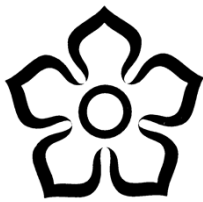


MEETING OF THE OVERVIEW SELECT COMMITTEE THURSDAY, 30 JANUARY 2025

Further to the agenda for the above meeting which has already been circulated, please find attached the minute extract for the item on the Draft Revenue Budget and Capital Programme 2025/26 from Housing Scrutiny Commission on 7th January 2025.



Leicester
City Council

Minute Extract

Held: TUESDAY, 7 JANUARY 2025 at 5:30 pm

P R E S E N T:

Councillor O'Neill - Chair

Councillor Bajaj
Councillor Gregg
Councillor Modhwadia

Councillor Gopal
Councillor Halford
Councillor Waddington

In Attendance

Deputy City Mayor Councillor Cutkelvin

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115. DRAFT GENERAL REVENUE BUDGET AND CAPITAL PROGRAMME 2025/26

The Head of Finance presented the item which focused on the strategy for balancing the council budget over the next 3 years. It was noted that:

- The financial outlook was the most severe the council had ever faced.
- This financial challenge stemmed from a decade of austerity, as well as recent cost pressures not matched by corresponding grant income.
- Following the Chancellor's budget in October 2024, further budget constraints have been anticipated.
- Some authorities have issued Section 114 notices, and the budget strategy has aimed to avoid this and ensure financial sustainability until at least 2027/28.
- The council's financial strategy has 5 strands:
 1. Releasing one-off funds totalling £110m to buy time.
 2. Reducing the approved capital programme by £13m
 3. Selling non-residential assets to secure an additional £60m.
 4. Constraining growth in those statutory services under demand-led pressure.
 5. Making ongoing savings of £20m per year in the revenue budget.
- The financial strategy is heavily reliant on one-off funds and additional savings will be required after the first three years.
- Risks, such as government policy changes, must be considered, and with one-off monies being used, ongoing savings are critical.

- The strategy reflects estimates of 2025/26 government funding, since the Finance Settlement was not available when the report was written.

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

- The draft Local Government Finance Settlement had been received, and officers are digesting the detail.
- Whilst the settlement appears to provide slightly more funding than expected, this does not affect the overall financial situation or alter the direction of the strategy.

Regarding the rationale for the figures quoted under the 5 strands, it was noted that:

- The capital programme has been financed through various means. £90m is the maximum amount of the 'capital fund' which has accumulated over previous years.
- The £13m reduction in the capital programme follows a full review of all uncommitted budgets, and represents the maximum reduction from areas that are not of the highest strategic priority. Any deviation from the current strategy could undermine the ability to navigate the next three years.
- To realise the £60m one-off funds, the council has various assets/buildings currently used for commercial purposes or underutilised pieces of land etc. which can be disposed of, without impact on services or the community.
- Asset sale will be considered strategically, considering the value of assets, potential future uses, loss of income etc.
- Directors and the Executive are working on ways to achieve the £1m savings target from housing.

AGREED:

- The Commission noted the report.