



Leicester
City Council

**MEETING OF THE HERITAGE CULTURE LEISURE AND TOURISM
SCRUTINY COMMISSION**

DATE: THURSDAY, 20 JANUARY 2022

TIME: 5:30 pm

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

Members of the Committee

Councillor Halford (Chair)

Councillor Ali (Vice-Chair)

Councillors Dr Barton, Cole, Dawood, Shelton and Solanki
(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 4546350, e-mail: Jacob.mann@leicester.gov.uk

Leicester City Council, City Hall, 3rd Floor Granby Wing, 115 Charles Street, Leicester, LE1 1FZ

Information for members of the public

Attending meetings and access to information

You have the right to attend formal meetings such as full Council, committee meetings, and Scrutiny Commissions and see copies of agendas and minutes.

However, on occasion, meetings may, for reasons set out in law, need to consider some items in private.

Due to ongoing mitigations to prevent the transmission of COVID, public access in person is limited to ensure social distancing. If you wish to attend a meeting in person, you are required to contact the Democratic Support Officer in advance of the meeting regarding arrangements for public attendance. A guide to attending public meetings can be found here on the [Decisions, meetings and minutes page](#) of the Council website.

Dates of meetings and copies of public agendas and minutes are available on the Council's website at www.cabinet.leicester.gov.uk, or by contacting us using the details below.

To hold this meeting in as Covid-safe a way as possible, all attendees are asked to follow current Government guidance and:

- maintain distancing while entering and leaving the room/building;
- remain seated and maintain distancing between seats during the meeting;
- wear face coverings throughout the meeting unless speaking or exempt;
- make use of the hand sanitiser available;
- when moving about the building to follow signs about traffic flows, lift capacities etc;
- comply with Test and Trace requirements by scanning the QR code at the entrance to the building and/or giving their name and contact details at reception prior to the meeting;
- if you are displaying Coronavirus symptoms: a high temperature; a new, continuous cough; or a loss or change to your sense of smell or taste, you should NOT attend the meeting, please stay at home, and get a PCR test.

Making meetings accessible to all

Wheelchair access – Public meeting rooms at the City Hall are accessible to wheelchair users. Wheelchair access to City Hall is from the middle entrance door on Charles Street - press the plate on the right hand side of the door to open the door automatically.

Braille/audio tape/translation - If you require this please contact the Democratic Support Officer (production times will depend upon equipment/facility availability).

Induction loops - There are induction loop facilities in City Hall meeting rooms. Please speak to the Democratic Support Officer using the details below.

Filming and Recording the Meeting - The Council is committed to transparency and supports efforts to record and share reports of proceedings of public meetings through a variety of means, including social media. In accordance with government regulations and the Council's policy, persons and press attending any meeting of the Council open to the public (except Licensing Sub Committees and where the public have been formally excluded) are allowed to record and/or report all or part of that meeting. Details of the Council's policy are available at www.leicester.gov.uk or from Democratic Support.

If you intend to film or make an audio recording of a meeting you are asked to notify the relevant Democratic Support Officer in advance of the meeting to ensure that participants can be notified in

advance and consideration given to practicalities such as allocating appropriate space in the public gallery etc..

The aim of the Regulations and of the Council's policy is to encourage public interest and engagement so in recording or reporting on proceedings members of the public are asked:

- ✓ to respect the right of others to view and hear debates without interruption;
- ✓ to ensure that the sound on any device is fully muted and intrusive lighting avoided;
- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

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 4546350

Alternatively, email , or call in at City Hall.

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

PUBLIC SESSION

AGENDA

FIRE / EMERGENCY EVACUATION

If the emergency alarm sounds, you must evacuate the building immediately by the nearest available fire exit and proceed to the area outside the Ramada Encore Hotel on Charles Street as directed by Democratic Services staff. Further instructions will then be given.

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 Tourism Scrutiny Commission held on 30 November 2021 are attached and Members are asked to confirm them as a correct record.

