as above.

9. Other groups

Other groups

Impact of proposal:

Describe the likely impact of the proposal on children in poverty or any other people who we may consider to be vulnerable, for example people who misuse substances, care leavers, people living in poverty, care experienced young people, carers, those who are digitally excluded. List any vulnerable groups likely to be affected. Will their needs continue to be met? What issues will affect their take up of services/other opportunities that meet their needs/address inequalities they face?

Risk of disproportionate negative impact:

How likely is it that this group of people will be negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?

Mitigating actions:

For negative impacts, what mitigating actions can be taken to reduce or remove this impact for this vulnerable group of people? These should be included in the action plan at the end of this EIA. You may also wish to use this section to identify opportunities for positive impacts.

a. Care Experienced People

This is someone who was looked after by children's services for a period of 13 weeks after the age of 14', but without any limit on age, recognising older people may still be impacted from care experience into later life.

What is the impact of the proposal on Care Experienced People?

No disproportionate impact is attributable specifically to this characteristic. Indeed, many pay no council tax at all as a result of a specific discount and will therefore not be affected by the increase.

What is the risk of negative impact on Care Experienced People?

N/A

What are the mitigating actions?

Qualifying care experienced people up to the age of 25 can apply for a 100% discount on their council tax.

b. Children in poverty**What is the impact of the proposal on children in poverty?**

Even a relatively small increase in the amount payable may

What is the risk of negative impact on children in poverty?

A relatively small increase in the amount payable may have a more significant impact among households with a low disposable income.

What are the mitigating actions?

Lower-income households will be have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

c. Other (describe)**What is the impact of the proposal on any other groups?**

N/A

What is the risk of negative impact on any other groups?

N/A

What are the mitigating actions?

N/A

10. Other sources of potential negative impacts

Are there any other potential negative impacts external to the service that could further disadvantage service users over the next three years that should be considered? For example, these could include:

- other proposed changes to council services that would affect the same group of service users;
- Government policies or proposed changes to current provision by public agencies (such as new benefit arrangements) that would negatively affect residents;
- external economic impacts such as an economic downturn.

Government policy on welfare benefits (including annual uprating) will also have an impact, although it is not yet possible to predict what this will be.

11. Human rights implications

Are there any human rights implications which need to be considered and addressed (please see the list at the end of the template), if so, please outline the implications and how they will be addressed below:

N/A

12. Monitoring impact

You will need to ensure that monitoring systems are established to check for impact on the protected characteristics and human rights after the decision has been implemented. Describe the systems which are set up to:

- monitor impact (positive and negative, intended and unintended) for different groups
- monitor barriers for different groups
- enable open feedback and suggestions from different communities
- ensure that the EIA action plan (below) is delivered.

If you want to undertake equality monitoring, please refer to our [equality monitoring guidance and templates](#).

Click or tap here to enter text.

13. EIA action plan

Please list all the equality objectives, actions and targets that result from this assessment (continue on separate sheets as necessary). These now need to be included in the relevant service plan for mainstreaming and performance management purposes.

Equality Outcome	Action	Officer Responsible	Completion date
Ensure residents are aware of available financial help.	Clearly signpost support available about the Council Tax Support Scheme (CTSS) and Discretionary Relief funds.	Cory Laywood, Head of Revenues & Benefits and Transactional Finance	ongoing

200

Human rights articles:

Part 1: The convention rights and freedoms

Article 2: Right to Life

Article 3: Right not to be tortured or treated in an inhuman or degrading way

Article 4: Right not to be subjected to slavery/forced labour

Article 5: Right to liberty and security

Article 6: Right to a fair trial

Article 7: No punishment without law

Article 8: Right to respect for private and family life

Article 9: Right to freedom of thought, conscience and religion

Article 10: Right to freedom of expression

Article 11: Right to freedom of assembly and association

Article 12: Right to marry

Article 14: Right not to be discriminated against

Part 2: First protocol

Article 1: Protection of property/peaceful enjoyment

Article 2: Right to education

Article 3: Right to free elections

MEDIUM TERM PROJECTIONS

1. Summary Forecasts

The table below shows our central forecasts of the position for the next three years, based on the information we have at the time of writing. As funding allocations for future years have not yet been announced, and are the subject of a significant national review, this is necessarily based on some broad assumptions.

We will receive our local settlement for 2026/27 in December; the projections will be updated for the 2026/27 budget report to Council in February. We are expecting this to be a multi-year settlement which will give us some clarity on funding for **The forecasts are volatile**, and the key risks are described at paragraph 2 below. In particular, because we are relying on one off money to balance the budget, a change in annual spending requirement will have a multiplicative effect (e.g. an increase in spending of £5m per year from 2026/27 will lose us £15m from reserves by the end of 2028/29, all other things being equal).

	2026/27	2027/28	2028/29
	£m	£m	£m
Net service budget	456.8	481.7	506.2
Provision for pay inflation	6.0	12.0	18.0
Corporate budgets (including capital finance)	12.4	13.7	15.6
Housing Benefits	1.5	1.5	1.5
Costs of new waste contract			2.5
General contingency for risk	1.0	1.0	1.0
Planning Total		2.0	4.0
Expenditure total	477.7	511.9	548.9
Income:			
Council tax	179.3	189.4	200.0
Collection Fund surplus	0.8		
Settlement Funding Assessment	275.5	286.0	299.6
Extended Producer Responsibility for Waste	7.4	6.0	5.2
Income total	463.0	481.3	504.8
Recurring budget gap	(14.7)	(30.5)	(44.0)

Based on these forecasts, our budget strategy reserves position is expected to be:

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
At the beginning of the year	193.8	129.9	101.7	71.2
Add: Forecast rates pool surplus	7.5			
<i>Reserve restatements:</i>				
From earmarked reserves		0.5		
Set aside for DSG deficit	(44.8)			
Set aside for LGR transitional costs		(14.0)		
Minus budget gap	(26.6)	(14.7)	(30.5)	(44.0)
At the end of the year	129.9	101.7	71.2	27.2

2. Assumptions and Risks

The assumptions in the forecast, and the inherent risks, are explained below.

Spending	Assumptions – central scenario	Risks
Pay costs	We assume a pay award averaging 3% each year	Inflation has fallen since its peak of 11.1% in 2022, although it has increased in recent month and remains above the 2% target. It stood at 3.8% in the year to September 2025.
Non-pay inflation	It is assumed that departments will be able to continue absorbing this. The exceptions are independent sector care package costs, fostering allowances, and the waste management contract; an allowance is built in for these increases.	
Adult social care costs	Demographic pressures and increasing need lead to cost pressures which are reflected in the forecasts. The effect of the mitigation measures is also reflected in the forecasts.	Adult Social Care remains the biggest area of Council expenditure, and is demand led. Small variations have a significant impact on the Council's overall budget.
Costs relating to looked after children	Mitigation work is able to reduce the annual cost increase to 6.5% (lower than the trend in recent years)	Further increase in demand and associated costs. Projections can be volatile as there are a small number of very high-cost placements.
Support to homeless families	Growth in the budget assumes the successful implementation of cost control measures, including a £50m investment in properties for use as temporary accommodation.	Further increase in the number of households presenting as homeless requiring the use of expensive hotel accommodation
Housing Benefit costs	The proposed budget includes £1.5m per year to meet the net subsidy loss on supported housing elements of Housing Benefit.	Will require powers expected under the Supported Housing Act to deliver savings against current trends.
Waste contract	The current contract for waste collection expires in 2028. The tender process for a new contract is underway; it is expected that the new contract will involve an increase in costs from 2028/29 onwards.	Difficult to predict costs of new contract at this stage.
Other service cost pressures	A £1m contingency budget has been built into the forecasts to provide some cushion against uncertainty. Aside from this, it is assumed that departments are able to find savings to manage cost pressures within their own areas.	Costs assume the delivery of proposed savings for which delivery plans will be vital. Some are subject to consultation, which may result in a different decision to that currently proposed.

2024

	A planning provision of £2m has been included for 2027/28 rising to £4m by 2028/29.	
Departmental savings	The budget strategy assumes savings totalling £23m by 2027/28, of which £14m has been achieved to date.	Risk that savings are not achieved or are delayed, leading to a greater call on reserves to balance the budget. Costs assume the delivery of proposed savings for which delivery plans will be vital. Some are subject to consultation, which may result in a different decision to that currently proposed.
DSG deficit	The cumulative deficit on DSG is forecast to reach up to £78m by April 2028, when the current “override” ends. Forecasts in this report do not include this deficit.	It is not clear how this national issue will be resolved, and whether local authorities will have to meet some or all of their costs from general resources.

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Income	Assumptions – central scenario	Risks
Council Tax	<p>Band D Council Tax will increase by 5.0% per year in line with expected referendum limits.</p> <p>Council taxbase (the number of properties that pay tax) will increase by 500 Band D properties per year.</p>	<p>Further economic downturn leading to increased costs of council tax support to residents on a low income.</p> <p>The government may make changes to the council tax banding system or to discounts and exemptions,</p>
Business rates	<p>The net impact of the current revaluation and rates reset will be neutral, i.e. any gain or loss in rates income is balanced by government support.</p> <p>No significant movements in the underlying baseline for business rates.</p> <p>Government changes to business rates (e.g. new reliefs) will continue to be met by additional government grant, in line with recent years.</p>	<p>Significant empty properties and / or business liquidations reduce our collectable rates.</p>
Government grant	<p>The results of the Fair Funding review will not be announced until the local government finance settlement in December. Up to date figures will be included in the budget report to Council in February.</p> <p>For this draft report, forecasts are informed by modelling work commissioned from external consultants.</p>	<p>Key elements of the review are still subject to government decisions and data updates. Our available resources will inevitably change from these forecasts, and this could be substantial.</p> <p>In future years, the overall quantum of funding for local government may change as a result of the wider fiscal and economic position.</p>
Extended Producer Responsibility funding	<p>The provisional allocation for 2026/27 (£7.4m) is included in the draft budget. It is assumed that income from the scheme falls thereafter as producers take steps to reduce their charges payable.</p>	<p>Income in future years is highly uncertain, and partly depends on the response from producers to the new charges.</p>

Earmarked Reserves

(to follow)

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Council Tax Premiums - Empty Property and Second Homes

1. This appendix sets out our policy on charging council tax premiums on empty properties.
2. In general, our policy is to use premiums to help bring empty properties back into use, as owners take steps to avoid the extra charges. There is a shortage of housing in Leicester. We want to see as many empty homes as possible made available for occupation. The changes will also raise additional revenue for the Council (to the extent that properties remain empty).

Substantially Unfurnished Empty Properties (referred to as long term empty properties)

3. Since 2013, councils have had considerable discretion over the levels of tax payable on unfurnished empty properties (Local Government Finance Act, 1992 and associated regulations). Our policy seeks to use this discretion to support our empty homes policy by charging the maximum permitted premiums for these homes, subject to any applicable exemptions
4. Assuming the recommendations in this report are approved, our policy for charging council tax on substantially unfurnished empty properties from 1st April 2026 will be:

Description	Tax charge as a percentage of the standard tax (inclusive of premium)
Empty for less than one year	100%
Empty for at least one year	200%
Empty for at least five years	300%
Empty for at least ten years	400%

Substantially Furnished Empty Properties (referred to as second homes)

5. The Levelling Up and Regeneration Act 2023 permits authorities to charge a council tax premium of up to 100% on substantially furnished homes, only occupied periodically, and which are no one's main residence, often referred to as second homes.
6. Our policy for charging council tax on substantially furnished empty properties from 1st April 2026 is:

Description	Tax charge as a percentage of the standard tax (inclusive of premium)
Empty (substantially furnished)	200%

Exemptions to premiums

7. From 1st April 2025, the Government has introduced the following mandatory exemptions to premiums, in addition to those already in place for unoccupied properties under the Council Tax (Exempt Dwellings) Order 1992. A local policy has been published on our website to give further guidance on how each premium exemption will be applied in practice.

Classes of Dwellings	Applies to	Exemption
Class E	Already applies to long term empty homes but extended to second homes from 1 st April 2025	Dwelling which is or would be someone's sole or main residence if they were not residing in job-related armed forces accommodation.
Class F	Already applies to long term empty homes but extended to second homes from 1 st April 2025	Annexes forming part of, or being treated as part of, the main dwelling
Class G	Long term empty homes and second homes	Dwellings being actively marketed for sale (12 months' limit)
Class H	Long term empty homes and second homes	Dwellings being actively marketed for let (12 months' limit)
Class I	Long term empty homes and second homes	Unoccupied dwellings which fell within exempt Class F and where probate has recently been granted (12 months from grant of probate/letters of administration)
Class J	Second homes only	Job related dwellings
Class K	Second homes only	Occupied caravan pitches and boat moorings
Class L	Second homes only	Seasonal homes where year-round, permanent occupation is prohibited, specified for use as holiday accommodation or planning condition preventing occupancy for more than 28 days continuously
Class M	Long term empty homes	Empty dwellings requiring or undergoing major repairs or structural alterations (12 months limit)

Council Tax Support Scheme

1. The Council is required to maintain a Council Tax Support Scheme (CTSS) in respect of dwellings occupied by persons we consider to be in financial need. A new scheme was approved by Full Council in January 2025.
2. No substantive changes to the scheme are proposed for 2026/27. The only revision proposed is to uprate thresholds by 3.8% in line with the majority of welfare benefits (and the CPI measure of inflation from September 2025) (and used to uprate the majority of benefit rates from April 2026). The previous scheme maintained between 2013 and 2024 was also uprated annually on the same basis. The new bands including this uprating will be as shown:

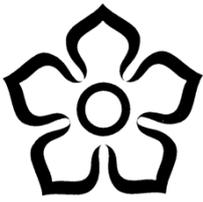
Band	Discount	Vulnerable					Other				
		Single Person	Couple with no children	Couple or Lone Parent with one child/ young person	Couple or Lone Parent with two children/ young persons	Couple or Lone Parent with three or more children/ young persons	Single Person	Couple with no children	Couple or Lone Parent with one child/ young person	Couple or Lone Parent with two children/ young persons	Couple or Lone Parent with three or more children/ young persons
Weekly Net Income											
1	100%	£0 to £155.70	£0 to £155.70	£0 to £155.70	£0 to £207.60	£0 to £259.50	N/A	N/A	N/A	N/A	N/A
2	75%	£155.71 to £233.55	£155.71 to £233.55	£155.71 to £311.40	£207.61 to £363.30	£259.51 to £415.20	£0 to £155.70	£0 to £155.70	£0 to £155.70	£0 to £207.60	£0 to £259.50
3	50%	£233.56 to £311.40	£233.56 to £311.40	£311.41 to £389.25	£363.30 to £415.20	£415.21 to £467.10	£155.71 to £233.55	£155.71 to £233.55	£155.71 to £311.40	£207.61 to £363.30	£259.51 to £415.20
4	25%	£311.41 to £389.25	£311.41 to £389.25	£389.26 to £467.10	£415.21 to £519	£467.11 to £570.90	£233.56 to £311.40	£233.56 to £311.40	£311.41 to £389.25	£363.30 to £415.20	£415.21 to £467.10
5	0%	£389.26+	£389.26+	£467.11+	£519.01+	£570.91+	£311.41 +	£311.41 +	£389.26 +	£415.21 +	£467.11 +

3. The alternative would be to freeze the bandings at their 2025/26 cash levels. This would lead to some households receiving lower levels of support or dropping out of the scheme entirely.

Flexible Use of Capital Receipts policy

(to follow)

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Leicester
City Council

Minute Extract of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: TUESDAY, 13 JANUARY 2026 at 5:30 pm

P R E S E N T:

Councillor O'Neill – Chair
Councillor Bajaj – Vice Chair

Councillor Aqbany
Councillor Gregg

Councillor Gopal
Councillor Singh Sangha

In Attendance:
Deputy City Mayor – Councillor Cutkelvin
* * * * *

1. DRAFT GENERAL FUND REVENUE BUDGET 2026/27 AND DRAFT THREE YEAR CAPITAL PROGRAMME 2026/27

As the Reports on the Revenue Budget and Capital Programme were related, they were taken as one item.

The Director of Finance submitted two reports to the Commission to present the City Mayor's strategy for balancing the budget for the next 3 years and to seek approval to the actual budget for 2026/27. The two reports were The Draft General Fund Revenue Budget 2026/27 and The Draft Three Year Capital Programme 2026/27.

