



Leicester
City Council

MEETING OF THE OVERVIEW SELECT COMMITTEE

DATE: THURSDAY, 7 FEBRUARY 2019

TIME: 5:30 pm

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

Members of the Committee

Councillor Singh (Chair)

Councillor Govind (Vice-Chair)

Councillors Bajaj, Cleaver, Cutkelvin, Dawood, Grant, Gugnani, Khote, Porter and Westley

Youth Council Representatives

To be advised

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

For Monitoring Officer

Officer contacts:

Julie Harget (Democratic Support Officer),

Tel: 0116 454 6357, e-mail: julie.harget@leicester.gov.uk

Leicester City Council, Granby Wing, 3rd Floor, City Hall, 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 Harget, Democratic Support Officer on 0116 454 6357. Alternatively, email julie.harget@leicester.gov.uk, or call in at City Hall.

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PUBLIC SESSION

AGENDA

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- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**

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

- 3. CHAIR'S ANNOUNCEMENTS**

- 4. MINUTES OF THE PREVIOUS MEETING**

[Appendix A](#)

The minutes of the meeting of the Overview Select Committee held on 13 December 2018 are attached and the Committee is asked to confirm them as a correct record.

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

- 6. PETITION: TO RETAIN A SAFE PARKING ZONE / DROP OFF FOR USERS OF THE JAIN CENTRE, YORK ROAD LE1 5TT**

[Appendix B](#)

The Director of Planning, Development and Transportation submits a report which explains that a petition has been received which asks the council to

retain a safe parking / drop off for users of the Jain Centre, York Road LE1 5TT.

The Committee is recommended to consider the petition and note the provision in place to accommodate the parking requirements of the Jain Centre congregation.

7. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

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

8. PETITIONS

The Monitoring Officer to report on any petitions received

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

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

10. 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.

**11. GENERAL FUND REVENUE BUDGET 2019-2020 TO [Appendix D](#)
2021- 2022**

Members will be asked to comment on the draft General Fund Revenue Budget 2019/20 to 2021/22, which will be considered at the meeting of Council on 20 February 2019

The draft budget has been considered by the different Scrutiny Commissions and draft minute extracts from the following meetings are attached:

Draft General Fund Revenue Budget 2018/19 to 2020/21 (Appendix D)

Adult Social Care Scrutiny Commission: 22 January 2019 (D1)

Economic Development, Transport and Tourism Scrutiny Commission: 17 January 2019 (D2)

Health and Wellbeing Scrutiny Commission: 15 January 2019 (D3)

Heritage, Culture, Leisure and Sport Scrutiny Commission: 8 January 2019 (D4)

Housing Scrutiny Commission: 7 January 2019 (D5)

Neighbourhood Services and Community Involvement Scrutiny Commission: 23 January 2019 (D6)

Because of the timetable of Scrutiny Commission meetings, a further minute extract from the Children, Young People and Schools Scrutiny Commission will be circulated after the agenda has been published.

12. TREASURY POLICY **Appendix E**

The Director of Finance submits a report that proposes a framework for the governance of the Council's borrowing and investments. The report updates the framework approved by Council in 2012 to reflect revised professional and statutory guidance.

The Committee is recommended to note the report and make any comments to the Director of Finance as they wish, prior to Council consideration.

13. TREASURY MANAGEMENT STRATEGY 2019/20 **Appendix F**

The Director of Finance submits a report that proposes a strategy for managing the Council's borrowing and cash balances during 2019/20 and for the remainder of 2018/19.

Members of the Overview Select Committee are recommended to note the report and make any comments to the Director of Finance as they wish, prior to Council consideration.

14. INVESTMENT STRATEGY **Appendix G**

The Director of Finance submits a report that seeks Council's approval of the attached Investment Strategy. The Overview Select Committee is asked to comment on the Strategy prior to its consideration at Council on 20 February 2019.

15. SCRUTINY COMMISSIONS' WORK PROGRAMMES **Appendix H**

To formally receive and note the following Scoping Document:

To explore the reasons for educational underachievement of 'African Heritage' pupils and 'white working class' pupils in Leicester (Children, Young People and Schools Scrutiny Commission)

The scoping document was not ready in time to be brought to the previous meeting held 13 December 2018 but was endorsed by the Chair in order that

work could commence. Members are now asked to formally receive and note the scoping document.

16. OVERVIEW SELECT COMMITTEE WORK PROGRAMME

Appendix I

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

17. PLAN OF KEY DECISIONS

Appendix J

Members are asked to consider the Plan of Key Decisions and in particular, note any items pertaining to their own scrutiny commissions.

18. ANY OTHER URGENT BUSINESS



Leicester
City Council

Appendix A

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 13 DECEMBER 2018 at 5:30 pm

P R E S E N T :

Councillor Singh (Chair)
Councillor Govind (Vice Chair)

Councillor Bajaj
Councillor Cleaver
Councillor Cutkelvin

Councillor Dawood
Councillor Khote
Councillor Porter

Councillor Westley

Also present:

Sir Peter Soulsby
Cllr Danny Myers

City Mayor
Assistant City Mayor, Entrepreneurial
Councils' Agenda

Youth Council Representatives

Gary Concepcion
Dev Sharma

* * * * *

50. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Gugnani.

The meeting was informed that Councillor Dawood would be late.

A warm welcome was given to a representative of the Young People's Council.
A second representative arrived during the course of the meeting.

51. DECLARATIONS OF INTEREST

No declarations of interest were made.

52. CHAIR'S ANNOUNCEMENTS

The Chair referred to Brexit and said that he would want a report brought to the Overview Select Committee on the Council's position, once a conclusion had been reached.

53. MINUTES OF THE PREVIOUS MEETING

AGREED:

that the minutes of the meeting of the Overview Select Committee held 1 November 2018 be confirmed as a correct record.

54. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

The Chair reported that there were no outstanding actions.

55. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

The Monitoring Officer reported that there were no questions, representations or statements of case.

56. PETITIONS

The Monitoring Officer reported that no petitions had been received.

57. TRACKING OF PETITIONS - MONITORING REPORT

The Chair commented that the current status of all petitions was either 'Green' or 'Amber' which he said was a very good position to be in.

AGREED:

that the Tracking of Petitions Monitoring Report be noted

58. QUESTIONS FOR THE CITY MAYOR

Councillor Porter asked how the City Mayor could justify spending money on illuminating empty buildings when according to his own Councillors in the Labour Group, vulnerable families in Leicester were having to choose between heating their homes or feeding their families. He asked why the money was not being given to those vulnerable families instead.

The City Mayor explained that there was a difference between capital and revenue expenditure. Expenditure on the lighting of buildings was mostly capital expenditure and part of the investment that was being made to ensure that Leicester remained proud of its heritage. The people of Leicester were suffering from very severe funding cuts from the current and the previous government and those cuts were far in excess of the small amounts spent on celebrating the historic environment of the City.

Councillor Porter referred again to poor and vulnerable families who had to choose between heating their homes or eating and asked how the City Mayor could justify granting £150k towards a private landlord for premises which had been turned into a restaurant. He asked whether it would not have been preferable to use tax payers' money towards helping those vulnerable families.

The City Mayor re-iterated that there was a difference between revenue and capital money. Capital funding had resulted in inward investment far in excess of the initial investment and had brought jobs and wealth into the city. Capital funds could not be used for the provision of revenue services or to provide direct support to vulnerable families. The City Mayor added that he would not comment on the particular investment that Councillor Porter had referred to because that decision had been made by others and not himself.

A representative from the Youth Council asked whether the City Mayor would support increased representation from Young People, although he recognised that considerable participation already took place. The City Mayor welcomed the question and stated that the Council would like to give young people more opportunities to participate and they wanted to ensure that their voice was heard. Any suggestions from young people as to how their participation could be increased would be very welcome.

59. REVISED JOINT HEALTH AND WELLBEING STRATEGY

Councillor Porter left the meeting during the consideration of this item of business.

The Acting Director of Public Health submitted a report that presented the draft Revised Joint Health and Wellbeing Strategy 2019-2024. The Committee heard that there was a focus in the report on preventative work and the report had been well received at the Health and Wellbeing Scrutiny Commission.

Members considered the report and comments made included the following:

- The report was welcomed, however more smoking cessation sessions were needed in Beaumont Leys and the NHS appeared to be cutting back on them.

The Acting Director responded that smoking cessation was one of key areas where Public Health could improve people's health and they were looking to offer services in more convenient places such as in Haymarket Health. A concern was raised that such sessions were needed in the areas where people lived as not everyone could come into the city centre.

- A Member said that air quality in Leicester did not appear to have improved and questioned whether the Council could encourage increased use of electric vehicles and for example allow them to use bus lanes and give drivers of electric vehicles free parking. The Acting Director responded that air quality was a national and local issue. They were working with Sustrans and trying to encourage people to cycle and walk more. Public Health were

very committed to working towards improving air quality and they were also working with colleagues in Highways and Transport services to do so.

- It was noted that there was a reference to decent homes standards in the report, and concerns were expressed that there were many families living in overcrowded conditions which had a detrimental impact on their health. A request was made that consideration was given to the problem of overcrowding.
- The Chair of the Health and Wellbeing Scrutiny Commissions said that health and wellbeing and the prevention agenda cut across all scrutiny portfolios and as such was everyone's responsibility. All the health partners appreciated that the strategy was a very important piece of work.
- The strategy was praised but it was questioned how it would be monitored. The Acting Director confirmed that there was an underlying infrastructure and they would be looking at key indicators as part of the monitoring.
- A representative from the Youth Council referred to some work they were doing on supporting young people in the city and on issues relating to mental health, and he invited the Acting Director to take part as an expert witness. The Acting Director confirmed that he would be very pleased to participate in this work and he added that trying to ensure the right start for all young people was an integral part of the strategy.
- A Member commented that there was a significant increase in drug use and anti-social behaviour in the Beaumont Leys Ward, which was spreading across the city and the Police appeared to be unable to cope. People felt intimidated and were afraid to leave their homes. The Acting Director responded that social isolation and the fear of crime were linked, and the strategy made it clear that everyone needed to work together because all the partners had a role in delivering the health outcomes.

The Chair drew the discussion to a close and asked Members to note the strategy and the dates of the consultation period.

AGREED:

that the Revised Joint Health and Wellbeing Strategy and the dates of the consultation period be noted.

60. DIGITAL TRANSFORMATION PROGRAMME UPDATE

Councillor Dawood arrived during the consideration of this item of business.

Members received a power point presentation that provided an overview of Leicester City Council's Digital Transformation Programme (DTP), a copy of which had been included in the agenda.

Councillor Myers, Assistant City Mayor for the Entrepreneurial Councils' Agenda introduced the presentation and said that the Council's public on-line

spaces were key to delivering its core responsibilities and one approach towards improving this was through the Digital Transformation Programme. Another approach was through 'Smart Cities' which provided a broader strategy for the whole city and he would be pleased to bring this other strategy to a future meeting of the Overview Select Committee.

The Assistant City Mayor explained that 'Smart Cities' referred to how data was used and how it transformed lives on a day to day basis, for example how people applied for jobs, interacted with each other and commerce etc and also how they moved about the city. The Digital Transformation Programme set out how the council enabled this, through access to its services on-line and how the back office was managed.

The Assistant City Mayor stated that he wanted to tackle digital exclusion because people who were not comfortable 'on-line' could be excluded from a range of social and economic activities. He also said that it was important to encourage interaction on-line, because it could free up capacity to enable officers to hold those important conversations with individuals where they were needed. The Assistant City Mayor referred to on-line channels such as 'My Account' and 'Love Leicester' and invited Members to contact him if they identified any areas which they felt needed to work better.

Members then considered the power point presentation which was presented by the Digital Transformation Lead officer. During the ensuing discussion, comments and queries raised included the following:

- A Member expressed strong concerns about the aim to reduce the percentage of payments made face to face to a base line figure of 33%. She said that a council officer might be the only person that an individual might have an opportunity to speak to. Additionally, when she herself had been unwell, she was unable to carry out on her transactions online. Concerns were expressed about the effect that a reduction in face to face contact would have on individuals. Members heard that the programme would free up officers' time to enable face to face contact with those people who needed it and may be more vulnerable.
- A Member commented that she remembered that some of these issues had been discussed three years ago and it appeared that limited progress had been made. The Member added that she recalled at the time they were told that Leicester was about ten years behind other authorities and she questioned whether this was still the case. It was suggested that it had been a mistake in only having officers present and providing support for two weeks after the self- service machines were put in place. The machines she saw around the city were not being used and she said it would be interesting to see the figures for the numbers of people accessing council services through self-service machines. A doubt was expressed that the figures would be as good as hoped.

The City Mayor responded that the delivery of the programme was a significant piece of work, and while Leicester was not at the fore front of 21st

century technology, it was not at the back either. He invited Members to visit the Customer Service Centre on Granby Street and see the work that was taking place, as the level of support offered to people using self-service machines was excellent and officers were very proactive in helping people.

- It was noted that there were some issues in delivering the digital transformation programme in Sports Services and the City Mayor acknowledged that there was a long way to go to make it truly digital. A Member commented that she recalled about three years ago, that Members at a Neighbourhood Services Scrutiny Commission were told that Sports Services were further ahead in the digital transformation programme than the other services.
- A representative from the Youth Council asked whether consideration would be given to 'mystery shoppers' being given opportunities to test the quality of the digital offer.

The Digital Transformation Lead Officer confirmed that this is what they wanted to do and also for customers to continue to check that the digital offer was customer focussed. The meeting heard that there was an accessibility directive to ensure that the font, colour and background all met certain standards, and this directive was being applied to online forms and the website.

- In response to a question raised about the security of people's data, the Lead Officer explained that robust security checks were applied to the system and they were doing as much as they could to ensure that the system was as safe as possible.
- A Member asked whether more P.C.s would be made available across the city and the Lead Officer responded that they had visited different libraries across the city and noted that some P.C.s were not used as well as they could be. The reason for this was unclear but while they were not looking to increase the number of PCs, they might re-distribute them or see how they could raise awareness or make them more accessible.
- A Member noted that 25% of contacts were on-line or self- service and asked whether applications for school admissions were included in this figure. The Lead Officer responded that she believed the figure related to people requesting a council service and did not include school admissions, but she would check. Members heard that not all forms were yet on line. It could be seen that some users abandoned their on-line enquiry before the transaction was completed and they would be looking at the reasons for this.
- A Member questioned whether the Digital Transformation Programme might create jobs or require fewer members of staff and the Digital Transformation Lead Officer responded that it was a mixture. A lot of councils were offering re-deployment or providing opportunities for people to re-skill if their job became redundant. As an example, someone whose work mostly involved data input could be offered the chance to re-skill as a data analyst.

- In response to a query as to when officers anticipated the programme would end, Members heard that there was no end date because technology was always changing with new initiatives becoming available. Leicester had not modelled their programme on one single local authority but remained alert as to what other cities were doing.
- Officers were asked about the risks involved in the programme and were told that there was a risk that it did not generate the anticipated savings, but the Digital Transformation Board met every 6 – 8 weeks to monitor progress and to provide strategic direction and focus.
- In response to a question about the retention of data, Members heard that there were different statutory requirements as to how long data could be retained depending on the service area.
- Members heard that where people were submitting an online form, there were plans to provide an escalation message, so that if there was a slippage in the stated timescale, a message would be sent to the enquirer and officers would also receive a message to highlight the issue.
- A Member commented that there were many people in her ward who did not speak English and were not confident users of the internet. Officers were asked how these people could be helped. The Digital Transformation Officer replied that the Equalities Team were looking at ways to help people with different needs and they were also looking for volunteers and charities to provide support to people who experienced problems using I.T. There was also an option to use Google Translate for people who had little English. She added that they needed to make more people aware that this facility was available.
- A Member said that she welcomed the term 'Digital Transformation' as opposed to 'Channel Shift' but asked that the reference to 'Developing corporate customer-centric standards' as detailed in the power point presentation under Citizen-focussed approach, be revised in more user-friendly language. The Lead Officer confirmed that she would do this.
- A Member of the Youth Council suggested that the use of alternative technology such as augmented reality could result in savings in staffing costs.
- In response to a question about the budget for the digital transformation programme, the City Mayor explained that there was not a dedicated budget, but it was about using existing budgets differently and that would result in savings in some areas. The programme was on-going however as previously explained and there was therefore no definite figure for expenditure or savings. The Digital Transformation Lead Officer explained that the Government had said that every 10p invested in Digital Transformation would result in £15 return.

The Chair drew the discussion to a close and asked Members to note the update.

AGREED:

that the update on the Digital Transformation Programme be noted.

61. REPORT OF THE FINANCE TASK GROUP

The Chair presented the minutes of the meeting of the Overview Select Committee Finance Task Group held 29 November 2018. The Task Group had met to consider the following four reports:

1. Revenue Budget Monitoring Report – Period 6, 2018/19
2. Capital Budget Monitoring Report – Period 6, 2018/19
3. Mid-Year Review of Treasury Management Activities 2018/19, and
4. Income Collection Report: April 2018- September 2018

The Chair stated that the reports had been vigorously examined by the Task Group and the Director of Finance should be particularly congratulated on the council's borrowing and investment as detailed in the Review of Treasury Management Activities.

The City Mayor referred to the Capital Monitoring Report and stated that an additional £1.158m had been allocated to Leicester to be spent on road maintenance. This information had been received too late to be included in the report considered at the Task Group. Although the additional funding was very welcome, it fell very short of what was needed to repair and maintain the road network. The City Mayor said that it was his intention to ensure that the money was spent on areas of high priority on the city's major transport routes and on the road network in Leicester's neighbourhoods. The City Mayor said that an additional recommendation regarding this would be included in the decision note following its consideration at this meeting.

The Chair of the Adult Social Care Scrutiny Commission asked the City Mayor whether he could talk to the other City Mayors and agree to write to the Government requesting additional funding for Adult Social Care and Children Services. The City Mayor expressed strong criticisms of the Government's funding in this area and stated that councils were doing their best to manage increasing need with limited funding. The meeting heard that the Secretary of State had been asked when the Adult Social Care Green Paper would be available, and he had responded that it would be available 'soon'. The Director said that at the moment, they had the in-year allocation of additional monies but no certainty of the proposed funding mechanism for Adult Social Care and Children's Services in the long term.

The Chair drew the discussion to a close and asked Members to note the reports.

AGREED:

that the reports be noted.

62. SCRUTINY COMMISSIONS' WORK PROGRAMMES

Health and Wellbeing Scrutiny Commission

The Chair of the Health and Wellbeing Scrutiny Commission presented the NHS Workforce scoping document and said that the review was being undertaken because the Commission had asked about the risks and challenges that the NHS faced, both locally and nationally, and had consistently been told that the biggest risks were the workforce. The Commission did not yet have an overall view of the number of pressures that the service faced.

The Chair invited Members to endorse the NHS Workforce scoping document.

AGREED:

that the Health and Wellbeing Scrutiny Commission NHS Workforce scoping document be endorsed.

Children, Young People and Schools Scrutiny Commission

The Chair of the Children, Young People and Schools Scrutiny Commission stated that a scoping document was agreed by the Commission earlier in the week and had therefore missed submission to this meeting of the Overview Select Committee. The title of review was 'To explore the reasons for educational underachievement of African heritage pupils and white working-class pupils in Leicester'. The Chair asked if the scoping document could be endorsed in order that work on the review could commence.

The Committee agreed for the scoping document to be endorsed in order that work could commence on the review.

AGREED:

that the scoping document, to explore the reasons for educational underachievement of African heritage pupils and white working - class pupils in Leicester be endorsed.

63. OVERVIEW SELECT COMMITTEE WORK PROGRAMME

The Overview Select Committee Work Programme was noted.

64. PLAN OF KEY DECISIONS

The Chair reminded the Chairs of the different Scrutiny Commissions to regularly check the Plan of Key Decisions and where appropriate to request reports be brought to Scrutiny, prior to decisions being made by the Executive.

65. ANY OTHER URGENT BUSINESS

With the permission of the Chair, the Chair of the Adult Social Care Scrutiny

Commission said that she wished to express her thanks for the way officers had responded very promptly to a concern she had raised with them. The concerns had arisen from families who had a child with autism who needed a quiet time to go shopping or to visit Santa. The Chair had thought that it would be too late to put anything in place this year, but the officers had responded very quickly, and extra sessions had been provided which met the needs of those families.

66. CLOSE OF MEETING

The meeting closed at 7.45 pm.



OVERVIEW SELECT COMMITTEE

Jain Centre Parking Provision

Lead Director: Andrew L Smith

Date: 7 February 2019

Useful information

- Ward(s): Castle
- Report author: Satbir Kaur, Team Leader, Transport Strategy
- Author contact details: Satbir.Kaur@leicester.gov.uk

1. Purpose of report

Following proposals to introduce improvements on York Road a petition was received from the Jain Centre to “Retain a safe parking/drop off space for users of the Jain Centre on York Road (LE1 5TT)”. This petition was discussed at Full Council on 24th January 2019, it was proposed that the parking provision be reviewed by the Overview Select Committee. This report seeks to advise the committee of the proposed parking/drop off provision to accommodate parking needs of the Jain Centre.

2. Background

2.1 The York Road scheme seeks to introduce improvements on York Road, Bonners Lane and Grange Lane with the aim of enhancing connectivity for pedestrians and cyclists between the Bede Park and De Montfort University areas and the newly completed New Walk Place and King Street pedestrianisation leading to the City Centre and New Walk. The improvements include:

- Part pedestrianisation of two sections of York Road, the section between Oxford Street and Upper Brown Street and also a part of York Road between Upper Brown Street and the exit from Newarke St car park, excluding the access to Newarke St car park.
- Improvements are also proposed to Bonners Lane and Grange Lane to improve pedestrian and cycle access.

2.2 Representatives of the Jain Centre met with the City Mayor 16th October 2018 and requested four concessions be considered as part of the design and Traffic Regulation Order (TRO) amendments. These were as follows:

- a) Permit unlimited access on a Sunday
- b) Allow access for blue badge holders at all times
- c) Provide a parking bay for blue badge holder on York Rd
- d) Permit access to users of the Jain Centre at all times

2.3 The TRO was subsequently amended to accommodate points a) and b). Officers looked at the possibility of introducing a dedicated disabled parking bay on York Road, this is difficult to accommodate due to the number of private accesses and the requirement to provide a dedicated loading bay for businesses. It is possible to install a parking bay for two vehicles; however, this would be very close to the junction and there was no way of ensuring the bay was only accessible to blue badge holders visiting the Jain Centre. Point d)

was discounted as it would require costly physical enforcement measures, such as automatic bollards, to enforce access for permit holders only.

2.4 An amendment to the TRO was published on the 28th November 2018, the closing date for objections was Wednesday 19th December 2018. A total of five objections were received, four of these were on behalf of the Jain Centre. Objector's meetings were held w/c 28th January and the outcome of these meetings will be presented to Planning and Development Control Committee on 19th February 2019.

2.5 The City Mayor met again with representatives of the Jain Centre 22nd January 2019 and was asked to consider providing unrestricted access to York Street beyond the concession for 24/7 access for blue badge holders. Officers anticipate that such unrestricted access would cause the present design to be classified as 'shared space' and therefore subject to Government restrictive advice.