4. PETITIONS

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

5. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

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

6. DRAFT REVENUE BUDGET 2022/23 AND DRAFT CAPITAL PROGRAMME 2022/23

Appendix B

The Director of Finance submits the following reports setting out the City Mayor's proposed Draft Revenue Budget 2022/23 and Draft Capital Budget 2022/23. The Commission is recommended to consider and comment on the Heritage, Culture, Leisure and Tourism 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 are presented at the Council meeting on 23 February 2022.

**7. LEICESTER MUSEUM AND GALLERIES
DEVELOPMENT UPDATE**

Appendix C

The Director of Tourism, Culture and Inward Investment submits a presentation updating the Commission on development projects throughout the Museum Service.

8. CHRISTMAS ACTIVITIES - FEEDBACK

The Director of Tourism, Culture and Inward Investment will provide a verbal update on the Christmas events and activities ran by the Festivals team.

**9. WOMEN'S PARTICIPATION IN PHYSICAL ACTIVITY
AND SPORT IN THE CITY REVIEW - PROGRESS
UPDATE**

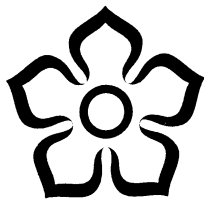
The Chair will provide a verbal update on the task group looking at Women's participation in physical activity and sport in the city.

10. DRAFT WORK PROGRAMME

Appendix D

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

11. ANY OTHER URGENT BUSINESS



Leicester
City Council

Appendix A

Minutes of the Meeting of the
HERITAGE CULTURE LEISURE AND TOURISM SCRUTINY COMMISSION

Held: TUESDAY, 30 NOVEMBER 2021 at 5:30 pm

P R E S E N T :

Councillor Halford (Chair)

Councillor Dr Barton

Councillor Solanki

* * * * *

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Cole, Dawood, and Shelton.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

AGREED:

That the minutes of the meeting of the Heritage, Culture, Leisure and Tourism Scrutiny Commission held on 12 October 2021 be confirmed as a correct record.

4. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

The Monitoring Officer reported that no petitions had been received.

5. PETITIONS

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

6. CULTURAL AND CREATIVE INDUSTRIES PLANS - UPDATE

Councillor Clair, Deputy City Mayor for Culture, introduced the item. It was noted that a Cultural and Creative Industries Plan was intended to enable to

Council to bid for further funding for the Cultural and Creative sectors in the city.

The Director of Tourism, Culture, and Inward Investment presented the item, it was noted that:

- An independent agency would be commissioned to help create the Plan.
- The Plan would be developed in collaboration with the local universities and other private sector partners.
- A decision was expected to earmark resources to the Plan from the Covid Recovery Fund, this would also assist a feasibility study into a bid for a potential third round of the Cultural Development Fund.
- Arts Council England was interested in developing Cultural Compacts, this was also encouraged by the Government. A Cultural Compact for Leicester was one of the intended outcomes from the work.
- It was hoped that the plan would be developed in early 2022, with the goal being to appoint the agency early in the new year.
- Wider creative industries such as advertising and IT were growing very fast and the UK was a world leader in them. Therefore, expanding these industries in the city was important.
- One of the aspects of the brief for the agency would be to explore what a potential future bid for the Creative Cluster program would look like, similar to others that had been funded elsewhere around the country.
- Another round of bids for Arts Council National Portfolio Organisations was upcoming, the last round had seen a significant increase in NPOs in the city and a number of organisations in the city were hoping got secure NPO status. It was hoped that the new Plan would also assist such organisations.

In response to Member's questions it was noted that:

- There would be a budget of around £40,000-50,000 for hiring the agency, with the City Council's contribution to be approximately £20,000.
- It would be preferable to hire a local agency, however the priority would be hiring an organisation with the appropriate expertise.

AGREED

1. That the Commission recommends that an update on the progress of the Plan be brought to the Commission is 6 months time, and thereafter when the agency has finished its report.

