

Leicester  
City Council

**MEETING OF THE HERITAGE, CULTURE, LEISURE AND SPORT  
SCRUTINY COMMISSION**

**DATE: MONDAY, 25 JANUARY 2021**  
**TIME: 4:00 pm**  
**PLACE: Zoom Virtual Meeting**

**Members of the Committee**

Councillor Halford (Chair)  
Councillor Gee (Vice-Chair)

Councillors Dr Barton, Cole, Dr Moore, Nangreave and Shelton  
(1 unallocated non-grouped place)

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

For Monitoring Officer

**Officer contacts:**

**Jacob Mann (Democratic Support Officer),**  
Tel: 0116 454 5843, e-mail: [Jacob.Mann@leicester.gov.uk](mailto:Jacob.Mann@leicester.gov.uk)  
Leicester City Council, City Hall, 115 Charles Street, Leicester, LE1 1FZ

### **Information for members of the public**

**PLEASE NOTE** that any member of the press and public may listen in to proceedings at this 'virtual' meeting via a weblink which will be publicised on the Council website at least 24hrs before the meeting. Members of the press and public may tweet, blog etc. during the live broadcast as they would be able to during a regular Committee meeting at City Hall / Town Hall. It is important, however, that Councillors can discuss and take decisions without disruption, so the only participants in this virtual meeting will be the Councillors concerned, the officers advising the Committee and any invitees to the meeting relevant to the reports to be considered.

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### **Further information**

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

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

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

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

# **PUBLIC SESSION**

## **AGENDA**

### **LIVE STREAM OF MEETING**

A live stream of the meeting can be viewed at:

[https://www.youtube.com/channel/UCddTWo00\\_gs0cp-301XDbXA](https://www.youtube.com/channel/UCddTWo00_gs0cp-301XDbXA)

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

**Appendix A**

The Minutes of the meeting of the Heritage, Culture, Leisure and Sport Scrutiny Commission held on 1 December 2020 are attached and Members are asked to confirm them as a correct record.

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

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

#### **5. CHAIR'S ANNOUNCEMENTS**

#### **6. PETITIONS**

The Monitoring Officer to report on the receipt of any petitions submitted in accordance with the Council's procedures.

#### **7. QUESTIONS, REPRESENTATIONS, STATEMENTS OF CASE**

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

**8. COVID 19- HERITAGE, CULTURE, LEISURE, AND SPORT SERVICES UPDATE**

**(i) COVID 19 SPORTS SERVICES UPDATE** **Appendix B**

The Director of Public Health submits a report to provide a further update for Members of the Commission on the impact of the Covid 19 pandemic on Sports Services.

**(ii) TOURISM, CULTURE, AND INVESTMENT SERVICES COVID 19 UPDATE** **Appendix C**

The Director of Tourism, Culture, and Inward Investment submits a presentation to provide an update to Members of the Commission on the impact of the Covid 19 pandemic on Arts, Museums, Festivals, and Events Services.

**(iii) UPDATE ON PARKS AND OPEN SPACES COVID 19 IMPACT** **Appendix D**

The Director of Neighbourhood and Environmental Services submits a report to provide an update on how parks and open spaces are being managed in line with current Government Covid 19 guidelines. Previous updates were presented to the Heritage, Culture, Leisure and Sport Commission on the 22nd September 2020 and 16th July 2020. For the purpose of the scrutiny commission this includes Parks and Bereavement Services.

The Heritage, Culture, Leisure and Sport Scrutiny Commission are asked to note the contents of this report and comment.

**9. DRAFT GENERAL FUND BUDGET 2021/22 AND DRAFT CAPITAL PROGRAMME 2021/22** **Appendix E**

The Director of Finance submits the following reports setting out the City Mayor's proposed Draft General Fund Budget 2021/22 and Draft Capital Programme 2021/22.

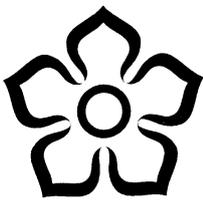
The Commission is recommended to consider and comment on Heritage, Culture, Leisure, and Sport element of the budgets. The Commission's comments will be forwarded to the Overview Select Committee as part of its consideration of the reports before they presented to the Council meeting on 17 February 2021.

**10. DRAFT WORK PROGRAMME 2021**

Lead Directors and Commission Members are asked to consider agenda items for future meetings of the Commission.

**11. ANY OTHER URGENT BUSINESS**





Leicester  
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# Appendix A

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

Held: TUESDAY, 1 DECEMBER 2020 at 4:00 pm

P R E S E N T:

Councillor Halford (Chair)  
Councillor Gee (Vice Chair)

Councillor Dr Barton  
Councillor Cole

Councillor Dr Moore  
Councillor Nangreave

Councillor Shelton

In attendance:

Councillor Clair, Deputy City Mayor, Culture Leisure & Sport

\* \* \* \* \*

## **100. APOLOGIES FOR ABSENCE**

Apologies for absence were received from John Leach – Director of Neighbourhood and Environmental Services.

## **101. DECLARATIONS OF INTEREST**

Councillor Nangreave declared an Other Disclosable Interest in that she was a resident in Leicester City and took part in heritage aspects.

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

AGREED:

That the minutes of the Heritage, Culture, Leisure and Sport Scrutiny Commission held on 1 December 2020 be confirmed as a correct record.

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

Any items and topics pending to come back to a future meeting can be added to the work programme for 2021.

#### **104. CHAIR'S ANNOUNCEMENTS**

The Chair requested all Members of the Commission, Officers and Members of the Executive present and anyone else present that would be participating in the meeting to kindly introduce themselves.

The Chair advised the Committee that the meeting was a virtual meeting as permitted by section 78 of the Coronavirus Act 2020 and outlined the procedures for the meeting.

Management and all staff were thanked for their continued commitment and hard work in providing essential services, and supporting ward Councillors, and creating online alternatives for the benefit of Leicester residents, throughout the Covid-19 pandemic.

#### **105. PETITIONS**

The Monitoring Officer reported that no petitions had been received.

#### **106. QUESTIONS, REPRESENTATIONS, STATEMENTS OF CASE**

The Monitoring Officer reported that no questions, statements or representations of case had been received.

#### **107. DRAFT LEICESTER LOCAL PLAN (2020 – 2036) PUBLIC CONSULTATION**

The Director of Planning, Development and Transportation submitted a presentation on the Draft Leicester Local Plan (2020 – 2036) Public Consultation.

During the presentation, the presenting officer drew particular attention to the following points;

- The Government were consulting on a new approach to Planning; however the Planning White Paper would radically change the local plan process, national policies, a zoning approach and much more permitted development and changes to the way in which housing demand would be worked out.
- Leicester City Council had decided to continue with their Local Plan as the timespan for the implementation of the White Paper could be two or more years.
- The importance of the local plan which looked ahead up until 2036, sought to look at the Councils need for homes, addressing unemployment, shopping, and leisure facilities and allocate sites for the these.
- The plan also set out a range of the Council's planning policies (e.g. Climate Change and Public Health), encouraged investment & economic growth, facilitated place-making and set high quality design expectations.
- Housing site draft allocations were noted, these made up a range of 5

main strategic sites and approximately 85 other sites significantly located in the city centre and Brownfield sites.

- A proposed Leisure/ Tourism Use Site had been allocated on Red Hill Roundabout - Site Ref 575 (allotments Loughborough Road, A6) to support the Great Central Railway Museum. It was noted that a specific policy was present in the Culture and Tourism chapter to support certain developments.
- The Central Development area, which was noted as a key regeneration area, had been split into 9 allocations. Most of them had their own aims and objectives. Some of the particular areas relating to this commission included St Georges Cultural Quarter, Old Town and New Walk which carried a lot of emphasis on heritage. In relation to those areas with heritage assets, the local plan would be considering more of an evolution of growth without affecting the heritage assets.
- Members attention was drawn to a map which showed Heritage Assets in the City, it noted listed buildings, ancient monuments, conservation areas and buildings of local interest in addition to historic parks and gardens. There were strong policies in place in relation to protecting these areas.
- Employment Draft Allocations, Key strategies for Open Space and Transport in addition to key policies in the draft local plan relating to this commission were also noted in the presentation.

The Commission scrutinised the Draft Local Plan, commenting and receiving the following responses;

- The presenting Officer confirmed leisure facilities would be dependent on the infrastructure assessment which looked at a whole range of sports and leisure facilities including football pitches and which area they were required. The stakeholder event held with the national sports governing bodies, would look at the needs and identify areas.
- The service was working on Section 106 strategy on how to acquire development contributions for strategies.
- In terms of the housing strategy the officers had carried out works with the districts and further discussions would take place. The Government were introducing a new strategy of housing need; therefore, the plan would need to be reviewed, of which the current system required a review of the plan every 5 years.
- The Culture and Tourism chapter of the draft local plan further noted policies to support certain heritage, places of worship, retaining public houses and addressed the cultural needs of the city.
- A Member of the Commission expressed the importance of the plan recognising the contribution from the culture and diversity of the city including African Caribbean heritage and recognition of the impacts of mass contributions made.
- The presenting officer noted that allocations in the draft local plan were not currently fixed and it was requested that Members of the Commission engage and encourage people to engage in the consultation. Any representations received would be carefully

considered and also careful consideration made to points made by Members of the Commission.

- More information and work would be done on site constraints and it would be looked closely at providing onsite provisions or contributions to improving other sites around the city.
- Other points made by Members of the Commission included Homes of Multiple Occupation (HMO's) whereby the officer requested any particular areas of the city which may require further restrictions.
- It was noted that there was no current funding/ budgets for potential developments on the railway museum.
- Works would also take place with the universities to look into the need for the future.
- Members had concerns about the loss of green and open spaces and requested that more 'green painted walls' were created to offset and identify where open space had been lost and where heatsinks were created by higher densities.
- In terms of the next stages of process; any particular areas of concern or recommendations from this Commission would then go to the Overview Select Committee. Following this, another public consultation would take place. The Submission of Local Plan Consultation (Reg 19) would take place Autumn 2021 and the adoption Summer/Autumn 2022.

#### AGREED:

1. That the Local Plan specify essential green and open spaces which are well used by residents for recreation, exercise and sports should be protected and improved, not be considered for new developments.
2. That the Local Plan should consider building upwards for new homes and offices etc, rather than outwards, as open spaces are precious and valued.
3. The local plan should create more 'green painted walls' to offset and identify where open space has been lost and consider the heatsink effect created by higher densities.
4. That Planning officers should consider Members comments in progressing work on the Local Plan.
5. Existing heritage sites to be protected, and heritage forums in the city to be consulted on the local plan.
6. The Local Plan should reflect the culture, history and contribution of the diversity of Leicester City.
7. That there should be a report back to HCLS Scrutiny on sports and leisure facilities being included in the Plan – when finalised.

## **108. HAYMARKET CONSULTATION**

The Director of Tourism, Culture and Investment submitted a report which noted where the service was in a process of consultation and feasibility research that had been initiated by the council in partnership with Arts Council England. This report invited comment and opinion from members of the commission as part of that process.

The Director of Tourism, Culture and Investment presented the report and provided an update on the current situation with the Haymarket theatre which included;

- Since the closing of the theatre there had been a lot of interest from organisations and individuals proposing to run programmes from the venue.
- The steps being taken to develop and consider options for the future of Haymarket were noted, this included consideration of further capital investment that may be needed to make the complex operate efficiently.
- Some challenges with the building included; access issues for instance disability access, operational efficiency including design flaws in the building and technical equipment whereby a substantive overhaul of lighting rigs and kit would be required for the venue to offer a full range of programming in the future.
- Potential developing options were reported, and it was noted that no decisions had yet been taken and all options were still available for considering the next steps.

Following Members queries, officers gave the below responses;

- Some Members of the Commission felt that when the building did reopen in the future, that the purpose should be multiuse, support a range of acts and include music and small-scale theatre.
- A Member suggested the prospects of it being a cultural centre/ a venue for African arts, however another Member of the Commission commented that this had previously been looked into however the high costs did not make this possible. The Officer noted that part of the work would be to look at feasibility.
- The service confirmed that it would be looking to produce and test the business case and ensure it was robust.
- It would be a couple of months ahead before a decision would be made in regard to what to do with the venue.
- One of the current solutions being explored to improve access to and through the building was to move the stage door to the new entrance, as well as installing a platform lift costing approximately £100k (subject to a structural engineer assessment) which would allow people to get to the stage level from the foyer and other areas.

AGREED:

1. That the report be noted.
2. The results of the Haymarket consultation and progress to be reported back to this commission in 3 months' time.
3. That steps be taken to make the Haymarket fully accessible for all to enjoy.
4. The idea of a multipurpose use venue was welcomed.

## **109. VIRTUAL FESTIVALS 2020**

The Director of Director Tourism, Culture and Investment submitted a presentation on Virtual Festivals 2020.

The presentation noted the following;

- Due to COVID-19 many festivals had to move to delivering content online.
- This had led to new ways of working and considerable innovation.
- Festivals and Events service had supported funded organisations to deliver online content.
- Information was provided on the funded and other festivals, virtual Diwali Leicester celebrations which took place and Christmas programme proposals.

Following Members queries, officers gave the below responses;

- Members of the Commission were very impressed by what the service had achieved and thanked the team for their efforts in providing online activity.
- There was some discussion as to Leicester Virtual Carnival and that it was not featured in the presentation. The officer noted that this could be added in the presentation but also noted that several organisations including the Leicester Carnival did not respond to the Councils offer of providing a virtual alternative.
- As Leicester was currently in tier 3, it was noted that under government rules indoor museums, Richard III Visitor Centre and Visit Leicester Information Centre must remain closed until further notice. In addition, some museum exhibitions had been cancelled due to Covid-19 restrictions.
- It was hoped that the Newarke Houses Leicester Blitz exhibition could open and be shown next year. However, a 360-degree film would be taken of the show and could be accessed via the Leicester City Council website.
- The following were concerns from Members of the Commission; how to find out about the programmes that take place virtually, the safety of the big wheel in relation to restrictions during the current situation with the pandemic. Fireworks being let off late at night of which the Deputy City Mayor for Culture, Leisure and Sport would set up a meeting with the Licensing and Legal teams to go through procedures and enforcement.

AGREED:

1. Well done to the festivals and events officers for being creative and introducing these alternatives for people to enjoy in these difficult times.

## **110. CLOSE OF MEETING**

The meeting closed at 6.08pm.

## HERITAGE, CULTURE, LEISURE AND SPORT SCRUTINY MEETING

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### **COV-ID19 – Sports Services Update**

Date of Meeting: 25 January 2020

Lead director: Ivan Browne

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## Useful information

- Ward(s) affected: All
- Report author: Andrew Beddow
- Author contact details: andrew.beddow@leicester.gov.uk
- Report version number: DVFV

### 1. Summary

- 1.2 On the 16 July HCLS received a report that outlined the impact of COVID 19 pandemic on the Sports Services in terms of membership, usage, income and the approved leisure centre capital programme. A further update was provided via a presentation at the HLCS meeting on the 22 September 2020 on the current position and phased plans at the time to reopen leisure centres.
- 1.3 This report provides a further update for HCLS members including further details on the following areas;
- Impact of COVID on revenue and the capital Programme
  - Impact of COVID on usage and membership
  - Details on how Sports Services Staff have been utilised and redeployed to support COVID City Reach and the community testing programme.
  - Details on the new online service that has been developed for customers to encourage exercise at home.

### COVID Service Impact – Revenue and Usage (Half Year Impact)

- 1.4 The impact on leisure centre performance of Covid-19 is significant with a full month of trading pointing to a drop of approx. 50% across usage programme and prepaid leisure centre membership.