The Head of Finance presented the reports concurrently. The following was noted.

The Draft General Fund Revenue Budget 2026/27:

- The Draft General Fund Revenue Report sets out the budget for 2026/27 and the medium term financial strategy for the following two years.
- The Budget reflects the Governments Fair Funding Consultation from the summertime and despite the improved financial position that arises as a consequence, the Council was still forecasting a budget gap and the strategy agreed by Council last year would continue.
- The strategy included the following five strands:
 - Budget savings of £23M
 - Constraining growth in areas such as Social Care and Homelessness

- A reduction in the Capital Programme
- Releasing one off monies to buy time
- A programme of property sales, which is now planned to reduce the cost of borrowing
- The Report sets out the progress against each of those strands and proposes continuing with this strategy and extending it to March 2029.
- The budget builds in growth to meet ongoing cost increases in Social Care, Homelessness and Housing Benefits.
- Given the underlying financial pressures, the scope for additional investment is limited, but a small amount is included particularly around areas previously funded from grants, that would no longer be received.
- Investments were continuing in the provision of temporary accommodation, which would save money in cost in supporting people staying in B&Bs and the revenue impact of this is reflected in the report.
- Money was included in the budget for an increase in the number of properties leased from private landlords and this is expected to save £3.9M.
- In addition funding was being made available for additional staff to undertake the increasing volume of work and ensure the focus remained on prevention.
- The final budget would be updated and presented to Full Council on 25th February 2026 and would include the updated figures following the draft finance settlement which the Finance Team were currently working through.

Draft Three Year Capital Programme:

- The General Fund Draft Capital Report seeks approval of just under £130M over the next three years.
- For the Final Report for Full Council this will increase to reflect multi-year grant settlements which will have since been released.
- In 2025/26 the Capital Programme changed to be mainly funded from government grants and borrowing and this approach would remain in place for 2026/27.
- The Revenue Budget would reflect the consequences of the decisions take in the Capital Report. The report does note that the Council will look to alleviate the revenue pressure placed by borrowing, by using £60M of capital receipts to fund the Capital Programme.
- Of particular interest to the Housing Commission there will be £50M in addition for the acquisition of approximately 250 self-contained properties for use as temporary accommodation and this builds on the £45M approved by Full Council in March 2024 and along with other measures would directly result in annual cost avoidance of over £6M a year.
- In addition disabled facilities grants continued to be included at just under £1.9M per year.

In response to comments and questions from Members, the following was noted:

- A question was raised on Right to Buy (RTB) Scheme, it was noted that the RTB featured more in the Housing Revenue Account (HRA) which would be heard later in the agenda. The report being discussed could

include properties the Council were looking to acquire, could be properties that had previously been bought by council tenants.

- Members discussed the Council's approach to meeting demand for temporary accommodation and the wider actions being taken to address housing need within the city. It was noted that the £45 million investment approved previously had made a significant difference, alongside a further £30 million allocation, in reducing reliance on bed and breakfast accommodation.
- It was highlighted that demand for assistance remained at historically high levels, with around 60% of households being prevented from becoming homeless and permanent accommodation being secured for the remaining 40% and that demand continued to exceed what existing funding could accommodate, with planning assumptions based on demand levels from the previous 1 to 2 years in order to avoid the use of bed and breakfast accommodation wherever possible.
- In response to questions regarding the £50m addition to the capital programme, it was clarified that the Council was not constructing new properties but was purchasing accommodation from the existing housing market.
- Members were informed that £50 million had been allocated for temporary accommodation acquisitions, enabling the purchase of 90 self-contained units for single households and 160 family accommodation units.

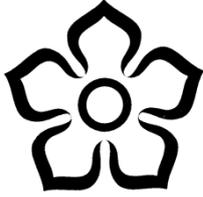
Recommendations:

The Commission recommended that the additional funding allocated towards temporary accommodation, including the £45 million approved by full Council in the previous year, be noted and commended. The Commission recognised that the funding had been highly successful in reducing the number of families and individuals placed in bed and breakfast accommodation and, notwithstanding earlier questions regarding governance, expressed its strong support for the continuation of this approach and ongoing investment in this area.

AGREED:

1. That the Commission note the report.
2. That a report on Temporary Accommodation is added to the work programme.

Item 12



Leicester
City Council

Minute Extract

Economic Development, Transport and Climate Emergency Scrutiny Commission

Held: Wednesday, 14 January 2026 at 5:30 pm

P R E S E N T:

Councillor Waddington – Chair

Councillor Cassidy – Vice Chair

Councillor Bonham

Councillor O'Neill

Councillor Osman

Councillor Porter

Councillor Rae Bhatia

In Attendance:

Sir Peter Soulsby – City Mayor
Deputy City Mayor - Councillor Cutkelvin
Assistant City Mayor - Councillor Whittle

197. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

As the reports on the Revenue Budget and Capital Programme were related, they were taken as one item.

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

The Head of Finance (City Development & Neighbourhoods) gave an overview of the reports, key points to note were as follows:

- It was noted that the draft settlements were complex and included the amalgamation of existing grants.
- The Revenue report set out the budget for 2026/27, and the medium-term financial strategy for the following two years.
- The draft Budget reflected the Government's Fair Funding consultation over the summer; however, despite an improved financial position, a budget gap remained, requiring continuation of the five-strand strategy agreed by Council last year, including the following:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and Homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies to buy time
 - A programme of property sales, which was now planned to reduce the cost of borrowing
- It was proposed that the strategy be extended to March 2029.
- The budget built in scope to meet ongoing cost increases in Social Care, homelessness and housing benefits.
- The scope for additional investment was limited, but includes amounts for areas previously supported by grants that were no longer available.
- Revenue Budget points directly relevant to the EDTCE Scrutiny commission included:
 - £450k to cover the shortfall in market income
 - £1m to replace the loss of the UK Shared Prosperity Fund
- The General Fund Draft Capital Report sought approval of just under £130m over the next three years.

- In 2025/26, the Capital Programme moved to being funded primarily through government grants and borrowing, and this approach would continue in 2026/27.
- The aim was to alleviate the revenue pressure placed by borrowing Capital Programme, by using £60m of capital receipts.
- Draft Capital Programme points directly relevant to the EDTCE Scrutiny commission included the allocation of:
 - Just over £16m for the continuation of the highways maintenance programme
 - £12.35m in local transport grants to support transport networks
 - £150k for the maintenance work at the LCB depot
 - £1.2m for local environmental works
 - £900k towards flood strategy work

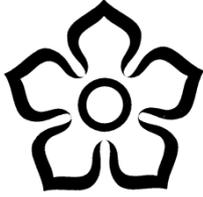
The Chair invited questions and comments from the Commission, asking that matters be addressed separately for each item. The following key points were discussed in relation to the Draft General Fund Revenue Budget:

- The draft report included fair funding figures from the summer consultation.
- Proposals regarding parking charges were separate decisions and would be reported independently.
- It was clarified that Pride in Place and UK Shared Prosperity Fund were different funds. Pride in Place would be reflected in the Capital Programme Report to Council.
- Key Points discussed for the Draft Three Year Capital Programme included:
- Final figures on pot-hole management, including multi-year grant figures would be included within the final report.
- Under the Highways Grant, the amount of capital funding for road maintenance was as follows:
 - 2026/27 - £5.6m
 - 2027/28 - £6.6m
 - 2028/29 - £7.1m
 - 2029/30 - £8.1m
- 95.7% of identified pothole maintenance tasks have been completed.
- Maintenance work in flooding hotspots was ongoing. Coordination with the water supplier had resulted in issues being prioritised, and an additional £300k each year had been allocated to address them.
- Regarding the demolition of Rally House, members highlighted concerns with the site being temporarily used as a carpark.

- It was agreed that members could highlight specific issues to the Assistant City Mayor for Environment and Transport.
- Members queried issues with street lighting along the A46/47 and Hastings Road, and it was agreed that issues could be sent to the Director Planning - Development and Transportation.
- Issues with road cleaning could be taken up at the Overview Select Scrutiny with the Committee.

AGREED:

- That the reports be noted.



Leicester
City Council

Minute Extract
Adult Social Care Scrutiny Commission

Held: Thursday, 15 January 2026 at 5:30 pm

P R E S E N T:

Councillor March - Chair

Councillor Batool
Councillor Kaur Saini
Councillor Russell

Councillor Joannou
Councillor Orton
Councillor Sahu

In Attendance

Councillor Dawood, Assistant City Mayor, Adult Social Care

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1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

As the reports on the Revenue Budget and Capital Programme were related, they were taken as one item.

The Head of Finance (Education and Social Care) gave an overview of the reports, key points to note were as follows:

- The General Fund Revenue Budget set out the budget for 2026/27 and the medium term strategy for the following two years.

- The recent conclusion of the Government’s Fair Funding consultation would be included in the final budget presented to Council in February.
- A budget gap continued to be forecasted, and previous the strategy would continue with five strands:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and homelessness
 - A reduction in the Capital programme
 - Releasing one off monies
 - A programme of property sales
- The scope for additional investment in services was limited but included areas which had previously been awarded grants.
- For Adult Social Care, the budget would provide additional growth, taking the net budget from £179m in 2025/26 to £191.5m, mainly due to the increasing costs of providing care.
- Cost increases were due to the need to support more people, particularly those of working age, and due to inflation driven by an increase in the National Living Wage.
- There was an aim to reduce costs by decreasing the numbers of new entrants to Adult Social Care, and through partnership work.
- There was a funded action plan in place relating to the CQC assessment.
- The Three-Year Draft Capital Programme worth £129m. It was fully financed from council resources, government grants and borrowing.
- The final budget would be updated and presented to Council in February 2026 and would include the finance settlement.

The Chair invited questions and comments from the Commission. The following key points were discussed:

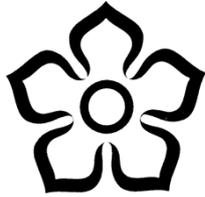
- Members questioned whether the budget could support demand to progress from the most recent CQC “requires improvement” rating. It was noted that investment was supported by Equalities Impact Assessments and depended on effective budget management and available reserves.
- Savings from reoccurring vacancies had been reinvested.
- Creative thinking around vacancies could have immediate benefits but could mean a change of culture. Training processes could mitigate new risks.
- Members supported an approach of positive communications to boost recruitment.
- The social care levy position had increased but the growth of adult social care needs far exceeded this.
- Members queried if there was partnership work with universities to aid with recruitment shortfalls. It was confirmed that there was an apprenticeship / student placement scheme in place with De Montfort University for Social

Work Degrees. Social Work apprenticeships were run by Warwickshire University and OT placements were offered at Coventry University.

- Members requested a budget amendment to specify the amount that comes in through the Adult Social Care precept, versus the amount the budget needs to increase by to meet need, to emphasise the point of the adult social care levy and show how the gap needs to be funded.
- Members requested a budget amendment to emphasise within the Capital Programme that there was a policy provision around supported living.
- In reference to a previous paper relating to the enhanced element of PIP it was noted that the report identified the maximum that could theoretically be achieved based on assumed rates of benefits awards, but this was not budgeted for in full. The change came into policy this year relating to higher rates of benefits (the mobility element is excluded). The budget included a £250k additional income provision. Around £500k had been achieved, nothing that assumed income is reduced in the first year as there were additional staffing costs for implementation, along with appeals to changes.
- Members requested figures on income to the Council from disability benefits and asked how much additional money was required for staffing.
- Regarding right sizing of care packages, it was confirmed that statutory support would remain in place as required, there was an Early Action programme leading to less requirement for support.

AGREED:

- That the reports be noted.
- Members requested a budget amendment to highlight the policy provision for supported living within the Capital Programme.
- Members requested a budget amendment to specify the amount that comes in through the Adult Social Care precept, versus the amount the budget needs to increase by to meet need. Also, to emphasise the point of the ASC social levy and show how the gap needs to be funded.
- Members requested figures on Council income from disability benefits.
- Members requested figures on how much additional money was needed for staffing.



Leicester
City Council

Minute Extract

Children, Young People and Education Scrutiny Commission

Held: Tuesday, 20 January 2026 at 5:30 pm

P R E S E N T:

Councillor Batool – Chair

Councillor Bonham – Vice Chair

Councillor Dr Moore
Councillor Westley

Councillor Singh Sangha

In Attendance

Assistant City Mayor- Children and Young People, Councillor Pantling
Dr Joycelin Eze-Okubuiro

* * * * *

1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27. Both items were taken together.

The Head of Finance (Education and Social Care) gave an overview of the reports, key points to note were as follows:

- The Draft General Fund Revenue Budget sets out the budget for 2026/2027 and the medium term financial strategy for the next two years. It was based on the government's Fair Funding consultation which ran over the summer, results were awaited but a budget gap was still forecasted. Hence the five strand strategy from last year would continue as follows:
 - To deliver budget savings
 - Constrain growth in areas such as Social Care and homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies
 - A programme of property sales
- The budget built in growth to meet ongoing costs in social care, homelessness and housing benefits. The scope for additional investment was limited but some provision was made, particularly in areas previously funded from grants no longer received.
- Items relating to children's services included significant investment in future years as the growth forecasts are refreshed annually.
- There would be increased in house provision with an improved quality of accommodation and we expect that this will lead to lower rates of placement breakdowns.
- Attention was drawn to paragraph 6.1.3 of the Draft General Fund Revenue Budget which noted the position on the Dedicated Schools Grant, known as the DSG. The cumulative deficit was forecast to be £44.8m by the end of the financial year. The High Needs deficit for children with SEND was due to insufficient funding. The Government had indicated that future deficits may be centrally funded from April 2028, but there was no clarity currently on how existing deficits would be addressed. Any remaining deficit may fall to the Council to fund from its resources.
- The Draft three year capital programme 2026/27 was worth £129m, fully funded from council resources, government grants and borrowing.
- A three year budget was better for planning, especially for capital projects running across several financial years.
- Specifically for children's services, £12.9m was provided to continue the School's Capital Maintenance Programme.
- Two new children's homes were planned for 2027, jointly funded by the DfE (not included in the Capital report but referenced in the Revenue report)
- Both of the papers would be updated and presented to Council in February and would include updated figures following the finance settlement.

The Chair invited questions and comments from the Commission. The following key points were discussed:

- Any underspends were transferred to general reserves.

- In response to a question from members on the draft Capital Programme (Appendix 5), it was explained that the £1m allocation in 2026/27 related to school buildings and was based on condition and maintenance needs. The DfE's funding formula meant this was considered an increase despite appearing lower than projections in later years. The methodology used by the DfE was not known to the council but would take age and condition of the buildings into account.
- In terms of key risks to the budget and related mitigations it was noted that risk assessments were completed. A highlighted risk involved the complexities of placements and the subsequent impact on budget. Potential growth was built into the budget.
- The DSG deficit was another known area of risk.
- In response to Member questions, it was noted that although increases in numbers of looked after children could be relatively small, associated costs could be high. Budget projections were as robust as possible, informed by previous years' data, local market conditions alongside ongoing preventative work. The Family Help model would help to reduce the numbers of children in care. A corporate contingency is also available if risks materialise.
- Regarding the High Needs Block Deficit, significant work had taken place to reduce EHCP numbers over the previous 18 months. This was helping to manage costs, but the deficit would remain.
- Funding was flexible for Early Help and targeted across the city to meet local need and reduce demand for child protection plans. Early pilot findings were expected shortly and were positive so far.

Agreed:

- That the reports be noted.

Cllr Dr Moore left the meeting for these items due to a Declaration of Interest.



Leicester
City Council

Minute Extract
Culture and Neighbourhoods Scrutiny Commission

Held: Thursday, 22 January 2026 at 5:30 pm

P R E S E N T:

Councillor Zaman – Chair
Councillor Halford – Vice Chair

Councillor Dr Barton
Councillor Dave
Councillor Waddington

Councillor Chauhan
Councillor Haq

In Attendance

Deputy City Mayor - Councillor Cutkelvin
Assistant City Mayor – Councillor Dempster

* * * * *

**Draft General Fund Revenue Budget 2026/27 and Draft Three Year
Capital Programme 2026/27**

As the reports on the Revenue Budget and Capital Programme were related, they were taken as one item.