7. CHRISTMAS CAMPAIGN EVENT

Chris Hackett, Deputy Festival and Events Manager, and Sarah Harrison, City Centre Director, presented the item, it was noted that:

- £250,000 had been earmarked for Christmas activities in the city earlier

in the year, particularly to offset the risk that COVID issues may increase cost.

- The Christmas lights switch-on was designed to reduce crowd density by spreading the event across the city and had been received positively.
- Green Dragon Square would be hosting numerous activities during the festive period such as Santa in the Square and Outdoor Cinema. A large number of children's books had been secured at significant discount to giveaway to children who visited Santa.
- The Ice Rink on Jubilee Square would be going ahead, radio advertising for the rink had been secured via a partnership deal with GEM.
- A funfair on Humberstone Gate was ongoing.
- The digital programme for the period had been completed.
- Arch Creative led on the media campaign for Christmas in Leicester, including a dedicated website and a new animated video.
- Several Bid Leicester initiatives were part of the program, including the Orton Square light installation and a TV advert.
- An augmented reality interactive adventure was a new feature and a free downloadable app would allow users to collect points and unlock augmented reality experiences through the city. This would be delivered in collaboration with over 60 businesses.
- Marketing for the app was staggered, it was expected that engagement would increase at the start of the focused marketing campaign.

In response to Members' questions it was noted that:

- The goal was for the app to be user friendly, including instructions on using the augmented reality technology.
- Work was ongoing with schools to promote the app.
- The TV advert would also been shown in Green Dragon Square.
- Events staff were in constant contact with Public Health regarding event safety. All staff would be trained on Covid safety.

AGREED:

1. That the Commission praises Festivals and Events staff for organising this exciting Christmas programme.
2. That the Commission recommends that data and feedback from the programme be brought back to the Commission.

8. WOMEN'S PARTICIPATION IN PHYSICAL ACTIVITY AND SPORT

Councillor Clair, Deputy City Mayor for Leisure, introduced the item. It was noted that statistically, Leicester lagged behind in terms of physical activity. It was hoped that the recommendations of the Commission in this area would help improve sports options for women in the city.

Victoria Ball, Sport and Active Recreation Manager, presented the item, it was

noted that:

- The Commission would be undertaking a review of women's participation in physical activity and sports.
- Women in all age groups lagged behind in terms of participation in sports in Leicester.
- There were examples of projects and programmes from other Local Authorities in this area which could be researched.
- Campaigns from national organisations such as Sport England could also be researched.
- The review could conduct focus groups with women in the community to get a local knowledge.
- Research needed to be conducted into wider sports opportunities for women outside of Council Services.
- The review could create a framework for local partners.
- Public Health had a large amount of data in this area.
- National Sporting Bodies were also conducting initiatives in this area.
- Women were a priority in the Active Leicester strategy.

Members of the Commission made the following comments:

- Lots of women would engage with online options for physical activity such as online yoga sessions, there were many examples of community groups doing this during lockdown.
- Organisations such as dance schools offered physical activity for women are should be included in the research.
- Long established organisations in this area were having issues with volunteers getting older and not being able to recruit younger volunteers.
- The investment the Council put into cycling could be included in the research.
- Disability sports should be included in the research.
- Age and cultural differences should be considered when looking at women's choices for sports and physical activity.

AGREED:

1. That the Commission recommends that Members' comments and the presentation inform the proposed review into women's physical activity and sport as evidence.

9. DRAFT SCOPE FOR NEW REVIEW INTO 'WOMENS PARTICIPATION IN SPORTS AND PHYSICAL ACTIVITIES'

The Chair presented the scope document. Members had no comments and were happy to approve the scope. Officers noted that amendments to the scope would be made based on Members' comments on the previous item.

AGREED:

1. That the Commissions approves the scope for the task group to be carried out. The scope document will be submitted to the Overview Select Committee for endorsement.