### Mid-Year Financial Performance - P&L Position – Leisure Centres Period 7:

	YTD Actual	Period 7 - 2019	Variance (year on year)
<b>Employee Cost</b>	2,128,857	2,940,021	(811,164)
<b>Running Cost</b>	926,440	1,408,909	(482,469)
<b>Total Cost</b>	3,055,297	4,348,931	1,293,634
<b>Income</b>	(137,968)	(3,311,065)	3,173,097
<b>Subsidy</b>	2,917,329	1,037,866	<b>1,879,463</b>

### KPI Performance:

	October 2021	March 2021 (pre-lockdown)	Variance
<b>Sales</b>	679	667 (year-on-year)	+12
<b>H&amp;F Live Member (DD)</b>	3,866	7,180	(3,314)

<b>H&amp;F Monthly Direct Debit income</b>	£68,006	£142,760	(£74,754)
<b>No. of Children - Learn to Swim</b>	4,310	6,400	(2,090)
<b>Learn to Swim Monthly Direct Debit income</b>	£68,996	£129,484	(£43,488)
<b>Usage</b>	42,593	98,656 (year-on-year)	(56,063)

- 1.5 Year-on-year financial performance highlights an increased budget pressure of £1.8m at period 7. Note that expenditure has reduced by £1.2m, however this has not been able to offset the income lost through closure of £3.1m.
- 1.6 The impact of Covid secure operations on re-opening is approximately 50% reduction across usage and prepaid membership.
- 1.7 Prior to the COVID pandemic Sports Services had previously reported that it is on track to save the £1.2 million saving by 2021. The impact of COVID on Sports Services financial performance is significant and the progress achieved over the last three years will take a long time to regain. Nationally, the view is that it will take up to three years for the leisure centre sector to recover from the COVID outbreak.
- 1.8 It's important to note that local authority that still hold a responsibility for managing leisure centres are not eligible to apply for the relief funding via the Governments National Leisure Recovery Fund that was set up by the Department of Culture, Media and Sport, to support the sport and leisure sector recover and sustain their operation over the medium term.
- 1.9 Any claim for loss of income on leisure centres will need to form part of any corporate COVID claim a council undertakes with central government.

## 2. COVID impact on Leisure Centre Capital Programme

- 2.1 Cossington Street, Aylestone and Evington Leisure Centres undertaken by Alliance Leisure Services under a framework contract. Overall budget is £2.3m for works and £0.5m for equipment.

**Cossington Street Sports Centre** - works completed September 2020. Opened for short period until current Covid restrictions. Photographs of finished scheme.



**Aylestone Leisure Centre** – works completed late September 2020. Opened for short period until current Corvid restrictions. Photographs of finished scheme



**Evington Leisure Centre** - works started October 2020, due to complete and re-open summer 2021. Photographs of site progress to date.



Foundations and steelwork completed

Floor construction in progress

2.2 At present COVID is not affecting the work programme and we are on track to open the new health and fitness facilities at Evington Leisure Centre by Summer 2021. (launch will be subject to COVID restrictions being lifted at that time)

### 3.0 Supporting Customer and residents during the pandemic.

3.1 Sport Services have continued to engage with our customers during the pandemic via the existing Active Leicester social media channels. The #KeepingLeicesterActive campaign is providing daily updates on the Active Leicester channel with tips on maintaining positive physical and mental health during the pandemic. Over the coming months a new digital platform will be provided, whereby members can stream exercises classes from home

3.2 My Active Leicester online group exercise programme (*see Appendix 1 Customer newsletter with details on My active Leicester*)

- Launched My Active Leicester, an on-demand group exercise service for people to use at home.
- Memberships that included Group Exercise, received this included in their

membership with no additional cost.

- Customers without an existing membership can purchase My Active Leicester for £4.99 per month.
- The during the 3rd Lockdown free access was provided to all H&F memberships.
- Promoted across our social pages as a tool to help stay active whilst our centres were /are closed

#### **4.0 Sports Services Staff supporting Recovery and Community Testing**

##### **Sport and Active Recreation Team**

4.1 The Sport and Active Recreation team have continued to work throughout the pandemic. The team is made up of a senior manager, four development managers and a junior development officer. In the early stages of the pandemic, officers continued to work from home driving forward a range of development programmes. When restrictions started to ease, and services started to open then officers time was re-directed to ensuring that the service could re-open to the public in a Covid secure manner. This included the safe re-opening of Humberstone Heights Golf course, Sport on council playing pitches and the opening of the full leisure centre range of products and programmes. Officers were heavily involved in creating new Covid secure methods of working for all products (Gym, Swim, Sports Hall).

4.2 However, since July 2020, when Leicester infection rates continued to rise and the City was placed in tighter local restrictions, officers were deployed, part time to support the City Reach, community testing programme. Based at Aylestone leisure centre, officers have provided ground command support for the Community Testing programme. Officers typically give up 30-40% of their working week, covering 7 days a week, on top of their normal duties. The team will continue to fulfil this role until they are no longer needed.

##### **Leisure Centre Team**

4.3 The leisure management team have continued to complete their job roles throughout the year. In the initial months of the pandemic, work was focused on preparations to re-open leisure centres safely as Covid secure operations and this was delivered successfully in September. In addition to the operation of leisure centres, the General manager and Assistant Manager team have been an integral part of the community testing, leading the effort at Aylestone Leisure Centre redeploying all leisure centre staff members at short notice in July to deliver the City Reach door-to-door community testing programme. During the period of July – September and November onwards the team have delivered Lead and Ground Commander roles to coordinate resources on the ground from Aylestone.

4.4 Front line leisure centre staff have been essential to the success of the City Reach programme. During the period of July – September and November onwards approx. 140 contracted team members have been redeployed to work on door-to-door community testing. Throughout this period staff have worked through all weather conditions being transported to different parts of the city in mini-buses to deliver community safety messaging on Covid, support the

Regulatory Services team in monitoring Covid compliance across the city and delivering a significant door-to-door Covid testing programme. The table below shows the headline figures on what has been delivered by the leisure centres teams since July across the city, this is on top of operating the city leisure centres from September in line with the relevant Tier guidance to the latest period of national lockdown.

Number of properties visited	Spoken to	Number of tests delivered	Tests collected
<b>99,142</b>	<b>48,510</b>	<b>51,125</b>	<b>36,459</b>

## **5. Recommendations**

- 5.1 HCLS to note the current financial and service impact of COVID 19.
- 5.2 HLCS to also note the additional support being provided via social media platforms and the new on-line My Active Leicester service available to customers.

# Newsletter



Together we are Active Leicester

You're receiving this email as you have opted in to receive our Active Leicester Newsletters. We're here to keep you updated on all things Active Leicester with everything you need to know, as well as tips and advice on keeping active.



We know, remaining active is one of the most important things we can all do, both for our physical and our mental health.

Whilst England remains in lockdown, whether you're missing your group exercise classes at one of our centres, or just want to get started with your 2021 fitness regime, we hope you can take advantage of our first on demand fitness web player called My Active Leicester.

With My Active Leicester you'll have access to lots of brilliant fitness classes - ready to use wherever and whenever you need!

With over 600 classes on offer, all led by the world's top instructors, there's something for everyone in this on-demand service. Even if you don't have any fitness equipment at home, there's plenty of bodyweight-only workouts on offer.

There's also a good selection of mind-body and meditation-style classes, for those days when you just



## We're here for you!

Whilst England remains in a national lockdown, following Government guidance, you're allowed to go out and exercise once a day, for up to one hour!

Whether you're working out on My Active Leicester at home, jumping on your bike for a ride or going on a brisk walk or run; share it with us and together we'll get through this! Tag us on Facebook or Twitter with the hashtag #Togetherweareactiveleicester

Together we are making the best of it!

want to get away from it all for a while.

You can join today for just £4.99 or sign up to one of our group exercise memberships and get it included until November!

Click [here](#) to get started...

**But don't forget...** if you're an existing Health & Fitness member with Active Leicester, we've given you **free** access during lockdown. Just refer to the free access email you received last week and follow the instructions to sign up and get started!



## Evington Update

Our refurbishment works continue at Evington Leisure Centre. We're still on track to complete the project for Summer 2021.

Since our last update the site has now had the steel work put up. The developments are now really taking shape and we're very excited to be able to share with you some more development pictures below.



E: [Active@leicester.gov.uk](mailto:Active@leicester.gov.uk)

W: [Leicester.gov.uk/activeleicester](http://Leicester.gov.uk/activeleicester)

T: [01164 540 910](tel:01164540910)

This email has been produced by Active Leicester, Leicester City Council, 115 Charles Street, Leicester LE1 1FZ.

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# Arts, Museums, Festivals & Events Service

## Covid-19 - Current Situation

- 15 • All museums and KRILL Visitor Centre/ Visit Leicester Information Centre currently closed due to national lockdown
- Festivals & Events being delivered virtually – mass gatherings cannot take place



# Arts, Museums, Festivals & Events Service

## Covid-19 – Temporary Redeployment of Staff for Covid-19 Work

- 29 Front of House staff from museums have been redeployed
- 11 staff from KRIII/ VL have been redeployed
- Redeployment roles include Community Engagement Officers and working at Covid -19 Rapid Testing site
- Other team members are conducting building, security and collections checks at all sites

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## DE MONTFORT HALL UPDATE

- Food hub role now complete, though building remains available to support other covid-19 response operations.
- Most hall staff now fully redeployed to CityReach testing programme in the city.
- Some staff partially retained to support show rescheduling work.

# DE MONTFORT HALL UPDATE

- Situation is still unclear about a potential restart date for shows. Current planning is based around an April restart, but it now looks increasingly likely to be later in the year.
- Lost trading income is part of LCC claim to central government.
- Essential repairs delayed from summer 2020 now being undertaken, for completion by April.
- 2021/22 Capital bid submitted for essential and overdue works.



## ***Update on Parks & Open Spaces Covid 19 Impact***

Report to the Heritage, Culture, Leisure and Sport  
Scrutiny Commission

Date of commission meeting: 25<sup>th</sup> January 2021

Lead director: John Leach

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## Useful information

- Ward(s) affected: All
- Report author: Stewart Doughty, Head of Parks & Open Spaces
- Author contact details: 0116 454 3789
- Report version number: 1.0

### 1. Summary

This report provides an update on how parks and open spaces are being managed in line with current Government Covid19 guidelines. Previous updates were presented to HCLS Scrutiny Commission on the 22nd September 2020 and 16th July 2020. For the purpose of the scrutiny commission this includes Parks and Bereavement Services.

### 2. Recommendations

The Heritage, Culture, Leisure and Sport Scrutiny Commission are asked to note the contents of this report and comment.

### 3. Report

#### 3.1 Legislation

The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 came into force on the 26 March 2020. Since then there have been numerous changes to Government legislation and guidance on managing the impact of Coronavirus

Following on from a rapid rise in positive testing rates, Leicester progressed to tier 4 on 30th December before the whole of England was placed into its third national lockdown period which was confirmed on 4<sup>th</sup> January 2021. The services have continued adapt to changing guidance.

#### Current restrictions

All parks and open spaces, children's play areas and public toilets remain open to the public.

Personal exercise is permitted in public outdoor places:

- by yourself
- with the people you live with
- with your support bubble (if you are legally permitted to form one)
- in a childcare bubble where providing childcare
- or, when on your own, with 1 person from another household.

All recreational sport has been placed on hold and is not permitted.

- Tennis Courts – Closed, locked where possible and signage applied.

- Ball Courts – Closed, locked where possible and signage applied. The flood lights have been switched off at these facilities to discourage unauthorised play during the evenings. Additional security fencing has been installed at Spinney Hill & Nelson Mandela Park facilities to aid access prevention due to ongoing breach reports.
- Skateparks – Closed and signage applied
- Outdoor Gyms – Closed and locked where possible, signage is displayed, and hazard tape applied to machines.
- Bowls – Closed out of season.
- Football Pitches – No bookings being taken all league games cancelled, goal posts will be removed at locations where ongoing breaches are reported and ground conditions enable access.
- Rugby – No bookings being taken all league games cancelled.
- Daily Warden patrols supported by mobile security patrolling visits at all main park sites or known ASB/Non Covid -19 compliance hotspots/sites at weekends.

We have retained social distancing measures throughout the pandemic within parks & public open spaces. We have 2 metre social distancing notices at key entrances on all principle locations and painted Keep 2 Metre apart on parks footpaths at key strategic points and external to relevant toilet facilities.

Car parks remain open to ensure individuals with poor mobility or who live in areas of high density housing and have a lack of garden space we have taken the decision to maintain our car parks. The pay and display requirement was reinstated on 3rd August and will remain in place during this lockdown.

All group volunteering activities are suspended.

Parks office based staff are working from home where possible and all office buildings are covid secure certificated.

All grounds maintenance staff remain operational city wide, those who usually deliver services placed on hold due to Covid-19 are being redeployed as required to support parks education as covid Marshalls.

Samsic Security Services have been engaged to aid covid marshalling at weekends due to expected increased usage levels in line with previous lockdown periods.

Parks have also engaged additional agency cleaning staff, alongside working in close partnership with Building Cleaning Services and Cleansing Services to ensure public toilet regimes are completed 7 days per week.

### **Enforcement**

The Police are the lead agency for investigating and enforcing against individuals breaching Covid regulations.

The Police are following the “4 E’s” approach; Engage, Explain, Encourage, Enforce. Adopting this approach allows for effective engagement to take place prior to any

escalation to enforcement action. Enforcement will take place when there is any blatant disregard for the regulations or there is a refusal to engage and a continued refusal to adhere to regulation.

In terms of closing any City Parks, the breaches of Covid legislation are likely to occur when individuals do not wish to leave. In terms of closing the park, this would remain within the Local Authority's responsibilities. The Police would continue to support the Local Authority regarding their responsibilities. See Appendix 1 for decision making process to temporary close a site.

If the police have concerns over a site and are recommending a closure/part closure this will be communicated via an operational officer at Inspector or Chief Inspector level, and should in the first instance be directed to the Parks Security Officer for a decision. If there is not agreement this should be escalated to the P&OSOM or HOS for a decision.

Any decision to close a site will consider the impact on other local green space, and in terms of the closure of any car park the impact on the immediate local neighbourhood, e.g. displacement at Watermead has significantly impacted on Alderton Close residents in the past which has caused major issues for the local authority and police. In addition, consideration needs to be given to the wider population in terms of impact from removing the availability of an open space for exercise, which is a Government recommendation.

As part of the decision process all sites have been assessed and ranked in terms of their suitability for closure, as most sites cannot realistically be 'closed', e.g. Victoria Park has open access and would be resource intensive for both the local authority and the police to manage and enforce.

#### **4. Bereavement Services**

Bereavement Services has continued to operate at Stage 2 of its operational Pandemic Plan to meet the needs for burials and cremations

Gilroes Crematorium and cemetery depots have all been risk assessed as Covid19 Secure and remain fully operational. The wearing of face coverings is mandatory when attending an indoors funeral service.

The Muslim funeral hall (Janazgah) at Saffron Hill Cemetery has been re-opened with Covid measures in place, and revised conditions of use circulated to Muslim funeral arrangers in the city.

##### **Current restrictions on funerals**

Funerals can be attended by a maximum of 30 people (excluding funeral staff). This remains the same restriction on numbers in the national lockdown as at all Tier levels.

Religious, belief-based or commemorative events linked to a person's death, such as stone setting ceremonies, the scattering of ashes or a wake, can also continue with up to 6 people in attendance. During Tiered restrictions this was limited to 15 people.

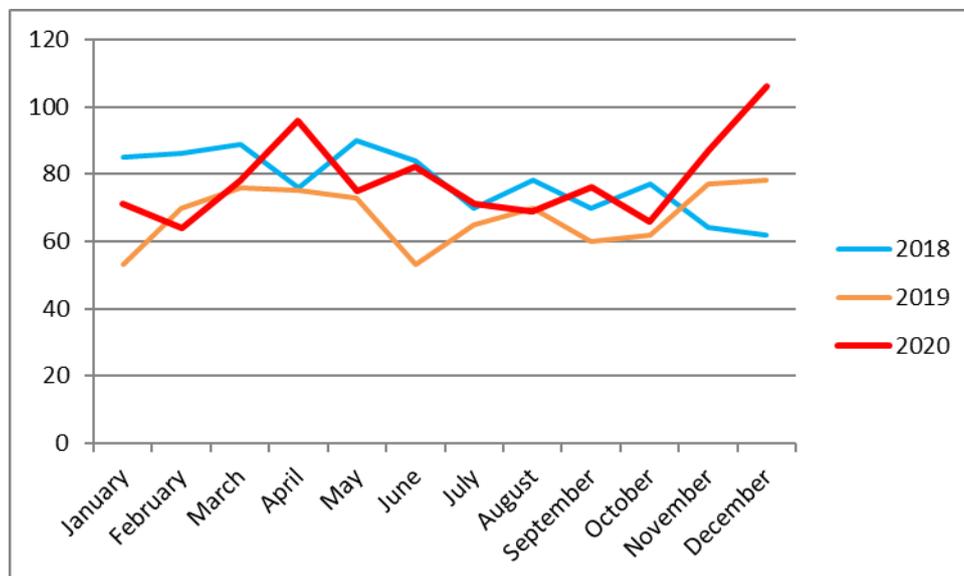
**Impact of Coronavirus**

Government forecasts indicate that deaths arising from Coronavirus will continue to rise before peaking in February 2021.