2.6 The petition was considered at a Full Council Meeting on 24th January 2019 and the following motion was approved:

"The petition be referred to the Planning and Development Control Committee for them to consider in the context of the Traffic Regulation Order, and the petition also be referred to the Overview Select Committee so that they can consider the other aspects of which the Council could provide assistance to the Jain Centre to provide alternative parking in what is an incredibly challenging part of the city."

3. Current/proposed parking provision to assist the Jain Centre

The following sections provide an overview of the current/proposed provisions for parking/drop off to assist Jain Centre worshippers:

3.1 *Newarke Street Car Park*: The Jain Centre has a parking arrangement with Leicester City Council at the Newark Street car park, for vehicles used to transport disabled passengers. The Jain Centre provide a list of vehicle registration numbers and drivers on an annual basis and this provides them with free parking at the Newark Street car park even if the blue badge holder is not in the vehicle i.e. the blue badge holder has been dropped off at the Jain Centre and the driver then parks at the Newarke Street car park. There are currently 13 users on the list using this provision. Also, the car park now opens at 9am on a Sunday instead of 10am at the request of the Jain Centre.

3.2 *De Montfort University Car Park, Bonners Lane*: The Jain Centre has an arrangement in place since 2010 with DMU to use their car park when they have weekend events. The Centre has provided the University with a list of events for 2019 which DMU have agreed to accommodate.

3.3 *Oxford Street Industrial Units*: There has been an arrangement in place since 2007 for the Jain Centre to use the 16 spaces in the yard area after 6pm on weekdays and anytime at weekends. Observations from tenants of the units

suggest this facility is used most weekends and up to 30 vehicles are double parked at any one time.

3.4 *Spearing Waite Car Park on York Rd/Upper Brown Street:* Agreement in principle for the Jain Centre to use the surface car park when not in use by the company, subject to agreement of payment and contracts being drawn up.

3.5 The proposed scheme allows for dropping off disabled passengers on York Road.

4. Recommendations

4.1 Scrutiny members are asked to:

Note the current provision in place to accommodate the parking requirements of the Jain Centre congregation.

5. Financial, Legal and other implications

Financial implications

The scheme total cost estimate is £2m. A decision on Transforming Cities grant from the Government to help fund the scheme is anticipated in late February.

The cost of associated improvements to Newarke Street car park will be met from the Service Transformation Fund, already approved.

Colin Sharpe, Head of Finance, ext. 37 4081.

Legal implications

Proposed traffic regulation amendments to “The Leicester (Consolidation) Traffic Regulation Order 2006” for York Road, Norton Street, Bonners Lane, Grange Lane, Deacon Street & Henshaw Street were advertised 28th November 2018. Officers have taken due regard to the requirements under Section 122 of the Road Traffic Regulation Act 1984 Act ensure the safe and expeditious movement of traffic, whilst considering the requirements for parking facilities on and off the highway, and to have regard to the results of consultations undertaken with the appropriate statutory bodies. The closing date for objections was 19th December 2018, a total of five objections have been received, these are being addressed through the Traffic Regulation Order statutory procedures and referral will be made to the Planning and Development Control Committee.

John Mc Ivor – Principal Lawyer.

Climate Change and Carbon Reduction implications

Based on Government estimates, transport in Leicester generated 334,000 tonnes of carbon dioxide in 2015 (the most recent figures available), and accounted for 23% of the city's total carbon footprint. To meet the council's target of halving Leicester's emissions by 2025, sustainable, low emissions modes of travel including walking and cycling will need to substantially increase their share of journeys. The proposals in the report represent an important element of an enhanced network for walking and cycling in the city, which is necessary to support this increased modal share.

The scheme incorporates the planting of eight trees which would have the advantage of offsetting carbon emissions.

Duncan Bell, Senior Environmental Consultant. Ext 37 2249.

Equalities implications

An equality impact assessment has been carried out on the scheme. Consultation on the scheme incorporated a Healthy Streets check which considers the impact of street design on the most vulnerable groups. Results of the healthy streets check and comments from the consultation have been incorporated into the approved design.

6. Supporting information / appendices

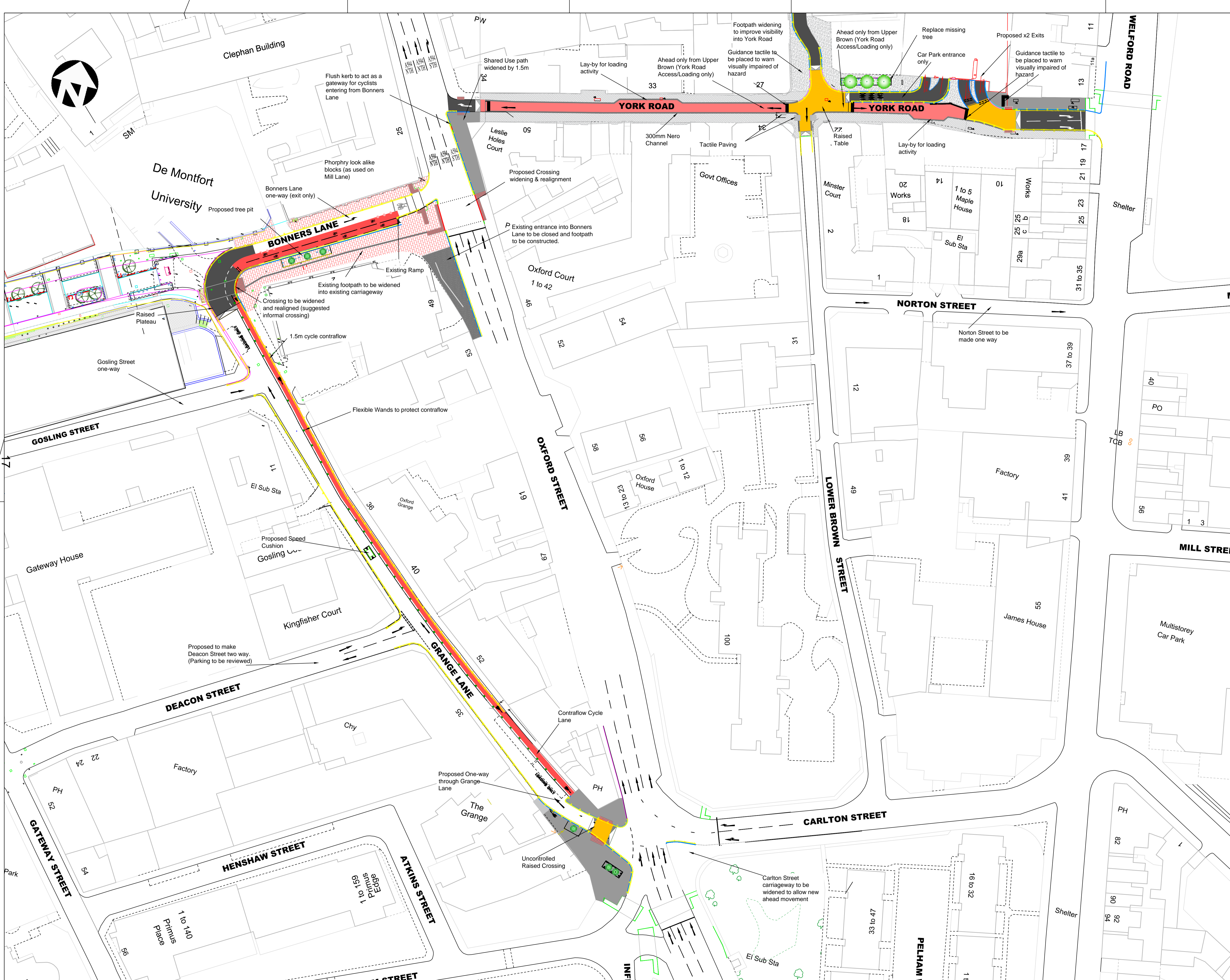
6.1 York Road General Arrangement drawing: N113205C/YRS/GA001

7. 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

7. Is this a "key decision"?

No



Drawing Number

- Notes
- Leicester Red Bituminous Surface
 - 80mm Concrete Paving Blocks
 - 80mm Porphyry look alike blocks
 - Shared Use (black asphalt)
 - Silver Grey Resin
 - Carriageway Resurfacing
 - Buff Asphalt
 - Proposed Guidance Tactile
 - Proposed 125mm HB Kerb
 - Proposed 60mm Kerb
 - Proposed Flush Kerb
 - Proposed Flexible Wands
 - Proposed Informal Crossing (Amber Gold Resin)
 - Existing Crossings
 - Proposed Tree

Option 2 Bituminous Material (Colour optional) between channel and block paving



Note: Parking/Loading Bay lengths to be confirmed. These are shown purely for illustration purposes.

A	Level crossing updated. Channels have been amended.	01/19
Revision	Amendment	Date

Leicester City Council
 Planning, Development & Transportation

CLIENT
 TITLE
 York Road Pedestrianisation
 General Arrangement

DRAWING No.	REV	SCALE
N113205C/YRS/GA001	A	1:500
DRAWN BY	DATE	Nov 2018
CHECKED	SIZE	A1
ACAD FILE	UPRN	

Appendix B1



Leicester
City Council

WARDS AFFECTED
All Wards - Corporate Issue

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Overview Select Committee

7 February 2019

Tracking of Petitions - Monitoring Report

Report of the Monitoring Officer

1. Purpose of 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. 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.

4. Financial, Legal and Other Implications

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

5. Background Papers – Local Government Act 1972

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

6. Consultations

Staff in all teams who are progressing outstanding petitions.

7. Report Author

Angie Smith
Democratic Services Officer
Ext. 376354

Date Petition referred to Divisional Director	Received From	Subject	Type - Cncr (C) Public (P)	No. of Sig	Ward	Date Receipt Reported to Council (C) / Committee (Ctee)	Lead Divisional Director	Current Position	Scrutiny Chair Involvement	Date of Final Response Letter Sent to Lead Petitioner	Current Status
28/09/2018	Mr Jitu Gosai	Petition to double lane the eastbound stretch of A563 Glenfrith Way between Hallgate Drive junction and Anstey Lane Roundabout	(p)	92	Beaumont Leys	Cllr Rae Bhatia presented to Council 4 October 2018	Andrew L Smith	Petition sent to Divisional Director			RED
03/10/2018	Salma Patel	Petition requesting the moving of a bus stop and installation of cameras on the bus lane on Humberstone Road to address problems for Oak Street / Farringdon Street residents	(p)	88	North Evington		Andrew L Smith	Petition sent to Divisional Director			RED
15/10/2018	Arran Bains	Petition requesting the council cancel installation of 18 speed cushions in the Downing Drive & Marydene Drive roads	(p)	40	Evington		Andrew L Smith	Construction of the speed cushions was rogrammed to start on 22nd October 2018. The petition was received on 13th October 2018 after which the Executive Lead Members and Evington Ward Councillors were consulted, and it was agreed to install the speed cushipns as planned. Installation of the speed cushions was completed on 8th November 2018.	Proforma returned by the Scrutiny Chair	07/01/2019	PETITION COMPLETE
16/10/2018	Nazir Malek	Petition requesting maintenance / pruning of the overhanging trees and shrubs affesting the Pluto Close estate.	(p)	24	Wycliffe		John Leach	A meeting has been held with the Lead petitioner, and the propposed tree works were supported. The sites cyclical tree survey was completed September 2018 which recommended work to many of the trees. These works are planned to start in April 2019.	Proforma returned by the Scrutiny Chair	21/01/2019	PETITION COMPLETE
23/10/2018	Janice Gannon	Petition requesting the Council cancel proposed cuts to the public opening hours of the New Parks Leisure Centre	(p)	38	Western	Ms Gannon presented to Cncl 15/11/18	John Leach	Following a meeting with the Lead Petitioner is was proposed that the main pool would continue to operate between the hours of 7.00am - 9.00am Monday - Friday, with usage of this session subject to monitoring and review during 2019. The teaching pool will close as proposed during this time.	Proforma returned by the Scrutiny Chair	21/01/2019	PETITION COMPLETE

RED – Pro-forma not completed within 3 months of being referred to Divisional Director

PETITION PROCESS COMPLETE – Scrutiny Chair commented on Pro-forma, Lead Executive Member signed off response and final letter sent to Lead Petitioner

GREEN – Lead Executive Member consulted on proposed response and Pro-forma sent to Scrutiny Chair

AMBER – Petition response progressing within 3 months of being referred to Divisional Director

Date Petition referred to Divisional Director	Received From	Subject	Type - Cncr (C) Public (P)	No. of Sig	Ward	Date Receipt Reported to Council (C) / Committee (Cttee)	Lead Divisional Director	Current Position	Scrutiny Chair Involvement	Date of Final Response Letter Sent to Lead Petitioner	Current Status
14/06/2017	Mrs Margaret Marriott	Petition requesting the council take action possible to require Sanctuary Housing to deal with the problems caused by John Calvert Court	(p)	148	Beaumont Leys	Cllr Waddington presented the petition to Council Meeting on 6 July 2017	Chris Burgin	<p>The Council has no legal interest in the site or it's re-development as the land is in private ownership but is are working with the owner, to try and get a positive outcome. Sanctuary Housing Association, the owners of the site has confirmed that they propose to demolish the building and have spoken with the Council Planners to discuss options to re-develop the site.</p> <p>John Calvert Court was built with funding from the NHS, part of this funding is re-payable to the NHS, and there is a legal charge on the property. Arrangements are in place for John Calvert Court to be demolished and the site cleared once agreement has been reached with the NHS.</p> <p>Sanctuary Housing Association has been exploring development options for the site which include the provision of market sale housing, low cost ownership products and affordable rent housing. A final decision had not been made. The Council will continue to work with Sanctuary to help and assist them re-develop the site as soon as possible.</p>	Pro-forma returned by Scrutiny Chair who is content with the response.		GREEN
10/09/2018	Rt. Hon Jonathan Ashworth MP	Petition over concerns about the speed of traffic on Guilford Road	(p)		Knighton	Cllr Moore presented to Council 4 October 2018	Andrew L Smith	An acknowledgement letter was sent to Jon Ashworth MP on 10th September, following which a paper copy of the petition from Mr and Mrs Cox was received, and an acknowledgement letter sent to them on 17th September. The lead officer wrote to Jon Ashworth MP on 19 October 2018, with information that varoius empirical data, such as recorded personal injury accidents and vehicular speeks have been collected. Following a site visit with the lead petitioner, it is proposed to add Guilford Road to the future programme of schemes to be considered for reducing vehicular speeds and to request the Police to undetake enforcement of the weight restrictions on the road.	Proforma sent to the Scrutiny Chair		GREEN
27/09/2018	Mr Lenny Moule	Petition calling for traffic calming measures and a 20mph speed limit on Stokes Drive and Darlington Road	(p)	161	Beaumont Leys	Cllr Waddington presented to Council 4 October 2018	Andrew L Smith	A meeting has been held with the lead petitioner and fellow petitioners on 24 October 2018. Ward Councillors and the police have been consulted. The police confirm that speeding generally is an increasing problem for residents across the inner city areas and commented that Stokes Drive and Darlington Road are used as a cut through for motorists from the A50 up to New Parks Boulevard. In view of the petitioners concerns the Stokes Drive area will be added to the list of proposed 20 mph schemes.	Proforma sent to the Scrutiny Chair		GREEN
05/11/2018	Jessica Adams / Nick Thompson	Petiton calling for the Council to reconsider the seven permanent speed reduction refuges on Shanklin Drive	(p)	30	Knighton		Andrew L Smith	Officers met with the lead petitioner on Monday 14 January, following which they requested a meeting with Ward Councillors which the officers will organise.			AMBER

RED – Pro-forma not completed within 3 months of being referred to Divisional Director

PETITION PROCESS COMPLETE – Scrutiny Chair commented on Pro-forma, Lead Executive Member signed off response and final letter sent to Lead Petitioner

GREEN – Lead Executive Member consulted on proposed response and Pro-forma sent to Scrutiny Chair

AMBER – Petition response progressing within 3 months of being referred to Divisional Director

Date Petition referred to Divisional Director	Received From	Subject	Type - Cncr (C) Public (P)	No. of Sig	Ward	Date Receipt Reported to Council (C) / Committee (Ctee)	Lead Divisional Director	Current Position	Scrutiny Chair Involvement	Date of Final Response Letter Sent to Lead Petitioner	Current Status
04/12/2018	Lorraine Chamberlain	Petition requesting Aqua Aerobics instructors be sourced for the Spence Street Sports Leisure Centre.	(p)	28	North Evington		Ivan Browne	Petition sent to Divisional Director			AMBER
08/01/2019	Mrs Rowshonara Begum	Petition asking for a clean safe path to Darul Arqam gates, removal of local branches, an area free from dog fouling and litter, adequate lighting and safe environment	(p)	23	Troon		John Leach	Petition sent to Divisional Director			AMBER
11/01/2019	Rumena Rahman	Petition to make Rowsley Street a one-way street	(p)	94	Stoneygate		Andrew L Smith	Petition sent to Divisional Director			AMBER
11/01/2019	Mrs Rowshonara Begum	Petition asking for: * Adequate parking facility for Falcoln school users * Grit box on Little Dunmow road * Clean safer area (grey recycling bins and signs for NO DOG FOUL)	(p)	11	Troon		Andrew L Smith	Petition sent to Divisional Director			AMBER
17/01/2019	Mr Waqar Aziz	Petition for residents of Kimberley Road to join the consultation of gaining residential parking along with Mundella and Herschell Street residents	(p)	16	Stoneygate		Andrew L Smith	Petition sent to Divisional Director			AMBER

23

RED – Pro-forma not completed within 3 months of being referred to Divisional Director

PETITION PROCESS COMPLETE – Scrutiny Chair commented on Pro-forma, Lead Executive Member signed off response and final letter sent to Lead Petitioner

GREEN – Lead Executive Member consulted on proposed response and Pro-forma sent to Scrutiny Chair

AMBER – Petition response progressing within 3 months of being referred to Divisional Director



Council

Date: Draft for 20th February 2019

General Fund Revenue Budget 2019/20 to 2021/22

Report of the Director of Finance

1. Purpose

- 1.1 The purpose of this report is to ask the Council to consider the City Mayor's proposed budget for 2019/20 to 2021/22.
- 1.2 The proposed budget is described in this report, subject to any amendments the City Mayor may wish to recommend when he makes a firm proposal to the Council.
- 1.3 This draft budget has been prepared in advance of the finance settlement for 2019/20 (which has been delayed, and is now expected in mid-December), and the final report will be updated to reflect any new information received.

2. Summary

- 2.1 The Council is enduring the most severe period of spending cuts we have ever experienced. The budget for this year is made more difficult because we do not know the extent of cuts required beyond 2019/20.
- 2.2 As a consequence of these cuts, the Council's budget (on a like for like basis) has fallen from £358m in 2010/11 to £291m in 2019/20. Despite this, spending on social care is demand led, and numbers of older people requiring care and looked after children have increased over this period. As a consequence, spending on all other services will fall from £192m to an estimated £99m, a cut of 60% in real terms.
- 2.3 We know from reports of the Institute of Fiscal Studies and our own analysis that government cuts have disproportionately hit the most deprived authorities (such as Leicester).
- 2.4 Since 2014/15, the Council's approach to achieving these substantial budget reductions has been based on the following approach:-
 - (a) An in-depth review of discrete service areas (the "Spending Review Programme");

- (b) Building up reserves, in order to “buy time” to avoid crisis cuts and to manage the Spending Review Programme effectively. We have termed this the “managed reserves strategy”.
- 2.5 The Spending Review Programme is a continuous process. When individual reviews conclude, an Executive decision is taken and the budget is reduced in-year, without waiting for the next annual budget report. Executive decisions are informed by consultation with the public (where appropriate) and the scrutiny function.
- 2.6 This approach has served us well. Budgets for the period 2013/14 to 2015/16 contributed over £40m to reserves, which have been used to support budgets since 2016/17 and postpone the maximum impact of government cuts. This has been extended by regular reviews of reserves and other one-off monies available.
- 2.7 Because of this approach, the Council has sufficient reserves available to balance the budget in 2019/20, and will have some remaining for 2020/21.
- 2.8 Funding levels beyond 2019/20 are particularly uncertain, with the move to 75% rates retention, the Government’s planned funding review and the risk of further centrally-imposed cuts to local government funding (set out in more detail in paragraphs 11.5 – 11.10). There are also significant unknowns around funding for social care services (see paragraph 7.7).
- 2.9 To mitigate these risks, further savings from the spending review process are being used to extend the managed reserves strategy beyond 2019/20. However, it seems inevitable that medium term budgets cannot be balanced without additional significant cuts.
- 2.10 As a consequence, the following approach has been adopted:-
- (a) The budget for 2019/20 has been balanced using reserves, and can be adopted as the Council’s budget for that year;
- (b) A further round of spending reviews has commenced (“Spending Review 4”). This has allocated target savings of £20m across departments, plus amounts outstanding from earlier rounds. To date, savings totalling £5.9m have been achieved since February 2018, and built into budget forecasts (see paragraph 6.6)
- 2.11 **What this means is that, in substance, the budget proposed is a one year budget. Projections of spending and income have been made beyond 2019/20, but they are uncertain and volatile.**
- 2.12 As we get more information, and greater certainty we will need to plan for future budgets. It is likely that Spending Review 4 will be insufficient.
- 2.13 In common with other authorities nationally, we continue to face growth in social care costs, and it is not impossible that these services will consume an ever greater proportion of the budget (squeezing out the traditional services provided to the whole community). Government intentions for social care funding beyond 2019/20

are not known; a Green Paper was planned in 2018 (although it has been delayed several times, and the final publication date is unclear), but it will be some time before any reforms have an impact on our costs.

- 2.14 It should also be noted that there are some significant risks in the budget. These are described in paragraph 17, and to help mitigate these, a contingency of £1m has been included in the 2019/20 budget.
- 2.15 The budget provides for a council tax increase of 3% in 2019/20, which is the maximum available to us without a referendum.
- 2.16 In the exercise of its functions, the City Council (or City Mayor) must have due regard to the Council's duty to eliminate discrimination, to advance equality of opportunity for protected groups and to foster good relations between protected groups and others. The budget is, in effect, a snap-shot of the Council's current commitments and decisions taken during the course of 2018/19. There are no proposals for decisions on specific courses of action that could have an impact on different groups of people. Therefore, there are no proposals to carry out an equality impact assessment on the budget itself, apart from the proposed council tax increase (this is further explained in paragraph 10 and the legal implications at paragraph 21). Where required, the City Mayor has considered the equalities implications of decisions when they have been taken and will continue to do so for future spending review decisions.

3. **Recommendations**

3.1 Subject to any amendments recommended by the Mayor, the Council will be asked to:-

- (a) approve the budget strategy described in this report, and the formal budget resolution for 2019/20 which will be circulated separately;
- (b) note comments received on the draft budget from scrutiny committees, trade unions and other partners (*to be added for final budget report*);
- (c) approve the budget ceilings for each service, as shown at Appendix One to this report;
- (d) approve the scheme of virement described in Appendix Two to this report;
- (e) note my view that reserves will be adequate during 2019/20, and that estimates used to prepare the budget are robust;
- (f) note the equality implications arising from the proposed tax increase, as described in paragraph 10 and Appendix Four;
- (g) approve the capital strategy, and associated prudential indicators, described in paragraph 19 and Appendix Three;
- (h) emphasise the need for outstanding spending reviews to be delivered on time, after appropriate scrutiny;
- (i) agree that finance procedure rules applicable to trading organisations (4.9 to 4.14) shall be applicable only to City Catering, operational transport and highway maintenance.