10. WORK PROGRAMME

The Chair noted that any suggestions for future items for the Commission should be emailed to herself or the Scrutiny Policy Officer.

11. ANY OTHER URGENT BUSINESS

There being no other business, the meeting closed at 6.40pm.

Overview Select Committee

Date: 10th February 2022

Draft Revenue Budget 2022/23

Lead director: Director of Finance

DRAFT

Useful information

■ Ward(s) affected:

■ Report author: Catherine Taylor/Mark Noble

■ Author contact details: catherine.taylor@leicester.gov.uk
mark.noble@leicester.gov.uk

■ Report version number: 1

1. **Purpose**

- 1.1 The purpose of this report is to describe the City Mayor's draft budget for 2022/23, which will be considered by scrutiny committees in the new year and by the Council on the 23rd February 2022.
- 1.2 In recent years, a full draft budget report has been published in December, prior to the Council meeting. This year, due to lack of information from the government at an early enough stage, it has not been possible to produce a full report. This is therefore a shortened version, summarising the position.

2. **Summary**

- 2.1 The budget for 2022/23 has been preceded by ten years of austerity between 2010 and 2020, and a "stop-gap" budget in 2021/22 which was occasioned by the Covid pandemic.
- 2.2 Since 2010, the Council has been forced by government cuts to make substantial savings in its budgets, whilst simultaneously making more money available for social care. By 2020, the budget for services other than social care had been cut by 50% in real terms.
- 2.3 The Council's previous approach to achieving budget reductions was based on the following approach:
- (a) An in-depth review of discrete service areas (the "Spending Review Programme"); and
 - (b) Building up reserves in order to "buy time" to avoid crisis cuts and to manage the Spending Review Programme effectively. We termed this the "Managed Reserves Strategy."
- 2.4 The Spending Review approach served us well: savings of nearly £50m were made between 2014 and 2020, and left the Council with a relatively healthy level of reserves at the start of 2021 (compared to other authorities).
- 2.5 The budget for 2021/22 was set in the middle of the Covid pandemic. It was recognised that a significant programme of savings could not be delivered at that time. As a consequence:
- (a) The budget for 21/22 was balanced using reserves. It was effectively a "standstill" budget representing the underlying position before any further cuts;

- (b) We “drew a line” under the Spending Review Programme;
 - (c) It was anticipated that significant additional savings would be required beyond 2021/22, to ensure future financial sustainability.
- 2.6 The outlook for the medium term, at the time the 2021/22 budget was set, was unknown.
- 2.7 The budget outlook for 2022/23 and beyond has been established by the Comprehensive Spending Review, published on 27th October 2021. As a consequence we believe, without further action, we face an increasing and unsustainable budget gap in future years. We do not yet have the local government finance settlement, the outcome of which is more unpredictable than usual.
- 2.8 As a result of past processes and firm action taken by the Council to balance earlier budgets, our reserves remain healthier than many authorities’. This will enable us to balance the budget for 2022/23 without crisis cuts.
- 2.9 The budget for 2022/23 has therefore been constructed as follows:
 - (a) Increases to budgets have been made where absolutely essential to maintain service provision. In practice, this amounts to £22m for adult social care and special education services;
 - (b) Where departments have identified efficiency savings which can be achieved from management action, these have been built into budgets. £4m has been saved in this way.
- 2.10 In September, the Government published “Build Back Better - Our Plan for Health and Social Care” which promises reforms to social care, principally to limit the amounts users will have to pay towards their own care over their lifetimes. Funding has been announced, totalling £3.6 billion over the next three years, although we do not yet have full details and have reason to believe it will prove to be insufficient.
- 2.11 The national social care proposals explicitly do not provide any funding towards existing pressures in social care, which continue to escalate nationally. At the time of writing, the only support announced towards these costs is the ability to increase council tax by an additional 1% - this will raise just £1.3m in Leicester. Adult social care costs, conversely, are estimated to increase by £18m in 2022/23 rising to £43m by 2023/24 as a result of rising numbers of people needing care, increases in the needs of those already receiving care, and the impact of increases in the national living wage and a tight labour market.
- 2.12 The Comprehensive Spending Review provides an additional £1.4bn for local government in 2022/23, in addition to monies provided for social care reform. Our working assumption is that £9m of this will be allocated to Leicester. Whilst this is intended for all services, in practice it will do no more than make a small contribution to the growth of costs in social care. There is no further money in 2023/24 or 2024/25.