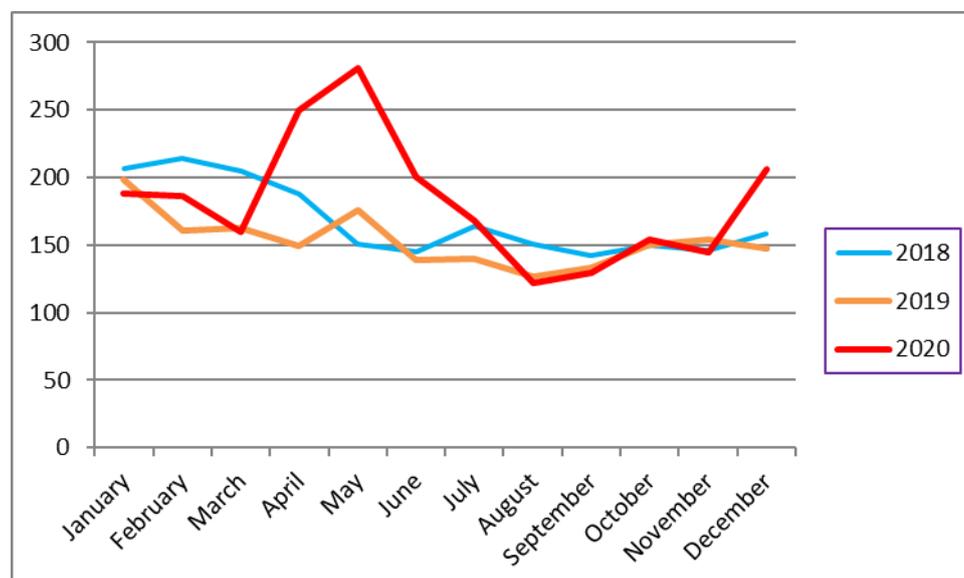
As at 13<sup>th</sup> January 2021, Bereavement Services had undertaken funerals for 403 confirmed Covid deaths.

During 2020 the service undertook 941 burials (+15.8%) and 2,189 cremations (+19.0%), representing significant increases from 2019 due to high numbers of excess deaths

Number of Burials:



Number of Cremations:

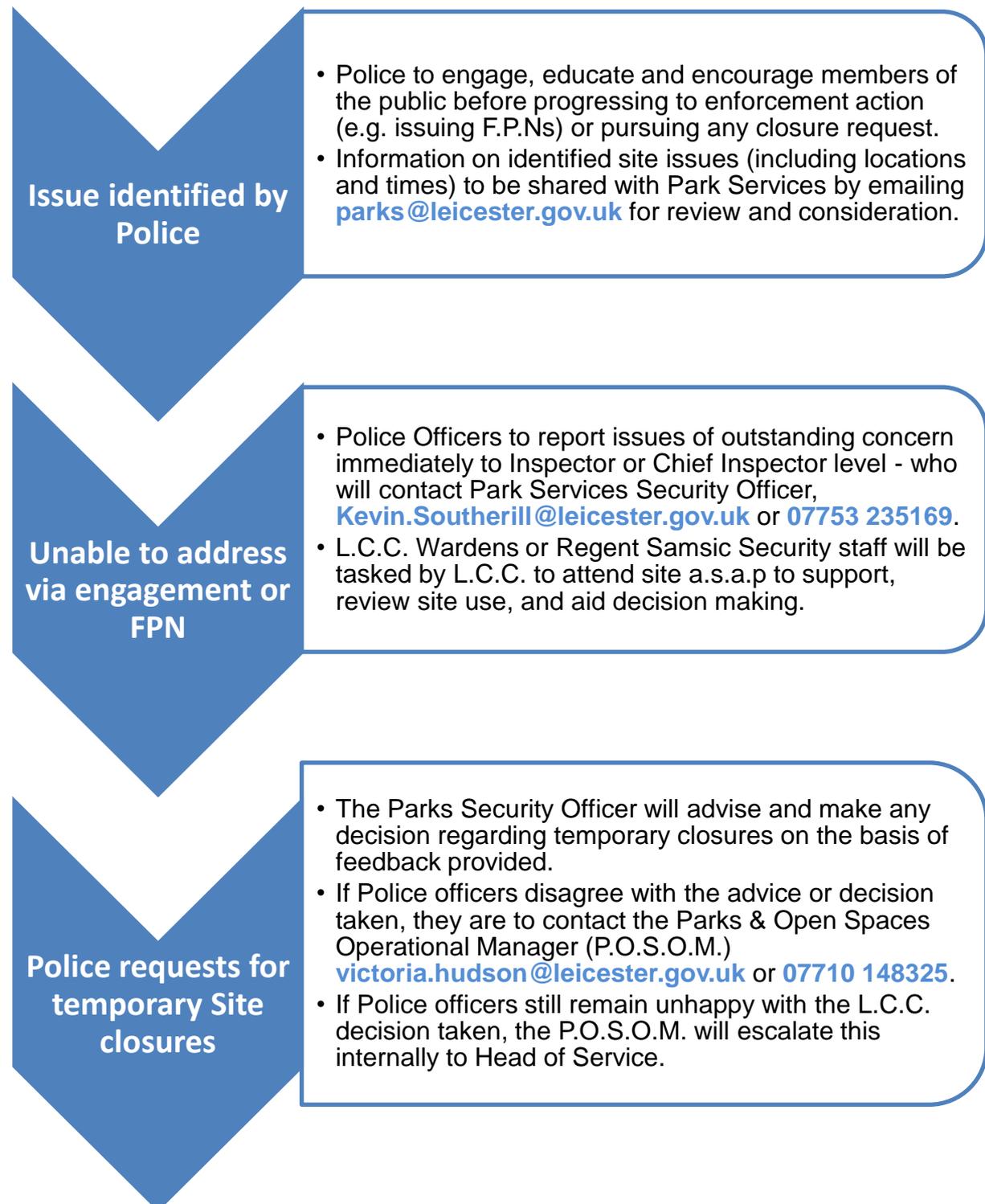


The tender for a new multi-media system for Gilroes Crematorium has now been completed and installation is planned for the end of February 2021. This will include enhanced access to music, visual tributes, funeral recording and funeral webcasting services to support bereaved families who cannot attend a funeral. The contract was won by Vivedia Ltd t/a Obitus who are a leading provider of these services to crematoria across the UK.

**5. Summary of appendices:**

Appendix 1 – LCC decision making process to close a site

## LCC Decision making process for Police site closures requests





# **Draft General Fund Budget 2021/2022**

Decision to be taken by: Council

Decision to be taken on/Date of meeting: 17<sup>th</sup> February 2021

Lead director/officer: Director of Finance

## Useful information

- Ward(s) affected: All
- Report author: Catherine Taylor and Mark Noble
- Author contact details: [Catherine.taylor@leicester.gov.uk](mailto:Catherine.taylor@leicester.gov.uk) [mark.noble@leicester.gov.uk](mailto:mark.noble@leicester.gov.uk)
- Report version number: 1

### 1. **Purpose**

- 1.1 The purpose of this report is to ask the Council to consider the City Mayor's proposed budget for 2021/22 and to present medium-term projections up to 2024.
- 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 report is written in advance of the Government's local government finance settlement, and will therefore change to reflect actual figures when received.

### 2. **Summary**

- 2.1 The Council is currently facing an unprecedented and difficult financial situation. Following on from the severe spending cuts the Government has imposed in the last 10 years, the coronavirus pandemic has put huge pressure on service spending and on income streams. There are also unavoidable, and continuing, underlying cost pressures, particularly in demand-led social care services.
- 2.2 Added to this, the budget is made more difficult because we do not know the level of funding available beyond the current financial year, nor the extent to which spending pressures from the Covid-19 pandemic and / or consequent economic downturn will continue. Nor do we know how services may need to be reshaped to meet new expectations in a post-Covid future.
- 2.3 The Council's previous approach to achieving the budget reductions required by the Government 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".
- 2.4 The Spending Review approach has served us well: savings of nearly £50m have been made since 2014, and left the Council with a relatively healthy level of reserves at the start of 2020/21 (compared to other authorities). However, the achievement of Spending Review savings has stalled in 2020/21 due to the Covid pandemic. The

pandemic may, additionally, have significant implications for the way we deliver services in future and we are not yet in a position to know what we can afford. The future shape of the Council's services will be strongly influenced by the long term consequences of the pandemic, and review will be needed to ensure we are fit to meet new challenges. This will range from new ways of providing services, to best use of IT, and the optimum configuration of our existing office portfolio if home working becomes a permanent feature of our future working arrangements. Furthermore, a significant amount of the Council's reserves may be required to meet pandemic costs.

- 2.5 As a consequence, the following approach has been adopted:-
- (a) The budget for 2021/22 has been balanced using reserves, and can be adopted as the Council's budget for that year. This is effectively a "standstill" budget representing the underlying position before any further cuts;
  - (b) We have "drawn a line" under the spending review programme, but have included in this budget assumptions about savings which can be achieved without detriment to service provision;
  - (c) A comprehensive financial review of the Council's position will be undertaken before setting the budget for 2022/23, to ensure ongoing financial sustainability. This work needs to commence as soon as possible, given the way this budget will use up reserves.
- 2.6 **What this means is that, in substance, the budget proposed is a one year budget, pending a fuller (post-pandemic) review.**
- 2.7 It should also be noted that there are some significant risks in the budget. These are described in paragraph 13.
- 2.8 The draft budget provides for a council tax increase of 5% in 2021/22, which is the maximum available to us without a referendum. 3% of this 5% is for the "social care precept" – the Government has permitted social care authorities to increase tax by more than the 2% available to other authorities, in order to help meet social care pressures (unlike a grant, of course, we have to pay for this ourselves).
- 2.9 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. There are no proposals for decisions on specific courses of action that could have an impact on different groups of people – such decisions as may be needed will be taken subsequently. 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 12 and the legal implications at paragraph 16). 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 decisions.

2.10 Best practice now expects me to present a medium term financial strategy for approval, and this is attached (see Appendix Five). It contains projections of the position up to 2024, although in the context of the pandemic longer range projections must be seen as unreliable. High and low forecasts have not been prepared, because it is not possible to ask members to take decisions based on them – this will follow from the review described above.

### 3. **Recommendations**

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

- (a) approve the budget strategy described in this report, and the formal budget resolution for 2021/22 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 continue to be adequate during 2021/22, 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 12 and Appendix Three;
- (g) note the medium-term financial strategy and forecasts presented at Appendix Five, and the significant financial challenges ahead.

#### 4. **Budget Overview**

- 4.1 The table below summarises the proposed budget for 2021/22. Due to the level of uncertainty in future budgets, only one year is presented here (summary projections for a three-year period are included in the medium term strategy at Appendix Five):

	<b>2021/22 £m</b>
<b>Service budget ceilings</b>	293.5
<b>Corporate Budgets</b>	
Capital Financing	6.5
Miscellaneous Corporate Budgets	1.6
Contingency	2.0
<b>Total forecast spending</b>	<b>303.5</b>

<b>Rates retention scheme:</b>	
Business rates income	62.2
Top-up payment	48.0
Revenue Support Grant	29.0
<b>Other resources:</b>	
Council Tax	127.8
Collection Fund deficit	(2.4)
Govt funding towards Collection Fund	1.8
Social Care grants	12.0
New Homes Bonus	4.9
<b>Total forecast resources</b>	<b>283.3</b>

<b>Underlying gap in resources</b>	<b>20.2</b>
Proposed funding from reserves	(20.2)
<b>Gap in resources</b>	<b>NIL</b>

- 4.2 The proposed budget for 2021/22 has an underlying budget gap of just over £20m, which represents a £15m deterioration from the most optimistic forecast presented in February 2020. This includes adjustments to the budget to better reflect the true underlying position and unavoidable pressures, as explained in section 6 below. £20m has been added to service budgets: to the extent that this is required for adult social care, only part of the cost has been met by new funding (and most of the new funding

provided is permission to increase council tax rather than Government grant). The budget gap also reflects decreased forecasts for locally-raised tax income, due to the economic downturn caused by the pandemic.

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

- 5.1 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”; the proposed budget ceilings are shown at Appendix One)
- 5.2 In line with Finance Procedure Rules, Council must also approve the scheme of virement that controls subsequent changes to these ceilings. The proposed scheme is shown at Appendix Two.
- 5.3 The City Council’s proposed Band D tax for 2021/22 is £1,694.92, an increase of just under 5% compared to 2020/21.
- 5.4 The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part – 84% in 2020/21). Separate taxes are raised by the Police and Crime Commissioner and the Combined Fire Authority. These are added to the Council’s tax, to constitute the total tax charged.
- 5.5 The actual amounts people will be paying in 2021/22, however, depend upon the valuation band their property is in and their entitlement to any discounts, exemptions or benefit. Almost 80% of properties in the city are in band A or band B, so the tax will be lower than the Band D figure quoted above.
- 5.6 The Police and Crime Commissioner and Combined Fire Authority will set their precepts in February 2021. The formal resolution will set out the precepts issued for 2021/22, together with the total tax payable in the city.

## 6. **Departmental Budget Ceilings**

- 6.1 As stated in the summary at paragraph 2.5, a different approach has been taken to preparing departmental budgets this year. A thorough review is required before we can set meaningful post-Covid budgets. It would be premature to carry out such a review now, and (as described above) a one year budget is proposed to get us through this current period of pandemic and uncertainty. The approach will use our “managed reserves” to enable a smooth transition year.
- 6.2 The approach is therefore to maintain existing budgets wherever practical, but:-
  - (a) Build in unavoidable growth, which would normally be compensated by departmental savings;

- (b) Anticipate savings to be made from a number of residual spending reviews which have minimal impact on front line services. Where necessary, equality assessments will be carried out prior to implementation of these proposals.

6.3 Budget 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), and excluding one-off additions identified in the 2020/21 budget.
- (b) An allowance for non-pay inflation has been added to the budgets for independent sector adult care (2%), foster care (2%) and the waste PFI contract (RPI, in line with contract terms). Apart from these areas, no allowance has been made for non-pay inflation;
- (c) Decisions previously taken by the Executive in respect of spending reviews, where the savings take effect in 2021/22, have been deducted from the ceilings;
- (d) Changes have been made for growth and savings as described below.

6.4 The budget ceilings shown at Appendix One do *not* include any allowance for pay inflation. At the time of writing, the local government pay scales for 2021/22 had not been determined, and therefore a provision is being held centrally to meet the cost. This is based on the Government's expectations for public sector pay set out in November, which include pay awards only for lower-paid staff. The provision will be distributed to departmental budget ceilings when the details of the pay award are known.

6.5 The role of the Council is to determine the financial envelopes within which the City Mayor has authority to act. Notwithstanding the way the budget has been constructed, the law does not enable the Council to determine how the City Mayor provides services within these envelopes: this is within his discretion. Paragraphs below describe how the City Mayor currently expects to achieve savings to enable him to spend within budget ceilings. The scheme of virement provides scope for alternative ways to live within budgets if any proposal cannot be delivered (e.g. if equality assessments reveal impacts that require a different approach).