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

The Head of Finance (City Development & Neighbourhoods) gave an overview of the reports, key points to note were as follows:

- It was noted that the draft settlements were complex and included the amalgamation of existing grants.
- The Revenue report set out the budget for 2026/27, and the medium-term financial strategy for the following two years.
- The draft Budget reflected the Government's Fair Funding consultation over the summer; however, despite an improved financial position, a budget gap remained, requiring continuation of the five-strand strategy agreed by Council last year, including the following:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and Homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies to buy time
 - A programme of property sales, which was now planned to reduce the cost of borrowing
- It was proposed that the strategy be extended to March 2029.
- The budget built in scope to meet ongoing cost increases in Social Care, homelessness and housing benefits.
- The scope for additional investment was limited but included amounts for areas previously supported by grants that were no longer available.
- Revenue Budget points directly relevant to the Culture and Neighbourhoods Scrutiny commission included:
 - £300k for a dedicated team to help deal with Ash Die Back
 - £300k to part fund a team to tackle anti-social behaviour and enforce public space protection orders
 - £1m to replace the loss of the UK Shared Prosperity Fund, to enable partial continuation of the work that was funded from this grant
- The final budget would be updated and presented to Council on the 25th February and would include the updated figures following the draft finance settlement, currently being working through.
- The General Fund Draft Capital Report sought approval of just under £130m over the next three years.
- In 2025/26, the Capital Programme moved to being funded primarily through government grants and borrowing, and this approach would continue in 2026/27.

- The aim was to alleviate the revenue pressure placed by borrowing Capital Programme, by using £60m of capital receipts.
- Draft Capital Programme points directly relevant to the Culture and Neighbourhoods Scrutiny commission included:
 - £345k for depot improvements and transformation works
 - £450k for public toilet refurbishment
 - £225k for the Historic Building grant fund
 - £75k to continue the programme to refresh festival decorations
 - £430k for Heritage Interpretation panels
 - £450k to replace grounds maintenance machinery
 - £185k for mobile CCTV equipment to tackle fly tipping and street scene offences
 - £360k for replacement tree planting
 - £650k for 3G Pitch Replacements
 - £50k feasibility for the Curve automation system
 - £350k as possible match funding for the Voices of Leicester project

In response to member discussion, the following was noted:

- Members expressed concern that the draft budget would leave the incoming administration in 2028 with significant unresolved issues.
- Savings on back-office functions appear to be under-performing with current pressures now impacting frontline services. It was clarified that reported progress was against a three-year target, with remaining savings representing residual requirements, and that Finance and Corporate Services have fully achieved their savings for 2025/26.
- Members queried the final figures being presented at the Council meeting rather than first to the Overview Select Committee. It was confirmed in response that this was the case and that the same draft reports would be submitted to the OSC.
- The savings were profiled out and there may be changes in the final report where savings are not deliverable. Alternative considerations were in the pipeline for Libraries and Community Centres.
- All divisions were required to deliver savings, with continual challenge to all directors across the different service areas.
- In response to a member question on The Dedicated Schools Grant, it was noted that this question would be best directed to the Children, Young People and Education Scrutiny Commission (CYPE). A recent CYPE task group had recently made several recommendations, and it was noted that Leicester City benchmarked well against other authorities in relation to deficit.
- There was a £60m target set for asset sales. Yield consideration was taken into account for any potential assets to be sold.

- Members suggested that it would be helpful to show savings as a percentage of the overall budget for each division.

AGREED

- 1) That the reports be noted.
- 2) For more figures to be circulated on savings as a percentage of the overall budget for each division.

Draft Three Year Capital Programme 2026/27

Decision to be taken by: Council

Decision to be taken on: 25 February 2026

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Claire Gavagan
- Author contact details: claire.gavagan@leicester.gov.uk
- Report version number: 1

1. Summary

- 1.1 The main purpose of this report is to ask the Council to approve a capital programme for 2026/27.
- 1.2 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants' rents, and the proceeds of asset sales (capital receipts). Money can also be borrowed for capital purposes.
- 1.3 For the past five years, the Council has set a one-year capital programme due to uncertainty over future resources. We have now moved to a three-year capital programme, providing greater visibility of planned investment and supporting improved medium-term financial planning.
- 1.4 In addition to the three-year programme any schemes approved and in the current programme will continue into 2026/27 where needed.
- 1.5 The funding of the 2025/26 capital programme changed to be aligned with our overall revenue and capital financial strategy. This meant we moved away from funding the capital programme through the capital fund and capital receipts but to using borrowing where grant was not available. This approach remains in place for the 2026/27 and the revenue budget will reflect the consequences of the decisions taken in this report
- 1.6 However, due to the positive work that has been undertaken on the revenue budget, we currently do not need the £60m capital receipts to balance the budget over the next three years. We will look to use some of the capital receipts to alleviate the need to borrow in turn reducing the revenue pressures placed from the increase in borrowing.
- 1.7 The report seeks approval to the "General Fund" element of the capital programme, at a cost of £129.8m, over the next three years. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £11.66m.

1.8 The table below summarises the proposed spending for capital schemes starting in 2026/27, as described in this report:

<u>Proposed Programme</u>	26/27	27/28	28/29	Later Years	Total
	£m	£m	£m	£m	£m
<u>Schemes – Summarised by Theme</u>					
Grant Funded Schemes	20.66	13.18	13.17	-	47.01
Own buildings	4.75	6.89	3.26	-	14.90
Temporary Accommodation Acquisitions	50.00	-	-	-	50.00
Routine Works	3.63	4.39	5.28	-	13.29
Corporate Estate	1.10	-	-	-	1.10
Other Schemes and Feasibilities	1.38	0.74	1.05	-	3.17
Policy Provisions	-	0.12	0.12	0.12	0.35
Total New Schemes	81.51	25.31	22.87	0.12	129.81

<u>Funding</u>	<u>£m</u>	<u>£m</u>
Unringfenced Resources		
Capital Receipts	2.83	
Borrowing	79.97	
Government Grants	41.43	
Total Unringfenced Resources		124.23
Monies ringfenced to Schemes		5.58
Total Resources		129.81

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

	<u>£m</u>
General Fund	129.81
Housing Revenue Account (1 year programme only)	11.66
Total	141.47

1.10 The Council's total capital expenditure now forecast for 2026/27 and beyond is expected to be around £534.99m, including the HRA and schemes approved prior to 2026/27.

1.11 The capital programme is split into two parts:

- a) Schemes which are “**immediate starts**”, being schemes which directors have authority to commence once the council has approved the programme. These are fully described in this report;

- b) Schemes which are “**policy provisions**”, where the purpose of the funding is described but money will not be released until specific spending proposals have been approved by the Executive.

1.12 Immediate starts have been split into three categories:

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

2. Recommended actions/decision

2.1 At the meeting in February, the Council will be asked to:

- (a) Approve the capital programme, including the prudential borrowing for schemes as described in this report and summarised at Appendices 2 to 7, subject to any amendments proposed by the City Mayor;
- (b) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- (c) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;
- (d) For the purposes of finance procedure rules:
- Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes.
 - Designate the operational estate & children’s capital maintenance programme, highways maintenance programme and transport improvement programme as

programme areas, within which the director can reallocate resources to meet operational requirements.

(e) Delegate to the City Mayor:

- Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance and to borrow whilst remaining within the prudential limits for debt which are proposed in the treasury management strategy (elsewhere on your agenda);
- Authority to reduce or delete any capital scheme, subject to a maximum reduction of £10m; and
- Authority to transfer any “policy provision” to the “immediate starts” category.

(g) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure.

(h) Approve the capital strategy at Appendix 8.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

Key Policy Issues for the New Programme

- 4.1 The cost of Prudential Borrowing has been calculated for each scheme, and the total is included within the revenue budget report for 2026/27, and the Prudential Indicators included in the Treasury Report 2026/27 found elsewhere on the agenda.
- 4.2 The programme supports the Council’s commitment to tackling the climate emergency, most obviously but not exclusively within the Transport Improvement Works, Operational Estate and Children’s capital maintenance programmes.

Resources

- 4.3 Resources available to the programme consist primarily of Government grant, borrowing and capital receipts (the HRA programme is also supported by tenants' rent monies). Most grant is unringfenced, and the Council can spend it on any purpose it sees fit.
- 4.4 Appendix 1 presents the resources required to fund the proposed programme, which total some £129.81m. The key unringfenced funding sources are detailed below.
- a) £2.83m of general capital receipts. The delivery of receipts from Ashton Green disposals to fund the work to sell/develop by the end of 2025/26.
 - b) £41.43m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government.
 - c) £79.97m of borrowing, with an annual revenue cost.
- 4.5 For some schemes the amount of unringfenced resources required is less than the gross cost of the scheme. This is because resources are ringfenced directly to individual schemes. Ringfenced resources are shown throughout Appendix 2 and consist of government grant and contributions to support the delivery of specific schemes.
- 4.6 Only funding required to finance the schemes in this capital programme is included.
- 4.7 Finance Procedure Rules enable directors to make limited changes to the programme after it has been approved. For these purposes, the Council has split resources into corporate and service resources.
- 4.8 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250,000. This provides flexibility for small schemes to be added to the programme without a report to the Executive, but only where service resources are identified. (Borrowing is treated as a corporate resource requiring a higher level of approval).

Proposed Programme

- 4.9 The whole programme is summarised at Appendix 2. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods.
- 4.10 £47.01m is provided for grant funded schemes. These schemes are funded either from unringfenced grant (where we have discretion) and ringfenced resources.

- a) £12.99m has been provided to continue the **Schools Capital Maintenance Programme** across three financial years. This is in addition to the £6m previously approved within the 2025/26 capital programme for delivery in 2026/27. The programme will include routine maintenance and spending and is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 5. Detailed schemes will be developed following consultation with schools.
- b) £16.09m is provided as part of the continued **Highways Capital Maintenance Programme** across three financial years. This is a rolling annual programme and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities. The proposed programme is shown at Appendix 4.
- c) £12.35m is provided in 2026/27 to continue the rolling programme of works constituting the **LTG – Local Transport Schemes Programme**. This scheme will focus on maintaining and improving local transport infrastructure through the Department for Transport's Local Transport Grant, providing investment in the design, construction, and maintenance of local transport networks. The proposed programme is shown at Appendix 6.
- d) £5.58m has been provided for **Disabled Facilities Grants**, across three financial years to private sector householders which is funded by government grant. This is an annual programme which has existed for many years. These grants provide funding to eligible disabled people for adaption work to their homes and help them maintain their independence.

4.11 £14.89m is provided for the Council's own buildings.

- a) £13.11m has been provided to support the annual **Operational Estate Capital Maintenance Programme** of works to properties that the Council occupies for its own use. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 3 but may vary to meet emerging operational requirements.
- b) £0.15m has been provided for **LCB Maintenance**. The scheme focuses on essential maintenance works at the LCB Depot to ensure the building remains fit for purpose. This includes priority repairs, general maintenance, and upgrades necessary to meet current compliance standards.
- c) £0.50m has been provided for **IT Investment**, ensuring we have technology to support our councillors and teams, this will include ensuring our committee and Council rooms Town Hall and City

Hall to support councillors and ensure the public have access to democracy.

- d) £0.35m has been provided for the **Demolition of Rally House**. This is to facilitate the demolition of Rally House and the creation of a fenced, hardstanding area for vehicle parking, providing potential short-term parking income until the site is brought forward for future development.
- e) £0.25m has been provided for the **Parks & Open Spaces Depot Transformation** scheme. This focuses on upgrading depot facilities at Gilroes Cemetery and Beaumont Park to enhance staff welfare facilities, storage, environmental compliance, and site security.
- f) £0.10m has been allocated to support the ongoing **Depot Transformation** Project, enabling the relocation of the Park Services Environmental Ranger team from Riverside Depot to Knighton Park Depot.
- g) £0.45m has been provided for **Public Toilet Refurbishment**. This is a rolling renovation programme for public toilet blocks across parks, highways, and cemeteries. Works will replace fixtures and improve facilities to maintain hygiene and appearance.

4.12 £50.00m has been provided for **Temporary Accommodation (TA) Acquisitions** for the purchase of 90 self-contained accommodation units for singles and 160 family accommodation units. Through this increase in the number of Council-owned TA units, we can better ensure that homeless households are housed in suitable accommodation, minimising the use of hotel stays. This builds on the £45m approved by Council in March 2024, and will directly result in annual cost avoidance of over £6m per year. Appendix 7 provides further details of the context to these proposals and the impact.

4.13 £13.29m is provided for Routine Works.

- a) £0.10m is provided for **Foster Care Capital Contribution** Scheme to support foster carers with alterations to their property to allow fostered children to remain living with their carers or to increase the capacity to look after more children.
- b) £0.23m is provided for the **Historic Building Grant Fund** to provide match funding to city residents and organisations to support the repair of historic buildings and the reinstatement of lost original historic features.
- c) £1.20m is provided for **Local Environmental Works** which will focus on local neighbourhood issues including residential

parking, local safety concerns, pedestrian routes, cycleways and community lighting to be delivered after consultation with ward members.

- d) £0.90m is towards the **Flood Strategy** to support the local flood risk management strategy and action plan, and the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency & Severn Trent Water.
- e) £0.08m is included as part of the continued programme to refresh **Festival Decorations**.
- f) £0.43m is provided for **Heritage Interpretation Panels**. This scheme will focus on expanding the city's heritage interpretation by installing additional panels, highlighting Leicester's historic places and people. It will also enhance online content and collaboration with Visit Leicester and Place Marketing to boost public engagement and tourism.
- g) £0.45m is provided for **Grounds Maintenance Machinery** to replace ageing machinery with up to date, energy efficient models to provide continued maintenance of our parks and open spaces.
- h) £0.19m is provided for the **Environmental Crime / Parks & Open Spaces CCTV Enforcement Action Project** to purchase mobile CCTV cameras to tackle fly-tipping and street scene offences across the city.
- i) £0.36m is provided for **Replacement Tree Planting** on a rolling tree replacement programme across parks and highways, delivering environmental, biodiversity, health, aesthetic, and economic benefits.
- j) £0.65m has been provided for the **3G Pitch Replacements Scheme** to replace aging 3G synthetic pitches to reduce safety risks, protect user wellbeing, maintain FA compliance, and ensure surfaces remain fit for purpose.
- k) £8.71m has been made available for the annual **Fleet Replacement Programme**. Wherever possible, ultra-low emission vehicles (ULEVs) will be sought to support the Council's climate emergency response.

4.14 £1.10m has been provided for the **Corporate Estate** to support the council's property portfolio. Including wall, steps & roof repairs, replacement windows. The council has a statutory responsibility to ensure business property is safe for our tenants and anybody else using the buildings. This will also ensure income is maintained for the revenue budget.

4.15 £0.35m is provided for Policy Provisions:

- a) £0.35m is provided for the **Voices of Leicester** Project, as potential match funding to support an application to the National Lottery Heritage Fund. The application looks to support creating new social history and natural world galleries, improve building infrastructure, and develop inclusive learning and engagement spaces. To assist with celebrating Leicester's communities and stories.

4.16 £3.17m is provided for Other Schemes & Feasibilities:

- a) £2.83m for infrastructure works to enable **Capital Asset Sales**, in particular Ashton Green.
- h) £0.34m is provided for **Feasibility Studies**. This will enable studies to be done, typically for potential developments not included elsewhere in the programme or which might attract grant support. The breakdown for this is shown at Appendix 2e but may vary to meet emerging operational requirements.

Proposed Programme – Policy Provisions

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

4.18 Executive reports seeking approval to spend policy provisions must state whether schemes, once approved, will constitute projects, work programmes or provisions; and, in the case of projects, identify project outcomes and physical milestones against which progress can be monitored.

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

Capital Strategy

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

4.21 The proposed capital strategy is set out at Appendix 8.

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

5.1 Financial implications

This report is exclusively concerned with financial issues.

Signed: Amy Oliver, Director of Finance

Dated: 5th December 2025

5.2 Legal implications

In accordance with the constitution, the capital programme is a matter that requires approval of full Council. The subsequent letting of contracts, acquisition and/or disposal of land, etc., all remain matters that are executive functions and therefore there will be the need to ensure such next steps have the correct authority in place prior to proceeding. Legal Services will provide specific advice in relation to individual schemes and client officers should take early legal advice.

Signed: Kevin Carter, Head of Law

Dated: 18 November 2025

5.3 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 proposed capital programme. However, as the proposals are developed and implemented, consideration should continue to be given to the equality impacts of the schemes in question, and how it can help the Council to meet the three aims of the Public Sector Equality Duty.