- 2.13 Unfunded social care pressures present a severe threat to the financial sustainability of the Council. The City Mayor has made this case strongly to the Government.
- 2.14 Some services continue to experience income shortfalls arising from the pandemic. The key areas are car parking and bus lane enforcement. Funding has been received from the Government to help meet these pressures in 2021/22, but none is expected in 2022/23. Departments have identified likely pressures of some £4m, and a one off sum has been set aside to meet these pressures.
- 2.15 The budget proposes a tax increase of just under 3%, which is the maximum we are allowed without a referendum.
- 2.16 The medium term outlook is attached as Appendix 3 and shows the escalating scale of the financial pressures facing the council.

3. **Budget Overview**

- 3.1 The table below summarises the proposed budget for 2022/23 (summary projections for a three-year period are included in the medium term strategy at Appendix 3):

	2022/23 £m
Service budget ceilings	323.0
Corporate Budgets	
Capital Financing	7.5
Miscellaneous Corporate Budgets	1.2
Contingency	1.0
Total forecast spending	332.7
Rates retention scheme:	
Business rates income	65.3
Top-up payment	49.8
Revenue Support Grant	38.4
Other resources:	
Council Tax	133.6
Collection Fund deficit	(2.9)
Social Care grants	13.1
New Homes Bonus	3.7
Total forecast resources	301.0

Underlying gap in resources	31.7
Proposed funding from reserves	(31.7)
Gap in resources	NIL

4. **Departmental Budget Ceilings**

- 4.1 Budget ceilings will be prepared for each service, calculated as follows:
- (a) The starting point is last year's budget, subject to any changes made since then which are permitted by the constitution (e.g. virement);
 - (b) An allowance for non-pay inflation has been added to the budgets for independent sector adult social 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) Unavoidable growth has been built into the budget, as described in the sections below. This includes provision for the increase in employers' national insurance rates which the Government has announced, to pay for social care reform;
 - (d) Where savings are achievable through management action, these have been deducted.
- 4.2 At the time of writing, the local government pay awards for 2021/22 and 2022/23 have not been finalised. A provision is held centrally to fund this (and is shown within the "service budgets" line in the table above, as it will eventually be transferred to the relevant budget ceilings). The budget assumes pay awards of 1.75% in 2021/22, in line with the offer made by local government employers; and 2.5% in 2022/23.
- 4.3 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.

Adult Social Care

- 4.4 Adult social care services nationally have been facing severe cost pressures for some years, and these are expected to continue. In our own case, we anticipate cost growth of £18m in 2022/23, accelerating in future years, as a consequence of rising numbers of older and younger adults requiring care, increases in the level of need of the average care recipient, pressure on providers due to National Living Wage increases, and difficulties in recruiting and retaining staff in the face of stiff competition from other sectors.
- 4.5 The government has generally responded to these pressures on an ad-hoc basis, making one-off resources available year by year. Over recent years, this has averaged an additional £8m per year, from a combination of one-off grant sources, and council tax increases via the "adult social care precept."
- 4.6 On 7th September, the government announced a number of reforms to the way social care will be funded, chiefly limiting the amount individuals will have to contribute to their own care. An additional 1.25% has been added to employers' (and employees') national insurance rates to provide funding for these reforms

(although the majority of the money raised will go to the NHS initially). In the recent Comprehensive Spending Review, £3.6 billion was provided for local government's costs over the years 2022-23 to 2024-25.