4. Budget Overview

4.1 The table below summarises the proposed budget for 2019/20, and shows the forecast position for the following three years:-

	<u>2019/20</u> £m	<u>2020/21</u> £m	<u>2021/22</u> £m
<u>Service budget ceilings</u>	263.5	257.0	256.4
<u>Corporate Budgets</u>			
Capital Financing	5.5	5.9	6.1
Miscellaneous Central Budgets	(3.1)	(2.8)	(2.7)
Corporate Contingency	1.0		
Education Funding Reform	3.8	3.8	3.8
<u>Future Provisions</u>			
Inflation		4.4	8.8
Planning provision		3.0	6.0
TOTAL SPENDING	270.8	271.4	278.5
<u>Rates Retention</u>			
Business Rates	62.4		
Business rates top-up grant	46.7		
Revenue Support Grant	28.4		
Subtotal – Rates Retention	137.4	138.0	137.8
Council Tax	113.6	116.7	119.8
Collection Fund deficit	(0.8)		
New Homes Bonus	6.7	5.2	4.8
Social Care grant (see below)	4.3		
TOTAL RESOURCES	261.2	259.9	262.3
Underlying gap in resources	9.6	11.5	16.2
Demographic Pressures reserve	(3.4)		
Managed Reserves Strategy	(6.2)		
Gap in resources	NIL		
Projected tax increase	3.0%	2.0%	2.0%

* Some of the social care grant funding has conditions attached, and some new spend (to be agreed with Health services) will be required.

4.2 The budgets from 2020/21 are presented in broad terms only, as from 2020/21, the current business rates retention scheme will be replaced. We do not yet know the format of the new scheme – the table above assumes further cuts of £3m per year in real terms in each of 2020/21 and 2021/22.

4.3 The position in 2020/21 and 2021/22 is particularly volatile, and the above figures assume (in effect) that the Government will provide sufficient funding to meet demographic pressures in adult social care, and that the growth in looked after children costs can be contained. If this is not the case, and deeper cuts are also required, the gap in 2021/22 could increase from £16.2m to anything up to £50m.

5. **Council Tax**

5.1 The City Council's proposed tax for 2019/20 is £1,552.17, an increase of just below 3% compared to 2018/19.

5.2 The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part). Separate taxes are raised by the police authority and the fire authority. These are added to the Council's tax, to constitute the total tax charged.

5.3 The total tax bill in 2018/19 for a Band D property was as follows:-

	£
City Council	1,506.98
Police	199.23
Fire	64.71
Total tax	1,770.92

5.4 The actual amounts people are paying in 2018/19, 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.

5.5 The formal resolution will set out the precepts issued for 2019/20 by the Police and Crime Commissioner and the fire authority, together with the total tax payable in the city.

6. **Construction of the Budget**

6.1 By law, the role of budget setting is for the Council 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").

6.2 The proposed budget ceilings are shown at Appendix One to this report.

6.3 In line with Finance Procedure Rules, Council must also approve the scheme of virement that controls subsequent changes to these ceilings. The proposed scheme is shown at Appendix Two.

6.4 The ceilings for each service have been 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) Decisions taken by the Executive in respect of spending reviews which are now being implemented have been deducted from the ceilings;
- (c) Increases in pay costs. While the "headline" pay increase for most local government employees is 2%, the pay spine is being revised from April 2019 to ensure it is compliant with the National Living Wage. The average increase is therefore higher at around 2.4%, weighted towards areas that have a greater proportion of employees on lower pay grades.

6.5 Apart from the above, no inflation has been added to departments' budgets for running costs or income, except for an allowance for:-

- (a) Independent sector adult care (2%);
- (b) Foster care (2%);
- (c) Costs arising from the waste PFI contract (3.4% - RPI).

6.6 The following spending review decisions have been formally taken since February 2018, and budgets reduced accordingly:-

	<u>18/19</u> <u>£000</u>	<u>19/20</u> <u>£000</u>	<u>20/21</u> <u>£000</u>	<u>21/22</u> <u>£000</u>
<u>Spending Reviews 1 to 3:</u>				
Neighbourhood Services	109	164	419	419
Sports Services	-	250	550	1,200
Sexual Health Services	-	555	555	555
Lifestyle Services	475	1,080	1,080	1,080
<u>Spending Review 4:</u>				
Corporate Resources	886	886	886	886
Adults Social Care	1,067	1,612	1,612	1,612
Regeneration & Culture	67	166	116	116
	2,604	4,713	5,218	5,868

Savings realised in 2018/19 are being used to support the managed reserves strategy into 2019/20 and 2020/21.

6.7 The latest round of spending reviews ("Spending Review 4") has asked departments to prepare plans to save an additional £20m, as well as completing outstanding reviews from earlier rounds.

7. How Departments will live within their Budgets

7.1 The role of the Council is to determine the financial envelopes within which the City Mayor has authority to act. In some cases, changes to past spending patterns are required to enable departments to live within their budgets. Actions taken, or proposed by the City Mayor, to live within these budgets are described below.

Adult Social Care

7.2 In common with adult care services across the country, the department faces significant cost pressures. These principally arise from:-

- (a) Demographic growth – an ageing population means the number of older people potentially requiring care is increasing (which has been the pattern for many years);
- (b) More people living longer, but doing so in many cases with multiple health conditions that increase the level of care and support required (not just in older people, but more prominently for adults of working age who are supported by the department);
- (c) The impact of the increasing needs of services users as their conditions deteriorate over time. This is very significant with year on year increases in care package costs of 2.5%, 3.4% and 5.3% in the three years from 2015/16 to 2017/18. The current projection for 2018/19 is 6%;
- (d) Increasing numbers of service users with mental health conditions, with increases of more than 5% in 2016/17 and 2017/18.

7.3 In addition, the National Living Wage (NLW) has been increasing in stages to reach 60% of median earnings by 2020. The Low Pay Commission, which recommends rates, estimates that the NLW will reach this target at a rate of £8.62 per hour by 2020/21. The series of increases in the NLW has created pressures for independent sector care providers, who seek to pass the cost on to local authorities. We have no knowledge of the Government's intention regarding the National Living Wage beyond 2020/21 (the Chancellor announced a review in the 29th October budget).

7.4 In 2019/20, the above pressures are expected to result in additional spending needs of £5m to £6m. Further pressure is anticipated from reduction in joint funding income from the NHS, estimated at £2m. Nonetheless, the proposed budget will enable the department to live within its resources:-

- (a) In 2016/17, a four-year growth package was approved by the Council. The final tranche of £2.8m is due in 2019/20;
- (b) The Government is providing additional monies through the Better Care Fund.

7.5 Additionally, the department is supporting its own budget pressures and contributing to the Council's Spending Review Programme. Measures to support its own pressures include achieving staffing reductions of 20% (whilst maintaining

stability), increasing productivity and empowering and supporting practitioners to take decisions and manage risk effectively on cost effective care packages. Overall management of the departmental budget means that some funding will be available to support the budget in 2020/21, after the current round of the Better Care Fund has ceased. The department has not overspent since 2015/16, unlike many adult social care departments elsewhere.

- 7.6 The department has so far contributed £1.6m of savings towards the new Spending Review 4 Programme, and proposals are being considered to review charging and non-statutory support to supported housing.
- 7.7 Beyond 2019/20, attempting to budget for adult social care is a near impossibility. The current round of BCF ends after 2019/20; the Government recognises that there is a looming crisis, but the promised green paper to put the sector on a sustainable footing has now been delayed for over 12 months. The pressures, however, continue to grow: if there is no replacement for BCF whatsoever, the shortfall could amount to anything up to £30m by 2021/22.

City Development and Neighbourhoods

- 7.8 The department provides a wide range of statutory and non-statutory services which contribute to the wellbeing and civic life of the City. It brings together local services in neighbourhoods and communities, economic strategy, strategic and local transportation, tourism, regeneration, the environment, culture, heritage, libraries, adult learning, housing and property management.
- 7.9 Historically, the department has been able to live within its budget. The nature of the department's services is such that it does not experience the same financial volatility as social care services.
- 7.10 The department is a major contributor to the Spending Review Programme. To date, it has achieved £18.7m in earlier rounds of the programme and has a target of £7.4m to achieve in respect of Spending Review 4.
- 7.11 In 2018/19, for the first time, the department needed to achieve savings to enable it to live within its resources. This arose from budget pressures in waste management, bereavement income, market income and community services income. The approach taken by the department was to make additional spending review savings (in effect, increasing its target to £8.8m). Savings already achieved as part of the Spending Review 4 Programme now mean the department is able to live within its budget and can achieve further savings to support the corporate position. This is expected to include further review of investment properties, new pay and display bays, an efficiency review of the museums service, and increased enforcement of bus lanes and urban clearways.
- 7.12 There is, nonetheless, a temporary pressure within the budget because the (completed) technical services review is taking longer to implement than anticipated. This pressure is being managed by means of additional short-term income generated by capital programme work.

Health and Wellbeing

- 7.13 The health and wellbeing division consists of core public health services, together with sports and leisure provision. It is partly funded from public health grant and partly from the general fund.
- 7.14 Public health grant has been falling, and a further reduction of £0.7m is anticipated in 2019/20. In 2020/21, public health grant is expected to cease, and the money consolidated into the new 75% Business Rates Retention Scheme. This, however, remains uncertain as it is subject to agreement between the Ministry of Housing, Communities and Local Government; and the Department of Health – the latter may wish to impose requirements on how former public health grant is spent in the future. We have no indication of the equivalent amount of grant we will receive in 2020/21.
- 7.15 The department has completed all outstanding reviews from the earlier stages of the Spending Review Programme. Reviews of sports services, sexual health services and lifestyle services have all been completed in 2018/19, and have collectively contributed £2.8m to the Council's ongoing budget reductions. These reviews are now in the process of implementation. The department is able to manage within its budget for 2019/20 although it is facing cost pressures of around £120k associated with an increase in licensed drug treatment costs, as well as an estimated £570k as a result of the national pay award for NHS staff working in services commissioned by the Council. This has been escalated nationally to the Department of Health & Social Care, Public Health England and the LGA as a 'new burden' on local government which cannot be met within the existing grant without further service reductions.
- 7.16 The department is expecting to contribute to the Spending Review 4 Programme, with a key area being review of services provided to children aged 0-19 (to be complete for the start of a new contract in 2020/21).

Corporate Resources and Support

- 7.17 The key challenge facing the department is to be as cost effective as possible, in order to maximise the amount of money available to run public facing services. The department has achieved £8.6m of savings since 2011/12 in earlier phases of the spending review programme, and is expected to save a further £3.3m as part of the Spending Review 4 Programme. £1m of this has already been achieved.
- 7.18 The department will manage within its budget ceilings for 2019/20, having absorbed new spending pressures. These pressures include:-
- (a) Additional legal posts to manage workload (£0.4m) which will be met from a combination of charges to the HRA, charges to the capital programme and a review of working arrangements. A further £0.4m for childcare lawyers is being funded from within existing budgets;
 - (b) The department is paying £0.5m per year on an offsite benefits processing contract. The need for this arises from difficulties in retaining staff (the service has a limited "shelf life", given the move to Universal Credit) and the

need to improve performance and increase available subsidy. It is anticipated that the cost will be met from savings achieved;

- (c) Reductions in housing benefit administration grant will be compensated by departmental reserves in 2019/20. We do not know what grant arrangements beyond 2019/20 will be.

Children's Services

7.19 In common with authorities across the country, increasing demand for social care services is putting considerable pressure on the budget of the department (and of the Council).

7.20 Without additional funding the department will be facing an impossible task of meeting pressures estimated at £10m to £11m in 2019/20. The key cost pressures facing the department are:-

- (a) Social care placement costs, where there is a pressure of some £6m. This is a combination of increasing numbers of looked after children with new entrants to care averaging 260 per annum in recent years (this level is now being reduced because of referral of cases to new therapeutic intervention teams); continued reliance on independent fostering agents (over 20% of total foster care placements); and the number of children in external residential placements (although this has reduced from 40 to 36 since the beginning of 2018/19, at the time of writing);
- (b) Pressures in respect of transport costs for looked after children and SEN pupils (around £2m);
- (c) Continued pressures as a consequence of inability to recruit social workers, and the need to use agency staff while we "grow our own";
- (d) Pressures of £2m from previous years which have been dealt with by one-off money (these, themselves, arise from the same issues described above).

7.21 Pressures on children's social care has started to be acknowledged by the Government, and funding made available for social care in 2019/20 is now also (expressly) intended for children's social care as well as adult care. The need for the Government to increase funding in this area continues to be made by us, and the LGA. Nonetheless, the director is reviewing options to reduce costs on a permanent basis with a view to bringing the department back to within its budget in later years (there is no expectation of any contribution to the authority's spending review targets).

7.22 Measures being considered to reduce costs include:-

- (a) Continued development and extension of therapeutic intervention teams by adding a further Multi-Systemic Therapy Child Abuse and Neglect team (now operational); and a Functional Family Therapy Child Welfare team

(also now operational). It is expected that these teams will divert 80 children from care per year;

- (b) Reducing the use of independent fostering agencies by increasing the number of internal foster carers. We will be reviewing our approach to recruitment, and are targeting a net increase of 10 placements per year;
 - (c) Continuing to reduce external residential placements: a process of challenge has been introduced by means of a monthly placements panel;
 - (d) Investigation of options to reduce transport costs and promote independence.
- 7.23 In 2019/20, the budget will be supported by use of £4.4m of one-off monies held by the department, and a corporate contribution of £6m. The longer-term position will be developed in early 2019, in the light of emerging Government proposals for public spending. Proposals will be shared with the Children, Young People and Schools' Scrutiny Commission as they develop.

8. **Corporately held Budgets**

- 8.1 In addition to the service budget ceilings, some budgets are held corporately. These are described below (and shown in the table at paragraph 4).
- 8.2 The budget for **capital financing** represents the cost of interest and debt repayment on past years' capital spending. This budget is not controlled to a cash ceiling, and is managed by the Director of Finance. Costs which fall to be met by this budget are driven by the Council's treasury management strategy, which will be approved by the Council in February, and are affected by decisions made by the Director of Finance in implementation of this policy.
- 8.3 Capital financing costs have reduced significantly from previous years; predominantly, this is the result of implementing a change in the minimum revenue policy provision that the Council is required to set aside to repay debts (in effect, the saving means that debt is being repaid more slowly). This policy was approved by the Council in November 2015, but implementation was deferred until now. In addition, interest on investments is higher due to a combination of higher interest rates and higher cash balances than anticipated.
- 8.4 A one-off **corporate contingency** of £1m has been created in 2019/20 to manage significant pressures that arise during the year. This is particularly appropriate given the scale of reductions departments are having to make.
- 8.5 As set out in previous budget reports, **education funding reforms** have reduced the amount available to support centrally-managed services for schools and pupils. Whilst the Children's Services department is making reductions to school improvement services, the savings will not meet the full amount of the funding reductions and therefore a provision of £3.8m has been created to manage the shortfall.

8.6 **Miscellaneous central budgets** include external audit fees, pensions costs of some former staff, levy payments to the Environment Agency, bank charges, monies set aside to assist council taxpayers suffering hardship and other sums it is not appropriate to include in service budgets. These budgets are offset by the effect of charges from the general fund to other statutory accounts of the Council (which exceed the miscellaneous costs, but are reducing over time).

9. Future Provisions

9.1 This section of the report describes the future provisions shown in the table at paragraph 4 above. These are all indicative figures – budgets for these years will be set in February prior to the year in question.

9.2 The provision for **inflation** includes money for:-

- (a) Pay awards in 2020/21 and 2021/22. It is assumed that local funding will be required equivalent to 1% per annum;
- (b) A contingency for inflation on running costs for services unable to bear the costs themselves. These are: waste disposal, independent sector residential and domiciliary care, and foster payments.

9.3 A **planning provision** has been set aside to manage uncertainty. Our general policy is to set aside a cumulative £3m per year, each year for the duration of the strategy. This can then be removed in subsequent budget reports, to the extent that it has not been utilised elsewhere. In recent years, it has been used to deal with the impact of education funding reform, and with continuing cost pressures in social care.

10. Budget and Equalities (Hannah Watkins)

10.1 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.

10.2 In accordance with section 149 of the Equality Act, 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.

10.3 Protected groups under the public sector equality duty are characterised by age, disability, gender re-assignment, pregnancy/maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.

- 10.4 When making decisions, the Council (or decision maker, in this case 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.
- 10.5 This report seeks approval to the proposed budget strategy. The report sets out financial ceilings for each service which act as maxima above which the City Mayor cannot spend (subject to his power of virement). However, decisions on services to be provided within the budget ceilings are taken by managers or the City Mayor separately from the decision regarding the budget strategy. Therefore, the report does not contain details of specific service proposals. However, the budget strategy does recommend a proposed council tax increase for the city's residents. The City Council's proposed tax for 2019/20 is £1,552.17, an increase of just below 3% compared to 2018/19. As the recommended increase could have an impact on those required to pay it, an assessment has been carried out to inform decision makers of the potential equalities implications.
- 10.6 The 2018/19 budget report noted that disposable income had fallen in real terms due to slow wage growth, welfare changes and inflation. The context has changed slightly over the last year with the ASDA Income Tracker September 2018 highlighting that family spending power is up by £7.45 per week year on year in September 2018, an annual increase of 3.8%. Income growth has been boosted across most regions with UK families seeing the fastest pay growth since 2008. Inflation peaked at 3.1% in late 2017, and has now fallen back to 2.2% as measured by the Consumer Price Index (CPI). It is not expected to rise significantly in the short term, although analysts stress the uncertainties caused by Brexit.
- 10.7 The ASDA income tracker is an indicator of the economic prosperity of 'middle Britain', taking into account income, tax and all basic expenditure. ASDA's customer base matches the UK demographic more closely than that of other supermarkets.
- 10.8 In most cases, the change in council tax (0.67p/week for a band B property with no discounts) is a small proportion of disposable income, and a small contributor to the squeeze on household budgets. A Council Tax increase would be applicable to all properties - the increase would not target any one particular protected group, rather it would be an increase that is applied across the board. However, it is recognised that this may have a differential impact dependent upon a household's disposable income.
- 10.9 Some households reliant on social security benefits are likely to be adversely affected due to the cumulative impact of further implementation of the Government's welfare reforms, in particular the rollout of Universal Credit full service which was implemented in Leicester in June 2018, although most of these households will be eligible to receive Council Tax Support reducing their Council Tax bill by up to 80%, and further discretionary relief, discounts and exemptions are available.

- 10.10 The Council has a number of mitigating actions in place to provide council tax reductions, exemptions or support for particular groups and some relief in instances of short term financial crisis.
- 10.11 There are council tax reductions and exemptions available for some individuals from protected characteristic groups, provided they meet certain criteria. For example, some people may qualify for a reduction if their home has been specially adapted due to a disability for them or someone who lives with them, if there are severely mentally impaired adults in receipt of particular benefits in the household, and care leavers under 25 years of age who have previously been a resident in a care home or similar facility provided by Leicester City Council.
- 10.12 Locally, Council services provide (or fund) a holistic safety net including the provision of advice, personal budgeting support, and signposting provision of necessary household items. In particular, the Council provides £500,000 annually in Council Tax Discretionary Relief for households with a low income in financial difficulties (see para. 10.14 below), and also supports Crisis and Support Grants covering food, fuel, white goods and essential items through the Community Support Grant scheme. The Council also assists with rent shortfalls in the form of Discretionary Housing Payments (£1.1m in 2018/19). It is important to note that these mitigating actions are now the sole form of safety net support available to households in the city. A House of Commons Works and Pensions Committee report in January 2016 ('The local welfare safety net') described this devolution of discretionary support to those in short term financial crisis to local government. There is now no other source of Government support available.
- 10.13 Since April 2013, as a consequence of the Government's welfare reforms, all working age households in Leicester have been required to contribute towards their council tax bill. Currently working age households have to pay at least 20% of their council tax bill, but low income households can apply for council tax support which can help to pay their council tax bill.
- 10.14 There is also a discretionary relief scheme which can help households who are struggling to pay their council tax as a last resort. The scheme sets out to ensure that the most vulnerable householders are given some relief in response to financial hardship they may experience.
- 10.15 Leicester is ranked as the 21st most deprived local authority in the country according to the 2015 Indices of Multiple Deprivation. In addition to provision of a 'local welfare safety net', council services seek to address inequalities of opportunity that contribute to this deprivation. They do this by seeking to improve equality of outcomes for those residents that we can directly support.
- 10.16 Our Public Sector Equality Duty is a continuing duty, even after decisions have been made and proposals have been implemented. Periodically we review the outcomes of earlier decisions to establish whether mitigating actions have been carried out and the impact they have had. The Council has a legal duty to set a balanced budget. The spending review programme enables us to assess our service provision from the perspective of the needs of individual residents. This

“person centred” approach to our decision making ensures that the way we meet residents’ needs with reducing resources can be kept under continuous review – in keeping with our Public Sector Equality Duty.

10.17 A key concern in terms of potential for significant equalities implications is the uncertainty and challenges around the funding of Adult Social Care in the long term. In the current financial climate, a lower council tax increase would require even greater cuts to services. While it is not possible to say where these cuts would fall (and therefore which specific groups would be affected), the users of Adult Social Care are mostly older people or, to a lesser extent, adults who have a disability and therefore there are likely to be negative equalities implications arising from a decision to implement a lower council tax increase.

10.18 Where there are changes to policy, service or function in the future, an individual Equalities Impact Assessment will be undertaken to identify the specific equalities impacts and inform the development of proposals, including any mitigating actions where a disproportionate negative impact on a protected characteristic/s is identified.

11. Rates Retention scheme

11.1 Local government retains 50% of the rates collected locally, with the other 50% being paid to central government. In Leicester, 1% is paid to the fire authority, and 49% is retained by the Council. This is known as the “Business Rate Retention Scheme”.

11.2 In recognition of the fact that different authorities’ ability to raise rates does not correspond to needs, there are additional elements of the business rates retention scheme:

(a) a **top-up to local business rates**, paid to authorities with lower taxbases relative to needs (such as Leicester) and funded by authorities with greater numbers of higher-rated businesses.

(b) **Revenue Support Grant (RSG)**, which has declined sharply in recent years as it is the main route for the government to deliver cuts in local government funding (and the methodology for doing this has disproportionately disadvantaged deprived authorities).

11.3 At the time of writing this report, the finance settlement for 2019/20 had not been received. However, in 2016/17, the Government offered, and we accepted, a four year certainty deal which means the revenue support grant and top-up figures for 2019/20 are fixed, “barring exceptional circumstances.”

11.4 Our estimates of rates income take into account the amount of income we believe we will lose as a consequence of successful appeals. The majority of appeals against the 2017 revaluation have not yet been decided, and appeals have been a source of volatility since business rates retention was introduced. Despite Government attempts to reduce this volatility, we have again seen significant losses through appeals in 2018, and this is likely to continue as there are still a large number of outstanding appeals from earlier years (and any successful appeals will be backdated, potentially for several years).