## City Development & Neighbourhoods

- 6.6 The department provides a wide range of statutory and non-statutory services which contribute to the wellbeing and civic life of the city.
- 6.7 The department's costs are not subject to the same levels of volatility as social care services, and pressures tend to be easier to predict in advance.
- 6.8 The following pressures have been reflected in the proposed budget:-

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Tourism, Culture &amp; Inward Investment</b>		
Markets income	250	250
Festivals and Events	50	50
Records Office	45	45
<b>Estates &amp; Building Services</b>		
Property maintenance and income	1,500	1,500
<b>Housing</b>		
Fleet	750	750
<b>Total Growth</b>	<b>2,595</b>	<b>2,595</b>

- 6.9 The growth is described below:-
- (a) The income expectations at the retail market (£1.3m) have become increasingly unrealistic, and the additional £250,000 p.a. will rectify the position;
  - (b) Additional resource is required for festivals and events to offset rising costs of infrastructure and to support some other events that could generate significant economic benefit for the city;
  - (c) The Council needs to pay an increased contribution to the Records Office, following a review of the budget (and percentage shares) by the County Council;
  - (d) Property maintenance costs have increased due largely to a higher than expected need for routine repairs and statutory compliance following the introduction of the corporate landlord model. Additionally, an on-going reduction in the amount of capital construction activity supported by the Division, particularly as school expansions are now largely nearing completion, is reducing the income from capital fees.

- (e) In recent years, vehicles in the Council's fleet have been used for a longer period following a review of useful lives: this has meant far fewer vehicles have been purchased than usual, as less vehicles reached the end of their service. Vehicles are acquired by means of borrowing, for which the department makes revenue provision – in part, the proposed growth represents a step up in vehicle acquisition after this lull. Budgets are also under pressure because, although we are working towards electrification of the corporate fleet, we are not yet seeing savings through reduced maintenance and acquisition of parts (repair costs have in fact increased due to the fleet becoming older). A delay in rectification work after the fire at Leycroft Road depot has also delayed work to introduce an MOT offer.

6.10 The following savings have been reflected in the proposed budget:

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Planning, Development &amp; Transport</b>		
Car parking	500	500
Bus lane enforcement – back office	50	100
Planning efficiencies	25	25
<b>Neighbourhoods &amp; Environmental Services</b>		
Rationalisation of bring banks	25	25
Procurement savings on running costs	60	60
<b>Total Savings</b>	<b>660</b>	<b>710</b>

6.11 The savings are described below:-

- (a) Current parking charges are in multiples of £1, which are convenient for the public but constrain our ability to review charges. Work has been taking place for some time converting parking meters to cashless payment, which will facilitate a review once the pandemic is over. An adjustment is proposed to the department's budget, but it is recognised that review will be dependent on coming out of Covid restrictions. To the extent that the proposed saving cannot be achieved until later in the year, this will be compensated from one-off resources (see paragraph 9).
- (b) Efficiency savings are anticipated from rationalising back office functions for collecting bus lane infringement penalties;
- (c) A saving of £25,000 will be made following a review of the conservation team establishment and consolidation of ecology duties;

- (d) Savings are forecast from the rationalisation of bring banks, particularly those most susceptible to anti-social behaviour. Whilst the number of sites will be reduced, approximately 20 sites where new bins would be installed have been selected taking into account feedback from the public consultation, access issues, existing levels of fly tipping (where applicable), space available and existing levels of usage;
- (e) Procurement savings on running costs have already been achieved.

6.12 The department continues to face (and expects to manage) pressures associated with waste, due chiefly to increased amounts of waste to be disposed of.

### Adult Social Care

6.13 Adult Social Care services nationally are facing severe cost pressures. This is recognised by the Government, although long-term solutions have been continually deferred (and now further deferred as a consequence of the pandemic). The Government has now stated that it expects to carry out a review “next year.”

6.14 Consequently, the Government has been providing additional resources on a year by year basis, at inadequate levels, with no guarantee that these will be increased (or indeed maintained) in future years.

6.15 The Adult Social Care Department has managed its budget well in recent years. This is a consequence of additional funding which has been provided in council budgets, and measures to contain costs (including staffing reductions of 20% and tight controls ensuring the service can only be accessed by people with a statutory entitlement).

6.16 In 2021/22 and beyond, the department continues to face significant demand led pressures:-

- (a) The growth in need of people already using services, resulting in additional support being added to their existing package of care;
- (b) Growth in numbers of people using services (both older people and working age adults with mental health conditions and learning disabilities);
- (c) The cost of meeting need, which is rising by more than inflation, due to the impact of continuing increases in the National Living Wage (NLW) which drives care costs. The NLW will increase by 2.2% in 2021/22 (less than previously anticipated); the Government intends it to reach two-thirds of median wages by 2025, which implies higher increases in future years.

6.17 The combination of the above pressures means the aggregate cost of social care packages is expected to increase by 12% in 2021/22. It is proposed to increase the budget for Adult Social Care by £10.2m in 2021/22 rising to £30.2m by 2022/23. Government support will meet some, but not all of these costs: although exact allocations are not yet confirmed, we expect to receive around £2m in additional grant

support. This is obviously considerably short of what the Council needs (permission to increase council tax by 5% will raise an additional £3.6m).

6.18 The following savings will be deducted from the budget (all of which have already been achieved):

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Admin savings	140	140
Pension costs for TUPE'd staff	154	154
<b>Total Savings</b>	<b>294</b>	<b>294</b>

6.19 Work is taking place to reduce the burden of growing costs. This includes:

- (a) A deep dive analysis to understand trends in care;
- (b) Investment in technology enabled care (TEC) which experience elsewhere suggests has scope for significant savings;
- (c) Further strengthening of prevention.

Education and Children's Services

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

6.21 The pandemic has however made no appreciable difference to demand for social care, although new demand may surface once restrictions are completely lifted.

6.22 £14m was added to the budget of the department in 2020/21, £3m of which was described as temporary in anticipation of savings. Consideration of these savings has been derailed by the pandemic, and the budget therefore proposes to make this growth permanent. That aside, the department currently believes that no new monies will be required to meet growth in demand.

6.23 The budget does, however, propose the following growth:-

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
SEN home to school transport	2,382	2,382
Special Education Service – additional resource	425	425
Connexions review not proceeding	241	241
<b>Total Growth</b>	<b>3,048</b>	<b>3,048</b>

6.24 The growth is described below:-

- (a) The budget for SEN transport has been under pressure for some time reflecting cost increases for both the in-house fleet service and taxis. This has been exacerbated by growth in user numbers arising from Education, Health and Care Plans (EHCPs). The amount of additional money required has been offset by savings expected from the use of individual Passenger Transport Budgets (PTBs) (£0.5m p.a.) and from a new taxi framework contract (£0.8m p.a.);
- (b) Additional funding has been provided for more staff in the Special Education Service to ensure timely preparation of EHCPs. We have seen a growth of 62% in the number of EHCPs since 2016 and there has been no permanent increase in staffing to deal with this;
- (c) The budget for 2020/21 assumed savings would arise from a review of the Connexions Service. Whilst review has taken place, reductions to the service have not been made due to the impact the savings would have on the service, particularly given the economic impact the pandemic is likely to have.

6.25 Work is taking place to reduce pressure in social care costs:-

- (a) Developing internal residential placements to reduce expensive external costs;
- (b) Developing a wider range of semi-independent placements;
- (c) Enhancing and promoting our foster care offer;
- (d) Developing an advanced foster carer scheme.

6.26 The recent introduction of therapy teams has secured a reduction in the number of care placements which would otherwise have been required, and is operating at full capacity.

6.27 In addition to the general fund, DSG budgets for higher needs pupils continue to be under severe pressure.

#### Health & Wellbeing

6.28 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. Public Health Grant has been falling in recent years, but was maintained at current levels in 2020/21 (after inflation).

6.29 The future of Public Health Grant beyond 2021/22 is unclear – it is anticipated that it will eventually be consolidated into the new 75% business rates retention scheme (assuming this is implemented). This, however, remains uncertain as it is subject to agreement between the Ministry of Housing, Communities and Local Government; and

the Department of Health and Social Care – the latter may wish to impose requirements on how former Public Health Grant is spent in the future.

6.30 The proposed budget includes the following growth:

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Business Manager	55	55
Statutory advice to CCGs	75	75
<b>Total Growth</b>	<b>130</b>	<b>130</b>

6.31 This growth is described below:-

- (a) The business manager post is essential to supplement existing capacity in the wake of the pandemic and recruitment is underway. If growth is not approved, compensating savings will need to be found;
- (b) A part time consultant is proposed to deliver public health care to fulfil our statutory duty to support CCGs, and to have senior public health influence and leadership of the Integrated Care System. This will ensure that the health economy prioritises tackling inequalities in the city and places much greater emphasis on primary and secondary prevention.

6.32 The sports service is expected to suffer continued loss of income in 2021/22, as users are hesitant to return following the pandemic. Additionally, the pandemic will delay achievement of the savings expected from the recent Spending Review (£0.6m). These costs will be met from one-off resources (see paragraph 9).

6.33 To provide funding for the above, the following savings are proposed:-

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Contraception Services	100	100
Services for Children aged 0 to 19	0	200
Lifestyle Services	35	35
<b>Total Savings</b>	<b>135</b>	<b>335</b>

6.34 These savings are described below:-

- (a) Reduced levels of expenditure by GPs providing contraception services;
- (b) Savings are anticipated from the Children’s 0-19 contract with Leicestershire Partnership Trust, when it is renewed prior to 2022/23;

(c) Miscellaneous Lifestyle Services savings can be achieved through more efficient targeting of the promotion of healthy food and physical exercise within schools.

### Corporate Resources & Support

6.35 The department primarily provides back office support services, but also some public facing services such as benefits and collection of council tax. It has made considerable savings in recent years in order to contribute to the Council's savings targets. It has nonetheless achieved a balanced budget each year.

6.36 The following growth is proposed:-

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Making Temporary Teams Permanent</b>		
Digital Transformation Team	660	660
Service Analysis Team	235	235
Smart Cities	250	250
Entrepreneurial Councils	125	125
Finance Projects Team	260	260
<b>Other Growth</b>		
Revenues & Benefits	250	250
Childcare & contract lawyers	469	469
<b>Total</b>	<b>2,249</b>	<b>2,249</b>

6.37 This growth is described below:-

- (a) A number of teams delivering new ways of working and modern services have been funded from annual savings achieved from other budgets, or departmental reserves. In line with our overall approach to 2021/22 (a transition year) it is proposed to build these costs into the main budget. These services are seen as enabling new approaches which will be critical as we plan for 2022/23;
- (b) Costs of the Revenue and Benefits Service are increasing due to difficulties in recruiting and retaining staff as the Government moves claimants onto Universal Credit, and continuing Government grant reductions;
- (c) Childcare and contract legal work has been underfunded compared to the growing volumes of work in these areas, and has previously been funded on a year by year basis.

6.38 The following savings are proposed:-

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Finance Division Review	400	400
IT – efficiency savings	36	36
VCS infrastructure	50	100
<b>Total Savings</b>	<b>486</b>	<b>536</b>

6.39 These savings are described below:-

- (a) An organisational review of the Finance Division is taking place, to make further efficiency savings;
- (b) Efficiency savings can be achieved by IT Services, consequential to Spending Review 4 savings;
- (c) The VCS infrastructure contract will be re-procured with a view to achieving savings and to focusing the contract specifically on supporting the sustainability of the sector. This is in line with a VCS strategy which is in development, and in light of other activity which has been developed in recent years to support the VCS (such as crowdfunding). It will also build on the benefits of the volunteering, relationships and engagement approach which has been part of the Covid pandemic response.

## 7. **Corporately Held Budgets and Provisions**

7.1 In addition to the service budget ceilings, some budgets are held corporately. These are described below.

7.2 The budget for **capital financing** represents the cost of interest and debt repayment on past years' capital spending. 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 also be approved by Council in February, and are affected by decisions made by the Director of Finance in implementation of this policy.

7.3 A **contingency** of £2m has been included in the budget, to manage significant pressures that arise during the year. This is particularly appropriate due to the level of uncertainty in the budget this year.

7.4 **Miscellaneous central budgets** include external audit fees, pensions costs of some former staff, levy payments to the Environment Agency, bank charges, general insurance costs, 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 recharges from the general fund to other statutory accounts of the Council (which are reducing over time). A provision is also held (as in previous years) for the implications of Government reform to the High Needs Block of DSG, although this will have the practical effect of reducing recharges.

## 8. Resources

- 8.1 This draft budget has been prepared before we have the local government finance settlement for 2021/22, and without knowing our precise grant allocations. We have therefore made estimates based on the national Spending Review published on 25<sup>th</sup> November. Given the level of uncertainty about the public finances in the future, the government has again produced a one-year Spending Review for 2021/22, and deferred a multi-year plan until the following year. We are expecting that the financial settlement for 2021/22 will largely roll forward existing funding allocations, with little reallocation between authorities.

### Business Rates Retention Scheme

- 8.2 Since 2013, local government has retained 50% of the business rates collected locally, with the other 50% being paid to central government. In Leicester, 1% is paid to the fire authority, and 49% has been retained by the Council. This is known as the “Business Rate Retention Scheme”.
- 8.3 In recognition of the fact that different authorities’ ability to raise rates do not correspond to needs, there are additional elements of the business rates retention scheme:
- (a) 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).
- 8.4 The planned reform to the funding system has now been delayed, so this draft budget is based on the 2020/21 settlement being rolled forward with an addition for inflation.
- 8.5 Forecasts of business rates income are particularly sensitive to assumptions about the length and severity of the economic downturn caused by the pandemic. The figures in this draft budget are based on the rates base as it stood at autumn (6 months into the pandemic), and assume a further reduction in yield of 2% (resulting in a reduction in income of £3m compared to the 2020/21 budget).
- 8.6 The government has recently announced that the rates multiplier will be frozen for 2021/22, which means that less income will be collected from ratepayers (compared

to our original assumptions). However, we will be reimbursed by government grant, so there should be no net effect on our budget.

### Council Tax

- 8.7 Council tax income is estimated at £127.8m in 2021/22, based on a tax increase of just below 5% (the maximum allowed without a referendum). The proposed tax increase includes the additional “social care levy” allowed since 2016/17, and designed to help social care authorities mitigate the growing costs of social care; the Government will expect us to demonstrate that the money is being used for this purpose.
- 8.8 The assumed taxbase for 2021/22 has reduced slightly since last year’s budget. This is largely the result of an increased provision for bad debt, as the ongoing economic effects of the pandemic will lead to more residents having difficulty in paying. There has also been an increase in the cost of the council tax support scheme during the pandemic (this had been consistently decreasing in previous years), and the increase will not be eradicated immediately the pandemic is over.

### Other grants

- 8.9 The Government also controls a range of other grants. The majority of 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). Those held corporately are described below:
- 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 is in doubt.
  - b) Additional funding to support **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. For 2021/22, the total funding nationally will be £1.8 billion (a £300 million increase from 2020/21). Our estimated share of this is around £12 million.

### Collection Fund surplus / deficit

- 8.10 Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true. This year, in common with authorities nationally, tax collection has significantly reduced during the Covid restrictions.
- 8.11 In 2020/21, as part of the response to the pandemic, the Government granted a raft of new rates reliefs to businesses: we have been compensated by Government grant. In itself, this has no net cost to the Council (in fact it is helpful because we do not have to recover monies from individual ratepayers). Due to accounting rules, the effect of

this in our accounts will look peculiar. For clarity, the figures in this report show the true underlying position.

- 8.12 Collection fund deficits are particularly difficult to predict this year, due to the uncertainty over the path of the pandemic. The initial estimates included in this draft budget will be reviewed in the light of more up-to-date information, before the final budget is presented to Council in February.
- 8.13 Under temporary rules introduced to deal with these income losses, the collection fund deficit arising in 2020/21 will be spread over the following three years. In addition, the government is proposing a scheme whereby local authorities will be funded for 75% of their irrecoverable losses on council tax and business rates.
- 8.14 The Council has an estimated **council tax collection fund deficit** of £4.9m, after allowing for shares paid to the police and fire authorities. This will be recovered between 2021/22 and 2023/24. The majority of this relates to reduced collection rates arising from the pandemic and lockdown, and assumptions made about how much will eventually be collected. If eventual collection rates are better than these assumptions, the additional amount will be brought back into the budget in future years. It also includes the estimated amount of additional council tax support which will be paid in 20/21.
- 8.15 The Council has an estimated **business rates collection fund deficit** of £1.8m (again, this will be recovered over 3 years). This is largely the result of an increased bad debt provision, as collection has declined during the pandemic and lockdown. Some however arises from additional exemptions for properties which have become vacant.