The main purpose of this report is to ask the Council to approve a capital programme for 2026/27, the capital programme includes schemes which improve the city's infrastructure and contribute to overall improvement of quality of life for people across all protected characteristics. By doing so, the capital programme promotes the PSED aim of: fostering good relations between different groups of people by ensuring that no area is disadvantaged compared to other areas as many services rely on such infrastructure to continue to operate.

Some of the schemes focus on meeting specific areas of need for a protected characteristic: disabled adaptations within homes (disability), home repair grants which are most likely to be accessed by elderly, disabled people or households with children who are living in poverty (age and disability).

Other schemes target much larger groups of people who have a range of protected characteristics reflective of the diverse population within the city. Some schemes are place specific and address environmental issues that also benefit diverse groups of people. The delivery of the capital programme contributes to the Council fulfilling our Public Sector Equality Duty (PSED).

Where there are any improvement works to buildings or public spaces, considerations around accessibility (across a range of protected characteristics) must influence design and decision making. This will ensure that people are not excluded (directly or indirectly) from accessing a building, public space or service, on the basis of a protected characteristic.

Signed: Equalities Officer, Surinder Singh, Ext 37 4148

Dated: 18 November 2025

5.4 Climate Emergency implications

Following the council's declaration of a climate emergency and ambition to reach net zero carbon emissions for the council and the city, the council has a key role to play in addressing carbon emissions relating to the delivery of its services. This includes through its delivery of capital projects, as projects involving buildings and infrastructure often present significant opportunities for achieving carbon savings or climate adaptations and are an area where the council has a high level of control.

It is important that the climate implications and opportunities of all projects and work programmes are considered on a project-by-project basis, both during the development phase and when decisions are made.

Signed: Phil Ball, Sustainability Officer, Ext 37 2246

Dated: 18th November 2025

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

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

6. Background information and other papers:

7. Summary of appendices:

- Appendix 1 Capital Resources.
- Appendix 2a Grant Funded Schemes
- Appendix 2b Own Buildings
- Appendix 2c Routine Works
- Appendix 2d Temporary Accommodation
- Appendix 2e Corporate Estate
- Appendix 2f Other & Feasibilities Schemes
- Appendix 2g Policy Provisions
- Appendix 3 Operational Estate Maintenance Capital Programme
- Appendix 4 Highways Maintenance Capital Programme
- Appendix 5 Children's Capital Improvement Programme
- Appendix 6 Local Transport Schemes
- Appendix 7 Temporary Accommodation Acquisitions
- Appendix 8 Capital Strategy 2026/27

8. 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

9. Is this a "key decision"? If so, why?

No – it is a proposal to Council.

Capital Resources

	26/27 <i>{£000}</i>	27/28 <i>{£000}</i>	28/29 <i>{£000}</i>	Later Years <i>{£000}</i>	Total <i>{£000}</i>
<u>Capital Receipts</u>					
General Capital Receipts	1,209	574	1,051	0	2,835
Total Receipts	1,209	574	1,051	0	2,835
<u>Unringfenced Capital Grant</u>					
School Capital Maintenance	1,084	5,957	5,944	0	12,985
Local Transport Grant	12,349	0	0	0	12,349
Highways Maintenance	5,364	5,364	5,364	0	16,092
Total Unringfenced Grant	18,797	11,321	11,308	0	41,426
Prudential Borrowing	59,644	11,558	8,652	116	79,970
TOTAL UNRINGFENCED RESOURCES	79,650	23,453	21,012	116	124,231
<u>Ringfenced resources</u>					
Disabled Facilities Grant	1,861	1,861	1,861	0	5,583
TOTAL RINGFENCED RESOURCES	1,861	1,861	1,861	0	5,583
TOTAL CAPITAL RESOURCES	81,511	25,314	22,873	116	129,814

Grant Funded Schemes

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			{£000}	{£000}	{£000}	{£000}	{£000}
<u>Grant Funded Schemes</u>							
School Capital Maintenance	CDN (ECS)	WP	1,084	5,957	5,944	-	12,985
Highway Capital Maintenance	CDN (PDT)	WP	5,364	5,364	5,364	-	16,092
Local Transport Grant	CDN (PDT)	PJ	12,349	-	-	-	12,349
Disabled Facilities Grants*	CDN (HGF)	WP	1,861	1,861	1,861	-	5,583
TOTAL			20,658	13,182	13,169	0	47,009

Key to Scheme Types: PJ = Project; WP = Work Programme

*This scheme is funded through a ringfenced grant.

Own Buildings

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			{£000}	{£000}	{£000}	{£000}	{£000}
<u>Own Buildings</u>							
LCB Maintenance	CDN (TCI)	PJ	150	-	-	-	150
Property and Operational Estate	CDN (EBS)	WP	3,472	6,515	3,110	-	13,097
IT Investment	CDN (EBS)	WP	500	-	-	-	500
Rally House Demolition	CDN (EBS)	PJ	210	140	-	-	350
Parks & Open Spaces Depot Transformation	CDN (NES)	PJ	165	80	-	-	245
Depot Transformation	CDN (NES)	PJ	100	-	-	-	100
Public Toilet Refurbishment	CDN (NES)	PJ	150	150	150	-	450
TOTAL			4,747	6,885	3,260	0	14,892

Key to Scheme Types: PJ = Project; WP = Work Programme

Routine Works

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval	
			{£000}	{£000}	{£000}	{£000}	{£000}	
<u>Routine Works</u>								
	Foster Care Capital Contribution Scheme	ECS	WP	100	-	-	-	100
	Historic Building Grant Fund	CDN (PDT)	WP	75	75	75	-	225
	Local Environmental Works	CDN (PDT)	WP	400	400	400	-	1,200
	Flood Strategy	CDN (PDT)	WP	300	300	300	-	900
	Festival Decorations	CDN (PDT)	WP	25	25	25	-	75
	Heritage Interpretation Panels	CDN (TCI)	WP	210	220	-	-	430
	Grounds Maintenance Machinery	CDN (NES)	WP	150	150	150	-	450
	Environmental Crime / Parks & Open Spaces CCTV Enforcement Action	CDN (NES)	WP	185	-	-	-	185
	Replacement Tree Planting	CDN (NES)	WP	200	80	80	-	360
	3G Pitch Replacement – FIS Carpets	CDN (NES)	PJ	250	400	-	-	650
	Vehicle Fleet Replacement Programme	CDN (HGF)	WP	1,732	2,735	4,246	-	8,713
	TOTAL			3,627	4,385	5,276	-	13,288

Key to Scheme Types: PJ = Project; WP = Work Programme

Temporary Accommodation Acquisitions

Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
		{£000}	{£000}	{£000}	{£000}	{£000}
<u>Temporary Accommodation Acquisitions</u>						
	Temporary Accommodation Acquisitions	50,000	-	-	-	50,000
	TOTAL	50,000	-	-	-	50,000

Key to Scheme Types: PJ = Project; WP = Work Programme

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Corporate Estate

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			{£000}	{£000}	{£000}	{£000}	{£000}
<u>Corporate Estate</u>							
Corporate Estate	CDN (EBS)	WP	1,100	-	-	-	1,100
TOTAL			1,100	-	-	-	1,100

Key to Scheme Types: PJ = Project; WP = Work Programme

Feasibilities and Other Schemes

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			{£000}	{£000}	{£000}	{£000}	{£000}
<u>Feasibilities and Contingencies</u>							
Infrastructure works to enable Capital Asset Sales	CDN (PDT)	PJ	1,209	574	1,051	-	2,835
PDT Feasibility	CDN (PDT)	WP	70	170	-	-	240
Curve Automation System Feasibility	CDN (TCI)	WP	50	-	-	-	50
Housing Public Space Infrastructure Regeneration (CCTV) Feasibility	CDN (NES)	WP	50	-	-	-	50
TOTAL			1,379	744	1,051	-	3,175

Key to Scheme Types: PJ = Project; WP = Work Programme

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Policy Provisions

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval	
			{£000}	{£000}			{£000}	
<u>Policy Provisions</u>								
	Voices of Leicester (Match Funding)	CDN (TCI)	PP	-	118	116	116	350
	TOTAL			-	118	116	116	350
GRAND TOTAL – ALL SCHEMES				81,511	25,314	22,873	116	129,814

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Property and Operational Estate Maintenance Capital Programme

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
Building Works - Maintenance at the Councils operational buildings to ensure they meet the needs of our residents and employees. Key works will include refurbishment of buildings, including ensuring appropriate utilisation to enable maximisation of our assets, pathway replacements at park, refurbishment of public areas and works at heritage sites.	1,983	2,541	830	5,354
Compliance Works - Generally consisting of surveys to gain condition data across the estate and works arising from the various risk assessments that are undertaken.	568	503	815	1,886
Mechanical Works - Ventilation systems, pool filtration & dosing systems, building management systems and heating controls, including essential works at York House.	839	3,417	1,360	5,616
Emergency Provision – Provision for emergency reactive works that could be required across the Council's estate.	82	54	105	241
TOTAL	3,472	6,515	3,110	13,097

Highways Maintenance Capital Programme

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
Main Roads (Principal Roads & Classified Non-Principal Roads) – 2026 schemes include Victoria Road East, Hinckley Road, Glenfrith Way	625	625	625	1,875
Unclassified Neighbourhood Roads, Large Area Patching & Pothole Repairs – Target large carriageway defect repairs to provide longer term repairs in readiness for surface dressing. Includes lining, joint sealing, concrete bay repairs and road hump replacements. 2026 schemes include: Barkbythorpe Road – Humberstone Lane - Boundary Walnut Street Longfellow Road Vicarage Lane Eastfield Road Floyd Close Westernhay Road Southernhay Road Morley Road Dumbleton Avenue Rowley Fields Avenue Includes lining, joint sealing, concrete bay repairs and road hump replacements	1,750	1,750	1,750	5,250

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Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
Footway Relays and Reconstructions – Focus on neighbourhood street scene corridor improvements in district centres. 2026 schemes included Melton Road uneven footway improvements and local footway maintenance.	750	750	750	2,250
Strategic Bridge Deck Maintenance & Replacement. 2026 schemes include feasibility studies and structural surveys to assess St. Margaret's Way half joint replacement and Burleys Way flyover maintenance.	50	250	250	550
Bridge Improvement & Maintenance Works including various parapet replacements, structural maintenance works and technical assessment review. 2026 schemes include Shady Lane, Ocean Rd, Dakyn Rd, Southgate Underpass.	689	250	250	1,189
Traffic Signal Installations Renewals and Lighting Column Replacements – Signalling upgrades, lamp column replacements, illuminated bollard and sign replacement.	240	400	400	1,040
Highway Drainage – Flood mitigation schemes and drainage improvement projects.	260	339	339	938
DfT Whole Government Accounting Lifecycle Asset Management Development Project – Strategic asset management development, condition surveys, data analysis, lifecycle planning and reporting in support of DfT Challenge Funding bidding linked to asset management performance.	1,000	1,000	1,000	3,000
TOTAL	5,364	5,364	5,364	16,092

Children's Capital Improvement Programme

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
Building Works - Typical works include roof replacements, sports hall floor replacements, playground resurfacing and window replacements.	478	3,830	3,143	7,451
Compliance Works - This work stream will mainly be used to ensure the playing fields and pavilions used by schools are fully compliant with current regulations and to conduct health and safety works.	434	783	1,251	2,468
Mechanical Works - schemes being undertaken within the programme typically consist of re-piping heating systems and end of life ventilation replacements.	172	981	1,181	2,334
Individual Access Needs Works - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	-	121	123	244
Emergency Provision - This is provision within the programme to allow for emergency unforeseen works to be carried out.	-	242	246	488
TOTAL	1,084	5,957	5,944	12,985

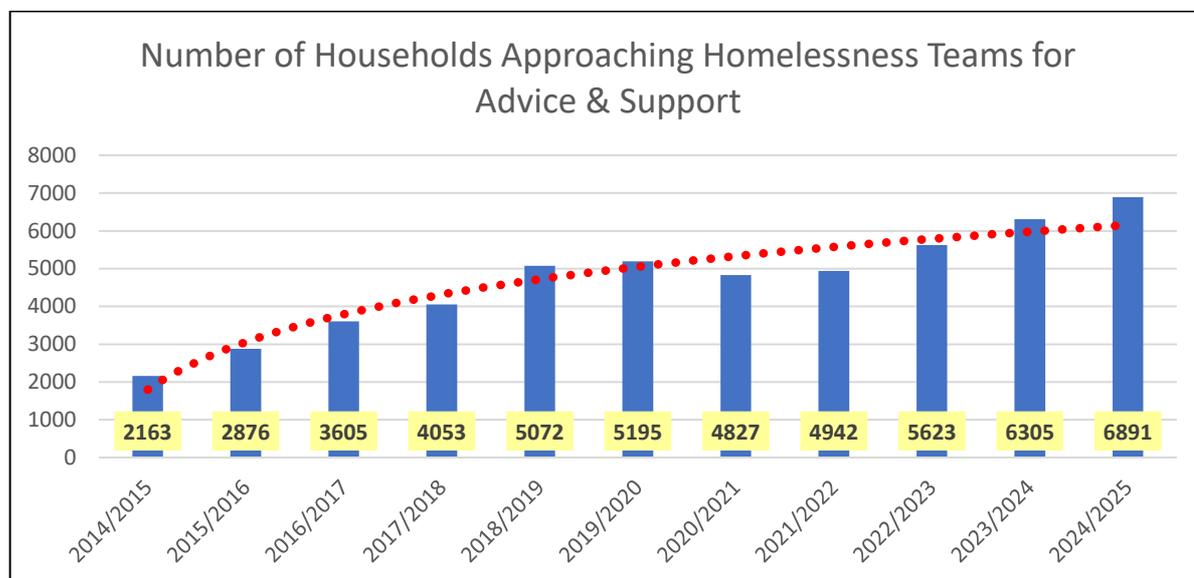
Local Transport Schemes

	Description	26-27 Amount £000
City Centre	Granby Street Phase 3 Delivery	1,100
City Connectivity	LCWIP Phase 1 Design Work	300
City Connectivity	LCWIP Phase 0 Delivery	1,400
City Connectivity	Stokeswood Park Culvert Repairs	2,200
City Connectivity	Rally Park Phase 3a Delivery	800
City Connectivity	Saffron Lane Phase 3/4 Design	300
City Connectivity	Service support (inc. data collection, modelling)	350
Future City	PROW Programme	434
Future City	Greengate Lane Design/Build	1,200
Future City	Highway Asset Replacement Programme	800
Healthier Neighbourhoods	Ped crossing programme (phase 3 design)	350
Healthier Neighbourhoods	Ped crossing programme (phase 2 delivery)	350
Healthier Neighbourhoods	Local Works Contribution	400
Healthier Neighbourhoods	School Streets Programme	165
Healthier Neighbourhoods	AQAP Delivery	850
Local Safety	20s Programme block allocation	750
Local Safety	Local Safety Scheme Block Allocation	600
TOTAL		12,349

The Local Transport Scheme grant is a one-off grant, so the programme of works is only for a single financial year.

Temporary Accommodation Acquisitions

Like many other local authorities, Leicester has been experiencing significant pressures in the cost of meeting the needs of homeless households through the provision of temporary accommodation. Since 2014/15 the number of approaches has risen by 219% as can be seen in the table below:



The council works positively to support households in preventing homelessness with circa 60% prevented from ever becoming Homeless, with Leicester performing better than the national average. This is supported by the table below that shows the percentage of prevention duty cases that came to an end within Quarter with the outcome being “Secured accommodation for 6+ months”:

	Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25
Leicester	62%	63%	62%	59%
National Ave.	52%	52%	54%	51%

However, the Council is unable to prevent all cases and needs to support households who have often found themselves homeless often due to no fault of their own.

The Council in March 2024 approved the addition of £45m to the capital programme to acquire properties to hold as temporary accommodation, providing 253 units. Alongside a package of different measures this has successfully achieved financial cost avoidance for the Council of £4m in 24/25, rising to £16m in 25/26 and forecast to be £39m in 26/27.

This positive intervention leads to a stronger homelessness pathway, that is more resilient to the ongoing pressures and improves the conditions for those going through homelessness, especially because of the additional self-contained temporary accommodation.

As of October 2025, we had a total of 1,100 households residing in temporary accommodation. A total of 653 of those households were families and a further 447 single households remain in temporary accommodation.