Funding from 2020/21

- 11.5 No figures have been made available for local government funding after 2019/20, either nationally or locally. Despite headlines of “the end of austerity”, analysis of the Chancellor’s October budget statement implies a less optimistic picture. After paying for commitments, including an increase in NHS funding, it appears that the amount available for other unprotected services will be (at best) remaining at its 2019/20 level.
- 11.6 Further information on future funding levels will be available in the government’s Spending Review, due to be published next year. This will set out spending totals for government departments for years past 2019/20, but not the funding available to individual local authorities. We do not yet know how many years the Spending Review will cover.
- 11.7 A further reform of local government funding is planned to take effect from April 2020, increasing the proportion of rates retained locally to 75%. In itself, this change should be financially neutral, as the additional business rates income will be offset by the loss of RSG and some other grants. There is likely to be a more substantial effect on the Council’s finances from the “fair funding review” planned for the same date, which will redistribute resources between councils.
- 11.8 The current funding formula is complex, and has not been updated since 2013. One outcome of the funding review is likely to be a simpler, more up-to-date means of measuring each authority’s need to spend. In itself, this should be beneficial to us as it will take into account our rapid population growth in recent years, and should (unlike the current formula) fully reflect the differences in council taxbase between different areas of the country. However, there are other pressures on the limited amount of funding available, including intensive lobbying from some authorities over perceived extra costs in rural areas. As a result, we do not know the likely outcome of the funding review.
- 11.9 In the first few years, the new funding formula is likely to be subject to a significant amount of damping, to protect authorities from a sudden loss of resources. Since the overall funding for local government is fixed, this can only come from reducing the amounts paid to authorities that gain from the new formula. This means the new formula will take some years to be fully implemented.
- 11.10 The budget assumes (real-terms) cuts of £3m per year in each of 2020/21 and 2021/22, which is significantly less than the cuts seen in recent years. This is a significant risk in the medium-term budget, which is discussed further in paragraph 17 below.

12. **Council Tax**

- 12.1 Council tax income is estimated at £113.6m in 2019/20, based on a tax increase of just below 3%, which is the maximum we can increase tax without a referendum.

For planning purposes, tax increases of 2% per year have been assumed in each of 2020/21 and 2021/22.

12.2 Since 2016/17, social care authorities have been given additional flexibility (the “social care precept”) to help mitigate the growing costs of social care. We have already used our maximum social care flexibility and therefore cannot increase tax beyond 3% in 2019/20.

12.3 Council tax income includes the additional revenue raised from the Empty Homes Premium, which increases the charge by 50% for a property left empty for more than six months. From April 2019, as part of the Government’s housing strategy, the maximum charge will be increased to 100% (i.e. a long-term empty property would attract double the normal council tax); the figures in this report assume that the maximum premium is introduced.

13. Collection Fund Surpluses / Deficits

13.1 Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true. At this stage, figures in the draft budget are estimates which will be revised in due course.

13.2 The Council has an estimated **council tax collection fund surplus** of £1.5m, after allowing for shares paid to the police and fire authorities. This has arisen because of growth in the number of homes liable to pay tax (which has been greater than was assumed when the budget was set) and a reduction in the costs of the council tax support scheme (linked to improvements in the local economy).

13.3 The Council has an estimated **business rates collection fund deficit** of £2.3m. This is due to the cost of appeals, particularly a larger than anticipated rates reduction on a large property in the city that has been backdated to 2005, and the effect of a recent ruling on the rates chargeable on ATM machines.

14. Other government grants

14.1 The Government also controls a range of other grants. With the exception of New Homes Bonus and Adult Social Care Grant, these are not shown in the table at paragraph 4.1, as they are treated as income to departments (departmental budgets are consequently lower than they would have been).

14.2 These other grants include:-

(a) **New Homes Bonus (NHB)**. This is a grant which roughly matches the council tax payable on new homes, and homes which have ceased to be empty on a long term basis. The future of NHB beyond 2019/20 is in doubt, and it may be rolled into the new business rates retention scheme.

(b) **Dedicated Schools Grant (DSG)**, which funds schools’ own spending and a range of education-related central services, was reformed in 2018/19, leading to a reduction in the funding available for school improvement and SEN support services provided centrally.

- (c) The **Better Care Fund** has increased nationally, and the city is expected to receive £15.5m by 2019/20. The increase has been termed the “Improved Better Care Fund” (iBCF). iBCF is not entirely new money – some is being met from cuts to NHB, and from a reduction in the amount available for RSG. The future of the entire BCF after 2019/20 is unclear.
- (d) Additional funding to support **Adult Social Care** has been made available each year since 2017/18, although this has been as a series of one-off allocations rather than a stable funding stream. A further £650 million nationally will be available in 2019/20; our (provisional) share of this funding is £4.3m. For the purposes of this draft budget, the full amount is shown in the table at paragraph 4, but some additional spending is likely to be required to meet grant conditions. For the first time, some of the funding will be available to support Children’s social care services as well as Adults’.

15. **General Reserves and the Managed Reserves Strategy**

- 15.1 In the current climate, it is essential that the Council maintains reserves to deal with the unexpected. This might include continued spending pressures in demand led services, or further unexpected Government grant cuts.
- 15.2 The Council has agreed to maintain a minimum balance of £15m of reserves. The Council also has a number of earmarked reserves, which are further discussed in section 16 below.
- 15.3 In the 2013/14 budget strategy, the Council approved the adoption of a managed reserves strategy. This involved contributing money to reserves in 2013/14 to 2015/16, and drawing down reserves in later years. This policy has bought time to more fully consider how to make the substantial cuts which are necessary. Since 2016/17, these reserves have been drawn down to balance the budget, although some remain to support 2019/20 and 2020/21.
- 15.4 The managed reserves strategy will be extended as far as we can: the rolling programme of spending reviews enables any in-year savings to extend the strategy. Additional money has been made available since the 2018/19 budget was set, and future reviews should enable further contributions to be made. Given the uncertainty around future funding, it is essential that these reviews are implemented promptly to ensure that managed reserves are available to mitigate the medium-term funding risks.
- 15.5 The table below shows the forecast reserves available to support the managed reserves strategy:-

2018/19	2019/20
£m	£m

Brought forward	21.8	19.4
Additional savings in year	3.1	
Earmarked reserves review	1.4	
Other provisions review	3.3	
Planned use	(10.2)	(6.2)
Carried forward	19.4	13.2

15.6 In the budget monitoring report for period 6, the intention of reducing capital financing charges in 2018/19 was noted. This will be considered further at outturn. If approved, there will be a further one-off saving (not reflected in the figures above).

16. Earmarked Reserves

16.1 In addition to the general reserves, the Council also holds earmarked reserves which are set aside for specific purposes. A schedule is provided at Appendix Six.

16.2 Earmarked reserves are kept under review, and amounts which are no longer needed for their original purpose will be used to extend the managed reserves strategy. The most recent review took place after the close of the 2017/18 financial year, and identified £1.4m of reserves that could be used for this purpose.

16.3 The 2019/20 budget also proposes using the Demographic Pressures reserve of £3.5m to support the budget. This reserve was established from savings in Adult Social Care in previous years, to help cushion the ongoing increases in care costs due to an ageing and higher-needs population.

16.4 In addition, provisions and other amounts set aside have been reviewed. A provision of £3.3m for pay due to carers on sleep-in duties is not now required, following more recent legal developments, and this amount will be transferred to managed reserves.

17. Risk Assessment and Adequacy of Estimates

17.1 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.

17.2 In the current climate, it is inevitable that the budget carries significant risk.

17.3 In my view, although very difficult, the budget for 2019/20 is achievable subject to the risks and issues described below.

17.4 There are risks in the 2019/20 budget arising from:-

- (a) Social care spending pressures - specifically the risks of further growth in the cost of care packages above budget assumptions, risks to our BCF

income due to government expectations (particularly relating to delayed transfers of care) and inability to contain the costs of looked after children;

- (b) Ensuring spending reviews which have already been approved, but not yet implemented, deliver the required savings;
- (c) Achievability of estimated rates income (although technically any shortfall will appear as a collection fund deficit in the 2020/21 budget), and particularly the extent of successful appeals against the 2017 revaluations.

17.5 From 2020/21 and beyond, the budget projections are particularly uncertain. Risks to a balanced budget in these years include:-

- (a) Non-achievement, or delayed achievement, of the remaining spending review savings; and/or further budget pressures within service departments meaning that any savings achieved cannot be used to reduce the overall budget gap;
- (b) The considerable task facing Children's Services to balance its budget in the medium term;
- (c) Loss of future resources. The funding landscape after 2019/20 is largely unknown, with the move to 75% business rates retention and the planned needs review (which could result in a gain or loss to the Council). The risk of further cuts to funding in 2020/21 and 2021/22 is significant;
- (d) Longer-term reforms to social care funding and expectations on local authorities, and the need to manage ongoing demographic pressures. Crucially, we need to know what additional funding the Government will make available after 2019/20;
- (e) Continuing increases in pay costs. Upward pressures may lead to pay increases above the amount provided in the budget. Each 1% on pay costs around £1.7 million in direct costs, and will also impact on contract costs, particularly in Adult Social Care.

17.6 A further risk is economic downturn, nationally or locally. This could result in new cuts to grant; falling business rate income; and increased cost of council tax reductions for taxpayers on low incomes. It could also lead to a growing need for council services and an increase in bad debts. The effect of Brexit remains to be seen.

17.7 The budget seeks to manage these risks as follows:-

- (a) A minimum balance of £15m reserves will be maintained;
- (b) A one-off corporate contingency of £1m is included in the budget for 2019/20;

- (c) A planning contingency is included in the budget from 2020/21 onwards (£3m per annum accumulating);
 - (d) Spending Review savings are being implemented as soon as possible, and the resulting savings “banked” to support future budgets.
- 17.8 Subject to the above comments, I believe the Council’s general and earmarked reserves to be adequate. I also believe estimates made in preparing the budget are robust. (Whilst no inflation is provided for the generality of running costs in 2019/20, some exceptions are made, and it is believed that services will be able to manage without an allocation).

18. **Consultation on the Draft Budget**

18.1 Comments on the draft budget will be sought from:-

- (a) The Council’s scrutiny function;
- (b) Key partners and other representatives of communities of interest;
- (c) Business community representatives (a statutory consultee);
- (d) The Council’s trade unions.

18.2 Comments will be incorporated into the final version of this report.

19. **Capital Strategy**

19.1 There is a new requirement on local authorities to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level.

19.2 The proposed capital strategy is set out at Appendix Three. This also includes the policy on repaying debt and the prudential indicators which assess the affordability of new borrowing.

19.3 The capital strategy also fully implements the minimum revenue provision (MRP) policy approved in November 2015. In previous years, this has not been fully implemented as we have voluntarily set aside additional funds for debt repayment.

19.4 The new policy will make substantial savings against the revenue budget (in excess of £6 million per year in 2019/20 and 2020/21), although these are paper rather than real savings – they result from a slower repayment of historic debt. Members are also asked to note that the savings will tail off gradually in subsequent years.

20. **Financial Implications**

20.1 This report is exclusively concerned with financial issues.

20.2 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made unless the member concerned declares the arrears at the outset of the

meeting and that as a result s/he will not be voting. The member can, however, still speak. The rules are more circumscribed for the City Mayor and Executive. Any executive member who has arrears outstanding for 2 months or more cannot take part at all.

21. **Legal Implications (Kamal Adatia)**

- 21.1 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.
- 21.2 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.
- 21.3 As well as detailing the recommended council tax increase for 2019/20, 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.
- 21.4 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, although in the preparation of this budget the Council is undertaking tailored consultation exercises with wider stakeholders.
- 21.5 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 10. 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. 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 Four.

21.6 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.

22. **Other Implications**

Other Implications	Yes/No	Paragraph References within the report
Equal Opportunities	Y	Paragraph 10
Policy	Y	The budget sets financial envelopes within which Council policy is delivered
Sustainable and Environmental	N	The budget is a set of financial envelopes within which service policy decisions are taken. The proposed 2019/20 budget reflects existing service policy.
Crime & Disorder	N	
Human Rights Act	N	
Elderly People/People on Low Income	N	

Background information relevant to this report is already in the public domain.

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10th December 2018

Budget Ceilings

	Revised 2018/19 budget £000s	Spending Reviews £000s	Inflation £000s	Other changes £000s	BUDGET CEILING 2019/20 £000s
1. City Development & Neighbourhoods					
1.1 Neighbourhood & Environmental Services					
Divisional Management	370.1	(4.9)	6.4		371.6
Regulatory Services	3,224.5	(4.2)	82.2		3,302.5
Waste Management	16,776.5	(0.1)	547.5		17,323.9
Parks & Open Spaces	3,785.9	(369.0)	267.7		3,684.6
Neighbourhood Services	6,002.2	(88.0)	105.1		6,019.3
Standards & Development	1,561.6	(28.0)	55.3		1,588.9
Divisional sub-total	31,720.8	(494.2)	1,064.2	0.0	32,290.8
1.2 Tourism, Culture & Inward Investment					
Arts & Museums	4,538.7	(5.6)	62.2		4,595.3
De Montfort Hall	866.7	(96.3)	54.2		824.6
City Centre	99.4		3.4		102.8
Place Marketing Organisation	394.2		4.1		398.3
Economic Development	258.3	(46.2)	29.8		241.9
Markets	(241.1)	(3.7)	15.5		(229.3)
Divisional Management	73.7	(317.7)	3.9		(240.1)
Divisional sub-total	5,989.9	(469.5)	173.1	0.0	5,693.5
1.3 Planning, Development & Transportation					
Transport Strategy	10,049.5	(102.5)	70.1		10,017.1
Highways	4,660.5	(1.6)	106.5		4,765.4
Planning	924.9		52.5		977.4
Divisional Management	210.3	(6.7)	4.3		207.9
Divisional sub-total	15,845.2	(110.8)	233.4	0.0	15,967.8
1.4 Estates & Building Services	4,473.8	(1,174.4)	205.9	0.0	3,505.3
1.5 Housing Services					
Housing Services	3,106.3	(112.1)	108.3		3,102.5
Fleet Management	31.0	(200.0)	17.8		(151.2)
Divisional sub-total	3,137.3	(312.1)	126.1	0.0	2,951.3
1.6 Departmental Overheads					
Adult Skills	(870.4)				(870.4)
School Organisation & Admissions	790.2		31.0		821.2
Overheads	629.8	217.9	3.5		851.2
Divisional sub-total	549.6	217.9	34.5	0.0	802.0
DEPARTMENTAL TOTAL	61,716.6	(2,343.1)	1,837.2	0.0	61,210.7

Appendix One

	Revised 2018/19 budget £000s	Spending Reviews £000s	Inflation £000s	Other changes £000s	BUDGET CEILING 2019/20 £000s
2. Adults					
2.1 Adult Social Care & Safeguarding					
Other Management & support	1,523.2	(1.0)	47.5		1,569.7
Safeguarding	85.2	(0.1)	4.1		89.2
Preventative Services	6,005.4	(9.2)	145.7		6,141.9
Independent Sector Care Package Costs	89,400.5		1,878.8	2,848.0	94,127.3
Care Management (Localities)	7,220.8	(4.6)	150.9		7,367.1
Divisional sub-total	104,235.1	(14.9)	2,227.0	2,848.0	109,295.2
2.2 Adult Social Care & Commissioning					
Enablement & Day Care	3,193.4	(162.4)	102.1		3,133.1
Care Management (LD & AMH)	4,951.9	(6.6)	101.2		5,046.5
Preventative Services	2,944.2	(384.7)	3.0		2,562.5
Contracts, Commissioning & Other Support	3,150.3	(0.1)	80.9		3,231.1
Substance Misuse	5,559.7				5,559.7
Departmental	(20,020.2)	(0.1)	11.1	1,137.5	(18,871.7)
Divisional sub-total	(220.7)	(553.9)	298.3	1,137.5	661.2
2.3 Health and Wellbeing					
Adults' Services	4,805.6	(555.0)			4,250.6
Children's 0-19 Services	9,267.5	(250.0)			9,017.5
Lifestyle Services	1,855.0	(605.0)	9.2		1,259.2
Staffing, Infrastructure & Other	1,298.9		27.8		1,326.7
Sports Services	2,811.4	(250.1)	200.3		2,761.6
Divisional sub-total	20,038.4	(1,660.1)	237.3	0.0	18,615.6
DEPARTMENTAL TOTAL	124,052.8	(2,228.9)	2,762.6	3,985.5	128,572.0

Appendix One

	Revised 2018/19 budget £000s	Spending Reviews £000s	Inflation £000s	Other changes £000s	BUDGET CEILING 2019/20 £000s
3. Education & Children's Services					
3.1 Strategic Commissioning & Business Support					
Divisional Budgets	676.9		17.1		694.0
Operational Transport	(111.6)				(111.6)
Divisional sub-total	565.3	0.0	17.1	0.0	582.4
3.2 Learning Quality & Performance					
Raising Achievement	1,472.0	(4.1)	29.9		1,497.8
Learning & Inclusion	1,835.2		49.6		1,884.8
Special Education Needs and Disabilities	7,341.4		72.5		7,413.9
Divisional sub-total	10,648.6	(4.1)	152.0	0.0	10,796.5
3.3 Children, Young People and Families					
Children In Need	9,076.5	(19.7)	140.0		9,196.8
Looked After Children	35,393.5		433.4	6,000.0	41,826.9
Safeguarding & QA	2,475.9		56.0		2,531.9
Early Help Targeted Services	5,493.7		126.7		5,620.4
Early Help Specialist Services	2,520.8		90.5		2,611.3
Divisional sub-total	54,960.4	(19.7)	846.6	6,000.0	61,787.3
3.4 Departmental Resources					
Departmental Resources	(2,107.3)		11.1		(2,096.2)
Education Services Grant	(4,468.1)				(4,468.1)
Divisional sub-total	(6,575.4)	0.0	11.1	0.0	(6,564.3)
DEPARTMENTAL TOTAL	59,598.9	(23.8)	1,026.8	6,000.0	66,601.9
4. Corporate Resources Department					
4.1 Delivery, Communications & Political Gov	5,424.6	(1.1)	124.2	0.0	5,547.7
4.2 Financial Services					
Financial Support	4,717.0	(3.6)	145.1		4,858.5
Revenues & Benefits	5,870.3		206.5		6,076.8
Divisional sub-total	10,587.3	(3.6)	351.6	0.0	10,935.3
4.3 Human Resources	4,252.9	(1.1)	99.9	0.0	4,351.7
4.4 Information Services	9,395.7	(0.4)	109.8	0.0	9,505.1
4.5 Legal Services	2,628.5	(0.3)	98.8	0.0	2,727.0
DEPARTMENTAL TOTAL	32,289.0	(6.5)	784.3	0.0	33,066.8
TOTAL -Service Budget Ceilings	277,657.3	(4,602.3)	6,410.9	9,985.5	289,451.4
less public health grant	(26,804.0)	0.0	0.0	700.0	(26,104.0)
NET TOTAL	250,853.3	(4,602.3)	6,410.9	10,685.5	263,347.4

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. Strategic 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. Strategic 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. Strategic directors are responsible, in consultation with the appropriate Assistant Mayor if necessary, for determining whether a proposed virement would give rise to a change of Council policy.
5. Movement of money between budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services.
6. The City Mayor is authorised to increase or reduce any budget ceiling. The maximum amount by which any budget ceiling can be increased during the course of a year is £5m. Increases or reductions can be carried out on a one-off or permanent basis.
7. The Director of Finance may vire money between budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision.
8. Nothing above requires the City Mayor or any director to spend up to the budget ceiling for any service.

Corporate Budgets

9. The following authorities are granted in respect of corporate budgets:
 - (a) the Director of Finance may incur costs for which there is provision in miscellaneous corporate budgets, except that any policy decision requires the approval of the City Mayor;
 - (b) the City Mayor may determine the use of the corporate contingency;
 - (c) the City Mayor may determine the use of the provision for Education Funding reform.

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. Strategic directors may add sums to an earmarked reserve, from:
 - (a) a budget ceiling, if the purposes of the reserve are within the scope of the service budget;
 - (b) a carry forward reserve, subject to the usual requirement for a business case.
12. Strategic 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.

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Proposed Capital Strategy

1. Introduction

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

2. Capital Expenditure

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

- 2.4 Monitoring of capital expenditure is carried out by the Executive and the Overview Select Committee. Reports are presented on 3 occasions during the years, and at outturn. For this purpose, immediate starts have been split into three categories:-
- (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes are monitored with reference to physical delivery (rather than an annual profile of spending). We do, of course, still want to make sure that the overall budget is not going to be exceeded;
 - (b) **Work Programmes** – these are minor works or similar schemes where there is an allocation of money to be spent in a particular year. The focus of monitoring is on whether the money is spent in the years for which it is approved;
 - (c) **Provisions** – these are sums of monies set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.
- 2.5 When, during the year, proposals to spend policy provisions are approved, a decision on classification is taken at that time (i.e. a sum will be added to projects, work programmes or provisions as the case may be).
- 2.6 The authority does not capitalise expenditure, except where it can do so in compliance with proper practices: it does not apply for directions to capitalise revenue expenditure.
- 2.7 Past and forecast capital expenditure is:

Area of expenditure	2018/19 Estimate £000s	2019/20 Estimate £000s
Children's Services	41,938	60,550
Young People	20	20
Resources ICT	1,866	807
Transport	34,250	27,588
Cultural & Neighbourhood Services	11,893	8,984
Environmental Services	379	0
Economic Regeneration	31,472	21,952
Adult Care	1,967	9,924
Public Health	1,808	1,811
Property	4,853	2,995
Vehicles	198	0
Housing Strategy & Options	1,970	17,045
Corporate Loans	0	0
Total General Fund	132,614	151,676
Housing Revenue Account	16,373	28,121
Total	148,987	179,797

- 2.8 The Council's Estates and Building Services Division provides professional management of non-housing property assets. This includes maintaining the properties, collecting any income, rent reviews, ensuring that lease conditions are complied with and that valuations are regularly updated at least every 5 years. A

capital programme provision is made each year for significant improvements or renovation: spending need is initially prioritised by the division and formally approved by the City Mayor.

- 2.9 The Housing Division provides management of tenanted dwellings. As the HRA capital programme is almost entirely funded from tenants' rents, both major and minor repairs are (directly or indirectly) met from tenants' rents. The criteria used to plan major works are in the table below:-

Component for Replacement	Leicester's Replacement Condition Criteria	Decent Homes Standard: Maximum Age
Bathroom	All properties to have a bathroom for life by 2030	40 years / 30 years
Central Heating Boiler	Based on assessed condition	15 years (future life span of new boilers is expected to be on average 12 years)
Chimney	Based on assessed condition	50 years
Windows & Doors	Based on assessed condition	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2030	30 years / 20 years
Roof	Based on assessed	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition	80 years
Wall structure	Based on assessed condition	60 years

3. **Financing Capital Expenditure**

- 3.1 Most capital expenditure of the Council is financed as soon as it is spent (by using grants, capital receipts, revenue budgets or the capital fund). The Council will only incur spending which cannot be financed in this way in strictly limited circumstances. Such spending is termed "prudential borrowing" as we are able to borrow money to pay for it. (The treasury management strategy explains why in practice we don't need to borrow on the external market: we must still, however, account for it as borrowing and make "repayments" from revenue each year). Circumstances in which the Council will use "prudential borrowing" are:-

- (a) Where spending facilitates a future disposal, and it is estimated that the proceeds will be sufficient to fully cover the initial costs;
- (b) Where spending can be justified with reference to an investment appraisal (this is further described in the separate investment strategy). This also includes social housing, where repayment costs can be met from rents;
- (c) Other "spend to save" schemes where the initial cost is paid back from revenue savings;
- (d) Where, historically, the Council has used leasing for vehicles or equipment, and revenue budgets already exist to meet the cost;

(e) “Once in a generation” opportunities to secure significant strategic investment that will benefit the city for decades to come.