## 9. **Managed Reserves Strategy**

- 9.1 The pandemic and the change in our approach to the budget strategy has had a significant impact on our requirement for reserves. The amounts previously set aside to manage future budgets will largely be required to balance 2021/22 and to deal with pandemic pressures.
- 9.2 The Council has agreed to maintain a minimum balance of £15m of reserves. The new strategy does not propose to change this.
- 9.3 The Council also has a number of earmarked reserves, which are further discussed in section 10 below. Key amongst these was the managed reserves strategy which is dealt with below.

9.4 Since 2013, the Council has used a managed reserves strategy, contributing money to reserves in the early years of the strategy, and drawing down reserves in later years. This policy has bought time to more fully consider how to make the substantial cuts which have been necessary. The pandemic has, in effect, made significant inroads into these reserves:

- (a) we are expecting that up to £20m will be required in 2020/21 to meet costs over and above Government grant we have received for the pandemic;
- (b) similarly, a sum of £10m has been set aside for one-off costs associated with the pandemic in 2021/22. This is likely to include income losses which are expected to persist, particularly car parking, sports and De Montfort Hall. The Government will make some grant funding available to local authorities for costs in 2021/22, but at this stage we have no way of knowing whether this will be sufficient.

9.5 Conversely, a review of earmarked reserves has resulted in £4.8m becoming surplus to requirements and has been added back to managed reserves.

9.6 The estimated reserves at the end of 2022/23 are shown below, and emphasise the need for a fundamental budget review as soon as possible:

	<b>£m</b>
Brought forward 1 <sup>st</sup> April 2020	66.8
Add transfers from earmarked reserves	4.6
Minus use planned in 2020/21 budget	(2.4)
Additional unfunded Covid costs	(20.0)
<b>Forecast carry forward 1<sup>st</sup> April 2021</b>	<b>49.0</b>
Required in 2021/22	(20.2)
Provision for Covid costs in 21/22	(10.0)
<b>Uncommitted balance for 22/23</b>	<b>18.8</b>

## 10. Earmarked Reserves

10.1 In addition to the general reserves, the Council also holds earmarked reserves which are set aside for specific purposes. These include ring-fenced funds which are held by the Council but for which we have obligations to other partners or organisations; departmental reserves, which are held for specific services; and corporate reserves, which are held for purposes applicable to the organisation as a whole.

10.2 Earmarked reserves are kept under review, and amounts which are no longer needed for their original purpose can be released for other uses, including the managed reserves strategy.

10.3 Earmarked reserves are shown at Appendix Four.

11. **Medium Term Strategy**

11.1 Planning for the budget beyond 2021/22 is extremely difficult, as the government's spending plans for this period will not be announced until the middle of 2021 at the earliest. Nevertheless, we need to ensure the Council's finances are sustainable in the longer term. Best practice now requires us to include a medium term strategy, which is exceptionally difficult in the middle of a pandemic. A medium-term financial forecast is attached at Appendix Five to this report.

12. **Budget and Equalities**

12.1 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.

12.2 In accordance with section 149 of the Equality Act 2010, the Council must "have due regard", when making decisions, to the need to meet the following aims of our Public Sector Equality Duty :-

- (a) eliminate unlawful discrimination;
- (b) advance equality of opportunity between those who share a protected characteristic and those who do not;
- (c) foster good relations between those who share a protected characteristic and those who do not.

12.3 Protected groups under the public sector equality duty are characterised by age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.

12.4 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.

12.5 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. Where appropriate, an individual Equalities Impact Assessment for any service changes will be undertaken when these decisions are developed.

12.6 While this report does not seek approval to any specific service proposals, it does recommend a proposed council tax increase for the city's residents. The City Council's

proposed tax for 2021/22 is £1,694.92, an increase of just below 5% compared to 2020/21. As the recommended increase could have an impact on those required to pay it, an assessment has been carried out to inform decision makers of the potential equalities implications. This analysis is provided at Appendix Three.

12.7 Whilst there has been some support specifically arising from the impact of Covid-19 it is unclear what support will be in place in 2021/22. Council officers should continue to ensure that if any additional or on-going support that is put in place in the future, efforts are made to ensure that all sections of the community are able to access the support that they are entitled to. This may involve ensuring that there are accessible and possibly targeted communications where there may be barriers to access.

12.8 A number of risks to the budget are addressed within this report, such as the impact of Covid-19, economic downturn, adult social care pressures, costs of looked after children, the impact of Brexit and the uncertainty of not knowing plans for local government funding for next year. If these risks are not mitigated effectively, there could be a disproportionate impact on people from particular protected characteristics backgrounds and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with a particular protected characteristics, is required.

### 13. **Risk Assessment and Adequacy of Estimates**

13.1 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.

13.2 In the current climate, it is inevitable that the budget carries significant risk, even more than in previous years. In my view, although very difficult, the budget for 2021/22 is achievable subject to the risks and issues described below.

13.3 The most significant risks in the 2021/22 budget include (but are not limited to) the ongoing effects of the coronavirus pandemic, which are affecting almost all areas of the Council's operations. However, there are also pre-existing pressures which continue to pose a risk to the financial position:

- (a) Adults social care spending pressures, specifically the risk of further growth in the cost of care packages;
- (b) The costs of looked after children, which have seen growth nationally. These have not been significantly impacted by the pandemic, but we may see pressure build again when restrictions end;
- (c) Continued shortfalls in service income, particularly in areas where service operation and demand have been affected by the pandemic. This includes sports and leisure facilities, De Montfort Hall and parking income;

- (d) If the economic downturn is longer or more severe than predicted, 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;
- (e) This draft budget has been prepared before we know the full details of funding for 2021/22, or the Government's plans for local authority funding for 2022/23;
- (f) The impact of Brexit, after the transition period ends on 31<sup>st</sup> December 2020, is yet to be seen.

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

- (a) A minimum balance of £15m reserves will be maintained;
- (b) A further £10m of reserves has been identified to support short-term losses from the Covid pandemic in 2021/22;
- (c) A contingency of £2m has been included in the budget for 2021/22;
- (d) A prudent estimate of reserves required in 2020/21 has been made.

13.5 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 2021/22, some exceptions are made, and it is believed that services will be able to manage without an allocation).

#### 14. **Consultation on the Draft Budget**

14.1 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.

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

#### 15. **Financial Implications**

15.1 This report is exclusively concerned with financial issues.

15.2 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.

16. **Legal Implications (Kamal Adatia, City Barrister)**

- 16.1 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.
- 16.2 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.
- 16.3 As well as detailing the recommended council tax increase for 2021/22, 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.
- 16.4 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 will undertake tailored consultation exercises with wider stakeholders.
- 16.5 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 12. There are considered to be no specific proposals within this year's budget that could result in new changes of provision that could affect different groups of people sharing protected characteristics. Where savings are anticipated, equality assessments will be prepared as necessary. Directors and the City Mayor have freedom to vary or abort proposals under the scheme of virement where there are unacceptable equality consequences. As a consequence, there are no service-specific 'impact assessments' that accompany the budget. There is no requirement in law to undertake equality impact assessments as the only means to discharge the s.149 duty to have "due regard". The discharge of the duty is not achieved by pointing to one document looking at a snapshot in time, and the report evidences that the Council treats the duty as a live and enduring one. Indeed case law is clear that undertaking an EIA on an 'envelope-setting' budget is of limited value, and that it is at the point in time when policies are developed which reconfigure services to live within the budgetary constraint when impact is best assessed. However, an analysis of equality impacts has been prepared in respect of the proposed increase in council tax, and this is set out in Appendix Three.

16.6 Judicial review is the mechanism by which the lawfulness of Council budget-setting exercises are most likely to be challenged. There is no sensible way to provide an assurance that a process of budget setting has been undertaken in a manner which is immune from challenge. Nevertheless the approach taken with regard to due process and equality impacts is regarded by the City Barrister to be robust in law.

17. **Report Authors**

Catherine Taylor  
Principal Accountant  
catherine.taylor@leicester.gov.uk

Mark Noble  
Head of Financial Strategy  
mark.noble@leicester.gov.uk

## Budget ceilings

	2020/21 budget (revised)	Non- pay inflation	Spending Reviews already approved	Growth from budget reviews	Savings from budget reviews	2021/22 budget ceiling
<b><u>1. City Development &amp; Neighbourhoods</u></b>						
<b><u>1.1 Neighbourhood &amp; Environmental Services</u></b>						
Divisional Management	271.4					271.4
Regulatory Services	3,005.1					3,005.1
Waste Management	17,534.1				(25.0)	17,509.1
Parks & Open Spaces	3,891.3					3,891.3
Neighbourhood Services	5,761.3		(255.0)		(60.0)	5,446.3
Standards & Development	1,632.3					1,632.3
<b><i>Divisional sub-total</i></b>	<b>32,095.5</b>	<b>0.0</b>	<b>(255.0)</b>	<b>0.0</b>	<b>(85.0)</b>	<b>31,755.5</b>
<b><u>1.2 Tourism, Culture &amp; Inward Investment</u></b>						
Arts & Museums	4,064.9			95.0		4,159.9
De Montfort Hall	550.4					550.4
City Centre	178.6					178.6
Place Marketing Organisation	377.8					377.8
Economic Development	26.4		(80.0)			(53.6)
Markets	(391.1)			250.0		(141.1)
Adult Skills	(870.4)					(870.4)
Divisional Management	181.0					181.0
<b><i>Divisional sub-total</i></b>	<b>4,117.6</b>	<b>0.0</b>	<b>(80.0)</b>	<b>345.0</b>	<b>0.0</b>	<b>4,382.6</b>
<b><u>1.3 Planning, Transportation &amp; Economic Development</u></b>						
Transport Strategy	9,897.2		(50.0)		(550.0)	9,297.2
Highways	3,466.4					3,466.4
Planning	1,000.8				(25.0)	975.8
Divisional Management	134.4					134.4
<b><i>Divisional sub-total</i></b>	<b>14,498.8</b>	<b>0.0</b>	<b>(50.0)</b>	<b>0.0</b>	<b>(575.0)</b>	<b>13,873.8</b>
<b><u>1.4 Estates &amp; Building Services</u></b>	<b>4,667.1</b>		(75.0)	1,500.0		<b>6,092.1</b>
<b><u>1.5 Housing Services</u></b>	<b>2,591.8</b>			750.0		<b>3,341.8</b>
<b><u>1.6 Departmental Overheads</u></b>						
School Organisation & Admissions	452.7					452.7
Overheads	568.3					568.3
<b><i>Divisional sub-total</i></b>	<b>1,021.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,021.0</b>
<b>DEPARTMENTAL TOTAL</b>	<b>58,991.8</b>	<b>0.0</b>	<b>(460.0)</b>	<b>2,595.0</b>	<b>(660.0)</b>	<b>60,466.8</b>

## Budget ceilings

	2020/21 budget (revised)	Non- pay inflation	Spending Reviews already approved	Growth from budget reviews	Savings from budget reviews	2021/22 budget ceiling
<b>2. Adults</b>						
<b>2.1 Adult Social Care &amp; Safeguarding</b>						
Other Management & support	728.2					728.2
Safeguarding	146.1					146.1
Preventative Services	6,547.8					6,547.8
Independent Sector Care Package Costs	109,171.0	2,285.5	(70.0)	10,200.0		121,586.5
Care Management (Localities)	6,890.1					6,890.1
<b>Divisional sub-total</b>	<b>123,483.2</b>	<b>2,285.5</b>	<b>(70.0)</b>	<b>10,200.0</b>	<b>0.0</b>	<b>135,898.7</b>
<b>2.2 Adult Social Care &amp; Commissioning</b>						
Enablement & Day Care	3,012.9					3,012.9
Care Management (LD & AMH)	5,011.3					5,011.3
Preventative Services	1,382.7				(90.0)	1,292.7
Contracts, Commissioning & Other Support	5,515.9				(50.0)	5,465.9
Departmental	(31,130.1)				(154.0)	(31,284.1)
<b>Divisional sub-total</b>	<b>(16,207.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(294.0)</b>	<b>(16,501.3)</b>
<b>DEPARTMENT TOTAL</b>	<b>107,275.9</b>	<b>2,285.5</b>	<b>(70.0)</b>	<b>10,200.0</b>	<b>(294.0)</b>	<b>119,397.4</b>
<b>3. Education &amp; Children's Services</b>						
<b>3.1 Strategic Commissioning &amp; Business Support</b>						
	1,296.0					1,296.0
<b>3.2 Learning Quality &amp; Performance</b>						
Raising Achievement	494.8					494.8
Learning & Inclusion	1,055.7			241.0		1,296.7
Special Education Needs and Disabilities	9,499.8			2,807.0		12,306.8
<b>Divisional sub-total</b>	<b>11,050.3</b>	<b>0.0</b>	<b>0.0</b>	<b>3,048.0</b>	<b>0.0</b>	<b>14,098.3</b>
<b>3.3 Children, Young People and Families</b>						
Children In Need	11,235.0					11,235.0
Looked After Children	43,270.3	202.1				43,472.4
Safeguarding & QA	2,375.3					2,375.3
Early Help Targeted Services	5,355.3					5,355.3
Early Help Specialist Services	3,174.3					3,174.3
<b>Divisional sub-total</b>	<b>65,410.2</b>	<b>202.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>65,612.3</b>
<b>3.4 Departmental Resources</b>	<b>(1,957.4)</b>			3,000.0		<b>1,042.6</b>
<b>DEPARTMENTAL TOTAL</b>	<b>75,799.1</b>	<b>202.1</b>	<b>0.0</b>	<b>6,048.0</b>	<b>0.0</b>	<b>82,049.2</b>

## Appendix One

### Budget ceilings

	<b>2020/21 budget (revised)</b>	Non- pay inflation	Spending Reviews already approved	Growth from budget reviews	Savings from budget reviews	<b>2021/22 budget ceiling</b>
<b><u>4. Health and Wellbeing</u></b>						
Adults' Services	8,984.7				(100.0)	<b>8,884.7</b>
Children's 0-19 Services	8,544.5					<b>8,544.5</b>
Lifestyle Services	1,222.2				(35.0)	<b>1,187.2</b>
Staffing & Infrastructure & Other	2,134.4			130.0		<b>2,264.4</b>
Sports Services	2,493.7		(650.0)			<b>1,843.7</b>
<b>DEPARTMENT TOTAL</b>	<b>23,379.5</b>	<b>0.0</b>	<b>(650.0)</b>	<b>130.0</b>	<b>(135.0)</b>	<b>22,724.5</b>
<b><u>5. Corporate Resources Department</u></b>						
<b><u>5.1 Delivery, Communications &amp; Political Governance</u></b>	<b>5,960.1</b>			1,035.0	(50.0)	<b>6,945.1</b>
<b><u>5.2 Financial Services</u></b>						
Financial Support	4,735.5			495.0	(400.0)	<b>4,830.5</b>
Revenues & Benefits	6,412.4			250.0		<b>6,662.4</b>
<b><i>Divisional sub-total</i></b>	<b>11,147.9</b>	<b>0.0</b>	<b>0.0</b>	<b>745.0</b>	<b>(400.0)</b>	<b>11,492.9</b>
<b><u>5.3 Human Resources</u></b>	<b>3,952.3</b>					<b>3,952.3</b>
<b><u>5.4 Information Services</u></b>	<b>9,190.3</b>		(17.0)		(36.0)	<b>9,137.3</b>
<b><u>5.5 Legal Services</u></b>	<b>2,745.2</b>			469.0		<b>3,214.2</b>
<b>DEPARTMENTAL TOTAL</b>	<b>32,995.8</b>	<b>0.0</b>	<b>(17.0)</b>	<b>2,249.0</b>	<b>(486.0)</b>	<b>34,741.8</b>
<b>TOTAL -Service Budget Ceilings</b>	<b>298,442.1</b>	<b>2,487.6</b>	<b>(1,197.0)</b>	<b>21,222.0</b>	<b>(1,575.0)</b>	<b>319,379.7</b>
<i>less public health grant</i>	(26,599.0)					<b>(26,599.0)</b>
<i>add provision for pay award</i>						<b>700.0</b>
<b>NET TOTAL</b>	<b>271,843.1</b>	<b>2,487.6</b>	<b>(1,197.0)</b>	<b>21,222.0</b>	<b>(1,575.0)</b>	<b>293,480.7</b>

**Scheme of Virement**

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

**Budget Ceilings**

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

**Corporate Budgets**

9. The following authorities are granted in respect of corporate budgets:
  - (a) the Director of Finance may incur costs for which there is provision in miscellaneous corporate budgets, except that any policy decision requires the approval of the City Mayor;
  - (b) the Director of Finance may allocate the provision for the 2021/22 pay award;
  - (c) The City Mayor may determine how the contingency can be applied.