Even with the positive interventions for singles and families, due to the ongoing strong demand for Homelessness services and accommodation it is expected that numbers will continue to exceed LCC owned and commissioned temporary accommodation with 392 families in expensive temporary accommodation and 81 singles in expensive temporary accommodation as at March 2026. These figures are expected to grow to 452 families and 261 singles in expensive temporary accommodation by March 2027

The proposed capital budget provides an additional £50m for acquiring temporary accommodation during 2026/27. This is anticipated to provide 90 units for singles and 160 units for families, which will be held in the Councils General Fund and managed through a third-party provider.

In addition to this, we are increasing our staffing in this area to assist with our prevention work. Overall, the combination of the £50m investment in temporary accommodation and the additional staff to support the prevention work is forecast to achieve cost avoidance of £3.8m in 2026/27, rising to £6.4m in 27/28. The revenue implications costs of this investment including borrowing costs are included in the General Fund Revenue Budget.

Capital Strategy 2026/27

Appendix to be added for final report

Treasury & Investment Strategies 2026/27

Decision to be taken by: Council

Date of meeting: 25 February 2026

Lead director: Amy Oliver, Director of Finance



City Mayor

Useful information

- Ward(s) affected: All
- Report author: Chris Raymakers & Amy Oliver
- Author contact details: amy.oliver@leicester.gov.uk
- Report version number: 1

1. Summary

1.1 This report proposes:

- A Treasury Policy framework. (Appendix 1)
- A Treasury Management Strategy for the governance of the Authority's borrowing and cash balances during 2026/27. (Appendix 2)
- The Investment Strategy defining the Authority's approach to making and holding investments, other than those made for normal treasury management purposes. (Appendix 3)

1.2 The Capital Strategy and relevant prudential indicators form part of the 2026/27 Capital Programme report found elsewhere on the Council's agenda.

2. Recommended actions/decision

2.1 The Overview Select Committee is recommended to note the report and make comments to the Director of Finance and the Executive as they wish prior to Council consideration.

2.2 The Council is recommended to approve:

- The Treasury Policy at Appendix 1, including the 12 treasury Management Practices.
- The Treasury Management Strategy at Appendix 2 (including Treasury Limits at Appendix 2a, and Treasury Investment Strategy at Appendix 2b).
- The Investment Strategy at Appendix 3.
- Delegation of authority to the Director of Finance to revise the authorised limit and operational boundary, if required once work on implementing IFRS 16 leases is completed during the year end process.

3. Scrutiny / stakeholder engagement

- 3.1 This report and associated strategies will go to Overview Select Committee prior to being presented to Council for approval.

4. Background and options with supporting evidence

Background

- 4.1 The Local Government Act 2003 (the Act) and supporting regulations requires the Authority to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Council is required to approve an annual MRP statement and set prudential and treasury indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- 4.2 The legislation requires the Authority to set its treasury strategy for borrowing and to prepare an annual investment strategy (for treasury management investments). This strategy sets out the Authority's policies for managing its treasury management investments and for giving priority to the security and liquidity of those investments. The Treasury Management Strategy (Appendix 2) should be read in conjunction with the Capital Strategy which is included in the 2026/27 Capital Programme Report elsewhere on the Council's agenda.
- 4.3 The Treasury Limits are included at Appendix 2a, whilst the relevant prudential indicators are included with the 2026/27 Capital Programme Report.
- 4.4 The Council are required annually to approve the Treasury Management Strategy and the Investment Strategy, and any updates to the Treasury Policy.
- 4.5 The Treasury Policy, the Treasury Management Strategy and the Investment Strategy will become effective as soon as they are approved at Council.
- 4.6 The strategy for borrowing for the capital programme will result in additional prudential borrowing. This impacts the treasury and prudential limits as capacity within the Authorised and Operational boundaries is needed. The budget strategy also envisages the sale of assets to the value of £60m over the next 3 years, the resultant cash receipts in 2026/27 are reflected in the treasury strategy indicators.

IFRS 16 Leases

- 4.7 There has been a significant change affecting the calculation of treasury and prudential limits from 2024/25, this is the implementation of International Financial Reporting Standard (IFRS) 16. Under IFRS 16, leases that were previously classified as operating leases for lessees under IAS 17 will be reclassified as finance leases. This will result additional assets on the balance sheet which increases the Capital Financing Requirement (CFR).
- 4.8 The full impact of changes are being updated and will be reflected in the final version of this report.
- 4.9 Fundamentally this is an accounting adjustment.

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

5.1 Financial implications

The report is exclusively concerned with financial issues.

Signed: Amy Oliver

Dated: 21/11/2025

5.2 Legal implications

The report proposes a treasury policy (appendix 1), a treasury management strategy (appendix 2) and an investment management strategy (appendix 3) to be adopted. The proposals are in accordance with the Council's statutory duties under the Local Government Act 2003 and statutory guidance. This includes each of the policies and strategies having regard to the CIPFA Prudential Code and those in appendices 1 and 2 having regard to the CIPFA Code of Practice on Treasury Management as well.

Signed: Kevin Carter Head of Law - Commercial, Property & Planning

Dated: 21 November 2025

5.3 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.

While there are no direct equality implications arising from this report, implications may be associated with subsequent investment and expenditure decisions, and these must be considered individually at that point.

Signed: Equalities Officer, Surinder Singh
Dated: 21 November 2025

5.4 Climate Emergency implications

It is widely recognised that investment has implications for global, national and local efforts to address the climate emergency. Decisions by investors over where to place their investments can, for example, help to fund solutions to climate change but they can also lead to funding of projects and activities – such as new fossil fuel exploration and extraction – which increase carbon emissions. In addition, the growing impacts of climate change such as increasingly extreme weather events can affect the risks associated with some investments.

To the extent that it is relevant to the types of investment made by the council, and subject to meeting the policy objectives set out in the Treasuring Investment Strategy and the Investment Strategy, consideration should be given to:

- a. Seeking information about the climate implications of potential investments before making decisions;
- b. Investing positively to help finance action which helps tackle the climate emergency;
- c. Avoiding making investments which would/could fund damaging activities.

Signed: Phil Ball, Sustainability Officer, Ext 37 2246
Dated: 21st November 2025

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

N/A

6. Background information and other papers:

Treasury Policy 2025/26, presented to Council 19 February 2025

Treasury Management Strategy 2025/26, presented to Council 19 February 2025

Investment Strategy 2025/26, presented to Council 19 February 2025

CIPFA Treasury management in the public services - Code of practice and cross-sectoral guidance notes (2021 edition)

7. Summary of appendices:

Appendix 1 – Treasury Policy

Appendix 2 – Treasury Management Strategy

Appendix 2a – Treasury Limits

Appendix 2b – Treasury Investment Strategy

Appendix 3 – Investment Strategy

8. 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

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

No – a decision for Council.

Treasury Policy 2026/27

Treasury Management Policy Statement (TMPS)

- 1.1 The overall aim of the Authority's treasury activity is to minimise the Authority's net financing costs, whilst maintaining an appropriate level of liquidity and taking a prudent approach to risk.
- 1.2 The Authority defines the policies and objectives of its treasury management activities as follows:-

“The management of the authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.
- 1.3 The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instruments entered into to manage these risks.
- 1.4 This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.
- 1.5 The Authority will create and maintain, a Treasury Policy (i.e. this document), which is approved by full Council when revised. This will be supported by suitable Treasury Management Practices (TMPs, shown below), setting out the manner in which the Authority will seek to achieve these policies and objectives, and prescribing how the Authority will manage and control those activities.
- 1.6 The Council will receive a report on an annual strategy in advance of each year, and the Overview Select Committee (OSC) will receive twice yearly reports on performance and quarterly prudential indicator updates.
- 1.7 The Council delegates responsibility for the execution and administration of treasury management decisions to the Director of Finance (DoF) who will act in accordance with this policy statement and TMPs; and CIPFA's Standard of Professional Practice on Treasury Management. Monitoring of the function will be undertaken by the OSC.
- 1.8 In practice the following matters are delegated to the DoF:
 - Decisions on borrowing, investments, leasing and other forms of finance;
 - Renegotiation and premature repayment of loans;
 - Entering into associated contracts;
 - Selection of treasury advisors;

- Selection of the money market brokers;
- Selection of leasing brokers used, if any;
- Selection of counterparties required for treasury purposes;
- The allocation of responsibilities and organisation of staffing;
- Determining the procedures to be followed by staff involved in treasury management, including internal controls and safeguards;
- Determining the accounting treatment of treasury decisions;
- Determining a list of institutions from whom the Authority may borrow money;
- Negotiating the terms of loan agreements and other capital finance arrangement (as specified in TMP 4);
- The preparation of schedules to TMPs, to serve as working documents for day-to-day use;
- Determining the list of institutions (the “lending list”) to whom the Authority will lend or invest, and for what period, applying the criteria established by the Authority’s Treasury Management Strategy.

2. **Treasury Management Practices**

2.1 As part of the Treasury Policy, the Council is asked to approve 12 Treasury Management Practices.

TMP1	- Risk Management
TMP2	- Best Value and performance measurement
TMP3	- Decision making and analysis
TMP4	- Approved instruments, methods and techniques
TMP5	- Organisation, clarity and segregation of responsibilities and reporting arrangements
TMP6	- Reporting arrangements and management information arrangements
TMP7	- Budgeting accounting and audit arrangements
TMP8	- Cashflow management
TMP9	- Money laundering
TMP10	- Staff training and qualifications
TMP11	- Use of external service providers
TMP12	- Corporate Governance

3. **TMP1 – Risk Management**

3.1 The DoF will have paramount regard to the risk associated with treasury management decisions and will ensure systems exist to control this risk.

3.2 The DoF will make sure we have enough money available immediately to meet day-to-day obligations.

- 3.3 Borrowing and investment strategy will be undertaken with regard to the implications for the Authority's budget, whilst not missing opportunities to save money over the longer term.
- 3.4 The DoF will keep a list of the organisations the Authority will invest with (mainly by lending money), and limits for each. These "counterparty lists" will reflect a prudent attitude towards organisations with whom funds may be deposited. The counterparty policy will be established within the annual treasury strategy.
- 3.5 The DoF will ensure the Authority complies with legal requirements. We will demonstrate such compliance, if required to do so, to all parties with whom the Authority deals. In framing the counterparty policy, the DoF will ensure that there is evidence of counterparties' powers, authority and compliance with regulatory requirements.
- 3.6 The DoF will use systems to prevent the risk of fraud or loss and will maintain contingency management arrangements.
- 3.7 The DoF will look to mitigate any losses to the Authority if interest rates move the wrong way.
- 3.8 The DoF will make sure that borrowing is phased so we don't have to borrow too much all at once and will refinance maturing loans and other financing arrangements as necessary.
- 3.9 The DoF will manage exposure to exchange rate risk, inflation risk and price risk.
- 3.10 Members are asked to note that the avoidance of all risk is neither appropriate nor possible and a prudent balance will need to be struck between mitigating risk and maximising returns.

4. **TMP2 – Performance Measurement**

- 4.1 The Authority will continually monitor treasury management performance.
- 4.2 We will evaluate borrowing and investment decisions by reference to external data, which may include:-
 - i) Benchmarks derived from financial market data;
 - ii) Benchmarks provided by the Authority's treasury advisors.
- 4.3 The DoF will obtain a comprehensive annual review of the Authority's treasury position, prepared by independent treasury advisors.
- 4.4 The main vehicle for such reviews to be reported to elected members are the six-monthly reviews of treasury management activities reported to OSC. Prudential Indicator updates are included within the Capital Programme Monitoring every quarter.

5. **TMP3 – Decision-making and analysis**

- 5.1 The DoF will maintain full records of treasury management decisions, and of the processes and practices applied in reaching those decisions.

6. **TMP4 – Approved instruments, methods and techniques**

- 6.1 The Authority may raise new loans or other capital finance. It may also repay existing borrowing instruments or transfer these to third parties. It may use borrowing instruments from the approved list below.

Loans

1. Public Works Loans Board Loans
2. Municipal Bond Agency Loans
3. UK Infrastructure Bank
4. Loans from other local authorities
5. European Investment Bank Loans
6. Commercial Bank Loans
7. Stock Issues
8. Market Loans
9. Local Temporary Loans
10. Local Bonds
11. Negotiable Bonds
12. Commercial Paper
13. Medium Term Notes
14. Bank Overdraft

Other Capital Finance

1. Operational Leases
 2. Finance Leases
 3. Sale and lease back
 4. Construction and lease back / income strips
- 6.3 Borrowing instruments are permitted to be contracted for in advance - for example to lock into cheap interest rates. Where they are complex our decisions will be informed by independent, expert advice.
- 6.4 The DoF may determine that other instruments can be used when, in substance, they are similar to those already authorised.
- 6.5 Permitted **investment instruments** will be specified in the annual Treasury Investment Strategy (Appendix 2b).
- 6.6 The Authority is classified as a “professional investor” for the purposes of the regulatory framework of “MIFID II”. This means that it has access to a wider range of investments than “retail investors”.

7. **TMP5 – Organisation, clarity and segregation of responsibilities, and dealing arrangements**

7.1 The DoF will make sure the duties of staff are properly organised and written down.

7.2 The principle on which this will be based is a clear distinction between those charged with setting treasury and management policies, and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds.

7.3 If the DoF intends to depart from these principles (for example due to staff sickness) additional monitoring and reporting arrangements will be put in place.

7.4 The DoF will ensure that there are clear written and communicated statements of the responsibilities of each role, and the arrangements for absence cover. Delegation arrangements will also be documented.

7.5 The DoF will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

8. **TMP6 – Reporting requirements and management information arrangements**

8.1 Regular reports will be taken to members. As a minimum, the following reports will be prepared:-

i) An annual report to the City Mayor and Council on the strategy to be pursued in the coming year;

ii) A twice annual report to OSC on the performance of the treasury management function, on the effects of the decisions taken in the past year, and on any circumstances of non-compliance with the Authority's treasury management policy or strategy.

9. **TMP7 – Budgeting, accounting and audit arrangements**

9.1 The costs of treasury management will be reflected in the Authority's normal budgeting arrangements.

10. **TMP8 – Cash Management**

10.1 The DoF will manage the Authority's cash holdings in their entirety. Cash flow projections will be prepared regularly and the DoF will ensure that these are adequate to ensure that the Authority always has sufficient funds to meet its obligations.

11. **TMP9 – Money Laundering**

- 11.1 The Authority may become the subject of an attempt to involve it in the laundering of money. The DoF will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff are properly trained.
- 11.2 A policy to prevent the Authority's unwitting involvement in money laundering has been established.

12. **TMP 10 – Staff training and qualifications**

- 12.1 The DoF will use properly trained staff.
- 12.2 The core professional requirement for senior staff leading the treasury function is a professional accountancy qualification. Officers dealing with treasury and cash management will receive ongoing training and development on specific matters which will be provided by an appropriate blend of direct study of briefing notes etc; and organised courses, conferences and seminars.
- 12.3 Elected members will be offered training and development.

13. **TMP11 – Use of external service providers**

- 13.1 The Authority will use external experts, where this is sensible. When external experts are used, the DoF remains responsible for the treasury management function.

14. **TMP12 – Corporate Governance**

- 14.1 Treasury management activity will comply with our usual corporate governance principles. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 14.2 The Authority places high value on the use of independent treasury advisors. It looks to such advisors to present an independent view of the Authority's treasury investments and borrowings.

Treasury Management Strategy 2026/27

Summary

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 process, the sums in this report do not form part of the budget. To the extent that the Authority has money it can spend, this is reflected in the budget report. Cash balances reported here cannot be spent, except to the extent already shown in the budget report or the accounts.
2. The Authority has incurred debt to pay for past capital expenditure.
3. The Authority also has cash balances. These are needed for day-to-day expenditure (e.g. to pay wages when they are due) although some form our reserves. Historically we have used our cash balances to reduce the need to undertake new borrowing. However, as our earmarked capital resources for the capital programme are spent and reserves are used up and with limited capital resources for the capital programme, our cashflow analysis shows the need for prudential borrowing.
4. This strategy comes into immediate affect once approved at Council and will cover 2026/27 and the remaining period of 2025/26.