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

	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
HRA	210	210	209	209
General Fund	260	255	248	241

(The table above excludes PFI schemes).

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

4. **Debt Repayment**

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

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

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

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

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

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

4.7 Debt repayment will normally commence in the year following the year in which the expenditure was incurred. However, in the case of expenditure relating to the construction an asset, the charge will commence in the year after the asset becomes operational or the year after total expenditure on the scheme has been completed.

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

- (a) Land – 50 years;
- (b) Buildings – 50 years;
- (c) Infrastructure – 40 years;
- (d) Plant and equipment – 20 years;
- (e) Vehicles – 10 years.

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

4.10 Voluntary set aside has been made in past years, in line with approved budget strategies. Prior to 2015/16, the Council had a policy requiring higher sums to be set aside than the current policy requires. In November, 2015, the policy was changed by the Council to one which is essentially the one stated above. Subsequent budgets, however, deliberately topped up the amount of repayment to previous levels. In this way, the Council postponed potential budget savings until Government grant cuts made implementation essential (after all, the “budget savings” only arise from slower payment of debt). As a consequence, the Council has set aside (cumulatively) £18m more than the amount determined by the policy approved in 2015.

4.11 The law permits the Council to “claim back” sums set aside voluntarily in previous years by reducing subsequent years’ debt repayment. The Council will only do this in the following circumstances:-

- (a) To support the Council’s treasury management strategy. For instance, using these sums gives the Council access to a wider pool of collective property investments than we could otherwise use because of accounting restrictions (and hence access to better investment opportunities);
- (b) For the acquisition of other investments permitted by the investments strategy, where it is appropriate to capitalise spending so that revenue savings can be delivered immediately.

4.12 Once investments acquired through sums “claimed back” are redeemed, the receipt will be set aside again for debt repayment.

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

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

	2019/20	2020/21	2021/22
	%	%	%
General Fund	2.1	2.3	2.3
HRA	10.1	10.0	9.9

5. **Commercial Activity**

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

- (a) The Council will not make such investments purely to generate income. Each investment will also benefit the Council's service objectives (most probably, in respect of economic regeneration and jobs). It will, however, invest to improve the performance of its current investment property portfolio;
- (b) The Council will not make investments outside of (or on the periphery of) the LLEP area except as described below. We would not, for instance, borrow money to buy a shopping centre 100 miles from Leicester;
- (c) There is one exception to (b) above, which is where the investment meets a service need other than economic regeneration. An example might be a joint investment in solar panels, in collaboration with other local authorities; or investment in a consortium serving local government as a whole. In these cases, the location of the asset is not necessarily relevant.

5.2 Such investments will only take place (if they are of significant scale) after undertaking a formal appraisal, using external advisors if needs be. Nonetheless, as such investments also achieve social objectives, the Council is prepared to accept a lower return than a commercial funder would, and greater risk than it would in respect of its treasury management investments. Such risk will always be clearly described in decision reports (and decisions to make such investments will follow the normal rules in the Council's constitution).

5.3 Although the Council accepts that an element of risk is inevitable from commercial activity, it will not invest in schemes whereby (individually or collectively) it would not be able to afford the borrowing costs if they went wrong. As well as undertaking a formal appraisal of schemes of a significant scale, the Council will take into account what "headroom" it may have between the projected income and projected borrowing costs.

6. **Knowledge and Skills**

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

Equality Impact Assessment

1. Purpose

- 1.1 The purpose of this appendix is to present the equalities impact of the proposed 2.99% council tax increase. This is the maximum increase that the Government will allow us without a referendum

2. Who is affected by the proposal?

- 2.1 Since April 2013, as a consequence of the Government's welfare reforms, all working age households in Leicester have been required to contribute towards their council tax bill. Our current council tax support scheme (CTSS) requires working age households to pay at least 20% of their council tax bill and sets out to ensure that the most vulnerable householders are given some relief in response to financial hardship they may experience.
- 2.2 NOMIS¹ figures for the city's working age population (June 2018) indicated that there are 162,800 economically active residents in the city, of whom 5.4% are unemployed. As of November 2016, there were 30,000 working age benefit claimants (12.9% of the city's working age population of 233,000). It should be noted that this does not include tax credit claimants (unless they are also in receipt of another benefit). The working age population is inclusive of all protected characteristics.

3. How are they affected?

- 3.1 The table below sets out the financial impact of the proposed council tax increase on different properties, before any discounts or reliefs are applied. It shows the weekly increase in each band, and the minimum weekly increase for those in receipt of a reduction under the CTSS.
- 3.2 For band B properties (almost 80% of the city's properties are in bands A or B), the proposed annual increase in council tax is £35.15; the minimum annual increase for households eligible under the CTSS would be £7.03.

Band	No. of Households	Weekly Increase	Maximum Relief (80%)	Minimum Weekly Increase
A-	280	£0.48	£0.39	£0.10
A	76,074	£0.58	£0.46	£0.12
B	25,021	£0.67	£0.54	£0.13
C	14,491	£0.77	£0.54	£0.23
D	6,051	£0.87	£0.54	£0.33
E	3,222	£1.06	£0.54	£0.52
F	1,468	£1.25	£0.54	£0.71
G	578	£1.44	£0.54	£0.91
H	35	£1.73	£0.54	£1.19
Total	127,220			

NB: "A-" properties refer to band A properties receiving an extra reduction for Disabled Relief

¹ NOMIS is an Office for National Statistics web based service that provides free UK labour market statistics from official sources.

4. **Risks over the coming year**

4.1 As predicted in the previous year's report (2018/19) inflation has fallen. It peaked at 3.1% in late 2017 and has now fallen back to 2.2% which has had a positive impact on disposable income. However, although inflation is not expected to rise significantly in the short term, analysts have stressed that the uncertainties caused by Brexit could pose a risk. In addition, the 2018 update of the Joseph Rowntree Foundation's Minimum Income Standard (MIS) highlights that over the last decade there have been significant increases in domestic fuel costs and increase in transport costs impacting those reliant on public transport, particularly those of working age who commute. These essential costs are likely to impact more so on low income households, particularly if their access to technology is limited as they may be less able to take advantage of price comparisons to shop around for competitive prices.

4.2 Incomes of households reliant on social security benefits continue to be squeezed with the Government's continued implementation of the welfare reform programme. Of particular relevance is the roll out of Universal Credit full service which was implemented in Leicester in summer 2018. The chart below² gives an indication of anticipated decreases in household incomes by 2020/21, as a consequence of post 2015 welfare reforms:-

Couple – one dependent child	£900 p.a.
Couple – two or more dependent children	£1,450 p.a.
Lone parent – one dependent child	£1,400 p.a.
Lone parent – two or more dependent children	£1,750 p.a.
Single person working age household	£250 p.a.

4.3 A more recent analysis by the Equality and Human Rights Commission published in March 2018 found that, across Britain, approximately the same number of households gain as lose from the reforms but the proportion of losers is much higher among some groups. This includes households containing one or more disabled member, those from certain ethnic groups in particular Bangladeshi households, and households with children (especially those with more than two children). In addition, larger losses are more common than larger gains for these groups and for low income households in general.

4.4 A summary of the key findings of the analysis overall were that:

- Across Great Britain as a whole, approximately 47% of households lose from the reforms.
- Female lone parents are the group with highest proportion of losers from the reforms (over 87%). More than three fifths of lone-parent households lose at least 10% of their net incomes from the reforms, and almost two fifths lose more than 20% of their net incomes.
- Four-fifths of households with three or more children are losers from the reforms. Over two fifths of these households lose at least 10% of net income from the reforms, while over one fifth lose more than 20%.

² Source: Centre for Regional Economic and Social Research/Sheffield Hallam University report: "The uneven impact of welfare reform – the financial losses to places and people" (March 2016).

- Almost 75% of Bangladeshi households lose from the reforms.
- Over 71% of households with a disability 'score' of six or more (disability score measure is the sum of the number of functional disabilities) lose from the reforms. Almost one-fifth of these households lose at least 20% of their net income from the reforms.

4.5 Given the diversity of Leicester's population and that it is the 21st most deprived local authority area in the country, the losses arising from the reforms are likely to affect a significant proportion of Leicester's population.

4.6 There are some offsetting current trends:

- There has been a decrease in the percentage of the working age population unemployed in Leicester in recent years although there has been a slight increase this year (NOMIS): June 2018 - 5.4% (June 2017 - 5.2%, June 2016 - 6.6%, June 2015 - 7.7%; June 2014 - 11.8%; and June 2013 - 13.9%).
- Consumer price inflation peaked at 3.1 per cent in the final quarter of 2017, before gradually falling to 2.4 per cent. The ASDA Income Tracker September 2018 shows that family spending power is up by £7.45 per week year on year in September 2018, an annual increase of 3.8%. Income growth has been boosted across most regions with UK families seeing the fastest pay growth since 2008.

5. **Overall impact**

5.1 Any increased costs will be a problem for some households with limited incomes, as they could be squeezed by welfare reforms alongside inflationary increases of many basic requirements such as household fuel and transport.

5.2 The weekly increase in council tax, however, is small for many of these households, as can be seen from the table above. It must also be taken into account there are also potential equalities implications in the event that a decision were made to not increase Council Tax or to agree a lower council tax increase. In the current financial context, this would require even greater cuts to services. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for those with the protected characteristic of age and disability, as older people and disabled people are the primary service users of Adult Social Care.

6. **Mitigating actions**

6.1 For residents likely to experience short term financial crises as a result of the cumulative impacts of the above risks, the Council has a range of mitigating actions. These include: funding through Discretionary Housing Payments; the council's work with voluntary and community sector organisations to provide food to local people where it is required – through the council's or partners' food banks; and through schemes which support people getting into work (and include cost reducing initiatives that address high transport costs such as providing recycled bicycles).

6.2 At the time of the previous report, social welfare advice services were being remodelled and re-procured. The intention to award the new contracts for social welfare

advice services was communicated to suppliers on 30th November 2018 and we are currently in the standstill period for this procurement.

6.3 The advice services will continue to be used as a mitigating action, providing advice in relation to welfare benefits, debt, housing, employment, community care, family issues and immigration.

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

7.1 The table below describes how each protected characteristic is likely to be affected by the proposed council tax increase. The chart sets out known trends, anticipated impacts and risks; along with mitigating actions available to reduce negative impacts.

7.2 Some protected characteristics are not (as far as we can tell) disproportionately affected (as will be seen from the table) because there is no evidence to suggest they are affected differently from the population at large. They may, of course, be disadvantaged if they also have other protected characteristics that are likely to be affected, as indicated in the following analysis of impact based on protected characteristic.

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Analysis of impact based on protected characteristic

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<p>Age</p>	<p>Older people are least affected by a potential increase in council tax. Older people (pension age & older) have been relatively protected from the impacts of the recession & welfare cuts, they receive protection from inflation in the uprating of state pensions. Low-income pensioners also have 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. 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.</p> <p>Working age people bear the impacts of welfare reform reductions – particularly those with children. Whilst an increasing proportion of working age residents are in work, national research indicates that those on low wages are failing to get the anticipated uplift of the National Living Wage.</p> <p>A recent report by the Institute for Fiscal Studies on Living Standards, Poverty and Inequality in the UK 2017, shows that trends in living standards for different age groups have been very different. By 2015–16, median income for those aged 60 and over was 10% higher than it was in 2007–08, but for adults aged 22–30 it was still 4% lower. These differences are primarily due to the negative labour market impacts of the recession, which were far more pronounced among younger people.</p> <p>The Joseph Rowntree Foundation’s Minimum Income standard (MIS) shows that families with children continue to have the highest risk of having incomes that fall short of the standard, with working parents facing worsening prospects. The tax increase could have an impact on such household incomes.</p>	<p>Working age households and families with children – incomes squeezed through low wages and reducing levels of benefit income.</p>	<p>Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.</p>

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Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Disability	<p>Disability benefits have been reduced over time as thresholds for support have increased.</p> <p>An analysis by the Equality and Human Rights Commission published in March 2018 showed that over 71% of households with a disability 'score' of six or more (disability score measure is the sum of the number of functional disabilities) lose from the reforms with approximately one in five households with a disability score of six or more losing at least 20% of their net income.</p> <p>The tax increase could have an impact on such household incomes. However, in the current financial climate, a lower council tax increase would require even greater cuts to services. 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.</p>	<p>Further erode quality of life being experienced by disabled people as their household incomes are squeezed further as a result of reduced benefits.</p>	<p>Disability benefits are disregarded in the assessment of need for CTRS purposes. Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets.</p>
Gender Reassignment	<p>No disproportionate impact is attributable specifically to this characteristic.</p>		
Marriage & Civil Partnership	<p>Couples receive benefits if in need, irrespective of their legal marriage or civil partnership status. No disproportionate impact is attributable specifically to this characteristic.</p>		
Pregnancy and Maternity	<p>Maternity benefits will not be frozen and therefore kept in line with inflation. However, other social security benefits will be frozen, but without disproportionate impact arising for this specific protected characteristic.</p>		
Race	<p>Those with white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of social security benefits. Some BME people are also low income and on benefits. Analysis from the Equality and Human Rights Commission showed that nationally almost 75% of Bangladeshi households lose from welfare reforms. The tax increase could have an impact on such household incomes.</p> <p>Nationally, one-earner couples have seen particular falls in real income and are disproportionately of Asian background – which suggests an increasing impact on this group.</p>	<p>Household income being further squeezed through low wages and reducing levels of benefit income, along with anticipated inflation.</p>	<p>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 will be provided in line with the Council's policy to remove barriers to accessing the support identified.</p>

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Religion or Belief	No disproportionate impact is attributable specifically to this characteristic.		
Sex	<p>Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents.</p> <p>The Joseph Rowntree Foundation's Minimum Income standard (MIS) shows that Families with children continue to have the highest risk of having incomes that fall short of the standard, with working parents facing worsening prospects:</p> <p>For lone parents, even those working full time have a 42% risk of being below MIS, up from 28% in 2008/09. 151,000 out of 356,000 people in households headed by lone parents working full time are below the minimum.</p> <p>The analysis from the Equality and Human Rights commission identifies that female lone parents are the group with highest proportion of losers from the reforms (over 87%).</p>	<p>Incomes squeezed through low wages and reducing levels of benefit income, along with anticipated inflation. Increased risk for women as they are more likely to be lone parents.</p>	<p>If in receipt of Universal Credit or tax credits, a significant proportion of childcare costs are met by these sources.</p> <p>Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets.</p>
Sexual Orientation	No disproportionate impact is attributable specifically to this characteristic.		

Earmarked Reserves

1. Earmarked reserves as reported to Overview Select Committee in September 2018 were as follows. These figures take account of the release of £1.4m from departmental reserves to support the managed reserves strategy:

	<u>Current Balance</u> <u>£k</u>
<u>Departmental Reserves</u>	
Adult Social Care	5,244
Children's Services	1,127
City Development & Neighbourhoods Housing (non HRA)	1,117 843
Health & Wellbeing	1,471
Delivery Communications & Political Governance	5,136
ICT	3,769
Financial Services	3,710
Other Corporate Resources Department	1,257
	<hr/>
Subtotal – departmental	23,673
<u>Corporate Reserves</u>	
Managed Reserves Strategy	21,824
Demographic Pressures Reserve	3,455
BSF Financing	11,533
Capital Programme Reserve	41,395
Severance fund	7,265
Insurance Fund	9,099
Service Transformation	6,087
Welfare Reform	3,789
Other corporate reserves	4,015
	<hr/>
Subtotal – Corporate	108,463
<u>Ringfenced Reserves</u>	
NHS Joint Working Projects	1,769
Public Health Transformation	1,668
School Capital Fund	2,383
Schools Buyback	1,073
Dedicated Schools Grant not delegated to schools	15,783
School & PRU balances	12,009
	<hr/>
TOTAL RINGFENCED	34,686
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<u>Total earmarked reserves</u>	166,823
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2. Earmarked reserves can be broadly divided into ring-fenced reserves, which are funds held by the Council but for which we have obligations to other partners or organisations; departmental reserves, which are held for specific services; and corporate reserves, which are held for purposes applicable to the organisation as a whole.
3. Ring-fenced reserves include:-
 - **NHS joint working projects:** for joint projects with the NHS;
 - **Public Health Transformation:** for costs of relocating sexual health clinic, service transformation and channel shift;
 - Amounts originating from **Dedicated Schools Grant** which are, by, law, ring-fenced to schools or relevant non-delegated functions.
4. Departmental reserves include amounts held by service departments to fund specific projects or identified service pressures. Significant amounts include:-
 - **Adult Social Care:** to meet budget pressures and balance the budget in 2018/19 and 19/20;
 - **Children's Services:** to balance the budget in 2018/19;
 - **City Development and Neighbourhoods:** to meet known additional pressures, including one off costs associated with highways functions and the cost of defending planning decisions;
 - **Housing:** to meet spikes in bed & breakfast costs; sourcing private sector landlords; costs associated with economic migrants; and for development work associated with a subsidiary housing company;
 - **Health & Wellbeing:** to support service pressures, channel shift and transitional costs;
 - **Delivery, Communications & Political Governance:** principally for expenditure incurred to retain the Digital Transformation team until 20/21, temporary and one-off staffing costs in HR/Payroll, costs associated with the Hinckley Road fire, and for future elections.
 - **ICT:** rolling funds for network and server upgrades, mobile airtime and upgrade of the PC Stock;
 - **Financial Services:** for expenditure on replacing the Council's main finance system; funding the Service Analysis Team; transitional costs with the transfer of the audit function to the County Council; spikes in benefit processing and overpayment recovery; and to mitigate budget pressures including reducing grant income to the Revenues & Benefits service.
5. Corporate reserves include:-
 - **Managed Reserves Strategy:** a key element to delivering this budget strategy, as set out in para. 15 of this report;
 - **Demographic Pressures:** to help meet cost of demographic changes in adult social care, and reduce the burden on council tax payers – now used as part of the 19/20 budget strategy;
 - **BSF Financing:** to manage costs over the remaining life of the BSF scheme and lifecycle maintenance costs of the redeveloped schools;

- **Capital Programme Reserve:** to support approved spending on the Council's capital programme. This is committed to meet the costs of the 18/19 and 19/20 capital programme;
- **Severance Fund:** to facilitate ongoing savings by meeting the redundancy and other costs arising from budget cuts;
- **Insurance Fund:** to meet the cost of claims which are self-insured;
- **Service Transformation Fund:** to fund projects which redesign services enabling them to function effectively at reduced cost;
- **Welfare Reform:** set aside to support welfare claimants who face crisis, following the withdrawal of government funding for this purpose;
- **Other reserves:** includes monies for spend to save schemes that reduce energy consumption, the combined heat and power reserve, and the surplus property reserve to prepare assets for disposal.

Comments from Partners

[To be added once consultation is complete]



Leicester
City Council

Minutes of the Meeting of the
ADULT SOCIAL CARE SCRUTINY COMMISSION

Held: TUESDAY, 22 JANUARY 2019 at 5:30 pm

P R E S E N T :

Councillor Joshi – Vice Chair in the Chair

Councillor Aldred
Councillor Thalukdar

Councillor Osman
Councillor Unsworth

In Attendance

Councillor Dempster – Assistant City Mayor, Adult Social Care
Mr Micheal Smith – Healthwatch, Leicester and Leicestershire

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62. APOLOGIES FOR ABSENCE

Apologies for absence were received from the Chair Councillor Cleaver.
Councillor Joshi as Vice Chair, took the Chair for the meeting.

Apologies for absence were also received from Councillor Chaplin.

63. DECLARATIONS OF INTEREST

Councillor Joshi declared an Other Disclosable Interest in that his wife worked
for the Reablement Service in Leicester City Council.

In accordance with the Council's Code of Conduct, this interest was not
considered so significant that it was likely to prejudice the Councillor's
judgement of the public interest. Councillor Joshi was not therefore required to
withdraw from the meeting during consideration and discussion of the agenda
items.

67. GENERAL FUND REVENUE BUDGET 2019/20 TO 2021/22

The Director of Finance submitted a report that set out the City Mayor's

proposed budget for 2019/20 to 2021/22. The Adult Social Care Scrutiny Commission was asked to pass any comments to the Overview Select Committee as part its consideration of the report prior to it being presented to Council on 20 February 2019.

The Strategic Director, Social Care and Education referred to the Adult Social Care element of the budget and said that there were continued growth pressures in Adult Social Care in Leicester and across England as a whole. The pressures arose from an increase in people's needs and frailty, but pressures also arose in adult mental health where people suffered disproportionately more in Leicester compared to nationally.

Members heard that the Green Paper, which will set out additional funding for Adult Social Care had been delayed five times and had still not been released. There was no certainty as to what would happen in approximately 13 months' time, when the current allocation of additional funding for Adult Social Care ran out. Members expressed very strong concerns at the extremely difficult situation and the pressure the service faced because of the delay in the Green Paper and the uncertainty about future funding.

The Strategic Director explained that Spending Review Four was underway and the service had already delivered some of the required savings, but savings and efficiencies would not solve the problem after 2020 if the Government did not allocate additional funding to Adult Social Care.

During the ensuing discussion, comments and queries were raised which included the following:

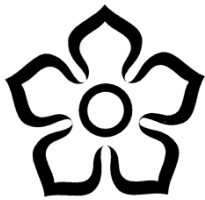
- The Chair stated that the largest proportion of council money was allocated to the City Council's essential Adult Social Care services. The general budget strategy of the Council meant that the service in Leicester had been supported more than many other Adult Social Care services elsewhere in the country. The Chair added that the continuous austerity the country was experiencing made the decisions around budgeting especially difficult.
- It was noted with some concern that the current round of Better Care Funding was due to end after 2019/2020 and an officer explained that they were waiting to hear more about the fund in the Green Paper. The Strategic Director commented that the Association of Adult Social Care Directors had consistently applied pressure to the Government to release the information regarding Adult Social Care funding. He thought it unlikely that the Better Care Fund would not be replaced with something else, but they did not know what and had no indication of when the announcement would be coming.
- The Assistant City Mayor for Adult Social Care stated that there was a lot of talk about elderly people, but approximately one third of the budget was spent on people with mental health issues or learning disabilities. Adult Social Care provided a good service, but in respect of people with learning disabilities, there were parts of the service she would like to deliver differently and for which more resources were needed.