- 4.7 The government has also promised to compensate public bodies for the cost of national insurance increases they will incur, but it appears that this is included in the additional £1.4bn announced in the CSR.
- 4.8 It is not yet known whether the new monies will be sufficient to meet the new costs. In particular, it is assumed that the government will not compensate authorities for the cost of national insurance rises for the staff of care providers, which will inevitably be passed on to us.
- 4.9 The government has stated that funding for the cost of demographic growth will need to be covered through core funding and council tax, via a 1% adult social care precept (which will raise £1.3m). This presents a substantial challenge to the authority, and is the prime cause of the looming cuts described in the medium term outlook.
- 4.10 The proposed budget includes the following growth for adult social care:

	2022/23	2023/24
	£000	£000
Growth in cost of care packages	17,487	41,977
NI cost increases falling on care sector	500	500
Limitation of individual contributions to care costs	400	400
	<hr/>	<hr/>
	18,387	42,877
Less measures to reduce package cost increases	(1,927)	(1,927)
	<hr/>	<hr/>
Net Growth	16,460	40,950

- 4.11 Predicting future costs of care packages has been made more difficult because of the effects of the pandemic and its aftermath. In 2020/21, requests for adult social care support fell as people were reluctant to enter residential care or to invite carers into their homes. It is assumed that, in 2022/23, cost growth will return to trend:
- (a) a 3% per year increase in the number of older people, and a 5% increase in the numbers of working age people requiring support;
 - (b) An increase in the in-year average cost of existing care packages of 6% per year;
 - (c) The impact of a National Living Wage increase to £9.50, announced in the Comprehensive Spending Review. This must be paid by care sector providers, and the cost will inevitably be passed on to local authorities.

- 4.12 In addition to package growth, money needs to be provided for:
- (a) The expected amount we will need to pay to compensate care providers for their national insurance increases;
 - (b) Loss of income due to limitation of increases in the level of contribution made by individuals towards the cost of the care they receive, which will arise because of increases in the minimum income guarantee.
- 4.13 In order to reduce overall cost increases, the department is taking further measures to reduce costs. These include:
- (a) Reviewing existing packages of care;
 - (b) Exploring the use of technology prior to putting a package of care in place.
- 4.14 These measures are expected to reduce the overall level of growth by £1.9m per year.

Education and Children's Services

- 4.15 In common with authorities across the country, increased demand for children's social care services has created substantial budget pressure for many years.
- 4.16 It is difficult to make accurate forecasts about spending need in 2022/23 and beyond, due to the distorting effect of the pandemic and its aftermath. At the time of preparing the 2021/22 budget, the pandemic had made no appreciable difference to demand for social care and early help (rather unexpectedly), although the number of entrants to the service started to increase in the second half of 2020/21. This led to a cost pressure which was compounded by court delays, delaying young people who were ready to leave the service. Consequently, the population of children who are looked after on 1st April 2021 was higher than budgeted.
- 4.17 A forecast of placement costs in 2022/23 has been made, which assumes the number of entrants to the care system stabilises at 150 per year, with existing preventative therapy teams being used to their full extent. On this basis, pressures on the overall budget are estimated to be £1.3m in 2022/23. However, given the current level of uncertainty, it is proposed to fund this cost from earmarked social care reserves rather than building growth into the budget. The position will be reviewed when the situation has settled down post-pandemic.
- 4.18 Work has taken place to create a wider range of semi-independent provision than we previously had, and to enhance the foster care offer and sustain foster carer numbers. Further measures are being taken to reduce placement costs:
- (a) Regular review of long-term and high cost placements;
 - (b) Development of additional internal residential homes to mitigate against independent sector price increases;
 - (c) Development of an advanced foster carer scheme to look after children with more complex needs.