Background

5. The authority follows requirements under the Treasury Management Code and the Prudential Code, both published by CIPFA. The codes were revised in 2021.
6. The Authority must ensure it is able to meet its budgeted annual expenditure. The first main function of the treasury management operation is to ensure that cash flow to meet this expenditure is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.
7. The second main function is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing needs of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.
8. The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Economy

9. The UK economy has been going through a period of low growth since coming out of the COVID pandemic and lockdowns. Inflation and interest rates both increased to significant levels before starting to fall back in 2024. During 2025/26 interest rates have been cut to 4% with the Bank of England expected to make further cuts in early 2026 to stimulate further growth. Inflationary pressures have continued fuelled by volatile prices for gas, electricity and petrol along with the increases in national insurance. However, inflation has stabilised in the third quarter of 2025 and is expected to fall back towards the government target of 2% during 2026.

Reporting

10. A twice-yearly report is submitted to Overview Select Committee reviewing the treasury activities undertaken in the year. The prudential indicators are included with the Capital Programme Monitoring and reported to Overview Select Committee quarterly.

Borrowing

11. The Authority currently has £193m of long-term debt. This comprises £174m borrowed from the Public Works Loans Board (PWLB) and £19m from Unitary Status with Leicestershire County Council
12. Borrowing has been carried out through the PWLB during 2025/26, and this will continue to be the principal lender for the Council's capital works.
13. Early repayment of debt is a tool at the Council's disposal, and it will continue to consider this as an option should economic conditions be favourable.
14. Best practice requires the Authority to set certain limits on borrowing and investments, and these are provided at Appendix 2a.
15. Prior to 2024/25 the Council had maintained healthy cash balances and had not needed to borrow for several years. This position has now shifted as reserves and cash balances have been used up and the council has borrowed to fund the capital programme.
16. For many years the PWLB has been the dominant lender to local authorities, which seems likely to continue and is where the majority of our long term borrowing is held. We will consider long term loans from other sources such as banks, pension funds, UK local authorities and government backed financial institutions if that reduces costs. PWLB loans are no longer available to local authorities planning to buy investment properties primarily for yield, although the Authority intends to avoid that activity. The Strategy also grants sufficient delegated power to the Director of Finance to access new lenders if required.
17. The Housing Revenue Account operates under separate rules (though within the same legal regime) whereby interest has to be accounted for but the principal does

not have to be repaid through the application of Minimum Revenue Provision (MRP) from the revenue account. Our general approach is that for the HRA we will not repay principal for historic debt, but we will do so for new borrowing. New borrowing for the HRA will also be allowed for when a new income stream is created such as acquisitions of rental properties or new build but will not be used for general maintenance.

18. The PWLB allows borrowing for HRA capital expenditure at 0.4% cheaper than the certainty rate. The government has announced that this concessionary rate will be extended until March 2026, and as much of our capital expenditure undertaken through borrowing is HRA related, we will utilise this to borrow.

Investments

19. The effort involved in treasury management has previously revolved mainly around management of our cash balances. These fluctuate during the course of a year, dependent on circumstances (e.g. closeness to employees' pay day). However, these balances fell in 2024/25 to around £50m at the end of that year. Now that the Council has altered its borrowing strategy and the funding of the capital programme it is expected that total investments will average at around £100m in 2025/26 and 2026/27

20. The Authority continues to manage substantial investments, but this is not "spare cash". There are three reasons for the level of investments:-

- a. Whilst the Government no longer supports capital spending with borrowing allocations, the Council is still required to raise money in the budget each year to repay debt, technically known as the Minimum Revenue Provision or MRP. Because of the extra costs of repaying PWLB debt, we are not usually able to repay any actual debt and therefore the cash is available to invest.
- b. The Council has working balances arising from our day-to-day business (e.g. council tax received before the payment of salaries, and capital grants received in advance of capital spending).
- c. The Council has reserves, which are held in cash until we need to spend them. These have fallen in recent years.

21. The key to investment management is to ensure our money is safe, whilst giving the Council security around its liquidity and achieving highest possible returns consistent with this.

22. In terms of **security**, the key issues are:-

- a. The credit worthiness of bodies we lend money to;
- b. The economic environment in which all financial institutions operate;
- c. What would happen if a financial institution did, in fact, run into trouble?

23. The world economic situation appears fragile and unpredictable however Governments are trying to stimulate growth which so far in 2025/26 has been slow.
24. Inflation has stabilised and is currently at 3.4%, the stabilisation of inflation in 2025 has resulted in the Bank of England reducing base rate to 3.75%.
25. The Council does not regard any financial institution as a safe haven over the medium term. Therefore, a high bar for credit worthiness has been set. With the advice from the Council's Treasury advisors a list of appropriate counterparties is monitored on a monthly basis in order to spot any 'red flags'.
26. The key to the Council's treasury investment strategy is therefore to diversify our investments (not 'keeping all the eggs in one basket'), invest with local authorities, public sector bodies backed by the Government and UK based financial institutions with high credit ratings.
27. In respect of **return**, the Bank of England base rate has fallen by 25bps in May, August and December 2025, taking the official Base Rate to 3.75%. There is a strong prospect of a further rate cut early in 2026/27.
28. Greater returns can sometimes be achieved by lending for longer periods, but this starts to increase the risks described above.
29. The details of our treasury investment strategy are described in Appendix 2b, but in summary:-
- a) We will lend on a secured and unsecured basis to the largest UK banks and building societies for periods not exceeding one year, subject to our treasury advisors' advice.
 - b) We will lend for longer periods, and to smaller banks or building societies, if our money is secured (i.e. if we can take possession of the bank's assets in the event of failure to repay);
 - c) Lending to other local authorities has long been a cornerstone of our investment strategy, and this will continue. No local authority has ever defaulted on a loan. We may lend to local authorities for up to 3 years, enabling us to secure greater returns. We will seek advice from our advisors for any loan in excess of 24 months.
 - d) We will place money with pooled investments, such as money market funds. These are professionally managed funds, which place money in a range of financial assets, some based overseas. This helps achieve diversification. In cases where money is not secured, we will make sure funds can be returned very quickly. Interest rates on money market funds are low because we can get our money back quickly (we need to have funds available at "instant" access); and
 - e) We will lend to the Government and other public sector bodies.

30. In addition to the above, we have a limit of up to £30m in commercial property funds. These are pooled investments similar to “unit trusts”. This continues the current strategy. Such funds are expected to pay dividends at a rate of approximately 3.5%. Current investments are valued at £4.33m. However, with such funds there is always a risk that values will decrease, though it is hoped that capital values will rise over the long term. Performance has been disappointing since we invested in these funds in 2018, though the capital losses have been outweighed by the income received to date. This limit is in place as we currently have investments in property funds and the limit allows for any gain from existing investments. There is no current intention to invest new funds into property funds.
31. We also allow investment of up to £20m in diversified asset investment funds. These funds invest in a mixture of shares, property and Government investments and are pooled with other investors’ funds. These investment funds are professionally managed and typically have produced an income of between 3% and 5%. Risk is higher than cash and we do not expect to make any such investments of this type in the next year. The Authority has a smaller proportion of its treasury investments in non-cash deposits than most other authorities.
32. There is a market for investment with environmental and socially responsible objectives, and we will evaluate opportunities presented to us. Whilst there are established investments suitable for long term investors such as pension funds, these tend not to be suitable for us.
33. A maximum of £20m would be invested in all such environmental and socially responsible investments that do not meet any investment criteria above.

Commercial Investments

34. As part of the Government’s response to concerns about some authorities’ property investments, separate commercial investment strategies are now required. Our proposed strategy is elsewhere on your agenda.
35. The Treasury Strategy does not deal with matters covered by this separate strategy, though there is a relationship between the strategies. Members are asked to note that the property funds discussed above (which are covered by the Treasury Strategy) are pooled funds in which risks and rewards of owning a large portfolio of properties is shared between many investors. The commercial strategy covers specific investments.

Credit Rating Requirements for Investments

36. Credit ratings are a key element of our treasury investment strategy, being used to help us determine the financial strength of the borrower.
37. The credit rating of UK borrowers will rarely exceed that of the UK Government and consequently a reduction in the credit rating of the UK Government may result

in credit rating downgrades for a large number of borrowers. Fitch has in August 2025 maintained the outlook for the UK Government as AA-.

38. However, if the UK Government is downgraded further there are two scenarios. One is that the financial operating environment of the UK becomes weaker, and this weakens the strength of UK borrowers. The second is that the rating of the UK Government caps the rating of domestic borrowers, but that the strength of the borrowers is unchanged. Intermediate positions are possible. Our actions will be based on an assessment of the actual situation, and we shall take advice from our treasury advisors. The Director of Finance may present a report to the City Mayor for his approval recommending any revisions to the Treasury Investment Strategy at Appendix 2b. All interest paying investments on such a revised lending list will have a minimum credit rating of BBB+ or (if unrated) be judged to be of equivalent standing. In this event, a revised Treasury Strategy will be presented to the Council at the earliest reasonable opportunity.
39. There is no legal mechanism for a local authority to go bankrupt or otherwise avoid paying money on loans that were lawfully incurred and there is a legal mechanism to recover loan payments. Irrespective of legalities, the practical issue is what would happen if, say, an authority simply did not have the cash to both pay its staff and its loans. In practice, this has never happened.
40. Our treasury advisors provide advice on lending to local authorities. They believe that the credit worthiness of most local authorities remains very strong.

Premature Repayment of Debt

41. One tool of treasury management is the premature repayment of debt to achieve savings. This is something we used to do routinely, but (as discussed above) this not been viable for PWLB loans in recent years. We will take such opportunities if they present themselves at a sensible cost. Any capital premium (i.e. additional cost) usually has to be charged to the revenue account over the life of the old loan, the life of any replacement loan or any shorter period.
42. The Council has a significant proportion of its debt with over 25 years to run which are historic and reflect past circumstances and Government policies at that time. New long-term borrowing is likely to be taken at the shorter end of the market which will create a more even spread of maturity dates and will alleviate the need to reschedule current historic debt. In practice, we are unlikely to repay any PWLB loans during the remainder of 2025/26 or in 2026/27. However, we would evaluate any options that became available.
43. Historically the Council has borrowed money on a maturity basis, where the entire amount of principal is repaid at the end of the term. In 2025/26 and beyond the Council will consider a mix between Maturity and Equal Instalments of Principal repayments which allows the Council to spread in exposure to repayment as well taking advantage of reducing interest rates over the next few years.

Management of Interest Rate Exposure

44. Whilst the Treasury Management Strategy is based on a view of future movements in interest rates, all interest rate forecasts carry uncertainty. This strategy seeks to manage that risk.
45. For the foreseeable future the main risk arises from uncertainty around the interest earned on investments rather than interest paid on existing borrowing. If we need to borrow in the medium term though, there will be an interest rate risk depending on the timing of such borrowing. It is likely that interest earned on investments will decrease over the next few years as balances to invest is managed to minimise the need to borrow and interest rates gradually decrease.

Leasing

46. The Authority owns some properties on lease, but other than this we do not generally use leasing as a method of financing, preferring instead to use our cash balances.
47. However, the Authority is required to follow IFRS16 for accounting purposes, which means that operating leases now appear on the balance sheet as assets. This impacts the Capital Financing Requirement (CFR) and enough headroom is built into treasury limits as the value of leases will change before the end of each year.

Treasury Advisors

48. The Authority uses MUFG as its external treasury management advisors.
49. The Authority recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.
50. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Treasury Limits for 2026/27

1. The Treasury Strategy includes a number of prudential indicators required by CIPFA’s Prudential Code for Capital Finance, the purpose of which are to ensure that treasury management decisions are affordable and prudent. The recommended indicators and limits are shown below. One of these indicators, the “authorised limit” (para 3 below), is a statutory limit under the Local Government Act 2003. We are not allowed to borrow more than this.
2. The first indicator is that over the medium-term net borrowing will only be for capital purposes – i.e. net borrowing should not, except in the short-term, exceed the underlying need to borrow for capital purposes (the “capital financing requirement”).
3. The authorised limits recommended for 2026/27 and for the remainder of 2025/26 are:-

	£m
Borrowing	650
Other forms of liability	500
Total	1,150

4. “Other forms of liability” relates to loan instruments in respect of PFI schemes and to pre-unitary status debt managed by the County Council (and charged to the City Council). This also includes the estimated impact of IFRS16 leases.
5. The Authority is also required to set an “operational boundary” on borrowing which requires a subsequent report to scrutiny committee if exceeded. The approved limits recommended for 2026/27 and for the remainder of 2025/26 are:

	£m
Borrowing	550
Other forms of liability	450
Total	1,000

6. The boundary proposed is based on our general day to day situation and is not absolute as there may be good, usually temporary, reasons to breach it. Its purpose is to act as a warning signal to ensure appropriate scrutiny.
7. The Authority has also to set upper and lower limits for the remaining length of outstanding loans that are fixed rate. This table excludes other forms of liability. Recommended limits are:

Upper Limit

	£m
Under 12 months	50
12 months and within 24 months	100
24 months and within 5 years	150
5 years and within 10 years	200
10 years and within 25 years	250
25 years and over	350

We would not normally borrow new loans for periods in excess of 50 years.

Lower Limit

	£m
All maturities	0

8. The Authority has also to set upper limits on the periods for which principal sums are invested. Recommended upper limits are:

	Up to 1 year £m	Over 1 years £m	Over 2 Years £m
Upper limit on maturity of principal invested	All investments	170	100

9. The central assumption of this Treasury Strategy is that the value of external borrowing will be as shown.

	31/03/2025 Actual £m	2025/26 Estimated Average £m	2026/27 Estimated Average £m	2027/28 Estimated Average £m	2028/29 Estimated Average £m
External debt	174	209	249	287	331

10. Liability Benchmark

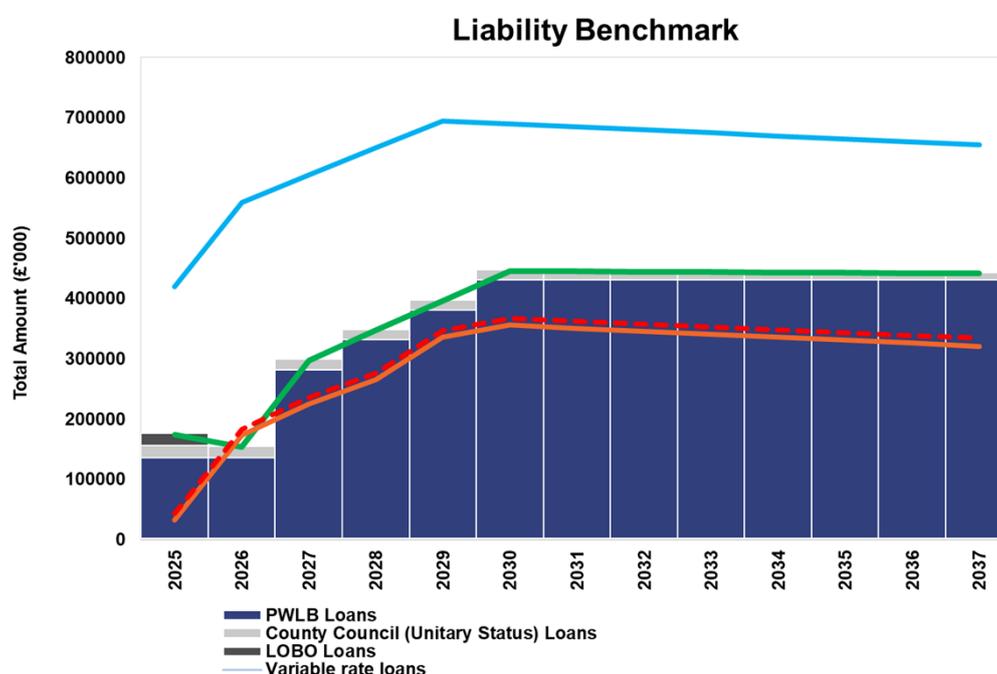
The Treasury Management Strategy is required to include the Liability Benchmark. This compares the underlying need to borrow for capital purposes with the external loans profile over the next 50 years, for existing and approved future expenditure.

The underlying need to borrow for capital purposes is called the Capital Financing Requirement (CFR). The CFR falls over time as loans are gradually repaid and rises with new borrowing. The historic Housing Revenue Account debt does not have to be repaid and will therefore remain in the CFR. The Authority is required

to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. We have presented at least 10 years as recommend by CIPFA.