**Earmarked Reserves**

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
11. Directors may add sums to an earmarked reserve, from:
  - (a) a budget ceiling, if the purposes of the reserve are within the scope of the service budget;

- (b) a carry forward reserve, subject to the usual requirement for a business case.
- 12. Directors may spend earmarked reserves on the purpose for which they have been created.
- 13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.

## Equality Impact Assessment

### 1. **Purpose**

1.1 This appendix presents the equalities impact of a proposed 4.99% council tax increase.

### 2. **Who is affected by the proposal?**

2.1 As at October 2020, there are 129,850 properties liable for Council Tax in the city (excluding those registered as exempt, such as student households).

2.2 All working age households in Leicester are required to contribute towards their council tax bill. Our current council tax support scheme (CTSS) requires working age households to pay at least 20% of their council tax bill and sets out to ensure that the most vulnerable householders are given some relief in response to financial hardship they may experience. For 2021/22, some additional relief is also expected to be given, which the Government will fund as part of its response to the Covid pandemic. Details are not yet known.

2.3 Council tax support for pensioner households follows different rules. Low-income pensioners are eligible for up to 100% relief through the CTSS scheme.

### 3. **How are they affected?**

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

<b>Band</b>	<b>No. of Properties</b>	<b>Weekly increase</b>	<b>Minimum Weekly Increase under CTSS</b>
A-	267	£0.86	£0.17
A	77,269	£1.03	£0.21
B	25,803	£1.20	£0.24
C	14,833	£1.38	£0.41
D	6,181	£1.55	£0.58
E	3,351	£1.89	£0.93
F	1,518	£2.24	£1.27
G	591	£2.58	£1.62
H	37	£3.10	£2.13
<b>Total</b>	<b>129,850</b>		

Notes: "A-" properties refer to band A properties receiving an extra reduction for Disabled Relief. Households may be entitled to other discounts on their council tax bill, which are not shown in the table above.

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 £62.76; the minimum annual increase for households eligible under the CTSS would be £12.55 (for a working-age household, and excluding the impact of any other discounts).

- 3.3 In most cases, the change in council tax (around £1.20 per week for a band B property with no discounts; and less than 25p per week if eligible for the full 80% reduction under the CTSS) is a small proportion of disposable income, and a small contributor to any squeeze on household budgets. A council tax increase would be applicable to all properties - the increase would not target any one protected group, rather it would be an increase that is applied across the board. However, it is recognised that this may have a more significant impact among households with a low disposable income.
- 3.4 Many households at all levels of income have seen significant income shocks due to the coronavirus pandemic and the economic downturn. However, to date, these have been partly cushioned by national policies including furlough and self-employment support schemes, the £20/week increase to universal credit, and mortgage payment holidays. As these policies draw to an end, some households' disposable income is likely to fall further.
- 3.5 It is difficult at this stage to know where these pressures will fall in future, but it is likely that some protected groups will see greater impacts. Up to September, there were higher rates of job losses among younger people; Black, Asian and minority ethnic groups; and lower-paid workers<sup>1</sup>.
- 3.6 Ongoing welfare system reforms will also have a disproportionate effect on some lower-income groups, in particular the rollout of Universal Credit. Research before the pandemic by the Joseph Rowntree Foundation (JRF) has identified certain groups who are particularly likely to be on a low income<sup>2</sup> and may therefore see a disproportionate effect from a small (in absolute terms) increase in council tax. These include lone parents, single-earner couples and larger families (with 3 or more children).

#### 4. **Alternative options**

- 4.1 Whilst the current budget does not propose significant reductions to services, this is very much a holding position due to the pandemic. Cuts in future years are believed to be inevitable. Without a council tax increase, or with a lower council tax increase, over time there would have to be greater cuts to services. A reduced tax increase would represent a permanent diminution of our income unless we hold a council tax referendum in a future year. In my view, such a referendum is unlikely to support a higher tax rise. It would also require a greater use of reserves (which are then unavailable to spend on services) or cuts to services in 2020/21. Whilst there is a Government suggestion that the ASC precept may be capable of being phased over more than one year, we do not have the details or understand the implications.
- 4.2 It is not possible to say where these cuts would fall; however, certain protected groups (e.g. older people; families with children; and people with disabilities) could face disproportionate impacts from reductions to services. Over half of the increase (3% of the proposed 5%) is for the Social Care precept, which is specifically to support the increasing cost pressures in these areas.

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<sup>1</sup> *Jobs, Jobs, Jobs: Evaluating the effect of the current economic crisis on the UK labour market*, Resolution Foundation, October 2020

<sup>2</sup> *A Minimum Income Standard for the United Kingdom in 2019*, JRF, July 2019; updated July 2020.

5. **Mitigating actions**

- 5.1 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, Council Tax Discretionary Relief and Community Support Grant awards; the council's work with voluntary and community sector organisations to provide food to local people where it is required – through the council's or partners' food banks; through schemes which support people getting into work (and include cost reducing initiatives that address high transport costs such as providing recycled bicycles); and through support to social welfare advice services. The Council is also running a welfare benefits take-up campaign, to raise awareness of entitlements and boost incomes among vulnerable groups.
- 5.2 In the November Spending Review, the government announced additional funding in 2021/22 to support households that are least able to afford council tax. Details of this had not been made available at the time of writing; but it is hoped that this will allow us to further reduce the impact on low-income households.

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

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

## Analysis of impact based on protected characteristic

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<p>59</p> <p><b>Age</b></p>	<p>Older people are least affected by a potential increase in council tax. Older people (pension age &amp; older) have been relatively protected from the impacts of the recession &amp; welfare cuts, as 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 in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as older people are the primary service users of Adult Social Care.</p> <p>Working age people bear the brunt of 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. There is some evidence that low-paid workers, and younger people, have been more likely to lose their jobs in the pandemic.</p>	<p>Working age households and families with children – incomes squeezed through low wages and reducing levels of benefit income.</p> <p>Younger people more likely to have faced job losses in the pandemic.</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>
<p><b>Disability</b></p>	<p>Disability benefits have been reduced over time as thresholds for support have increased.</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 in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as disabled people are more likely to be service users of Adult Social Care.</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 CTSS 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>

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<b>Gender Reassignment</b>	No disproportionate impact is attributable specifically to this characteristic.		
<b>Pregnancy and Maternity</b>	Maternity benefits have not been frozen and therefore kept in line with inflation. However, other social security benefits have been frozen, but without disproportionate impact arising for this specific protected characteristic.		
<b>Race</b>	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. 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. There is some evidence that minority ethnic groups have been more likely to face job losses in the pandemic.	Household income being further squeezed through low wages and reducing levels of benefit income.	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.
<b>Religion or Belief</b>	No disproportionate impact is attributable specifically to this characteristic.		
<b>Sex</b>	Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents. Analysis has identified lone parents as a group particularly likely to lose income from welfare reforms.	Incomes squeezed through low wages and reducing levels of benefit income. Increased risk for women as they are more likely to be lone parents.	If in receipt of Universal Credit or tax credits, a significant proportion of childcare costs are met by these sources.  Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets.
<b>Sexual Orientation</b>	No disproportionate impact is attributable specifically to this characteristic.		

## Earmarked Reserves

1. The table below shows the current position on our Earmarked Reserves, these balances will be different at the end of the year. These figures take account of the release of £4.6m from departmental reserves to support the managed reserves strategy:

	<b>Current Balance £000</b>
<b><u>Ring-fenced Reserves</u></b>	
School Balances	14,740
DSG not delegated to schools	5,577
School Capital Fund	2,750
Schools Buy Back	2,486
Education & Skills Funding Agency Learning Programmes	863
Arts Council National Portfolio Organisation Funding	822
<b>Subtotal Ring-fenced Reserves</b>	<b>27,238</b>
<b><u>Departmental Earmarked Reserves</u></b>	
Children's Services Pressures	8,820
Social Care Reserve	8,322
ICT Development Fund	6,265
City Development & Neighbourhoods	5,161
Delivery, Communications & Political Governance	2,971
Health & Wellbeing Division	2,888
Financial Services Reserve	2,849
NHS Joint Working Projects	2,483
Housing	2,118
Other Departmental Reserves	464
<b>Subtotal Departmental Reserves</b>	<b>42,341</b>
<b><u>Corporate Reserves</u></b>	
Managed Reserves Strategy	69,055
Capital Programme Reserve	57,666
Covid 19 Grants	10,849
Insurance Fund	8,519
BSF Financing	7,493
Welfare Reserve	5,505
Severance Fund	4,821
Service Transformation Fund	3,730
Other Corporate Reserves	4,537
<b>Subtotal Corporate Reserves</b>	<b>172,175</b>
<b>Total Earmarked Reserves</b>	<b>241,754</b>

2. Earmarked reserves can be 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:-
  - Reserves for schools:
    - School Capital Fund
    - Schools Buyback
    - Dedicated Schools Grant
    - Schools balances
  - Two smaller reserves held because grant funding has been received to fund specific schemes.
4. Departmental reserves include amounts held by service departments to fund specific projects or identified service pressures. Significant amounts include:-
  - **Children's Services:** to balance the 2020/21 and future years' budgets.
  - **Social Care Reserve:** to assist in the management of budget pressures in adults' and children's social care.
  - **ICT Development Fund** this reserve funds a rolling programme for network and server upgrades and replacement of PC stock. It also includes funding put aside at the 2019/20 outturn to fund initiatives to make our ICT more resilient and improve the remote working offer.
  - **City Development and Neighbourhoods:** to meet known additional pressures, including one off costs associated with highways functions and the cost of defending planning decisions.
  - **Health & Wellbeing:** to support service pressures, channel shift and transitional costs. As part of the review of departmental reserves, £1.2m has been released to the Managed Reserves Strategy.
  - **Delivery, Communications & Political Governance:** This reserve was principally setup for the funding of the Digital Transformation Team and other temporary staffing costs. As part of this report, the cost of these teams is being included in the base budget, thus releasing £1.6m to the Managed Reserves Strategy. The remaining balance relates to elections and other projects within the department.
  - **Financial Services:** for expenditure on improving the Council's finance systems; spikes in benefit processing and overpayment recovery; and to mitigate budget pressures including reducing grant income to the Revenues & Benefits service. The balance is net of £1.2m which has been released from this reserve, which was previously funding specific

teams that have now been included as permanent growth to the budget as part of this report.

- **NHS joint working projects:** for joint projects with the NHS.
- **Housing:** predominantly held to meet spikes in bed & breakfast costs and government funding to support recent arrivals to the city.
- **Other** this includes a number of smaller departmental reserves. £0.3m has been transferred to the Managed Reserves Strategy as posts in Legal Services have now been included in the budget. In addition, a number of smaller reserves have been reviewed releasing £0.3m to the Managed Reserves Strategy.

5. Corporate reserves include:-

- **Managed Reserves Strategy:** a key element to delivering this budget strategy, as set out in paragraph 9 of the main report;
- **Capital Programme Reserve:** to support approved spending on the Council's capital programme;
- **Covid 19 Grants** are grants received from the Government to meet the costs of the pandemic. This is not the full amount of the grants – just the ones received in March which we are required to treat as earmarked reserves;
- **Insurance Fund:** to meet the cost of claims which are self-insured;
- **BSF Financing:** to manage costs over the remaining life of the BSF scheme and lifecycle maintenance costs of the redeveloped schools;
- **Welfare Reserve:** set aside to support welfare claimants who face crisis, following the withdrawal of government funding; together with providing welfare support more generally, which includes any long term implications of the Covid-19 pandemic;
- **Severance Fund:** to facilitate ongoing savings by meeting the redundancy and other costs arising from budget cuts;
- **Service Transformation Fund:** to fund projects which redesign services enabling them to function more effectively at reduced cost;
- **Other reserves:** includes monies for “spend to save” schemes that reduce energy consumption, the combined heat and power reserve, and the surplus property reserve which is used to prepare assets for disposal.

**Medium Term Financial Outlook 2022/23 – 2023/24**

1. A one-year budget has been presented for 2021/22. After March 2022, we have (at the time of writing) very little certainty about funding arrangements or the future economic outlook. As a result, medium-term planning is a somewhat precarious exercise.
2. Our central forecasts for the period up to 2023/24 are set out in the table below. The key assumptions (and the associated risks and uncertainties) are further explained below.

	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>
Net service budget (including inflation)	293.5	320.2	347.3
Corporate and other centrally held budgets	8.0	8.5	8.9
Contingency	2.0		
Planning provision		3.0	6.0
<b>Expenditure total</b>	<b>303.5</b>	<b>331.7</b>	<b>362.2</b>
Business rates income	62.2	63.7	64.3
Top-up payment	48.0	48.9	49.8
Revenue Support Grant	29.0	29.6	30.1
Less assumed future cuts		(5.0)	(10.0)
Council Tax	127.8	131.1	135.0
Collection Fund Deficit 2020/21 (phased)	(2.4)	(2.2)	(2.2)
Govt support toward deficit	1.8	1.7	1.7
Social care support	12.0	21.0	30.0
New Homes Bonus	4.9	3.9	2.9
<b>Income Total</b>	<b>283.3</b>	<b>292.7</b>	<b>301.6</b>
<b>Budget gap</b>	<b>20.2</b>	<b>39.0</b>	<b>60.6</b>

Expenditure

3. The expenditure budgets above include the unavoidable cost pressures, and achievable savings, set out in section 6 of the main budget report. No further savings are assumed, so any additional savings will help close the gap. The estimated cost of pay awards is included, as is non-pay inflation on unavoidable costs in social care and the waste management contract. A planning provision of £3m per year in each of 2022/23 and 2023/24 has been included towards any future unavoidable cost pressures.

4. There are several areas where expenditure pressures may exceed these forecasts. These include:
- The costs of care packages in Adult Social Care, if demand increases above our forecasts or there are unavoidable cost pressures such as unexpected further increases to the National Minimum Wage;
  - Further growth in demand-led Children's Social Care costs;
  - Potential shortfalls in service income, if demand does not return to pre-pandemic levels by the end of 2022/23;
  - A prolonged economic downturn is likely to increase demand across a range of services.

#### Income

5. We assume that council tax increases will continue to be restricted by the referendum rules, although we do not yet know the rules after 2021/22. For planning purposes, the table above assumes council tax increases of 2% per year; and that council tax collection rates return to previous levels by 2023. If the economic downturn is longer, or more severe, than our projections this will have a further effect on income.
6. The rates forecasts presented above assume no substantial changes to the funding we receive. The government has proposed significant reforms to the funding system, although these have now been delayed several times. These include increasing the proportion of rates retained locally to 75%. In itself, the change should be financially neutral, as other funding elements will be reduced to offset the additional retained rates. There may also be reforms to the system to cushion the impact of appeals.
7. 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. At the time of writing, it is unclear what the impact will be on individual authorities. We should benefit from the new formula fully reflecting the differences in council taxbase between different areas of the country; however, there are other pressures on the funding available, including intensive lobbying from some authorities over perceived extra costs in rural areas.
8. For planning purposes, the budget figures for 2022/23 and 2023/24 assume additional real-terms cuts of £5 million per year each year. This represents a significantly slower rate of cuts than we have seen in the period from 2013 to 2020. If the fair funding review and overall funding position are less favourable, these cuts could be significantly higher.
9. A longer or more severe economic downturn will also pose a risk to income projections. This could result in new cuts to grant; falling business rate

income; and increased cost of council tax reductions for taxpayers on low incomes.

10. The assumed additional funding for social care (increasing by £9m per year from 2022/23) is also very uncertain. While the government has long acknowledged the need for further support to the social care sector, no detailed proposals have been published. (In practice, further support may come via a combination of direct grant, the ability to raise council tax further, and other mechanisms, but is shown here as grant for clarity).