4.19 Growth for the Education and Children's Services budget is, however, proposed in respect of areas related to education services:

- (a) The need for additional resources to deal with an ever-growing number of requests for education, health and care plans (EHCPs), driven in part as a result of the pandemic, something other local authorities are also experiencing;
- (b) Deficiencies in the budget for special educational needs transport, where savings were not achieved following the abandonment of a fixed rate taxi procurement contract. A new contract is now being procured, which will be implemented from April 2022. Work is also taking place to further promote the use of personal budgets and thereby reduce the need for taxi provision.

4.20 The budget makes provision for the following additional monies:

	2022/23	2023/24
	£000	£000
SEN transport	2,948	2,948
Special Education Service staffing	562	562
Total Growth	3,510	3,510

4.21 In addition to the General Fund budget, Dedicated Schools' Grant (High Needs Block) budgets for children and young people with special educational needs and disabilities continue to be under severe pressure.

City Development and Neighbourhoods

4.22 Normally, the department's costs are reasonably predictable, when compared to social care. This year, however, forecasting is more difficult because the department's income continues to suffer from the effect of the pandemic; it is difficult to anticipate when income will return to normal levels (or if, indeed, it will do so at all for some sources). The position has, however, improved during 2021/22.

4.23 As discussed at section 8 below, the Council has made one-off monies available to deal with the pressures arising from the pandemic. Of this, approximately £4.3m will be required for income shortfalls in City Development and Neighbourhoods. The key shortfalls are:

- (a) Car parking and bus lane enforcement (the loss is estimated at £2.6m in 2022/23, and a further £1.1m in 2023/24);
- (b) £0.2m in respect of De Montfort Hall;
- (c) £0.2m in respect of rent arrears from the corporate estate;
- (d) Smaller amounts for Building Control, City Wardens, Neighbourhood Services, the King Richard III Centre and the retail market.

- 4.24 The above pressures will be dealt with from monies set aside for Covid. Otherwise, the department is expecting to manage within its resources in 2022/23, and no growth is proposed in the draft budget.
- 4.25 The department has reviewed its budget during 2021, and has identified the following efficiency savings which have been, or are being, given effect by management action:

	£000
2022/23	524
2023/24	845
2024/25	928

Health and Wellbeing

- 4.26 The Health and Wellbeing division consists of core public health services, together with sports and leisure provision.
- 4.27 The division has been at the centre of the authority's response to Covid 19, and has been supported by a number of grants provided by the Department of Health and Social Care. The chief one in 2021/22 has been the Contain Outbreak Management Fund, which has met the costs of the contact tracing team amongst other things.
- 4.28 The division, together with a number of services provided by other departments, is paid for from the public health grant. This grant is ring-fenced for defined public health purposes wherever they are provided in the Council. General Fund monies have also been spent on public health services, both before and after 2013/14 when the function transferred from the NHS.
- 4.29 The future of public health grant is unclear, although it is expected to be protected in real terms until 2024/25 (at national level). The Government's original intention was that the grant would be consolidated into the new 75% Business Rates Retention Scheme, the introduction of which continues to be deferred.
- 4.30 The department is able to live within its resources in 2022/23, and no budget growth is proposed.

Corporate Resources Department

- 4.31 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 overall savings targets. It has nonetheless achieved a balanced budget each year.
- 4.32 No growth is required for the departmental budget in 2022/23. The draft budget does, however, propose to use £0.5m of one-off monies set aside for the Covid response. This will temporarily boost our complement of legal staff who are catching up work delayed due to the pandemic. Many commercial procurements were halted due to the pandemic, resulting now in a backlog of contracts to be procured, and an increase in the need for contract variations and extensions. The

pandemic also led to a backlog in property transactions related to the Council's commercial estate.