There are four components to the Liability Benchmark: -

- Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.
- Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



After revenue and other balances have been considered, the liability benchmark (the underlying need to borrow for all purposes), is less than the CFR which is the maximum amount that can be borrowed except for very short term cashflow requirements.

In terms of risks, the Authority is exposed to rising interest rates increasing the cost of future borrowing, but this is offset by an exposure to falling interest rates, which would reduce the return received on investments. The Authority is also exposed to credit risk on its investments, that is the risk that loans or investments are not repaid although the great majority of its treasury balances are in low-risk investments.

Statutory guidance is that debt should remain below the capital finance requirement, except in the short term. The authority has complied and expects to continue to comply with this requirement. The total debt including PFI and finance leases is £255m whereas our capital finance requirement was £595m.

11. Potential Effect of interest rate changes

Interest rates are subject to change and are expected to reduce marginally over the next 12 months. The approximate effect (which could be either a rise or reduction of income) of a rise or fall in interest rates of 1% more than anticipated would be.

	Effect of 1% change in interest rates	Effect of 1% change in interest rates as percentage of Net Revenue Budget
2026/27	£1m	0.22%
2027/28	£1m	0.20%
2028/29	£1m	0.18%

As our borrowings are mostly fixed, we do not anticipate any changes on our borrowing costs in the event of interest rate changes on our existing loans. However, interest rates associated with any new borrowings could impact on costs in future years.

12. MIFID 11 Professional Client Status.

The Authority has Professional Client Status under MIFID 11 (a European regulatory framework for investor protection) and expects to maintain that status including keeping a minimum of £10m invested.

13. Use of Derivatives

A derivative is a financial instrument which in the context of the Authority would usually be used to mitigate the risk of future interest rate changes.

In line with the CIPFA prudential code, the Authority will seek external advice and consider that advice before entering into any derivatives to ensure that the implications are fully understood.

Our use of derivatives is expected to be limited to fixing the interest rate for:

- a) borrowing that may be required at a future date, for example to finance a significant development; or
- b) lending to another organisation such as an Authority at a defined future date (usually no more than four months ahead).

The Authority will only use financial derivatives where they can clearly be demonstrated to reduce the overall level of financial risks to which we are exposed.

Embedded risks such as those present in pooled funds and forward starting positions will not be subject to this policy.

Treasury Investment Strategy 2026/27

1. Introduction

- 1.1 This Treasury Investment Strategy complies with the DLUHC's Guidance on Local Government Investments and CIPFA's Code of Practice.
- 1.2 It states which investments the Authority may use for the prudent management of its treasury balances. It also identifies other measures to ensure the prudent management of investments.
- 1.3 Appendix 2a (above) limits the periods for which principal sums can be invested. This is to be assessed on our intentions with regard to each investment rather than its legal form.

2. Investment Objectives & Authorised Investments

- 2.1 All investments will be in sterling.
- 2.2 The Authority's investment priorities are:
 - (a) The **security** of capital; and
 - (b) **Liquidity** of its investments; and
 - (c) The **yield** (the return on investments)
- 2.3 The Authority will aim to achieve the **optimum return** on its investments commensurate with proper levels of security and liquidity. Liquidity is assessed from the perspective of the overall investment portfolio and will take account of the Authority's ability to borrow for cashflow purposes. The security of capital is the most important priority.
- 2.4 The following part of this appendix specifies how the Authority may invest, with whom and the credit worthiness requirements to be applied. Our treasury advisors provide daily updates to our counterparty list and we are able to utilise this for any new investments.

3. Approved Investments

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3.1 UK Banking Sector: Credit Rated Institutions			
Type	Description	Investment Period	Controls
General	<p>Covers the largest UK banks and building societies.</p> <p>Covers non-UK banks operating in the UK and regulated in the UK.</p>		<p>No more that £100m will be invested in total with these institutions.</p> <p>Other than our bankers (Barclays) no more than £20m will be invested with one institution of which no more than £10m will be unsecured.</p> <p>£25m may be lent to Barclays, of which no more than £15m will be unsecured.</p> <p>New investments may be agreed up to 4 months advance.</p> <p>A list of approved counterparties will be maintained by our treasury advisors (Link). New bodies will not be added to the list without the written approval of the Director of Finance.</p> <p>Minimum ratings as below. Other market intelligence will also be considered.</p>
Unsecured deposits	<p>Banks and building societies regulated within the UK</p> <p>Covers non-UK banks operating in the UK and regulated in the UK.</p>	Up to 366 days or such lesser period our advisors recommend	Our advisors produce a credit matrix with maximum duration analysis for all unsecured bank deposits. We will invest in line with our advisor's recommendations.
		Up to 366 days	Long-term rating of A & short-term rating of F1
		Up to 6 months	Long-term rating of A- & short-term rating of F2
		100 days or less	Long-term rating of BBB+ & short-term rating of F2

Type	Description	Investment Period	Controls
Covered Bonds	This is a deposit with a bank or building society, which is secured on assets such as mortgages. These assets are not immediately saleable but the value of the assets exceeds loans secured upon them. If the deposit is not repaid the assets are sold and the proceeds used to repay the loan.	Maximum 5 years	Bond is regulated under UK law and majority of assets given as security are UK based. Minimum long-term bond rating of A+
Secured Deposits	These are deposits with a bank which are then secured on other assets which can be reclaimed if the bank fails.	Maximum 3 years	Any form of security (even if low grade) is better than none as secured deposits are much less likely to be subject to any bank bail in. The Authority would look to use high grade security such as government gilts. We may use a third party to facilitate these transactions, but the underlying assets would be owned by the Authority and not the third party.
REPOs/ Reverse REPOs	This is a deposit with a bank or other financial institution, which is secured on bonds and other readily saleable investments and which will be sold if the deposit is not repaid.	Maximum 1 year	Judgement that the security is equivalent to, or better than, the credit worthiness of unsecured deposits. REPO/Reverse REPO is accepted as a form of collateralised lending. One acceptable basis is the GMRA 2000 (Global Master REPO Agreement) but other documentation may be accepted. Should the counterparty not meet our senior unsecured rating then a 102% collateralisation would be required. The acceptable collateral is as follows:- <ul style="list-style-type: none"> • Index linked Gilts (including delivery by value) • Conventional Gilts (including delivery by value) • UK Treasury bills • Corporate bonds (subject to additional due diligence)

3.2 UK Public Sector & Quasi Public Sector			
Type	Description	Investment Period	Controls
General	<p>The UK Government.</p> <p>UK local authorities, including Transport for London (TFL), and bonds issued by the UK Municipal Bonds Agency.</p> <p>Bodies that are very closely linked to the UK Government or to local government such as Cross Rail.</p>	<p>Up to 6 years for the UK Govt. and up to 3 years for LA's</p>	<p>No more than £40m to be lent to bodies very closely linked to the UK Government and no more than £20m to be lent to any one body.</p> <p>No limit on amounts lent to the UK Government.</p> <p>New investments may be agreed up to 4 months in advance (these may be classed as derivatives).</p> <p>In practice, we will be guided by our treasury advisors' views on appropriate investment periods.</p>
Deposits	<p>Deposits with Local Authorities and the UK Government.</p>	<p>Up to 6 years for the UK Govt. and up to 3 years for LA's</p>	<p>No more than £300m to be lent to local authorities (as defined in the first column). No more than £20m to be lent to any one local authority.</p> <p>Our judgement is that most local authorities are of high credit worthiness and that the law provides a robust framework to ensure that all treasury loans are repaid. However, should the occasion arise, we would have regard to adverse news or other intelligence regarding the financial standing of an individual local authority, including information which is provided by the Authority's Treasury Advisors. Maximum periods for loans to local authorities will not exceed limits recommended by our treasury advisors.</p>
Bonds – Local Authority	<p>Bonds issued by local authorities.</p>	<p>Up to 3 years</p>	
Bonds – UK Municipal Bond Agency	<p>Bonds issued by local authorities collectively through the UK Municipal Bonds Agency.</p>	<p>Up to 6 years</p>	<p>Minimum A+ credit rating.</p> <p>The agency has had very limited success in lending though that may change in the future and until established the number of underlying borrowing local authorities will be low. When investing with the agency we will look at the underlying exposure to individual authorities when these are material and take into account existing exposures to those authorities.</p>

Type	Description	Investment Period	Controls
Bonds – Bodies Closely Linked to UK Government		Up to 6 years	Minimum A+ credit rating. A list of approved counterparties will be maintained. Approval by Director of Finance to the body being added to the lending list on the basis of a written case, including advice from the Authority’s treasury advisors.
Bonds and Deposits to UK Housing Associations		Up to 3 years	No more than £20m in total may be lent to UK Housing Associations. All lending to require approval by the Director of Finance in consultation with the City Mayor on the basis of a written case, including advice from the Authority’s treasury advisors.

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3.3 International Development Banks

Type	Description	Investment Period	Controls
Bonds	International Development Banks which are backed by the governments of the world’s largest and strongest economies. The funding obligations are established by treaties or other binding legal agreements. Examples are the European Investment Bank and the World Bank.	Up to 6 years	No more than £40m to be lent in total and no more than £10m to be lent to any one bank. A list of approved counterparties will be maintained. Approval by the Director of Finance, in consultation with the City Mayor, to the body being added to the lending list on the basis of a written case, including advice from the Authority’s treasury advisors. A minimum credit rating of AA- plus backing of one or more G7 country.

3.4 Environmentally and Socially Responsible Investments			
Type	Description	Investment Period	Controls
	<p>Investments which facilitate environmental and social objectives. Encompasses a range of legal structures including:</p> <ul style="list-style-type: none"> • Company shares (equity) • Loans and other interest bearing investments • Trust structure including the above and including ownership of land, buildings, plant, equipment and contractual rights (for example, the right to sell electricity) • Pooled investments • Specialist Real Estate Investment Trusts (REITS) such as those investing in supported housing. • Other investment types <p>Where an investment is better described elsewhere in this appendix (for example a regular money market fund that only contained ethical investments) that section of this appendix shall govern that investment.</p>	Up to 10 years	<p>No more than £20m in all such investments.</p> <p>For investments which can be sold to others in a financial market or which can be redeemed by the fund manager - approval by the Director of Finance, in consultation with the City Mayor, to the investment being added to the lending list of approved counterparties based on a written case, including specialist advice.</p> <p>For other investments approval by the Director of Finance in consultation with the City Mayor to the individual investment, on the basis of a written case, including specialist advice.</p> <p>Investments will only be made when it is assessed that there is a reasonable prospect that after 10 years the Authority would be able to have its initial investment returned plus the return that it would have gained on a cash investment.</p> <p>We will look for strong evidence of expertise from those who manage the pooled fund or who are otherwise involved in the management of the investment.</p> <p>Such investments need not be rated.</p> <p>Where the legal structure of the investment is not a widely used one appropriate due diligence will be undertaken.</p>

3.5 Other Pooled Investments (General)			
Type	Description	Investment Period	Controls
General	<p>A structure where a wide base of investors share a common pool of investments.</p> <p>The most common legal form involves an intermediate company. The company has legal title to a pool of investments. The underlying investors own the company with a claim to their share of the assets proportional to their investment in the company.</p>		<p>We will only invest in funds where there is evidence of a high level of competence in the management of the investments, and which are regulated.</p> <p>A list of approved counterparties will be maintained. Approval by Director of Finance to the body being added to the lending list on the basis of a written case, including advice from the Authority's treasury advisors.</p> <p>The investment period will reflect advice from our Treasury Advisors on a fund by fund basis.</p> <p>We will be alert to "red flags" and especially investments that appear to promise excessive returns.</p> <p>We look for diversification away from the banks permitted elsewhere in this lending list (though some overlap is unavoidable).</p> <p>No more than £180m to be invested in aggregate in all type of pooled investments (short term, long term, property and diversified investment funds).</p>
3.5.1 Pooled Investments – Shorter Dated Investments			
Type	Description	Investment Period	Controls
General	Investments of up to eighteen months.		There is no upper limit on shorter dated investments, other than the global limit for pooled investments above (£180m).
Money market funds	The underlying pool of investments consists of interest paying investments, for example deposits. The underlying borrowers include banks, other financial institutions and non-financial institutions of good credit worthiness. Banks may be UK or overseas.	Must have access to funds within one week	<p>Fitch rating of AAF (or equivalent).</p> <p>No more than £25m in any one fund except where our advisors recommend a lower figure.</p> <p>No more than £130m to be held in money market funds in total, this excludes money market plus funds.</p>

Type	Description	Investment Period	Controls
Short Dated Government Bond Funds	Similar to money market funds but mainly concentrated in highly credit rated government bonds.	Must have access to funds within one week	Whilst these are very safe the interest returned is very low. We may use these in times of market turmoil. Fitch rating of AAf (or equivalent). No more than £20M in any one fund.
Money market plus funds / cash plus funds / short dated bond funds	Similar to money market funds but the underlying investments have a longer repayment maturity. We would use these to secure higher returns.	Must have access with one month's notice but normally would wish to hold for 12-18 months	Fitch rating of AAf (or equivalent). No more than £20m in any one fund. No more than £50m in total in money market plus/cash plus funds/short dated bond funds. We will "drip feed" money that we invest rather than investing it all at once.
3.5.2 Pooled Investments – Longer Dated Investments			
Type	Description	Investment Period	Controls
General	Longer dated investments expose us to the risk of a decline in value, but also provide an opportunity to achieve higher returns. Consequently, controls involve both the personal authorisation of the Director of Finance and consultation with the City Mayor.		No more than £50m to be invested in all fund types listed in this table section 3.5.2. This limit applies within the global limit for pooled investments (£180m). Investment amounts and timing to be approved by the Director of Finance, in consultation with the City Mayor. This applies to all the longer dated investments in this section.
Longer-dated Bond Funds.	Similar to money market funds but the underlying investments are now mainly bonds, typically, with an upper average maturity of up to 8 years.	Must have access with one month's notice but normally would wish to hold for two to three years	We may consider unrated funds on the recommendation of our Treasury Advisors. No more than £10m to be invested in any one fund.

Type	Description	Investment Period	Controls
Asset Based Securities	<p>The base investments are “securitised investments” which pool consumer debt (mortgages, car loans and credit cards) and loans to small businesses.</p> <p>The base investments are loans to borrowers of good credit worthiness.</p> <p>The investment we would make would be in a pooled investment containing a number of such securitised investments.</p> <p>They are normally issued by banks (UK or overseas).</p>	<p>Must have access with one month’s notice but normally would wish to hold for two to three years</p>	<p>We look for particularly strong evidence of expertise both from the organisations that issue the securitised investments and also from the managers of the pooled fund. We look for clear evidence of financial and operational independence between the fund managers and the banks that made the consumer loans in the first place.</p> <p>No more than £10m to be invested in any one fund.</p>
Property Funds	<p>The underlying investments are mainly direct holdings in property, but our investment is in a pool of properties.</p> <p>Whilst the funds normally have a small cash balance from which to fund redemptions the bulk of the funds are held in direct property investments. On occasions redemptions will not be possible until a property has been sold.</p> <p>Funds may have the power to borrow.</p>	<p>Generally have access with three months’ notice but normally would wish to hold for at least five years</p>	<p>No more than £30m to be invested in property funds. This limit applies within the global limit for pooled investments (£180m).</p>
Diversified Investment Funds	<p>The underlying investments are a mixture of mainly equities, government gilts, corporate bonds and property which are also diversified geographically.</p> <p>Whilst the funds normally have a small cash balance from which to fund redemptions.</p>	<p>Generally have access with three months’ notice but normally would wish to hold for at least five years</p>	<p>No more than £20m to be invested in diversified investment funds. This limit applies within the global limit for pooled investments (£180m).</p>

4. **Business Models**

- 4.1 The Authority has a “buy and hold” strategy for its investments that are bought and sold in financial markets. That is, it seeks to achieve value for money from its investments by collecting the sums contractually due. It does not aim to achieve additional value by selling them on although there may be occasions when investments may be sold for the purposes of managing or mitigating risk.

Investment Management Strategy 2026/27

Summary

1. The Authority will facilitate investment which benefits the people of Leicester and at the same time makes a return. All such investment is required to meet a service need or promote regeneration as the main objective, although making a financial return on investments would be a positive secondary objective.
2. The Government's debt management office forbids lending to authorities which have recently invested or intend to invest in schemes "primarily for yield." The Authority does not invest primarily for yield and all schemes supported will have a service or regeneration main reason for investment.
3. The Authority is prepared to take greater risks in the furtherance of this Investment Strategy than it would be with the Treasury Management Strategy. This is because investments here are principally for service purposes such as regeneration, not primarily to generate a financial yield.
4. This strategy comes into immediate effect once approved at Council and will cover 2026/27 and the remaining period of 2025/26.