#### Summary of medium-term projections

11. The projections above show a significant – and increasing – funding gap over the next three years. There are substantial risks to these projections, which are based on an assumption of a relatively quick economic recovery and limited additional cuts imposed by government. Even on the more optimistic projections, available reserves will no longer be able to meet this gap beyond 2021/22, and additional deep cuts will be required.
12. This emphasises the need to make a prompt start on the financial review required prior to 2022/23.

# **Draft Capital Programme 2021/2022**

Decision to be taken by: Council

Date of meeting: 17<sup>th</sup> February 2021

Lead director: Alison Greenhill, Director of Finance

## Useful information

- Ward(s) affected: All
- Report author: Amy Oliver
- Author contact details: amy.oliver@leicester.gov.uk
- Report version number: 1.0

## 1. Summary

- 1.1 The purpose of this report is to ask the Council to approve a capital programme for 2021/22.
- 1.2 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants' rents, and the proceeds of asset sales (capital receipts). Money can also be borrowed for capital purposes, but the scope for this is limited as borrowing affects the revenue budget.
- 1.3 Traditionally, the Council has prepared a multi-year capital programme but for 2020/21 we set a one year programme due to the uncertainty over future resources. Due to the COVID-19 pandemic we are continuing to see uncertainty over future resources as well as significant slippage on our current programme. The uncertainty over future resources is detailed in the General Fund Budget Report 2021/22 (also on the agenda). We are therefore presenting another one year programme, which is essentially a skeleton programme. Schemes already approved and in the current programme for 2020/21 will continue to form part of the programme: in practice, much of our capital spending in 2021/22 will be catching up work we were unable to do because of COVID-19 restrictions.
- 1.4 The proposed programme set out in this report for the "General Fund" element of the capital programme will cost £20m. In addition to this, the HRA capital programme (which is elsewhere on the agenda) includes works estimated at £58m, £40m of which relates to the affordable homes programme.
- 1.5 The table below summarises the proposed spending for capital projects starting in 2021/22, as described in this report:-

<u>Proposed Programme</u>	<u>£m</u>
People & Neighbourhoods	4.4
Highways, Transport & Infrastructure	5.2
Tourism & Culture	1.7
Corporate	7.3
Policy Provisions	1.0
<b>Total New Schemes</b>	<b>19.6</b>

## **Funding**

Monies ringfenced to Schemes	4.7
Unringfenced Resources	14.9
<b>Total Resources</b>	<b>19.6</b>

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

	<b><u>£m</u></b>
General Fund	19.6
Housing Revenue Account	57.8
<b>Total</b>	<b><u>77.4</u></b>

1.7 In addition to the above, the current programme is still being delivered and therefore a number of significant schemes will be carried forward into future years.

1.8 The Council's total capital expenditure now forecast for 2021/22 and beyond is expected to be over £200m, including the HRA.

1.9 The Council continues to bid for significant sums from government initiatives and has been extremely successful during 2020/21. Examples include:

- Receiving £33m from the Transforming Cities Fund to expand our Connecting Leicester scheme that is working to achieve bus, walking and cycling improvements.
- £5.8m added to our highways maintenance programme upon receiving a number of additional grants.

1.10 The capital programme is split into two parts:-

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

1.11 Immediate starts have been split into three categories:-

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

needed, but where low spend is a favourable outcome rather than indicative of a problem.

## 2. Recommendations

### 2.1 The Council is asked to:-

- (a) Approve the capital programme described in this report and summarised at Appendices Two to Four, subject to any amendments proposed by the City Mayor;
- (b) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules and finance procedure rules;
- (c) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;
- (d) For the purposes of finance procedure rules:
  - Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes (but see below for LLEP investment programmes);
  - Designate the operational estate capital maintenance programme, highways maintenance programme and transport improvement programme as programme areas, within which the director can reallocate resources to meet operational requirements.
- (e) As in previous years, delegate to the City Mayor:
  - Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
  - Authority to reduce or delete any capital programme provision, subject to a maximum of 20% of scheme value for “immediate starts”; and
  - Authority to transfer any “policy provision” to the “immediate starts” category.
- (f) In respect of Government investment programmes for which the Council receives grant as the accountable body to the Leicester and Leicestershire Enterprise Partnership (LLEP):-
  - Delegate to the City Mayor approval to accept Government offers of funding, and to add this to the capital programme;
  - Delegate to the Strategic Director, City Development and Neighbourhoods, in consultation with the Director of Finance, authority to allocate the funding to individual projects (in effect, implementing decisions of the LLEP);

- Agree that City Council schemes funded by the programme can only commence after the City Mayor has given approval;
  - Delegate to the Director of Finance authority to reallocate programme funding between projects, if permissible, to ensure the programme as a whole can be delivered; and
  - Note that City Council contributions to projects will follow the normal rules described above (i.e. nothing in this paragraph (f) permits the City Mayor to supplement the programme with City Council resources outside of normal rules).
- (g) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure;
- (h) Approve the capital strategy at Appendix 5.

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

#### Key Policy Issues

- 3.1 In preparing the 2021/22 capital programme, we have focused on catching up on delays in the current programme, and have restricted the new programme to urgent works and annual programmes.
- 3.2 The resulting capital programme is primarily focussed around some key priorities of the Council. The themes are:
- People & Neighbourhoods
  - Highways, Transport & Infrastructure
  - Tourism & Culture
- 3.3 The capital programme for 2021/21 is a one year programme because of the continued uncertainty around our budgets, and the fact that significant effort will be required to catch up unavoidable slippage in the 2020/21 programme. Nonetheless, it complements the existing programme and explicitly aims to support the City Mayor's delivery plan.
- 3.4 It is important to note that the council's commitment to tackling the climate emergency is most obviously but not exclusively addressed within the transport capital programme. This is part of the Connecting Leicester Programme.
- 3.5 However, addressing the energy and bio diversity requirements of all our capital projects is central to the entire capital programme. Recent years' capital projects have included energy saving and generating elements across the corporate estate, as well as a raft of energy efficiency measures in our schools and on our housing estates. The Council is currently working to obtain further government grant funding to expand such schemes. The programme also includes £0.5m to support a tree programme.
- 3.6 Similarly, our commitment to invest in the whole city cuts right across our capital programme. The housing, neighbourhoods and transport capital investment

programmes represent the largest components of this and likely future capital programmes. These capital investment strands will benefit the entire city from our outer estates to the city centre.

## Resources

- 3.7 Resources available to the programme consist primarily of Government grant and capital receipts (the HRA programme is also supported by tenants' rent monies). Most grant is unringfenced, and the Council can spend it on any purpose it sees fit.
- 3.8 Appendix One presents the unringfenced resources available to fund the proposed programme, which total some £15m. The key funding sources are detailed below.
- (a) £5.8m of general capital receipts and £0.7m of Right to Buy Receipts;
  - (b) £8.3m of unringfenced grant funding;
  - (c) £1.9m from a review of policy provisions in the 2021/22 programme.
- 3.9 The Council has a policy of not committing capital receipts until they are received. This increases the resilience of the capital programme at a time when revenue budgets continue to be under pressure. Since setting the 20/21 capital programme, decisions have been taken to spend £1.7m of receipts received subsequently. £5.8m is now available for 21/22 based on receipts received or due at the time of writing. Subsequent receipts will be available to fund the 2022/23 programme.
- 3.10 The exception to not committing receipts in advance is the expected receipts from the sale of council housing. Where tenants exercise their "Right to Buy" the RTB receipts are layered, with different layers being available for different purposes. A sum of £0.7m will be available for general purposes: this is predictable. Further tranches are available to us but must be used for new affordable housing or returned to the government.
- 3.11 During the year the Council has reviewed the current policy provisions. As part of this, £1.9m of have been identified as no long being required from the Commercial Property Acquisitions policy provision. This will be released as part of this report to fund the 21/22 programme.
- 3.12 In addition, £1.8m has been ringfenced for potential additional costs on current schemes associated with the COVID-19 pandemic. Separate decisions will be required to add any of the £1.8m to the capital programme on individual schemes.
- 3.13 For some schemes the amount of unringfenced resources required is less than the gross cost of the scheme. This because resources are ringfenced directly to individual schemes. Ringfenced resources are shown throughout Appendix Two and include the following:
- (a) Disabled Facilities Grant – an estimated £1.5m will be received from the Government for the year to support the making of grants to householders in the private sector requiring disabled adaptations;

- (b) Borrowing. Because borrowing has an impact on the revenue budget, it is only used for reasons detailed in Capital Strategy at Appendix 5 of this report.

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

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

#### Proposed Programme – Immediate Starts

3.16 Schemes classified as immediate starts can commence as soon as required, once the Council has approved the capital programme. No further approval is necessary. The whole programme is summarised at Appendix 2. Almost all of this year's programme consists of immediate starts. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods. The exception is the Foster Carer Capital Contribution, which is the responsibility of the Director of Adults' and Children's Services.

3.17 £4.4m is provided for People & Neighbourhoods. This area is focused around improving the neighbourhoods of the city but also improving the lives of the city's residents. In addition, to this it is proposed that £0.5m is transferred from corporate resources into an earmarked reserve to fund future tree programmes.

- (a) £1.8m has been provided to continue with the **Children's Capital Improvements** Programme within our schools. The programme will include routine maintenance in our schools, such as boiler and window replacements, playground improvements and maintenance of roofs.

- (b) One of main schemes within this area will be **Disabled Facilities Grants** to private sector householders, with £1.5m available to support the scheme in 2021/22. This is an annual programme which has existed for many years. These grants provide funding to eligible disabled people for adaption work to their homes, and help them maintain their independence. This cost will be fully funded by the government in 2021/22 with no local contribution.

- (c) £400,000 has been provided for **Local Environmental Works** in our wards. This scheme will focus on local neighbourhood issues relating to residential parking, local safety concerns, pedestrian routes, cycle ways and community lighting and will be spent after ward member consultation..

- (d) £250,000 has been provided for a **Foster Carer Capital Contribution Scheme**, continuing last year's scheme. Money has been provided to invest in the homes of foster carers of looked after children, to ensure that foster

care is an option in as many cases as possible.

- (e) £200,000 is provided in 2021/22 to continue the programme of **Repayable Home Repair Loans**. These grants aid vulnerable, low income home owners to carry out repairs or improvements to their homes, to bring properties up to decent home standards. Any loan will remain in place until a change of ownership or sale of the property, after which repayment of the loan is required.
- (f) £50,000 continues to be made available to top up **the Long Term Empty Home Acquisitions** pot in 2021/22. The Empty Homes Team gives advice and assistance to owners, helping them bring homes back into occupation. As a last resort, when all avenues have been exhausted, we have to use compulsory purchase. £50,000 covers the incidental costs associated with acquisition where CPO or negotiated purchase is required, where such costs cannot be recouped from the sale proceeds.
- (g) £50,000 is set aside for **Conservation Building Grants**. These grants are provided to city residents and organisations to repair historic buildings or reinstate original historic features that have been lost, and are applied for. The funding seeks to acknowledge the additional cost of owning an historic building.
- (h) £50,000 is included as part of the continued rolling programme to replace **Festive Decorations**.

3.18 £5.2m is provided to support Highways, Transport & Infrastructure capital works within the city. The capital works in this area are work programmes and regularly feature in our capital programmes.

- (a) £2.6m is provided in 2021/22 to continue the rolling programme of works constituting the **Transport Improvement Programme**. Some of the priority areas include:
  - Delivering cross cutting cycling, walking and public transport benefits.
  - Local safety schemes: sites are planned to include Narborough Road, Redhill Circle/Loughborough Road and Halifax Drive.
  - 20mph programme: continuation of the rolling programme to reduce the speed of vehicles. Traffic calming sites are planned to include Braunstone Community School, Calver Hey Road and Gilmorton Estate.
  - Delivery of the Local Transport Plan
- (b) £2.1m is provided as part of the continued **Highway Capital Maintenance Programme**. This is a rolling annual programme and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities. The proposed programme is shown at Appendix 4;
- (c) £300,000 is provided to continue the **Flood Strategy, Flood Defence and Watercourse Improvements Programme** into 2021/22. The programme

supports the Local Flood Risk Management Strategy and action plan, and the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency & Severn Trent Water.

- (d) **Front Wall Enveloping:** £200,000 is a continuation of previous schemes. It involves the enclosure of small spaces in front of housing. Enveloping schemes can make a significant improvement to local neighbourhoods and enable occupiers to tend house fronts more effectively.

3.19 £1.7m has been made available to support Tourism & Culture in the City. The main area of focus is De Montfort Hall.

- (a) £1.4m has been set aside for **De Montfort Hall** for various improvements which include the replacement of stage equipment, refurbishment of toilets and replacement of seating. This project has a forecast completion date of October 2021.
- (b) Following the success of the first scheme, £270,000 has been put aside for the extension of the **Heritage Interpretation Panels Programme**. This scheme uses digital technology to interpret heritage stories in new ways e.g. via mobile devices.

3.20 £7.3m has been made available to fund three general corporate budgets.

- (a) £3.1m has been made available to fund the annual **Fleet Replacement Programme** as part of a rolling programme. This programme is funded from borrowing, which is repaid from existing budgets.
- (b) £1.7m has been provided to support the annual **Operational Estate Capital Maintenance Programme**. This will support works to the properties the Council uses. This programme includes items such as roof repairs, replacement of the hearing loops in the Attenborough Hall and heating/ventilation improvements.
- (c) £1.4m is available to fund the **Capital Projects Team and Other Staff Costs**, which will support the delivery of the construction projects in the capital programme.
- (d) £1.1m has been provided to support works to **Phoenix and Sovereign House**. These works are to enable the Council to further optimise its operational estate as it transforms the way staff work in the future. This 'spend to save' approach is common across the public sector as it becomes more agile and has a lesser reliance on physical space. It supports the Council's strategy of ceasing the occupancy of leasehold property and provides the opportunity to market properties for an immediate rental return or to better utilise them for the Council's own purposes. Works to these two properties includes window replacements, internal refurbishments, and mechanical, heating and ventilation upgrades.

## Proposed Programme – Policy Provisions

- 3.21 Policy provisions are sums of money which are included in the programme for a stated purpose, but for which a further report to the Executive (and decision notice) is required before they can be spent. Schemes are usually treated as policy provisions because the Executive needs to see more detailed spending plans before full approval can be given.
- 3.22 Executive reports seeking approval to spend policy provisions must state whether schemes, once approved, will constitute projects, work programmes or provisions; and, in the case of projects, identify project outcomes and physical milestones against which progress can be monitored.
- 3.23 Two policy provision have been identified as part of this programme:  
(a) £0.5m to assist with Black Lives Matter;  
(b) £0.5m for a tree replacement programme.

## Capital Strategy

- 3.24 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.
- 3.25 The proposed capital strategy is set out at Appendix 5. This also includes the policy on repaying debt and the prudential indicators which assess the affordability of new borrowing.

## Consultation

- 3.26 Update to be provided after consultation.

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

### 4.1 Financial implications

- 4.1.1 This report is exclusively concerned with financial matters.

- (a) There is some proposed prudential borrowing in the programme for replacement of vehicles of £3.1m. The anticipated revenue costs arising will be £0.3m per year, for which revenue budget exists. This borrowing is affordable, sustainable and prudent (this is further described in the Treasury Strategy on your agenda).

- 4.1.2 No schemes are expected to lead to higher ongoing costs and some will lead to savings.

### 4.2 Legal implications

4.2.1 As the report is exclusively concerned with financial matters, there are no direct legal implications arising from the report. There will be procurement and legal implications in respect of individual schemes and client officers should take early legal advice. In accordance with the constitution, the capital programme is a matter that requires approval of full Council.

Kamal Adataia, City Barrister and Head of Standards.

### 4.3 Equalities implications

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

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

4.3.3 People from across all protected characteristics will benefit from the improved public good arising from the proposed capital programme. However, as the proposals are developed and implemented, consideration should continue to be given to the equality impacts of the schemes in question, and how it can help the Council to meet the three aims of the Public Sector Equality Duty.

4.3.4 The capital programme includes schemes which improve the city's infrastructure and contribute to overall improvement of quality of life for people across all protected characteristics. By doing so, the capital programme promotes the PSED aim of: fostering good relations between different groups of people by ensuring that no area is disadvantaged compared to other areas as many services rely on such infrastructure to continue to operate.