- The Assistant City Mayor also stated that while she understood that the NHS wanted to discharge people from hospital quicker, this led to considerable implications for Adult Social Care. Additionally, neither the University Hospitals of Leicester or the Leicestershire Partnership Trust had good inspection reports, and this also impacted on the local authority.
- Mr Micheal Smith, Healthwatch stated that the concerns about the Green Paper and funding for Adult Social Care was an issue that Healthwatch both in Leicestershire and around the country could also take up.

The Chair drew the discussion to a close and proposed that Members note the report and write a letter to the Secretary of State for Health and Social Care along with the three M.P.s for Leicester, to highlight the seriousness of the situation regarding funding for Adult Social Care and the lack of clarity of monetary allocation beyond 2019/20.

AGREED:

- 1) that the Adult Social Care Scrutiny Commission note the General Fund Revenue Budget 2019/20 to 2021 /22 report; and
- 2) that a letter be written to the Secretary of State for Health and Social Care, and the three M.P.s for Leicester to highlight the seriousness of the situation regarding funding for Adult Social Care and the lack of clarity of monetary allocation beyond 2019 /20.



Leicester
City Council

Minutes of the Meeting of the
ECONOMIC DEVELOPMENT, TRANSPORT AND TOURISM SCRUTINY
COMMISSION

Held: THURSDAY, 17 JANUARY 2019 at 5:30 pm

P R E S E N T :

Councillor Khote (Chair)

Councillor Bhavsar
Councillor Kitterick

Councillor Patel
Councillor Porter

In attendance:

Councillor Clair – Deputy City Mayor with responsibility for
Culture, Leisure, Sport and Regulatory Services
Councillor Clarke – Deputy City Mayor with responsibility for
Environment, Public Health and Health Integration

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45. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Dr Chowdhury, Rae Bhatia and Sandhu.

46. DECLARATIONS OF INTEREST

No declarations of interest were made.

Councillor Kitterick left the meeting before consideration of minute 53

53. GENERAL FUND REVENUE BUDGET 2019/20 TO 2021/22

The Director of Finance submitted a report setting out the City Mayor's proposed General Fund Revenue budget for 2019/20 to 2021/22.

The Director of Planning, Development and Transportation introduced the report, reminding Members that changes to service budgets were now driven

by a well-established programme of service reviews. The report therefore reflected those that had been completed and anticipated those remaining to be done.

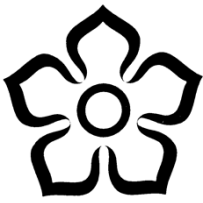
He remarked that the City Development and Neighbourhood Services already had achieved £18.7million of savings and had a target of £7.4million to achieve in Spending Review 4. Members noted that budget pressures in some of those services had required the department to make additional spending review savings. These had been achieved, so savings already achieved meant that the department was able to operate within its budget and could achieve further savings to support the corporate position.

In discussion on this report it was noted that:

- The Council had agreed to maintain a minimum balance of £15million of reserves, plus a number of ear-marked reserves;
- The administration of bus lane enforcement was undertaken by Nottingham City Council, which was a cost to this Council. As part of the need to continue to make savings, officers would be considering whether it would be financially beneficial to bring this work in-house;
- The technical services review was taking longer to implement than had been anticipated, as there had been some staffing changes in Property Services following appointment of a new director; and
- Forecast capital expenditure for Transport would fluctuate from the figure given in the report. For example, grants from the Transforming Cities Fund and the European Development Fund could add a significant amount to the current estimate of £27,588,000.

AGREED:

- 1) That the Director of Finance be asked to clarify to Members who the 40,000 people not accounted for in the figures given paragraph 2.2 of the Equality Impact Assessment are and whether this figure includes students;
- 2) That the Director of Planning, Development and Transportation be asked to provide Members with a breakdown of how much from each fine received through bus lane enforcement is received by this Council and how much is passed to other bodies; and
- 3) That the Overview Select Committee be asked to take the comments of this Commission recorded above in to account when considering the City Mayor's proposed General Fund Revenue Budget for 2019/20 to 2021/22.



Leicester
City Council

Minutes of the Meeting of the
HEALTH AND WELLBEING SCRUTINY COMMISSION

Held: TUESDAY, 15 JANUARY 2019 at 5:30 pm

P R E S E N T :

Councillor Cutkelvin (Chair)
Councillor Fonseca (Vice-Chair)

Councillor Dr Moore

Councillor Pantling

Councillor Dr Sangster

In Attendance:

Councillor Clarke – Deputy City Mayor with responsibility for the Environment, Public Health and Health Integration

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60. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Chaplin, Councillor Cleaver and Mr Micheal Smith, Healthwatch.

Councillor Sangster arrived shortly after the meeting had started.

61. DECLARATIONS OF INTEREST

No declarations of interest were made.

Councillor Dr Sangster left the meeting prior to the consideration of the Draft Revenue Budget 2019 / 20.

69. DRAFT REVENUE BUDGET 2019/20 (PUBLIC HEALTH BUDGET)

At the request of a Member, the Chair announced that this item of business would be brought forward on the agenda and would be considered ahead of the Turning Point Performance Report.

The Director of Finance submitted a report which set out the City Mayor's

proposed budget for 2019/20 to 2021/22 and the Commission was recommended to consider and comment on the Public Health element of the budget.

The Deputy City Mayor with responsibility for the Environment, Public Health and Health Integration introduced the report and gave credit to the former Director of Public Health Ruth Tennant who had managed to deliver the service during her tenure, despite severe funding cuts.

The Deputy City Mayor added that the Public Health department was expecting to contribute towards the Spending Review 4 Programme, with a key area being a review of services provided to children and young people age 0-19 years. It was noted that Public Health was not an isolated service but impacted on many other services that the Council provided and scrutiny of the 0-19 review by the Health and Wellbeing Scrutiny Commission would be welcomed.

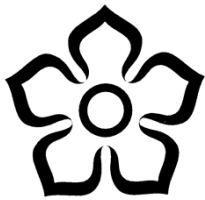
A Member noted that a one -off corporate contingency of £1.4m had been created in 2019/20 to manage the significant pressures that would arise during the year and she questioned whether this sum would be sufficient. Members heard that the budget included use of corporate managed reserves, ear marked departmental reserves and that the contingency fund was in addition to the already utilised use of reserves. However, it was acknowledged that use of reserves was a 'one-off' solution to budget balancing as there would be no more money to put back into reserves when that money was spent unless identified from other savings or funding sources.

A Member referred to the cost pressures as detailed in section 7.15 of the report including an estimated £570k because of a national pay award for NHS staff working in services commissioned by the Council. The Acting Director of Public Health said that the Council commissioned several services and if a NHS pay award affected staff in those services, the Council may be expected to find the extra funding to meet that shortfall.

The Chair commented that Scrutiny Members would be pleased that one of the recommendations of the Draft Revenue Budget was to emphasise the need for outstanding spending reviews to be delivered on time *after appropriate scrutiny*.

AGREED:

that the Draft Revenue Budget 2019/ 20 (Public Health element) be noted and Members' comments be forwarded to the meeting of the Overview Select Committee on 7 February 2019, prior to Council on 20 February 2019.



Leicester
City Council

Minute Extract

Minutes of the Meeting of the HERITAGE, CULTURE, LEISURE AND SPORT SCRUTINY COMMISSION

Held: TUESDAY, 8 JANUARY 2019 at 5:30 pm

P R E S E N T:

Councillor Bajaj (Chair)
Councillor Halford (Vice Chair)

Councillor Gugnani

Councillor Shelton

Councillor Singh Johal

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58. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Dr Barton and Councillor Westley.

59. DECLARATIONS OF INTEREST

There were no declarations of interest.

65. ANNUAL BUDGET

The Director of Finance Submitted a report setting out the City Mayor's proposed budget for 2019/20 to 2022/22.

AGREED:

- 1) That the budget report be noted.



Leicester
City Council

MINUTE EXTRACT

Appendix D5

Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: MONDAY, 7 JANUARY 2019 at 5:30 pm

P R E S E N T:

Councillor Westley (Chair)
Councillor Alfonso (Vice Chair)

Councillor Aqbany
Councillor Corral

Councillor Joshi
Councillor Newcombe

In Attendance

Councillor Connelly – Assistant Mayor for Housing

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56. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Byrne and Willmott.

57. DECLARATIONS OF INTEREST

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

Members stated their declarations were included on each Councillor's Register of Interests and there were no further declarations to be made.

61. ANNUAL BUDGET

The Director of Finance submitted a report which set out the City Mayor's proposed budget for 2019/20 to 2021/22. The Housing Scrutiny Commission was recommended to pass any comments to the Overview Select Committee as part of its consideration of the report before it would be presented to the Council meeting on 20 February 2019.

The Head of Finance presented the report, and the following information was provided:

- The report included matters that Full Council needed to consider when

MINUTE EXTRACT

- budget and council tax levels were set.
- The report gave details of existing programmes involving spending cuts, and highlighted former decisions that affected Council services. It was noted that all savings programmes were required, and additional funding for services had been progressed over the past four years through the spending review process. The budget report did not introduce new spending cut proposals.
 - A council tax increase of 3% was noted.
 - The body of the report also included information on pressures on statutory responsibilities, required spending review savings, targets for departments and key spending pressures.
 - The report provided a one-year budget with projections in spending and income in definite terms, as changes had been signalled in government finance for 2021 on how business rates would be collected and distributed. It could only be assumed that the budget would not vary significantly, but definitive figures could not be given due to changes which might be made at a national level.

In response to Commission Members' questions, the following information was given and noted:

- The £3.1million included non-HRA budget, covering homelessness costs.
- The spending review programme had been running across the Council for a number of years to allow a balanced budget to be achieved to reflect the significant budget reduction. It had led to a series of decisions (Executive and budget monitoring reports, for example, December 2016, and Executive decision around the Homelessness Strategy Spending Review).
- The Business Rates Retention Scheme allowed for councils to retain half of collected rates. Leicester City Council also received some of the pool of funding distributed to local authorities. The Government had been consulting on increasing the localisation up to 75%, which was intended to incentivise local authorities to drive economic regeneration but which increased the risk for councils that did not increase business rates. If business units became empty, part of the cost for loss of business rates income was to be borne by the Council.
- Members said that with so many shops closing down it was hoped the Council could do something to regenerate business. It was noted there would still be some redistribution should business rates retention be increased to 75%, but that the government over recent years had reduced revenue support while increasing business rates, and over time business rates would provide an increasing amount of the Council's income, with increasingly less from the distribution pool.
- Concern was raised about the demographic pressures in Adult Social Care and growth in numbers of looked-after children, and about the potential funding gap increase in 2021/22 from £16.2 to £50m should the Government not provide sufficient funding. It was acknowledged that it would be difficult for the Council to manage should figures of that magnitude materialised and the level of funding available across councils was a widespread concern for local government generally.

MINUTE EXTRACT

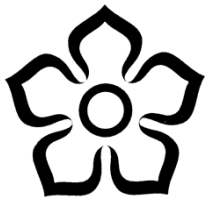
- The Assistant Mayor for Entrepreneurial Councils was working with Council officers to drive funding.
- It was noted that figures in the report had been rounded to the nearest £100k but that the totals were correct.

The Chair noted that a balanced budget had to be presented to Council but with significant budget cuts, officers had worked well to present the budget as written.

It was confirmed that the report would be submitted to Council on 20 February 2019, and the Housing Scrutiny Commission Members supported the draft budget as proposed.

It was AGREED that:

1. The draft budget report be noted as proposed.



Leicester
City Council

Minutes of the Meeting of the
NEIGHBOURHOOD SERVICES AND COMMUNITY INVOLVEMENT SCRUTINY
COMMISSION

Held: WEDNESDAY, 23 JANUARY 2019 at 5:30 pm

P R E S E N T :

Councillor Gugnani (Chair)
Councillor Thalukdar (Vice Chair)

Councillor Aqbany	Councillor Hunter
Councillor Govind	Councillor Waddington
Councillor Halford	

In Attendance:

Councillor Clair, Deputy City Mayor with responsibility for
Culture, Leisure, Sport and Regulatory Services
Councillor Clarke, Deputy City Mayor with responsibility for
Environment, Public Health and Health Integration
Councillor Master, Assistant City Mayor - Neighbourhood Services
Councillor Sood, Assistant City Mayor - Communities & Equalities

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48. APOLOGIES FOR ABSENCE

There were no apologies for absence.

49. DECLARATIONS OF INTEREST

No declarations of interest were made.

Councillor Waddington left the meeting before consideration of minute 57

57. GENERAL FUND REVENUE BUDGET 2019/20 TO 2021/22

The Director of Finance submitted a report setting out the City Mayor's proposed budget for 2019/20 to 2021/22.

AGREED:

That this Commission supports the City Mayor's proposed General Fund revenue budget for 2019/20 to 2021/22.



**OVERVIEW SELECT COMMITTEE
COUNCIL**

**7 FEBRUARY 2019
20 FEBRUARY 2019**

TREASURY POLICY

Report of the Director of Finance

1. Purpose of Report

- 1.1 This report proposes a framework for the governance of the Council's borrowing and investments.
- 1.2 It updates the framework approved by Council in 2012 to reflect revised professional and statutory guidance.

2. Summary

- 2.1 Treasury management is the process that ensures the Council always has enough cash to make the payments that are necessary for its operations, and this involves both borrowing and investment.
- 2.2 The treasury policy is a framework document stating how the activity is governed. It is supported by an annual strategy (the strategy for 2019 is elsewhere on your agenda).

3. Recommendations

- 3.1 Members of Overview Select Committee are recommended to note the report and make any comments to the Director of Finance as they wish, prior to Council consideration.
- 3.2 The Council is recommended to approve the treasury policy appended to this report.

4. **Overview of Treasury Management**

- 4.1 There are two main elements to treasury management.
- 4.2 The first element is **borrowing money** to finance capital expenditure. Most capital spending is now funded by capital grant, but we still have historic borrowing dating from years when the Government chose to use borrowing approvals to support capital.
- 4.3 The revenue budget approved by the Council each year includes provision for the interest payable on this borrowing. It also includes a provision for repaying the borrowing over a number of years (broadly speaking, over the economic life of the assets acquired).
- 4.4 The second element is **cash management** which involves managing the Council's investments to ensure the optimum amount of money is held in our bank account on a day-to-day basis – so that there is enough money to cover payments made on the day, but no more (cash held in the bank account earns virtually no interest).
- 4.5 The Council has substantial investments but these are not “spare cash”. Whilst there are links to the budget process, these sums do not form part of the budget. To the extent that the Council has money it can spend, this is reflected in the budget report.
- 4.6 There is a provision for interest earned on investments in the Council's revenue budget.
- 4.7 Treasury activities are governed by the treasury policy which this report updates. The policy specifies how borrowing and investments should be organised, the responsibilities of officers, and the limits placed on officers' discretion to act without further approval. It should be noted that as decisions on borrowing individual sums have to be taken very quickly, this is delegated to officers within a framework specified by this policy. Treasury operations are subject to retrospective member scrutiny. The proposed policy is shown at the appendix to this report.
- 4.8 An annual treasury strategy specifies how borrowing and investment will be carried out.
- 4.9 A twice-yearly report is submitted to Overview Select Committee reviewing the treasury activity undertaken in the year.
- 4.10 The treasury policy comprises a treasury management policy statement (TMPS) and 12 “treasury management practices” (“TMPs”).
- 4.11 The TMPS defines the overall objectives of the treasury management function, and emphasises the pursuit of optimum performance and the effective control of risk. The 12 TMPs expand upon this and, together with supporting schedules (prepared by the Director of Finance), establish a comprehensive framework

for the management and control of borrowing, investment and other treasury functions.

5. **Financial and Legal Implications**

5.1 This report is solely concerned with financial issues.

5.2 The Council is required as a matter of law to pay due regard to CIPFA's Code of Practice on Treasury Management and statutory guidance issued by MHCLG. Other than this, no specific legal issues are raised by this report.

Report Author: David Janes/Mark Noble

Date: 2nd January 2019

PROPOSED TREASURY POLICY

1. Treasury Management Policy Statement (TMPS)

- 1.1 The overall aim of the Council's treasury activity is to minimise the Council's net financing costs, whilst maintaining an appropriate level of liquidity and taking a prudent approach to risk.
- 1.2 The Council defines the policies and objectives of its treasury management activities as follows:-
- “The management of the authority's cash flows; 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 Council regards the successful management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured.
- 1.4 This Council is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques.
- 1.5 The Council will create, and maintain, a treasury management policy (i.e. this document). This will be supported by suitable treasury management practices (TMPs, shown below), setting out the manner in which the Council will seek to achieve these policies and objectives, and prescribing how the Council will manage and control those activities.
- 1.6 The Council will receive reports on an annual strategy in advance of each year, and the Overview Select Committee (OSC) will receive twice yearly reports on actual performance.
- 1.7 The Council delegates responsibility for the execution and administration of treasury management decisions to the Director of Finance 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 Council may borrow money;
- 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 Council will lend or invest, and for what period, applying the criteria established by the Council’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	- 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 and accounting 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 Council’s budget, whilst not missing opportunities to save money over the longer term.

3.4 The DoF will keep a list of people the Council 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 Council complies with legal requirements. We will demonstrate such compliance, if required to do so, to all parties with whom the Council 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 ensure the Council is not exposed to big losses if interest rates move the wrong way.
- 3.8 The DoF will make sure we don't have to borrow too much all at once, and will actively manage the refinancing of maturing loans and other financing arrangements.
- 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 avoiding risk and maximising returns.

4. **TMP2 – Performance Measurement**

- 4.1 The Council 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 Council's treasury advisors.
- 4.3 The Council places high value on the use of independent treasury advisors. It looks to such advisors to present an independent view of the Council's treasury investments and borrowings.
- 4.4 The DoF will obtain a comprehensive annual review of the Council's treasury position, prepared by independent treasury advisors. The outcome will be reflected in the six-monthly reviews of treasury management activities reported to OSC.

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 Council will only use **borrowing instruments** from the following approved list (although many of these are not currently used):-

1. Public Works Loans Board
2. European Investment Bank
3. Stock Issues
4. Market Long-Term Loans
5. Market Temporary Loans (up to 364 days)
6. Local Temporary Loans
7. Local Bonds
8. Negotiable Bonds
9. Commercial Paper
10. Medium Term Notes
11. Bank Overdraft
12. Operational and Finance Leasing

6.2 Permitted **investment instruments** will be specified in the annual treasury strategy.

6.3 The DoF may determine that other instruments can be used when, in substance, they are similar to those already authorised. Where an instrument is complex, appropriate advice will be obtained including advice about any risks posed.

6.4 The Council 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 would otherwise be the case.

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 organisation's treasury management policy or strategy.

9. **TMP7 – Budgeting and accounting arrangements**

9.1 The costs of treasury management will be reflected in the Council's normal budgeting arrangements.

10. **TMP8 – Cashflow Management**

10.1 The DoF will manage the council'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 Council always has sufficient funds to meet its obligations.

11. **TMP9 – Money Laundering**

11.1 The Council 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 for reporting suspicions, and will ensure that staff are properly trained.

11.2 A policy to prevent the Council'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. The cash management officer shall hold a diploma (level 4) from the Association of Accounting Technicians or

equivalent. Ongoing training and development on specific matters will be provided by an appropriate blend of distance learning (study of briefing notes etc); and organised courses, conferences and seminars.

- 12.3 Elected members will be offered training and development. Members of OSC, in particular, will be offered presentations that complement the reports and decisions they scrutinise.

13. **TMP11 – Use of external service providers**

- 13.1 The Council 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.



Leicester
City Council

OVERVIEW SELECT COMMITTEE	7 FEBRUARY 2019
COUNCIL	20 FEBRUARY 2019

Treasury Management Strategy 2019/20

Report of the Director of Finance

1. Purpose of Report

- 1.1 This report proposes a strategy for managing the Council's borrowing and cash balances during 2019/20 and for the remainder of 2018/19. (This is the treasury management strategy).

2. Summary

- 2.1 Treasury management is the process by which our borrowing is managed, and our cash balances are invested. Whilst there are links to the budget process, the sums in this report do not form part of the budget. To the extent that the Council 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.
- 2.2 The Council has incurred debt to pay for past capital expenditure.
- 2.3 The Council also has cash balances. These are needed for day to day expenditure (e.g. to pay wages when they are due). A substantial proportion can only be used to repay debt but (because of Government rules) we are usually unable to use them to repay debt. Thus, they are held in investments.
- 2.4 Revised statutory guidance and professional guidance has necessitated changes to the way the Council reports on treasury management and also on its capital expenditure.
- 2.5 A related report on the agenda is the Treasury Policy, which establishes a framework for the governance of treasury management.

3. **Recommendations**

- 3.1 Members of the Overview Select Committee are recommended to note the report and make any comments to the Director of Finance as the wish, prior to Council consideration.
- 3.2 The Council is recommended to approve this treasury strategy, which includes the annual treasury investment strategy at Appendix B.

4. **Borrowing**

- 4.1 As at 31st March 2019, the Council will have a total long-term debt of £180m. comprising £135m borrowed from the Public Works Loans Board (a Government quango), and £45m from the financial markets.
- 4.2 In years prior to 2011, the Government supported our capital programme by means of “supported borrowing approvals.” The Government allowed us to borrow money, and paid us to service the debt through our annual revenue support grant. This is similar to someone supporting a family member to buy a house, by paying the mortgage instalments.
- 4.3 The Government no longer does this, choosing instead to support our capital programme by means of capital grants (i.e. lump sums). Consequently, our debt levels are largely static, until individual loans are due for repayment. As most of our debt is long term, with repayments due 29 to 56 years from now, we might expect to see little change in this level of debt.
- 4.4 Early repayment of debt used to be a tool at our disposal, but government rule changes made this prohibitively expensive for PWLB debt. However, in 2018/19 we prematurely repaid £51m of financial market loans. This has already been reported in the half-yearly review of treasury management activities to OSC on 13th December 2018. Also in 2018/19, £8m of market debt matures.
- 4.5 Best practice requires the Council to set certain limits on borrowing and investments, and these are provided at Appendix A.

5. **Investments**

- 5.1 The effort involved in treasury management now revolves almost solely around management of our cash balances. These fluctuate during the course of a year, and range from £230m to £280m dependent on circumstances (e.g. closeness to employees’ pay day).
- 5.2 The Council has 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, we are still required to raise money in the budget each year to repay debt. Because of the punitive rules described

above, we are not usually able to repay any debt, and therefore have to invest the cash;

- (b) We have working balances arising from our day to day business (e.g. council tax received before we have to pay wages, and capital grants received in advance of capital spending);
- (c) We have reserves, which are held in cash until we need to spend them. We expect reserves to fall over the next few years. The reserves position is described in the budget report.

5.3 The key to investment management is to ensure our money is safe, whilst securing the highest possible returns consistent with this.

5.4 In terms of **security**, the key issues are:-

- (a) The credit worthiness of bodies we lend money to (“counterparties”);
- (b) The economic environment in which all financial institutions operate. The financial crash of 2008, for instance, destabilised a lot of banking institutions which appeared credit worthy prior to this;
- (c) What would happen if a financial institution did, in fact, run into trouble?

5.5 The world economic situation has improved since 2008, but risks remain. There are financial and economic risks in the Euro Zone (some economies are in difficulty, and so are some countries’ banks), and we do not yet know the impact of Brexit. The IMF has recently warned that risks are rising and that many Governments are ill-prepared.