Introduction

5. Government guidance requires the Authority to approve an Investment Strategy. This requirement has arisen because of Government concerns about some authorities borrowing substantial sums of money to invest in commercial property or other assets (sometimes a considerable multiple of their net revenue budget). Additionally, the Government's debt management office now forbids lending to authorities which have recently invested or intend to invest in schemes "primarily for yield." This is regardless of the funding source for the investment and the stated reason for the authority seeking the lending. The Authority does not invest primarily for yield and all schemes have a service or regeneration focus as the main reason for investment.
6. For the purposes of this strategy, an investment means any spending, or any interest-bearing loan to a third party which is (at least in part) intended to achieve a return for the Authority.
7. The strategy excludes capital investment in social housing for both permanent and temporary accommodation, which is not done to achieve an investment return.

Investments

8. The Authority's financial priorities for investment are:-
 - a) Security of capital – notwithstanding the above, this is the paramount consideration.
 - b) Yield (the return on investments) - this is important, but secondary to ensuring our capital is protected.

- c) Liquidity (ability to get money back when we want it). We have traditionally regarded this as less important because individual investments are small scale compared to the overall size of the Authority. However, in future years with the expected depletion of cash balances, liquidity is expected to become more important to manage.

9. Property acquired under this investment strategy will be located:-

- a) In the case of the Corporate Estate, within the boundary of the Leicester, Leicestershire, and Rutland area. (Usually, within the city).
- b) If acquired for economic regeneration purposes, within or at the perimeter of the Leicester, Leicestershire, and Rutland area.
- c) Potentially further afield to better meet wider service objectives, such as low-carbon assets. We have made no such investments in recent years.

10. Individual investments can be funded by any of the following (or combination of the following):-

- a) Grants/contributions from third parties where the funding is provided at the third party's risk.
- b) Capital or revenue monies held by the Authority.
- c) Prudential borrowing, and contributions from third parties where the Director of Finance deems the substance of the investment to be at the Authority's risk (e.g. "income strips"). In practice, "prudential borrowing" has not in the past required genuine external borrowing as we have had sufficient cash balances (as described in the Treasury Management Strategy Appendix 2). Prudential borrowing is best seen as a permission to borrow externally, should we need to, with revenue costs in future years. This category includes prudential borrowing in anticipation of future business rates growth in Enterprise Zones. It should be noted that significant increases in interest rates over recent years have made it much more difficult for new schemes to make a surplus unless significant Government grant is included within the financing.

11. Items (b) and (c) together represent the Authority's capital invested. Item (c) represents the risk of the Authority requiring further capital or revenue resources if an investment fails; it may or may not represent any actual external debt. The amount of prudential borrowing outstanding may fall over the life of an investment. The totality of prudential borrowing, or other funding provided at the Authority's risk, outstanding at any one time is a key control over the Authority's investment activity and is termed "exposure."

12. The Authority will not, at any one time, have exposure in excess of the following:-

	£m
On commercial or industrial property, it already owns or will own.	100
For loans to third parties	20
To fund Enterprise Zone projects	40
For other investments	40

13. The Authority will not have more than £130m of exposure in respect of all activity covered by this strategy. Therefore, it is not possible to reach the maxima in all the above categories.
14. Limits on total external debt are included in the Treasury Management Strategy (Appendix 2).
15. The Authority can reduce its exposure, particularly if an investment is performing poorly, by writing down prudential borrowing using capital or revenue resources.
16. Where the Authority has an option of utilising third party contributions at the Authority's risk, the Director of Finance will determine if this represents value for money as an alternative to prudential borrowing.

What we invest in and how we assess schemes

17. Decisions to invest will be taken in accordance with the usual requirements of the Constitution. Executive decisions will be subject to normal requirements regarding notice and call-in. All decisions to use prudential borrowing require the approval of the City Mayor, unless previously approved by full Council. The criteria below set normal expectations for investment decisions, but it is impossible to provide a framework for all potential opportunities: we do not know what might be available in the future. The City Mayor may approve investments which do not meet the criteria within paragraphs 14 to 28 (the limits contained in paragraphs 8 and 9 will not be exceeded), but if he does so:-
 - a) The reason will be reflected in the decision notice;
 - b) The decision will be included in the next refresh of this strategy.
18. All proposals will be subject to a financial evaluation, and approval by the Director of Finance must be obtained. This will calculate expected return (see below), assess risk to the Authority's capital invested, and ability to repay any prudential borrowing. The evaluation must therefore give evidence of a financially robust proposal, regardless of the other merits. The results of the evaluation will be set out in the decision report. For small purchases of property within the Corporate Estate, a more streamlined evaluation can be prepared. Where the use of third-party contributions at the Authority's risk is recommended, as an alternative to prudential borrowing, the assessment of this method of financing will be included in the evaluation. All proposals for investment will explicitly describe what the main purpose the investment is being made, which cannot be primarily for yield.
19. Any investment for economic development purposes will accord with the Authority's adopted strategies, except for early-stage expenditure in contemplation of a new strategy.
20. The maximum prudential borrowing permitted for any given capital scheme by way of an Executive Decision is determined by Council when considering the capital programme and is currently £10m. Any proposals to borrow more than £10m on a particular scheme would be subject to specific approval by full Council.
21. Advances to third parties will normally require additional security where the total capital invested by the Authority exceeds £2m, e.g. the underwriting of risk by a third

party, or a charge on property with a readily ascertainable value and a number of potential purchasers.

22. The Authority will look for a return on its capital invested, although this can be lower than a bank would seek (reflecting our cost of funds, and the expected service benefits).

a) The usual yardstick for investment is that, on a prudent estimate of costs and income, investments must make a positive return when discounted at 5% per annum. A higher return may be sought where a project is riskier than normal;

b) Where reasonably certain, growth in retained business rates can be included in the calculation of Net Present Value (NPV) until the date of the next national reset (although rates growth will continue to be accounted for as rates income, and not earmarked);

c) Resultant savings in departmental budgets cannot be included in the calculation.

23. The City Mayor may take a conscious decision to accept lower returns for service or environmental reasons; an alternative way of looking at this is to say that the Authority will sometimes choose to accept modest returns instead of providing something at its own expense for service and/or environmental reasons. Such a decision will be transparent and recorded in the decision notice.

24. The following are deemed to be suitable investments, although not primarily for yield:-

a) Acquisition of commercial or industrial property for regeneration.

b) Construction or development of commercial or industrial property for regeneration.

c) Construction or development of non-HRA housing (noting that any housing acquired for permanent or temporary social housing is outside the scope of the Investment Strategy).

d) Acquisition of land for development.

e) Infrastructure provision at key development sites.

f) Loans to businesses to support economic development.

g) Acquisition or construction of low carbon energy investments.

h) Arrangements to support provision of services. Including loans to support provision of temporary accommodation or children's residential care.

25. All investments and loans must be compliant with Government's subsidy control rules. Investments must not be made primarily for an income return (though a decent income return is to be encouraged) but must have an alternative primary purpose such as promoting economic development. The Authority will also not try to rely on investment income which is disproportionate to the overall budget.

26. Acquisition of commercial or industrial property can be considered where there are either economic development or service reasons why the city would benefit from the Authority's ownership. An example of economic development reasons might be to facilitate a significant business relocation to the city or surrounding area.
27. Construction or development of commercial or industrial property can be considered for regeneration purposes where the asset constructed or developed would generate a continuing income stream and have a readily realisable capital value. Whilst a pre-let is regarded as highly desirable, a benefit of Authority involvement is that strategically important development can be secured which would not attract normal commercial finance. New grade A office space is a key example. It is, however, essential that the Authority can be confident of a return on its capital invested, and an NPV shall be calculated using prudent assumptions of any void periods. It should be noted though that any such scheme needs to have a main objective of regeneration (or service provision) and although financial gain is desirable it must not be the main driver of such investment.
28. Acquisition of land for development can be considered for strategic regenerative land assembly schemes, subject to the proviso that future development is planned and fundable:-
- a) The Authority's return will usually arise from an appreciation in land values and this must be reasonably assured with a ready market;
 - b) This type of investment is riskier than the acquisition of tenanted property, and a higher return would normally be sought.
29. The availability of other public funding to secure development will improve the acceptability of such proposals, as this will increase the return on the Authority's capital invested.
30. Infrastructure provision at key development sites can be considered where development can be catalysed by provision of site infrastructure:-
- a) Investment can be considered where future disposals can be assumed with a reasonable degree of confidence; and
 - b) Developments that unlock strategic housing or commercial development on economic growth sites or contribute towards bringing forward linked developments.
31. Loans to businesses can be made at attractive rates (when compared to bank finance) for proposals which facilitate economic development, and where the Authority can be confident that the money will be repaid. The following criteria will be applied:-
- a) Loans would normally be repayable within 10 years (or the Authority has an asset which is readily realisable within that period, whether we choose to realise it or not);
 - b) A minimum loan value of £100,000 will apply;

- c) Proposals must demonstrate that they are viable, i.e. there is a reasonable expectation that the capital and interest will be repaid;
 - d) Security will usually be obtained (and always for higher value loans).
32. Low Carbon Energy Investments which help to reduce climate change can be considered. Any such investment will still be expected to make a positive return, though in making the investment the Authority will consider the environmental and social benefits as well as the financial return.
33. Arrangements to support provision of services. Where an arrangement such as a partnership or a loan result in a value for money solution to support provision of services, especially in relation to temporary accommodation or children's residential care.

Monitoring of Investments

34. The performance of investments will be reported annually. Investments within the Corporate Estate will be monitored as part of the Corporate Estate Annual Report.

Capacity, Skills and Culture

35. The Authority employs professional accountants who are skilled in carrying out investment appraisals, as well as regeneration, economic development and property specialists. Nonetheless, the more complex schemes will require external support to enable thorough due diligence to be undertaken and business cases to be developed and assessed. External specialists will work with Authority officers to ensure they understand the public service dimension of the Authority's business.
36. The Authority will use whatever presentation techniques are appropriate when decisions on individual investments are sought; these will in particular focus on the risk assessment.

Current Investments

The Council has approved the following investments which fall within the remit of this strategy.

- a) **The Corporate Estate.** The purpose of holding the portfolio includes income generation, but also with an eye to providing a range of accommodation for businesses across the city and for ensuring a presence in city centre retail. The properties in the fund are not held to provide accommodation or services to/for the Authority. Accounting rules do not require us to treat the properties as investment properties for reporting purposes; however, they are held in part for return and thus fall within the ambit of this strategy. Details are available in the Corporate Estate annual report. Much of the estate has been owned by the Authority for decades and the income generated is a contribution to the General Fund.

It should be noted that guidance from MHCLG (Ministry of Housing, Communities & Local Government) and CIPFA (Chartered Institute of Public Finance and Accountancy) warns against investment activity which is disproportionately large in relation to an authority's finances. However, with net land and property investment income from the Corporate Estate accounting for less than 2% of the Authority's net revenue budget in 2025/2026, this continues to represent a manageable risk in relation to the overall revenue budget.

- b) Loans to local businesses and organisations. A number of loans have been made.
- Leicestershire County Cricket Club have repaid the loan of £2.45m, given to enable the Club to improve its facilities.
 - A loan of £1.5m to Ethically Sourced Products Ltd (of which just under £1.0m remains outstanding). This loan carries a return equivalent to 4% per annum. This loan is due for repayment in December 2025.
 - A loan of £450k in 2023 to Leicester Hockey Club, to improve sporting facilities at St Margaret's Pastures. The interest rate is 5% p.a.
 - A loan of £1.5m to Leicester Community Sports Arena Ltd in 2023, to assist funding of expanded facilities at the (now) Mattioli Arena. The rate of interest is 5% p.a.
 - A loan of £0.95m (of which £0.82m has been drawn down to date) to the Chapter of Leicester Cathedral to assist funding of the repair and restoration of Leicester Cathedral and the construction of a new Heritage Learning Centre. The interest rate is 5% p.a.

**Overview Select Committee
Work Programme 2025 – 2026**

Meeting Date	Item	Recommendations / Actions	Progress
9 July 2025	<ol style="list-style-type: none"> 1. Customer Services Update 2. Revenues and Benefits 3. Revenue Outturn 2024/25 4. Capital Revenue Outturn 2024/25 5. Income Collection 2024/25 6. Treasury Management Annual Report 2024/25 7. Scrutiny Annual Report 	<ol style="list-style-type: none"> 2a. Councillors to be provided the detail on the different level of social welfare advice provided. 2b. Information to be provided on dates of where and when welfare rights support is available in neighbourhoods (i.e. in food banks). 2c. Comparator data to be provided for Council Tax income, collection rates. 3. More information to be provided on the saving within Connexions service. 4. Confirmation why dates on the Library Self Access roll-out have been delayed. 	<ol style="list-style-type: none"> 2a. Information provided to members. 2b. information provided to members. 2c. Data provided to members. 3. Information provided to members.

Meeting Date	Item	Recommendations / Actions	Progress
24 September 2025	<ol style="list-style-type: none"> 1. Council Tax Support Scheme – Task Group Recommendations. 2. Adventure Playgrounds – Task Group Recommendations. 3. Update on Asset Sales 4. Environmental Impact of Construction Projects 5. Period 3 Revenue Monitoring 6. Period 3 Capital Monitoring 	<ol style="list-style-type: none"> 1a) Household support fund to come to Committee. 1b) Data to be provided on the Council Tax discretionary report. 1c) Director of Finance and City Barrister to confirm the consultation requirements when presented to the Executive. 3) Detail to be provided how much the asset sales is as a percentage of total assets. 4) Further details to be provided on ways to solve the issue of District Heating still being 'purple'. 5a) That EDTCE consider falls in Planning and Building Control income in terms of whether it signals a decline in construction in the City or whether it is within the margin of error. 5b) Numbers to be provided on how many staff are capitalised 6a) Timeline to be given on railway station project. 6b) OSC requested Councillors were kept informed of modification to public toilet opening times in their wards. 	<ol style="list-style-type: none"> 1a) Added to workplan for first meeting of 2026/27. 1b) To be included in future income collection reports. 1c) Complete 4) Response sent to members 5a) On EDTCE Workplan for January 6b) Ongoing

Meeting Date	Item	Recommendations / Actions	Progress
1 December 2025	<ul style="list-style-type: none"> 1) CTSS Task Group – Executive Response 2) Adventure Playground Task Group – Executive Response 3) Corporate Estate - Annual Report 4) Domestic Abuse and Sexual Violence overview briefing 		
3 December 2025	<ul style="list-style-type: none"> 1) Treasury Management mid-year report 2) Income Collection mid-year report 3) Period 6 Capital Monitoring Report 4) Period 6 Revenue Monitoring Report 5) Contract Dispute Settlement – PRIVATE AGENDA 	<ul style="list-style-type: none"> 5) To be held in private session. 	

Meeting Date	Item	Recommendations / Actions	Progress
2 February 2026	<ol style="list-style-type: none"> 1. LGSO – Call-in 2. HRA Budget 3. Revenue Budget 4. Capital Budget 5. Treasury and Investment Strategy 6. Recruitment 	<p>6) To include information on where vacancies are, the levels of vacancies, and recruitment particularly in social work</p>	
18 March 2026	<ol style="list-style-type: none"> 1. Period 9 Revenue Monitoring 2. Period 9 Capital Monitoring 		

Meeting Date	Item	Recommendations / Actions	Progress
29 April 2026			

Forward Plan Items (suggested)

Topic	Detail	Proposed Date
Income Collection		2026/27
Household Support Fund	An overview of the Household Support Fund	2026/27
Customer Experience Strategy		TBC
Children's Homes and Planning Issues	Requested at meeting of 1 st May 2025 – Planning colleagues to be invited to Provide info on location and ownership of private sector children's homes & regulatory position, advise on use of conditions around time limited use, provide data tracking applications/interventions and provide data showing pattern of applications from smaller care homes. Ofsted, CQC and DfE representatives to be invited.	TBC
Update on Workforce Representation Informal Scrutiny Work		TBC
Adventure Playgrounds	For a future update to come to scrutiny	