4.3.5 Some of the schemes focus on meeting specific areas of need for a protected characteristic: disabled adaptations within homes (disability), home repair grants which are most likely to be accessed by elderly, disabled people or households with children who are living in poverty (age and disability), and provision of funds for festive decorations (religion and belief).

4.3.6 Other schemes target much larger groups of people who have a range of protected characteristics reflective of the diverse population within the city. Some schemes are place specific and address environmental issues that also benefit diverse groups of people. The delivery of the capital programme contributes to the Council fulfilling our Public Sector Equality Duty (PSED). For example, schemes which support people in being able to stay in their homes, to continue to lead independent lives, and to participate in community life help promote equality of opportunity, another one of the aims of the PSED.

4.3.7 Where there are any improvement works to buildings or public spaces, considerations

around accessibility (across a range of protected characteristics) must influence design and decision making. This will ensure that people are not excluded (directly or indirectly) from accessing a building, public space or service, on the basis of a protected characteristic.

#### 4.4 Climate Emergency implications

- 4.4.1 The city council declared a climate emergency in February 2019 and has now published its new Climate Emergency Strategy & Action Plan, setting out the ambition to make Leicester a carbon neutral city. The council is one of the largest employers and land owners in the city, with carbon emissions of 33,872tCO<sub>2</sub>e from its buildings and schools in 2019/20, and has a high level of influence in the city. The council has a vital role to play in reducing emissions from its buildings and operations, and leading by example on tackling the climate emergency in Leicester. As discussed in this report, many of the projects outlined will play a positive role in reducing carbon emissions in the city.
- 4.4.2 There is not sufficient information within this report to provide specific details of climate change implications for individual projects, which may have significant implications and opportunities. Detailed implications should therefore be produced for individual projects as and when plans are finalised. At a high level, there are some general principles that should be followed during the planning, design and implementation of capital projects, as detailed below. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects.
- 4.4.3 New buildings should be constructed to a high standard of energy efficiency, and incorporate renewable energy sources where possible, with projects aiming to achieve carbon neutral development or as close as possible to this. Maintenance and refurbishment works, including replacement of systems or equipment, should also seek to improve energy efficiency wherever possible. This will reduce energy use and therefore bills, delivering further benefits. Major projects will also need to meet Climate Change policy CS2 in the Leicester City Core Strategy planning document, which requires best practice in terms of minimising energy demand for heating, ventilation and lighting, achieving a high level of fabric efficiency, and the use of low carbon or renewable sources of energy.
- 4.4.4 Projects involving procurement, including for construction works, should follow the Council's sustainable procurement guidelines. This includes the use of low carbon and sustainable materials, low carbon equipment and vehicles and reducing waste in procurement processes. Transport projects should seek to enable a greater share of journeys to be safely and conveniently undertaken by walking, cycling or public transport wherever possible, and many of the planned works will directly contribute to this. Flood risk works are also a key part of increasing resilience to a changing climate in the city.

Aidan Davis, Sustainability Officer

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

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

**5. Background information and other papers:**

**6. Summary of appendices:**

Appendix One – Corporate & Unringfenced Capital Resources.

Appendix 2a – Immediate Starts – People & Neighbourhoods.

Appendix 2b – Immediate Starts – Highways, Transport & Infrastructure.

Appendix 2c – Immediate Starts – Tourism & Culture.

Appendix 2d – Immediate Starts – Corporate

Appendix 3 – Policy Provisions.

Appendix 4 – Highways Maintenance Capital Programme

Appendix 5 – Capital Strategy 2020/21.

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

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

**Report Author:** Amy Oliver

**Date:**

**Capital Resources**

**Unringfenced Capital Resources**

	<b>20/21</b>
	<b>{£000}</b>
<u>Capital Receipts</u>	
General Capital Receipts	5,822
Council Housing - Right to Buy Receipts	<u>700</u>
<b>Total Receipts</b>	<b><u>6,522</u></b>
 <u>Unringfenced Capital Grant</u>	
Education Maintenance	3,672
Integrated Transport	2,556
Transport Maintenance	2,102
<b>Total Unringfenced Grant</b>	<b><u>8,330</u></b>
 <u>Other</u>	
Policy Provisions Review	1,933
Less: Potential Additional Costs associated with COVID-19 Pandemic	<u>(1,800)</u>
<b>Total Other</b>	<b><u>133</u></b>
 <b>TOTAL UNRINGFENCED RESOURCES</b>	<b><u>14,985</u></b>
 <b>Ringfenced Resources</b>	<b>4,695</b>
 <b>TOTAL CAPITAL RESOURCES</b>	<b><u>19,680</u></b>

**Appendix 2a**

**Immediate Starts – People & Neighbourhoods**

	<b>Scheme Type</b>	<b>Corporate Programme Funding</b>	<b>Ringfenced Funding</b>	<b>Total Approval</b>
		<i>{£000}</i>	<i>{£000}</i>	<i>{£000}</i>
<b><u>People &amp; Neighbourhoods</u></b>				
Children's Capital Improvement Programme	WP	1,836	0	<b>1,836</b>
Private Sector Disabled Facilities Grant	WP	0	1,539	<b>1,539</b>
Local Environmental Works	WP	400	0	<b>400</b>
Foster Carer Capital Contribution	WP	250	0	<b>250</b>
Repayable Home Repair Loans	WP	150	50	<b>200</b>
Conservation Building Grants	WP	50	0	<b>50</b>
Long Term Empty Homes Purchase	PV	50	0	<b>50</b>
Festive Decorations	WP	50	0	<b>50</b>
		<b>2,786</b>	<b>1,589</b>	<b>4,375</b>

*Key to Scheme Types : PJ = Project ; WP = Work Programme ; PV = Provision ; Oth = Other*

**Summary of Ringfenced Funding**

	<i>{£000}</i>
Disabled Facilities Grant	1,539
Loan Repayments	<u>50</u>
<b>TOTAL RINGENCED FUNDING</b>	<b><u>1,589</u></b>

**Appendix 2b****Immediate Starts – Highways, Transport & Infrastructure**

	<b>Scheme Type</b>	<b>Corporate Programme Funding</b>	<b>Ringfenced Funding</b>	<b>Total Approval</b>
		<i>{£000}</i>	<i>{£000}</i>	<i>{£000}</i>
<b><u>Highways, Transport &amp; Infrastructure</u></b>				
Transport Improvement Works	WP	2,556	0	<b>2,556</b>
Highways Capital Maintenance Programme	WP	2,102	0	<b>2,102</b>
Flood Strategy, Flood Defence & Watercourse Improvements Programme	WP	300	0	<b>300</b>
Front Walls Enveloping Programme	WP	200	0	<b>200</b>
		<b>5,158</b>	<b>0</b>	<b>5,158</b>

*Key to Scheme Types : PJ = Project ; WP = Work Programme ; PV = Provision ; Oth = Other*

**Immediate Starts – Tourism & Culture**

	<b>Scheme Type</b>	<b>Corporate Programme Funding</b>	<b>Ringfenced Funding</b>	<b>Total Approval</b>
		{£000}	{£000}	{£000}
<b><u>Tourism &amp; Culture</u></b>				
De Montfort Hall Building Works & Technical Equipment*	PJ	1,440		1,440
Heritage Interpretation Panels	WP	270	0	270
		<b>1,710</b>	<b>0</b>	<b>1,710</b>

*Key to Scheme Types : PJ = Project ; WP = Work Programme ; PV = Provision ; Oth = Other*

**Immediate Starts – Corporate**

	<b>Scheme Type</b>	<b>Corporate Programme Funding</b>	<b>Ringfenced Funding</b>	<b>Total Approval</b>
		{£000}	{£000}	{£000}
<b><u>Corporate</u></b>				
Fleet Replacement Programme	WP	0	3,106	<b>3,106</b>
Operational Estate Capital Maintenance Programme	WP	1,715	0	<b>1,715</b>
Capital Projects Team & Other Staff Costs	Oth	1,370	0	<b>1,370</b>
Phoenix & Sovereign House	Oth	1,130	0	<b>1,130</b>
		<b>4,215</b>	<b>3,106</b>	<b>7,321</b>

*Key to Scheme Types : PJ = Project ; WP = Work Programme ; PV = Provision ; Oth = Other*

**Summary of Ringfenced Funding**

	{£000}
Prudential Borrowing	3,106
<b>TOTAL RINGENCED FUNDING</b>	<b>3,106</b>

**Policy Provisions**

	<b>Corporate Programme Funding</b>	<b>Ringfenced Funding</b>	<b>Total Approval</b>
	<i>{£000}</i>	<i>{£000}</i>	<i>{£000}</i>
Black Lives Matter	500	0	<b>500</b>
Tree Programme	500	0	<b>500</b>
<b>POLICY PROVISIONS TOTAL</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>

**Proposed Highways Maintenance Capital Programme**

<b>Description</b>	<b>Amount £000's</b>
Major Public Realm & Transport Improvement Schemes - Essential maintenance associated with Horsefair Street, Pocklington's Walk & Market Place South	100
LEAN Carriageway & Pothole Repairs – Target large carriageway pothole repairs to provide longer term repairs in readiness for surface dressing.	500
Principal Roads – Uppingham Road, Coleman Road to Overton, Thurmaston Lane/Victoria Road East Roundabout, Oxford Street and Infirmary Road.	355
Classified Non-Principal Roads – Saffron Lane continuation (The Fairway to Pork Pie Roundabout)	160
Unclassified Neighbourhood Roads – Scraptoft Lane (Colchester Road to Thurncourt Road)	100
Emergency Carriageway Rutting/ concrete bay repairs	55
Carriageway Joint Sealing Programme – Prevents water ingress & onset of potholes.	35
Road Hump Replacements - Reconstruction/replacement of failed block paved road humps and speed cushions.	15
Footway Relays and Reconstructions – Focus on local neighbourhood priorities; Narborough Road continuation.	170
Strategic Bridge Deck Maintenance & Replacement Works Thurcaston Road Footbridge, Friday Street, canal and river footbridges linked to River Soar accessibility programme.	400
Bridge Improvement & Maintenance Works – Parapet replacements, structural maintenance works and technical assessment review project.	100
Traffic Signal Installations Renewals – King Richards Road, Fosse Road, Glenfield/Fosse Road.	150
Lighting Column Replacements – Replace 50 dangerous columns.	40
Vehicle Activated Signs – Ward priorities	10
DfT / Whole Government Accounting Lifecycle Asset Management Development Project – Strategic asset management development, data analysis, lifecycle planning and reporting in support of DfT Challenge Funding bidding linked to asset management performance.	300
<b>TOTAL *</b>	<b>2,490</b>

\*This scheme is deliberately over-programmed to manage risks from scheme co-ordination clashes and other factors affecting timing of works.

**Capital Strategy 2021/22**

**1. Introduction**

- 1.1 It is a requirement on local authorities to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about certain authorities borrowing substantial sums to invest in commercial property, often outside the vicinity of the Council concerned (something Leicester City Council has never done).
- 1.2 There is also a requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). The investment strategy is presented as a separate report on your agenda.
- 1.3 This appendix sets out the proposed capital strategy for the Council's approval. 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 – this is considered as part of the HRA budget strategy which is submitted each year for approval.
- 2.2 The capital programme is split into:-
  - (a) Immediate starts – being schemes which are approved by the Council and can start as soon as practical after the council has approved the programme. Such schemes are specifically described in the relevant report;
  - (b) Policy provisions, which are subsequently committed by the City Mayor (and may be less fully described in the report). The principle here is that further consideration is required before the scheme can start.
- 2.3 The corporate capital programme report sets out authorities delegated to the City Mayor. Decisions by the City Mayor are subject to normal requirements in the constitution (e.g. as to prior notice and call-in).

- 2.4 Monitoring of capital expenditure is carried out by the Executive and the Overview Select Committee. Reports are presented on 3 occasions during the years, and at outturn. For this purpose, immediate starts have been split into three categories:-
- (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes are monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);
  - (b) **Work Programmes** – these will consist of minor works or similar schemes where is an allocation of money to be spent in a particular year.
  - (c) **Provisions** – these are sums of monies set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.
- 2.5 When, during the year, proposals to spend policy provisions are approved, a decision on classification is taken at that time (i.e. a sum will be added to projects, work programmes or provisions as the case may be).
- 2.6 The authority does not capitalise expenditure, except where it can do so in compliance with proper practices: it does not apply for directions to capitalise revenue expenditure.
- 2.7 The table below forecasts the past and forecast capital expenditure for the current year and 2021/22. It therefore, includes expenditure from the 2020/21 programme that will be rolled forward.

<b>Department / Division</b>	<b>2020/21 Estimate £m</b>	<b>2021/22 Estimate £m</b>
People & Neighbourhoods	51.6	52.4
Highways, Transport & Infrastructure	66.7	71.5
Promoting Business	2.8	2.8
Tourism & Culture	12.9	13.6
Corporate	5.5	11.3
Strategic Acquisitions	0.0	4.0
<b>Total General Fund</b>	<b>139.5</b>	<b>155.6</b>
Housing Revenue Account	48.3	70.3
<b>Total</b>	<b>187.8</b>	<b>225.9</b>

- 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.

- 2.9 The Housing Division provides management of tenanted dwellings. Apart from the new build, the HRA capital programme is almost entirely funded from tenants' rents. The criteria used to plan major works are in the table below:-

<b>Component for Replacement</b>	<b>Leicester's Replacement Condition Criteria</b>	<b>Decent Homes Standard: Maximum Age</b>
Bathroom	All properties to have a bathroom for life by 2036	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 2036	30 years / 20 years
Roof	Based on assessed condition	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition	80 years
Wall structure	Based on assessed condition	60 years

### 3. **Financing Capital Expenditure**

- 3.1 Most capital expenditure of the Council is financed as soon as it is spent (by using grants, capital receipts, revenue budgets or the capital fund). The Council will only incur spending which cannot be financed in this way in strictly limited circumstances. Such spending is termed "prudential borrowing" as we are able to borrow money to pay for it. (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 or additional income;
- (d) Where, historically, the Council has used leasing for vehicles or equipment, and revenue budgets already exist to meet the cost;

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

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

	2020/21 Estimate £m	2021/22	2022/23	2023/24
HRA	241	258	276	287
General Fund	269	269	269	270

*(The table above excludes PFI schemes).*

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

#### 4. **Debt Repayment**

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

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

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

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

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

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

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

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

- (a) Land – 50 years;
- (b) Buildings – 50 years;

- (c) Infrastructure – 40 years;
- (d) Plant and equipment – 20 years;
- (e) Vehicles – 12 years.

- 4.9 Some investments governed by the treasury strategy may be accounted for as capital transactions. Should this require debt repayment charges, an appropriate time period will be employed. Share capital has a maximum “life” of 20 years.
- 4.10 Authority is given to the Director of Finance to voluntarily set aside sums for debt repayment, over and above the amounts determined in accordance with the above rules, where she believes the standard charge to be insufficient, or in order to reduce the future debt burden to the authority.
- 4.11 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.
- 4.13 Once investments acquired through sums “claimed back” are redeemed, the receipt will be set aside again for debt repayment.
- 4.14 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.
- 4.15 The ratio of financing costs to net revenue budget is estimated to be:-

	2020/21 %	2021/22 %	2022/23 %
General Fund	2.0	2.1	2.2
HRA	11.1	11.6	12.0

## 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 financial performance of the corporate estate;

- (b) The Council will not make investments outside of the LLEP area (or just beyond its periphery) except as described below. We would not, for instance, borrow money to buy a shopping centre 100 miles from Leicester;
- (c) There is one exception to (b) above, which is where the investment meets a service need other than economic regeneration. An example might be a joint investment in a solar farm, in collaboration with other local authorities; or investment in a consortium serving local government as a whole. In these cases, the location of the asset is not necessarily relevant.

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

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

5.4 In addition to the above, the Council's treasury strategy may permit investments in property or commercial enterprises. Such investments may be to support environmental and socially responsible aims, and are usually pooled with other bodies. For the purposes of the capital strategy, these are not regarded as commercial activities under this paragraph as the activity is carried out under the treasury strategy.

## 6. **Knowledge and Skills**

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