5.6 In 2008, many Governments bailed out banks regarded as “too big to fail”. Since 2008, the world’s largest economies have implemented measures to make banks stronger, but also to reduce the impact if they do fail (and the cost to taxpayers). These measures would see institutional investors who have lent money (such as the Council) taking significant losses before there is any taxpayer support. In practice, these measures are likely to be invoked when a bank starts to run into trouble, before it actually fails. This process is known as “bail in”.

5.7 A linked measure has been to split major UK high street banks into “ring-fenced” banks used by individuals and small to medium businesses; and “non-ring-fenced” banks for larger businesses (including most Councils) and for other non-core banking activities, such as those involving financial markets.

5.8 The upshot is that we cannot regard any financial institution as a safe haven over the medium term – we need to keep watch for any signs of trouble.

5.9 The key to our investment strategy is therefore to diversify our investments (so we don’t “keep all our eggs in one basket”), invest with public sector

bodies that are backed by the Government, or seek additional security for our money.

- 5.10 In respect of **return**, bank base rates are at 0.75%, and our advisors believe that they will remain extremely low for two years at least.
- 5.11 Greater returns can be achieved by lending for longer periods, but this starts to increase the risks described above.
- 5.12 The details of our investment strategy are described in Appendix B, but in summary:-
- (a) We will lend on an unsecured basis to the largest UK banks for periods not exceeding one year. We will also lend to some smaller building societies for periods not exceeding six months. Bail-in rules mean lending for longer on an unsecured basis is too great a risk;
 - (b) We will lend for longer periods, and to smaller banks, 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. We will lend to local authorities for up to five years, and may invest in bonds that they issue with a maturity of up to five years, enabling us to secure greater returns;
 - (d) We will place some 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")
 - (e) We will lend to the Government and other public sector bodies.
- 5.13 In addition to the above, we will invest 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 3.5% to 4.5%, which exceeds current cash returns of around 0.75%. Current investments are £8M. However, with such funds there is always a risk that values will decrease. Risks are harder than usual to assess due to uncertainty around "Brexit". Until such a time as this uncertainty reduces no further investments will be made.

6. **Regulatory Changes**

- 6.1 During 2017 and 2018 revisions were made to the statutory guidance issued by MHCLG and to the professional guidance issued by CIPFA. These changes reflected a need for more robust guidance for commercial activities undertaken by councils, and especially with regard to investments in property. Nationally concerns have been expressed around a small number of authorities who have made very large property investments, sometimes outside of their own area.
- 6.2 A separate investment strategy dealing with commercial investments is elsewhere on your agenda, and a new capital strategy is included as an appendix to the budget report.
- 6.3 This Treasury Strategy does not deal with matters covered by these two reports though there is co-ordination between all these strategies.

7. **Credit Rating Requirements for Investments**

- 7.1 Credit ratings are key element of our treasury investment strategy, and are used to help us determine the financial strength of the borrower.
- 7.2 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.
- 7.3 Brexit negotiations create a higher than usual level of economic and political uncertainty and under some scenarios could lead to a reduction in the credit rating of the UK government. The knock-on effect of this could be a widescale reduction in the credit ratings of the institutions to which we lend, such that large parts of our lending list might become unworkable.
- 7.4 If such a situation arises, the Director of Finance will take advice from the Council's treasury advisors and as an interim measure present a report to the City Mayor for his approval recommending revisions to the lending list at Appendix B. 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.
- 7.5 In most cases the downgrade of the credit rating of a UK borrower solely due to a downgrade of the credit rating of the UK government would not indicate that the borrower had become financially weaker, and should not therefore change our willingness to lend to them.
- 7.6 2018/19 has seen increasing financial pressure on local authorities, the most prominent instance being the situation of Northamptonshire. In addition some local authorities have been involved in very large scale investments which inevitably must carry some risks.

7.7 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 pay loans.

7.8 Our treasury advisors believe that the credit worthiness of most local authorities remains strong but they provide advice on lending to local authorities which we will follow.

8. **Premature Repayment of Debt**

8.1 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) is now usually non-viable. We will take such opportunities if they present themselves at a sensible cost.

8.2 The reasons why our debt has 29 to 56 years to run are historic, and reflect past circumstances and government policies at that time. In current circumstances, we would prefer a more even spread of repayment dates, and may use premature repayment to achieve this if possible. Another option is to repay using our cash balances.

8.3 Whilst we were able to prematurely repay £51M of market loans in 2018/19 on favourable terms, this is not the norm. Favourable terms are only likely to be offered when the lender no longer wishes to hold the investment.

8.4 We expect to pay a premium on any premature repayment of debt. This is because interest rates are lower now than when the loans were taken out. Accounting guidance specifies how this should be charged to revenue. Generally this will be spread over the residual life of the loan repaid. Premia may also be financed by capital receipts.

9. **Management of Interest Rate Exposure**

9.1 Whilst the treasury 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.

9.2 For the foreseeable future the main risk arises from uncertainty around the interest earned on investments rather than interest paid on borrowing. In practice we are mainly concerned about declines in interest earned on investments.

9.3 £21M of the loans recorded are “LOBO” loans where the lender has the periodic option to propose an interest rate increase which we have the option to decline and repay the loan. If such options were exercised by the lenders we would repay. This would only be viable for lenders if interest rates were higher than 5% (which is most unlikely).

10. **Allocation of Loans Between General Fund and Housing Revenue Account**

10.1 All borrowing by the Council is for the purpose of financing capital expenditure (a bit like an individual will finance the acquisition of their house by a mortgage). Such borrowing can be for the purpose of General Fund Services or the Housing Revenue Account (HRA) and an appropriate determination has to be made to allocate external borrowing between the two.

10.2 The need to borrow external loans is reduced because the authority has cash balances. These balances arise from General Fund activities. Consequentially, at present, all external debt is held by the HRA.

11. **Treasury Management Advisors**

11.1 The Council employs Arlingclose as treasury advisors. Their performance has been good.

12. **Leasing**

12.1 The Council owns some properties on lease but other than this we do not use leasing as a method of financing, preferring instead to use our cash balances.

13. **Financial and Legal Implications**

13.1 The proposals are in accordance with the Council's statutory duties under the Local Government Act 2003 and statutory guidance, and comply with the CIPFA Code of Practice on Treasury Management. In accordance with the Council's constitution (Article 4.03), the strategy requires full Council approval.

14. **Background Papers**

14.1 CIPFA – "Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes 2017 Edition".

CIPFA – "Treasury Management in the Public Services, guidance notes for local authorities including police forces and fire and rescue authorities 2018 edition".

MHCLG – "Statutory Guidance on Local Authority Investments (3rd Edition) (2018)".

15. **Authors**

Treasury Limits for 2019/2020

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 2019/20 are:-

	New £m
Borrowing	250
Other forms of liability	125
Total	375

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 Council).
5. The Council 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 2019/20 are:

	£m
Borrowing	210
Other forms of liability	115
Total	335

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 Council has also to set upper and lower limits for the remaining length of outstanding loans that are fixed rate. This table also excludes other forms of liability. Recommended limits are:

Upper Limit

	£M
Under 12 months	50
12 months and within 24 months	80
24 months and within 5 years	140
5 years and within 10 years	140
10 years and within 25 years	180
25 years and over	180

We would not normally borrow new loans for periods in excess of 50 years. In practice we don't expect to borrow at all.

Lower Limit

	£M
Less than 5 years	0
Over 5 years	100

8. The Council 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	70

9. We will review the exposure of the Council to changes in interest rates. These could have a significant budgetary impact. The benchmark is that a 1% fall in interest rates should not cost in excess of £2M (an increase in interest rates would benefit the authority).

10. The central assumption of this treasury strategy is that the value of external borrowing will be as shown below (these figures include £12m debt managed on behalf of the fire authority).

	31/03/2018 Actual £M	2019/20 Estimated Average £M	2020/21 Estimated Average £M	2021/22 Estimated Average £M	2022/232 Estimated Average £M
External debt	255	209	194	194	194

Treasury Investment Strategy 2019/20

1. Introduction

- 1.1 This Treasury Investment strategy complies with the MHCLG's Guidance on Local Government Investments and CIPFA's Code of Practice.
- 1.2 It states which investments the Council may use for the prudent management of its treasury balances. It also identifies other measures to ensure the prudent management of investments.

2. Investment Objectives & Authorised Investments

- 2.1 All investments will be in sterling.
- 2.2 The Council'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 Council will aim to achieve the **optimum return** on its investments commensurate with the proper levels of security and liquidity. Liquidity is assessed from the perspective of the overall investment portfolio and will take account of the Council's ability to borrow for cashflow purposes.
- 2.4 The following part of this appendix specifies how the Council may invest, with whom and the credit worthiness requirements to be applied.

3. Approved Investments

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 bodies will not be added to the list without the written approval of the Director of Finance.</p> <p>In addition to the above investments may be committed in advance by up 10 working days.</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>	Maximum 366 days.	<p>A list of approved counterparties will be maintained, based on credit ratings. Principally, we use Fitch.</p> <p>Minimum ratings as below. Other market intelligence will also be considered.</p>
		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

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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 rating bond rating of AA-
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 it not repaid.	Maximum 1 year.	Judgement that the security is equivalent, or better than the credit worthiness of unsecured deposits. REPO/Reverse REPO is accepted as a form of collateralised lending and should be based on the GMRA 2000 (Global Master REPO Agreement) or a successor agreement. 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 • Conventional Gilts • UK Treasury bills • DBV (Delivery By Value) • Corporate bonds

3.2 Unrated Building Societies			
Type	Description	Investment Period	Controls
General	Smaller building societies who do not have credit ratings. Many are mutually owned.	Up to 6 months.	<p>No more that £10M will be invested in total with these institutions.</p> <p>No more that £2M will be invested with any one institution.</p> <p>Of this £2M no more than £1M will be unsecured.</p> <p>New bodies will not be added to the list without the written approval of the Director of Finance.</p> <p>A list of approved counterparties will be maintained.</p> <p>This will be based upon an analysis of the financial strength of the institution by our Treasury Advisers.</p> <p>Investments committed in advance will not count against these limits provided that commitment is no more than 10 working days in advance of the actual investment.</p>

3.3 UK Public Sector & Quasi Public Sector			
Type	Description	Investment Period	Controls
General	<p>The UK Government and UK local authorities, including Transport for London (TFL), and bonds issued by the Local Government Bond Agency.</p> <p>It also includes bodies that are very closely linked to the UK Government or to local government such as Cross Rail or National Grid.</p>		<p>No more than £250M 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>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>In addition to the above, investments may be committed in advance by up to 3 months.</p>
Deposits	Deposits with Local Authorities and the UK Government.	Up to 5 years.	<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 a local authority, including information which is provided by the Council's Treasury Advisors.</p>
Bonds – Local Authority	Bonds issued by local authorities.	Up to 5 years.	
Bonds – Municipal Bond Agency	Bonds issued by local authorities collectively through the Local Government Bond Agency.	Up to 5 years.	
Bonds – Bodies Closely Linked to UK Government		Up to 5 years.	<p>Minimum AA- credit rating.</p> <p>The agency is new 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> <p>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 Council's treasury advisors.</p>

3.4 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.	Up to 5 years.	<p>No more than £40M to be lent in total and no more than £10M to be lent to any one bank.</p> <p>Approval by 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 Council's treasury advisors.</p> <p>A minimum credit rating of AA- plus backing of one or more G7 country.</p>

3.5. Pooled Investments – Shorter Dated Investments			
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>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 Council'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 £120M to be invested in all fund types listed in this table.</p>
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 immediate access to funds.	<p>Fitch rating of AAmmf (or equivalent).</p> <p>No more than £20M in any one fund.</p>
Short Dated Government Bond Funds	Similar to money market funds but mainly concentrated in highly credit rated government bonds.	Must have immediate access to funds.	<p>Whilst these are very safe the interest returned is very low. We may use these in times of market turmoil.</p> <p>Fitch rating of AAAf (or equivalent).</p> <p>No more than £20M in any one fund.</p>

<p>Money market plus funds / cash plus funds / Short dated bond funds</p>	<p>Similar to money market funds but the underlying investments have a longer repayment maturity. We would use these to secure higher returns.</p>	<p>Must have access with one month's notice but normally would wish to hold for 12-18 months.</p>	<p>Fitch rating of AAf (or equivalent). No more than £20M in any one fund. We will "drip feed" money that we invest rather than investing it all at once.</p>
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3.6. Pooled Investments – Longer Dated Investments			
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>Other legal structures will be considered.</p> <p>Longer dated investments expose us to the risk of a decline in value, but also provide an opportunity to achieve higher returns.</p> <p>Consequently, controls involve both the personal authorisation of the Director of Finance and consultation with the City Mayor.</p>		<p>We will only invest in funds where there is evidence of a high level of competence in the management of the investments, including, where relevant, how the fund is regulated.</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 will “drip feed” money that we invest rather than investing it all at once.</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 £50m to be invested in all fund types listed in this table.</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 fund normally has a small cash balance from which to fund redemptions the bulk of the fund is 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 five years.</p>	<p>No more than £30M to be invested in property funds.</p> <p>Investment amounts and timing to be approved by the Director of Finance, in consultation with the City Mayor.</p>

Longer-dated Bond Funds.	Similar to money market funds but the underlying investments are now mainly bonds with an 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.	<p>Fitch rating of AAf (or equivalent).</p> <p>Approval by 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 Council's treasury advisors.</p> <p>No more than £10M to be invested in any one fund.</p>
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. They are a world away from the "sub-prime" investments that led to the 2008 crash.</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>	Must have access with one month's notice but normally would wish to hold for two to three years.	<p>Fitch rating of AAf (or equivalent).</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>Approval by 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 Council's treasury advisors.</p> <p>No more than £10M to be invested in any one fund.</p>

3. Business Models

- 3.1 The Council has a "buy and hold" strategy for its investments that are bought and sold in financial markets. I.e. 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.



**Overview Select Committee
Council**

**Date: 7th February 2019
Date: 20th February 2019**

Investment Strategy

Report of the Director of Finance

1. Introduction

- 1.1 The purpose of this report is to seek Council's approval to the attached Investment Strategy.

2. Recommendations

- 2.1 OSC is asked to comment on the attached strategy.
- 2.2 Council is asked to approve the strategy.

3. Supporting Information including options considered

- 3.1 The Government now requires all authorities to prepare, and get full Council approval for, an Investment Strategy. This is separate from the investment strategy we submit with the treasury strategy every year (which is elsewhere on your agenda). The Investment Strategy covers property investments and loans to third parties for economic development reasons (amongst other things).
- 3.2 The new requirement results from the activity of some authorities who have been borrowing enormous sums to invest in commercial property, often outside their own areas.
- 3.3 The Government's aim is to increase the level of transparency over commercial investment decisions. The strategy is therefore important, because it sets parameters around what we can do in the future.
- 3.4 I will be presenting the document with slides at OSC.

4. **Financial Implications**

4.1 Finance is a key feature throughout the entire strategy.

4.2 The strategy does not seek approval to individual investment decisions which will each require separate reports (including financial implications).

5. **Legal Implications (Emma Jackman)**

5.1 This report proposes an investment strategy, and has regard to statutory guidance on local government investments issued by the Secretary of State under section 15(1)(a) of the Local Government Act, 2003.

6. **Other Implications**

None.

Report Author: Mark Noble

Date: 21st January 2019

Proposed Investment Strategy

1. Introduction

- 1.1 This strategy defines the Council's approach to making and holding investments, other than those made for normal treasury management purposes. The latter are described in the annual treasury management strategy.
- 1.2 New Government guidance requires the Council 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 (sometimes a multiple of their net revenue budget).
- 1.3 Because this strategy is an overarching approach to investment, it supersedes:-
- (a) The Local Investment Fund, described in previous years' treasury management strategies;
 - (b) The Enterprising Leicester Investment Fund (approved by the City Mayor on 4th January 2016, and extended on 17th February 2017);
 - (c) The Investment Property Fund and "New Opportunities" Fund, approved by the City Mayor on 17th February 2017.
- 1.4 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 Council. It includes advances made to (or on behalf of) the Leicester and Leicestershire Enterprise Partnership (LLEP) for their purposes, if the Council or LLEP expects to make a return on the money: such advances may be made by the Council acting as accountable body or in its own right.
- 1.5 The Council also invests in pooled property funds. These are funds where large numbers of investors own a part share in a large number of properties, and are professionally managed. Our policy for investment in pooled funds is described in the treasury management strategy, rather than this strategy.
- 1.6 The strategy excludes investment in new Housing Revenue Account (HRA) dwellings, as this is not done to achieve a return.

2. Current Investments

- 2.1 The Council has approved the following investments which fall within the remit of this strategy:-
- (a) The Corporate Estate, which consists of 338 properties available for commercial lease. The purpose of holding the portfolio is primarily for income generation purposes, but also with an eye to providing a range of accommodation for businesses and for ensuring a presence in city centre retail. The properties in the fund are held for their commercial value and not to provide accommodation or services to/for the Council. 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. The portfolio includes industrial units, shops, and other business premises located in the city with some agricultural holdings outside. Much of the estate has been owned by the Council for decades. The total value of the portfolio is estimated to be £122m, and all purchases have been fully financed (i.e. there is no outstanding debt). Gross rental income is £6.1m per year from rents;
 - (b) A loan to Leicestershire Cricket Club of £1m, to enable the Club to improve its facilities at an interest rate of 5%. The loan is supported by guarantees from the English Cricket Board;
 - (c) A loan of £1.5m to Ethically Sourced Products Ltd, made under the (now former) “Enterprising Leicester Fund”. This loan carries a return equivalent to 4% per annum and is due to be repaid by 2025;
 - (d) A loan of £0.6m to the Haymarket Consortium Ltd to assist with the relaunch of Haymarket Theatre. This loan carries a return equivalent to 4% per annum and is due for repayment by March 2026.
- 2.2 Additionally, prudential borrowing of £8.4m has been approved to fund a hotel development at the Haymarket Shopping Centre, for which the Council will receive a revenue generating lease.
- 2.3 LLEP manages the “Growing Places Fund” which makes loans to businesses and other organisations for economic development. The total amount available is c.£12m. This fund does not come within the remit of this investment strategy, as the City Council has no financial exposure. (The original capital was provided by the Government, and there is now a revolving fund of new loans made as old loans are repaid. If there are defaults on the old loans, the fund simply stops revolving). The Council may seek LLEP’s agreement to use the fund jointly with City Council loan funding, which helps mitigate risk.
- 2.4 A loan of £4m made to support the relocation of Hastings Insurance to premises next to the railway station was fully repaid in 2018/19. Interest of £0.6m was

paid on top of the outstanding capital sum (equivalent to 10% per year) and Hastings increased the number of jobs in Leicester to 1,000.

3. **The Council's Overall Approach**

- 3.1 The Council encourages investment which enables us to reduce reliance on returns from cash (the treasury management strategy) and at the same time put to use sums which would be earning little interest to benefit the people of Leicester. However, the Council acknowledges the risk associated with such investment, and will ensure it is not left hostage to changing market fortunes. The following limits are set and will not be exceeded:-

	Limit	Current Position
Gross external debt as a percentage of the Council's net service expenditure	100%	52% (£182m)
Outstanding prudential borrowing from activities covered by this strategy as a percentage of the Council's net service expenditure	30%	<1% (£3.1m)
Income from activities covered by this strategy as a percentage of net service expenditure	10%	1.8% (£6.2m)

(Net service expenditure is volatile due to accounting adjustments, and the 17/18 figure of £352m will be used until this strategy is revised. "Debt" excludes PFI).

- 3.2 In the case of the Corporate Estate, managers will be encouraged to dispose of under-performing assets, and reinvest in higher earning assets, taking into account the opportunity for a sustainable financial return, risks and liabilities. New acquisitions can be funded by:-
- (a) Sale of existing, under-performing properties. These will be separately identified and approved by means of a decision of the City Mayor;
 - (b) Prudential borrowing, subject to limits given below and necessary approvals.
- 3.3 The Council is prepared to take greater risks in the furtherance of this strategy than it would be with the treasury management strategy: this is because investment will never take place solely for financial motives (the only exception being enhancement of the property portfolio within the Corporate Estate as described above).
- 3.4 Whilst recognising there are service reasons for investment, the Council's financial priorities 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) – this is the lowest priority, and the Council accepts that such investments are less liquid than treasury management investments. We can live with this, because individual investments are small scale compared to the overall size of the Council. We have other (treasury) investments which are kept for liquidity: these exceed the value of our external debt.

3.5 Property acquired under this investment strategy will be located:-

- (a) In the case of the Corporate Estate, within the boundary of LLEP (usually, within the city);
- (b) If acquired for economic regeneration purposes, within the boundary of LLEP (or just outside the perimeter);
- (c) If acquired for other reasons, normally within the city boundary, but may be elsewhere to better meet service objectives (for example, an investment in solar panels which provide energy to the city – the key consideration being best value from the site regardless of location; we may also join a consortium of other authorities to invest in facilities which serve all our purposes).

3.6 Individual investments can be funded by any of the following (or combination of the following):-

- (a) Grants/contributions from third parties (including LLEP);
- (b) Capital or revenue monies held by the Council;
- (c) Prudential borrowing.

3.7 Items (b) and (c) together represent the Council’s capital invested. Item (c) represents the risk of the Council 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 outstanding at any one time is a key control over the Council’s investment activity, and is termed “exposure”.

3.8 The Council will not, at any one time, have exposure in excess of the following:-

	<u>£m</u>
On commercial or industrial property it owns	50

For loans to third parties (other than LLEP)	20
For sums advanced to, or on behalf of, LLEP	30
For other investments	40

- 3.9 The Council will not, at any one time, have exposure in excess of £100m for all activity arising from this strategy (it cannot, therefore, at any one time, maximise its exposure under each of the above categories).
- 3.10 Total exposure on these measures is currently £3.1m.
- 3.11 The Council can reduce its exposure, particularly if an investment is performing poorly, by writing down prudential borrowing using capital or revenue resources.

4. **What we invest in and how we assess schemes**

4.1 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. 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 in this section 4 (the limits at section 3 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.

4.2 All proposals will be subject to a financial evaluation, signed by the Director of Finance. This will calculate expected return (see below), assess risk to the Council'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 reported in the decision report. For small purchases of property within the Corporate Estate, a more streamlined evaluation can be prepared.

4.3 Any investment for economic development purposes will accord with the Council's adopted strategies, except for early stage expenditure in contemplation of a new strategy.

4.4 The maximum prudential borrowing permitted for any given investment will be:-

£m

5

- For purchases intended solely to improve the financial performance of the Corporate Estate
- All other cases

10

4.5 Advances to third parties (including LLEP) will require additional security where the total capital invested by the Council exceeds £2m, e.g. the underwriting of risk by a third party (such as another local authority in the LLEP), a charge on property with a readily ascertainable value and a number of potential purchasers, or a commitment from the LEP to a percentage of anticipated rates growth.

4.6 The Council 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). Except where a purchase is solely to improve the financial performance of the Corporate Estate, return will be measured by net present value and (disregarding external contributions):-

- (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 2.5% above bank base rate. 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 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.

4.7 The City Mayor may take a conscious decision to accept lower returns for service reasons (an alternative way of looking at this is to say that the Council will sometimes choose to accept modest returns instead of providing something at its own expense for service reasons). Such a decision will be transparent and recorded in the decision notice.

4.8 The following are deemed to be suitable investments:-

- (a) Acquisition or disposal of commercial or industrial property;
- (b) Construction or development of commercial or industrial property;

- (c) Construction or development of non-HRA housing, directly or via the wholly owned housing company;
- (d) Acquisition of land for development;
- (e) Infrastructure provision at key development sites;
- (f) Loans to, or on behalf of, the LLEP to support its objectives;
- (g) Loans to businesses to support economic development.

4.9 All investments and loans must be state aid compliant.

4.10 Acquisition of commercial or industrial property can be considered where:-

- (a) There is a tenant of sufficient quality; or strong evidence of market demand for the property (e.g. identified end use, or small tenanted units with a ready supply of prospective tenants); or the property generates other reasonably assured income; and
- (b) There is the prospect of capital appreciation and a ready market for the Council's interest (or there will be a ready market at the end of the investment period); and
- (c) There are either economic development or service reasons why the city would benefit from the council's ownership, or the acquisition improves the performance of the Corporate Estate. An example of economic development reasons might be to facilitate a significant business relocation to the city or surrounding area.

4.11 Construction or development of commercial or industrial property can be considered 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 Council 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 Council can be confident of a return on its capital invested, and an NPV shall be calculated using prudent assumptions of any void periods.

4.12 Construction or development of non-HRA housing can be used to develop sites, and provide housing for sale. It is an alternative to disposal of un-developed land for a capital receipt and may take place through a wholly owned housing company. Investment would be made into the company, either through equity or loan capital. Alternatively, we may want to invest in non-HRA housing to let, creating an institutional private landlord. This would take place through a wholly owned housing company as an alternative to disposal of undeveloped land.

4.13 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 Council'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.
- 4.14 The availability of other public funding to secure development will improve the acceptability of such proposals, as this will increase the return on the Council's capital invested.
- 4.15 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 unlock strategic housing or commercial development on economic growth sites, or contribute towards bringing forward linked developments.
- 4.16 Advances of funding or loans to LLEP (or on behalf of LLEP) can take place to support economic development in the city or LLEP area. Such advances can be considered to support the LEP's strategic plan, subject to confidence that money will be returned through business rate growth or other LLEP finance.
- 4.17 Loans to businesses can be made at attractive rates (when compared to bank finance) for proposals which facilitate economic development, and where the Council 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 Council 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;
 - (d) Proposals must demonstrate that they are viable, i.e. there is a reasonable expectation that the capital and interest will be repaid;
 - (e) Security will usually be obtained (and always for higher value loans).

5. **Monitoring of Investments**

- 5.1 Except where the City Mayor decides (after consulting OSC) that an investment can be monitored in aggregate as part of the Corporate Estate, the following measures will be used to monitor performance of all investments. Performance will be reported as part of the annual budget outturn report:-

- (a) Achieved return on capital invested;
- (b) Capital appreciation;
- (c) Timely receipt of returns;
- (d) Write offs/write downs;
- (e) Jobs or other outputs created.

5.2 The Corporate Estate measures its performance (in aggregate and by class of asset) with reference to the following indicators. Estimates for performance in 18/19 are also shown:-

	<u>Target Performance</u>	<u>18/19 Forecast</u>
Net Yield	5%	5%
Voids	3%	3%

- 5.3 Because the fund is assessed in its entirety, measures for individual acquisitions are not set.
- 5.4 Performance against the measures at paragraph 5.2 will be compared against other authorities with similar portfolios, and against industry benchmarks.
- 5.5 Buying/selling decisions for the Corporate Estate will reflect CDN's approved property investment strategy.

6. **Capacity, Skills and Culture**

- 6.1 The Council 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 Council clients to ensure they understand the public service dimension of the Council's business.
- 6.2 A presentation on the Council's investment strategy will be provided at OSC on 7th February.
- 6.3 The Council will use whatever presentation techniques are appropriate when decisions on individual investments are sought; these will in particular focus on the risk assessment.

Leicester City Council Scrutiny Review

**To explore the reasons for educational underachievement
of 'African Heritage' pupils and 'White Working Class'
pupils in Leicester**

Scoping document for a review of the Children, Young People
and Schools Scrutiny Commission

December 2018

Background to scrutiny reviews

Determining the right topics for scrutiny reviews is the first step in making sure scrutiny provides benefits to the Council and the community.

This scoping template will assist in planning the review by defining the purpose, methodology and resources needed. It should be completed by the Member proposing the review, in liaison with the lead Director and the Scrutiny Manager. Scrutiny Officers can provide support and assistance with this.

In order to be effective, every scrutiny review must be properly project managed to ensure it achieves its aims and delivers measurable outcomes. To achieve this, it is essential that the scope of the review is well defined at the outset. This way the review is less likely to get side-tracked or become overambitious in what it hopes to tackle. The Commission's objectives should, therefore, be as SMART (Specific, Measurable, Achievable, Realistic & Time-bound) as possible.

The scoping document is also a good tool for communicating what the review is about, who is involved and how it will be undertaken to all partners and interested stakeholders.

The form also includes a section on public and media interest in the review which should be completed in conjunction with the Council's Communications Team. This will allow the Commission to be properly prepared for any media interest and to plan the release of any press statements.

Scrutiny reviews will be supported by a Scrutiny Officer.

Evaluation

Reviewing changes that have been made as a result of a scrutiny review is the most common way of assessing the effectiveness. Any scrutiny review should consider whether an on-going monitoring role for the Commission is appropriate in relation to the topic under review.

For further information please contact the Scrutiny Team on 0116 4546340

To be completed by the Member proposing the review

1.	Title of the proposed scrutiny review	To explore the reasons for educational underachievement of <i>African Heritage</i> pupils and <i>White Working-class</i> pupils in Leicester.
2.	Proposed by	Cllr Mohammed Dawood, Chair of Children, Young People and Schools Scrutiny Commission
3.	Rationale Why do you want to undertake this review?	<p>Nationally Black Caribbean and White working-class pupil's underachievement in education is real and persistent and that these groups are consistently the lowest performing in the country, for example:</p> <ul style="list-style-type: none"> • January 2017 national data shows Black Caribbean pupils perform worse at Key Stage 4 than other pupils. • A study by the 'Sutton Trust Education Charity' identified that Schools must focus on struggling white working-class pupils as attainment has stayed stubbornly low. <p>Leicester City 2015/16 Annual Education Performance Report shows:</p> <ol style="list-style-type: none"> a) That the attainment of Black Caribbean and White working-class pupils is low and this gap has widened over the years. b) That from key stage 2 to key stage 4 the attainment levels are lower. c) That the 'NEET' rates are high amongst Black Caribbean and Black African groups in Leicester. <p>Elected scrutiny members wish to further explore the position in Leicester.</p>
4.	Purpose and aims of the review What question(s) do you want to answer and what do you want to achieve? (Outcomes?)	<p>Scrutiny members have expressed an interest in investigating the educational underachievement of African heritage and White working-class pupils with a view to identify factors that contribute to this. The review will include:</p> <ol style="list-style-type: none"> a) Identifying the extent of underachievement b) Identifying the factors responsible for underachievement c) The support schools and LCC policy makers offer to improve educational attainment. d) The support offered within community provisions.

5.	<p>Links with corporate aims / priorities How does the review link to corporate aims and priorities?</p>	<ul style="list-style-type: none"> • Leicester City Council Corporate Education Plan • Leicester City Council Annual Education Report • Department for Education ‘Unlocking Talent, Fulfilling Potential’ (link below): https://www.gov.uk/government/publications/improving-social-mobility-through-education
6.	<p>Scope Set out what is included in the scope of the review and what is not. For example which services it does and does not cover.</p>	<p>The scope of this review will include:</p> <ol style="list-style-type: none"> a) Leicester City Schools education and performance services b) Leicester City Council Education support services to improve the educational attainment and performance of pupils. c) Exploring best practice d) Identifying the key challenges and issues for Leicester City Council. e) Ensuring that the council and elected members continue to have an effective role in school improvement and performance standards in all schools across the city.
7.	<p>Methodology Describe the methods you will use to undertake the review.</p> <p>How will you undertake the review, what evidence will need to be gathered from members, officers and key stakeholders, including partners and external organisations and experts?</p>	<p>This review will include:</p> <ol style="list-style-type: none"> a) Relevant schools and pupils and parents to capture evidence. b) Understanding detailed data analysis on educational attainment. c) VCS education related organisations and TREC to capture evidence. d) Relevant education service leads, stakeholders and partnerships to give evidence.
	<p>Witnesses Set out who you want to gather evidence from and how you will plan to do this</p>	<p>Witness evidence will include:</p> <ol style="list-style-type: none"> a) Deputy City Mayor (Executive Lead) for Schools and Childrens Services. b) Strategic Education Lead Director c) School heads / Education Partnership Forums d) Multi-Academy Trust leaders e) TREC and Black-led Churches and Streetvibe organisations f) Pupils and Young People’s Council views to capture
8.	<p>Timescales How long is the review expected to take to complete?</p>	<p>3 months</p>
	<p>Proposed start date</p>	<p>November 2018</p>
	<p>Proposed completion date</p>	<p>January 2019</p>

9.	<p>Resources / staffing requirements Scrutiny reviews are facilitated by Scrutiny Officers and it is important to estimate the amount of their time, in weeks, that will be required in order to manage the review Project Plan effectively.</p>	This review will be facilitated by the Scrutiny Policy Officer (Anita Patel).
	Do you anticipate any further resources will be required e.g. site visits or independent technical advice? If so, please provide details.	Expert external advice could be explored from organisations who support and engage with African heritage and White working-class young people.
10.	<p>Review recommendations and findings To whom will the recommendations be addressed? E.g. Executive / External Partner?</p>	The evidence gathered will be compiled into a review report of findings and recommendations which will be presented to the City Mayor and Executive for consideration.
11.	<p>Likely publicity arising from the review - Is this topic likely to be of high interest to the media? Please explain.</p>	<p>This review is likely to attract high interest from the local media.</p> <p>The communications team will be kept informed.</p>
12.	<p>Publicising the review and its findings and recommendations How will these be published / advertised?</p>	<p>The findings and recommendations will be publicised via:</p> <ul style="list-style-type: none"> a) Leicester City Council Website. b) Children, Young People and Schools Scrutiny Commission (public meeting).
13.	<p>How will this review add value to policy development or service improvement?</p>	<p>It is hoped that recommendations and findings from the review will include:</p> <ul style="list-style-type: none"> a) Opportunities for Leicester City Council and Schools to identify and support educational attainment for African heritage and White working-class pupils in the city. b) Identifying best practice and initiatives.
To be completed by the Executive Lead		
14.	<p>Executive Lead's Comments The Executive Lead is responsible for the portfolio so it is important to seek and understand their views and ensure they are engaged in the process so that Scrutiny's recommendations can be taken on board where appropriate.</p>	<p>This is a vitally important issue that extends beyond educational attainment. Happy for the department to support but concerned that there needs to be a clear understanding of roles and responsibilities of schools, the council and other groups prior to commencing.</p> <p>Councillor Sarah Russell Deputy City Mayor and Executive Lead for Children's and Schools Services</p>

To be completed by the Divisional Lead Director	
15.	<p>Divisional Comments Scrutiny's role is to influence others to take action and it is important that Scrutiny Commissions seek and understand the views of the Divisional Director.</p>
16.	<p>Are there any potential risks to undertaking this scrutiny review? E.g. are there any similar reviews being undertaken, on-going work or changes in policy which would supersede the need for this review?</p>
17.	<p>Are you able to assist with the proposed review? If not please explain why. In terms of agreement / supporting documentation / resource availability?</p> <p>Name</p> <p>Role</p> <p>Date</p>
To be completed by the Scrutiny Support Manager	
18.	<p>Will the proposed scrutiny review / timescales negatively impact on other work within the Scrutiny Team? (Conflicts with other work commitments)</p> <p>The review will be supported by the Scrutiny Policy Officer and is not expected to negatively impact on her work.</p>
	<p>Do you have available staffing resources to facilitate this scrutiny review? If not, please provide details.</p> <p>The review can be adequately supported by the Scrutiny Team.</p>
	<p>Name</p> <p>Kalvaran Sandhu, Scrutiny Support Manager</p>
	<p>Date</p> <p>4th October 2018</p>

Overview Select Committee
Draft Work Programme 2018 – 2019

Meeting Date	Topic	Actions Arising	Progress
21 Jun 18	1) Tracking of petitions 2) Questions to City Mayor 3) Revenue Budget Monitoring Outturn 2017/18 4) Capital Budget Monitoring Outturn 2017/18 5) Income Collection April 2017 - March 2018 6) Review of Treasury Management Activities 2017/18 7) Scrutiny Commissions' Work Programmes: <ul style="list-style-type: none"> • HCLS Review: Engagement with Leicester's Arts, Culture and Heritage Offer Report 	7) Report was endorsed.	
5 Jul 18 (Special)	1) Call-In – Executive Decision: Refurbishment of Haymarket Car Park, Provision of Lifts to the Theatre and Purchase of Haymarket House	1) Call-in was withdrawn by majority vote.	
13 Sep 18	1) Tracking of petitions 2) Questions to City Mayor 3) Revenue & Capital Monitoring – Period 3		
1 Nov 18	1) Tracking of petitions 2) Questions to City Mayor 3) Update on Prevent Strategy 4) Draft Scrutiny Report 2016-18 5) Scrutiny Commissions' Work Programmes: <ul style="list-style-type: none"> • NSCI: The Community Asset Transfer Strategy – Scoping Document • EDTT Review: The Bus Services Act 2017 – The Impacts and Opportunities • ASC Review: End of Life Care Report 		

Meeting Date	Topic	Actions Arising	Progress
13 Dec 18	<ol style="list-style-type: none"> 1) Tracking of petitions 2) Questions to City Mayor 3) Revenue & Capital Monitoring – Period 6 4) Treasury Management Report 5) Income Collection Report 6) Health and Wellbeing Strategy 7) Digital Transformation Programme Update 8) Scrutiny Commissions' Work Programmes: <ul style="list-style-type: none"> • HWB: NHS Workforce – Scoping Document 		
7 Feb 19	<ol style="list-style-type: none"> 1) Tracking of petitions 2) Questions to City Mayor 3) Draft General Fund Revenue Budget 4) Treasury Strategy 2019/20 5) Treasury Policy 6) Investment Strategy 7) Scrutiny Commissions' Work Programmes: <ul style="list-style-type: none"> • CYPs: Educational Underachievement of African Heritage and White Working-Class Pupils in Leicester – Scoping Document 		
4 Apr 19	<ol style="list-style-type: none"> 1) Tracking of petitions 2) Questions to City Mayor 3) Revenue & Capital Monitoring – Period9 4) Revised Scrutiny Handbook 5) Update on the Equality Strategy and Action Plan 		

Forward Plan Items

Topic	Detail	Proposed Date

Leicester City Council

PLAN OF KEY DECISIONS

On or after 1 December 2018

What is the plan of key decisions?

As required by legal regulations the Council publishes a document to show certain types of decision known as 'key decisions' that are intended to be taken by the Council's Executive (City Mayor, Deputy City Mayor and Assistant City Mayors). The legislation requires that this document is published 28 clear days before a decision contained in the document can be taken. This document by no means covers all the decisions which the Executive will be taking in the near future.

Details of the other decisions, the City Mayor and the Executive also take can be found at www.cabinet.leicester.gov.uk/mgdelegateddecisions.aspx?bcr=1

What is a key decision?

A key decision is an executive decision which is likely:

- to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- to be significant in terms of its effects on communities living or working in two or more wards in the City.

Full details of the definition can be viewed at <https://www.leicester.gov.uk/your-council/how-we-work/plan-of-key-decisions/>

What information is included in the plan?

The plan identifies how, when and who will take each key decision, who to contact for more information or to make representations, and in addition where applicable, who will be consulted before the decision is taken.

The plan is published on the Council's website.

Prior to the taking of each executive key decision, please note that the relevant decision notice and accompanying report will be published on the Council's website and can be found at

<http://www.cabinet.leicester.gov.uk/mgdelegateddecisions.aspx?bcr=1>

Plan of Key Decisions

On or after 1 December 2018

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1. A place to do business

What is the Decision to be taken?	NEW OPPORTUNITIES To approve the investment in new opportunities through the use of New Opportunities funding.
Who will decide?	City Mayor/Executive

When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	None.
Who can I contact for further information or to make representations	Matthew.Wallace@leicester.gov.uk

What is the Decision to be taken?	DECISIONS ACTING AS ACCOUNTABLE BODY TO THE LLEP Decisions as a consequence of being the Accountable Body to the Leicester and Leicestershire Enterprise Partnership, as and when they arise
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Proposals will have been subject to the LLEP governance processes
Who can I contact for further information or to make representations	Colin.Sharpe@leicester.gov.uk

What is the Decision to be taken?	PIONEER PARK - NEW BUSINESS WORKSPACE Approval to enter into a development agreement for the delivery of workspace development and the sale of land at Exploration Drive
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Any development scheme will be subject to consultation through the planning process
Who can I contact for further information or to make representations	Louise.Seymour@leicester.gov.uk

What is the Decision to be taken?	APPROVE A CULTURAL INVESTMENT PROGRAMME To approve investment in important cultural assets and activities
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	

Who can I contact for further information or to make representations	Mike.Dalzell@leicester.gov.uk
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2. Getting about in Leicester

What is the Decision to be taken?	CONNECTING LEICESTER PHASE 3 Decision to approve funds to progress the next phases of Connecting Leicester to be funded as part of the Economic Action Plan and through external grant funding
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Public, stakeholder and planning application consultation carried out on each scheme as appropriate
Who can I contact for further information or to make representations	Andrewl.Smith@leicester.gov.uk

3. A low carbon city

No decisions due to be taken under this heading for the current period

4. The built and natural environment

What is the Decision to be taken?	TECHNICAL SERVICES REVIEW - TRANSFORMING DEPOTS To approve a programme of rationalisation, disposal and improvement of the Council's depots. Planned capital expenditure is expected to be funded from the proceeds of disposals.
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	No external consultation is required, as this relates to the Council's operational arrangements.
Who can I contact for further information or to make representations	Philip.Davison@leicester.gov.uk

What is the Decision to be taken?	ASHTON GREEN - HIGHWAY INFRASTRUCTURE PROGRAMME Delivery of major highway infrastructure programme with 100% funding from the Housing Infrastructure Fund (Homes England). Expected value up to £10m
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Consultation linked to planning applications and with local residents, councillors and stakeholders on specific infrastructure proposals
Who can I contact for further information or to make representations	Geoff.Mee@leicester.gov.uk

What is the Decision to be taken?	INCREASING THE SUPPLY OF NEW AFFORDABLE HOUSING WITHIN THE HRA To consider the range of acquisition opportunities currently being explored by officers in order to increase the supply of new Affordable Housing within the HRA and add £6.5m to the HRA capital programme for 2018/19
Who will decide?	City Mayor/Executive
When will they decide?	Not before 14 Nov 2018
Who will be consulted and how?	
Who can I contact for further information or to make representations	Janet.Callan@leicester.gov.uk

5. A healthy and active city

No decisions due to be taken under this heading for the current period

6. Providing care and support

What is the Decision to be taken?	ADULT SOCIAL CARE SPENDING REVIEW PROGRAMME 4 To approve savings that will contribute to the Council's Spending Review Programme 4, which requires Adult Social Care to deliver savings for 2019/20
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Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	To be confirmed
Who can I contact for further information or to make representations	Tracie.Rees@leicester.gov.uk

What is the Decision to be taken?	CHANGES TO ADULT SOCIAL CARE NON-RESIDENTIAL CHARGING To approve changes to the current treatment of Disability Related Expenditure (DRE) within the financial means test, which will contribute to the Council's Spending Review Programme 4
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Public consultation from 3 July 2018 to 28 September 2018. (Engagement with service users, carers, public and other stakeholders via surveys and board/forum/group meetings)
Who can I contact for further information or to make representations	Ruth.Lake@leicester.gov.uk ; Prashant.Patel@leicester.gov.uk

7. Our children and young people

What is the Decision to be taken?	ADDITIONAL SCHOOL PLACES To approve capital funding for additional school places
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Schools
Who can I contact for further information or to make representations	Rob.Thomas@leicester.gov.uk

What is the Decision to be taken?	CHILDREN'S CAPITAL IMPROVEMENT PROGRAMME To approve the funding of a £3m capital improvement programme to the Council's school estate
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018

Who will be consulted and how?	
Who can I contact for further information or to make representations	Sean.Atterbury@leicester.gov.uk

8. Our neighbourhoods and communities

No decisions due to be taken under this heading for the current period

9. A strong and democratic council

What is the Decision to be taken?	REVENUE BUDGET MONITORING 2018/19 PERIOD 6
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Overview Select Committee – date to be advised
Who can I contact for further information or to make representations	Alison.Greenhill@leicester.gov.uk

What is the Decision to be taken?	REVENUE BUDGET MONITORING 2018/19 PERIOD 9
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Feb 2019
Who will be consulted and how?	Overview Select Committee – date to be advised
Who can I contact for further information or to make representations	Alison.Greenhill@leicester.gov.uk

What is the Decision to be taken?	REVENUE OUTTURN 2018/19
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 May 2019
Who will be consulted and how?	Overview Select Committee – date to be advised

Who can I contact for further information or to make representations	Alison.Greenhill@leicester.gov.uk
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What is the Decision to be taken?	CAPITAL MONITORING 2018/19 PERIOD 6
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	Overview Select Committee, date to be advised
Who can I contact for further information or to make representations	Alison.Greenhill@leicester.gov.uk

What is the Decision to be taken?	CAPITAL MONITORING 2018/19 PERIOD 9
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Feb 2019
Who will be consulted and how?	Overview Select Committee, date to be advised
Who can I contact for further information or to make representations	Alison.Greenhill@leicester.gov.uk

What is the Decision to be taken?	CAPITAL OUTTURN 2018/19
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 May 2019
Who will be consulted and how?	Overview Select Committee, date to be advised
Who can I contact for further information or to make representations	Alison.Greenhill@leicester.gov.uk

What is the Decision to be taken?	GENERAL FUND REVENUE BUDGET 2019/20 TO 2021/22
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Feb 2019
Who will be consulted and how?	Consultation with Scrutiny prior to the Council meeting

Who can I contact for further information or to make representations	Alison.Greenhill@leicester.gov.uk

What is the Decision to be taken?	HOUSING REVENUE ACCOUNT 2019/20 BUDGET AND CAPITAL PROGRAMME
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Jan 2019
Who will be consulted and how?	Consultation with Scrutiny and Tenants' Forum prior to the Council meeting
Who can I contact for further information or to make representations	Chris.Burgin@leicester.gov.uk

What is the Decision to be taken?	INVESTMENT PROPERTY To approve the purchase of investment property through use of Investment Property funding.
Who will decide?	City Mayor/Executive
When will they decide?	Not before 1 Dec 2018
Who will be consulted and how?	None
Who can I contact for further information or to make representations	Matthew.Wallace@leicester.gov.uk