- 4.33 The department has reviewed its budget during 2021, and has identified the following efficiency savings which have been, or are being, given effect by management action:

	£000
2022/23	1,083
2023/24	1,114
2024/25	1,169

5. **Corporately held Budgets and Provisions**

- 5.1 In addition to the services' budget ceilings, some budgets are held corporately. These are described below.
- 5.2 The budget for **capital financing** represents the cost of interest and debt repayment on past years' capital spending. These budgets are under pressure due to falling interest rates – whilst interest rates on our debt are mostly fixed, our investment income is reducing due to rates which fell during the pandemic. We were protected from these falls in 2021/22, as we lent money to other authorities for periods in excess of one year, prior to 2021. These loans are due to be (or have been) repaid, and we will be unlikely to secure the same level of interest when the funds are reinvested even if rates do start to edge up.
- 5.3 A **contingency** of £1m has been included in the budget to manage significant pressures that arise during the year.
- 5.4 **Miscellaneous central budgets** include external audit fees, pension costs of some former staff, levy payments to the Environment Agency, bank charges, general insurance costs, money set aside to assist council tax payers 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 into other statutory accounts of the Council.

6. **Resources**

- 6.1 This draft budget has been prepared on the basis of the government's Spending Review published in late October. At the time of writing, we do not know the details of the grant funding we will receive next year (this is expected in December).

Business rates and core grant funding

- 6.2 Local government retains 50% of business rates collected locally, with the balance being paid to central government. In recognition of the fact that different authorities' ability to raise rates do not correspond to needs, there are additional elements of the business rates retention scheme: a top-up to local business rates, paid to authorities with lower taxbases, and Revenue Support Grant (RSG).
- 6.3 The top-up and RSG are set by the government. Figures in the draft budget are based on the national-level information published by the government in October,

which indicated an increase in core funding in 2022/23, albeit not sufficient to reverse previous cuts or to deal with growing pressures in social care.

- 6.4 Forecasts for business rates are particularly sensitive to assumptions around the speed and extent of the economic recovery since 2020. The figures in the draft budget assume no significant growth or decline in rates from the current position, apart from inflationary increases and improving collection rates as the economy recovers.

Council tax

- 6.5 Council tax income is estimated at £133.6m in 2022/23, based on a tax increase of just below 3% (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 allowable levy has decreased since last year, despite the escalating demographic and cost pressures facing the service.
- 6.6 The estimated council tax base has increased since last year’s budget; this is largely the result of reducing costs of the local council tax support scheme, as employment and the economy recover after the pandemic.

Other grants

- 6.7 The majority of grant funding is treated as income to the relevant service departments and is not shown separately in the table at 3.1. New Homes Bonus and grants to support social care, continuing from previous years, are held corporately.
- 6.8 In recent years, the amount of social care grant has increased annually, to reflect national cost and demographic pressures. The recent Comprehensive Spending Review did not commit any additional funding to continue this support.

Managed Reserves Strategy

- 7.1 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.
- 7.2 As at April 2021, resources available for the strategy totalled £69.4m. Of this, £17m is required to balance the 2021/22 budget, leaving £52m for future years, subject to any over- or under-spends in the current year.
- 7.3 The budget will therefore leave £20m of reserves to offset pressures in 2023/24. This indicates that substantial cuts will be required to balance the budget in that year:

	£m
Available to support budget as at 1/4/2021	69.4
Used by 2021/22 budget	(17.3)
Estimated amount required for 2022/23 budget	(31.7)
Balance Remaining for 2023/24	20.4

8. **Earmarked Reserves**

- 8.1 In addition to our general reserves, the Council also holds earmarked reserves which are set aside for specific purposes. These include ringfenced 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.
- 8.2 Earmarked reserves are shown at Appendix 2 to this report.
- 8.3 The earmarked reserves also include sums set aside to support covid recovery. Together with unringfenced government grant received in 21/22, the following monies are available to support the aftermath of the pandemic:

	£m
Government emergency grant 21/22	11.5
Reserves to support revenue costs	10.9
Reserves to support capital	10.0
Total	32.4

- 8.4 The Council is seeking a further £3m from the Government to compensate loss of fees and charges income in 2021/22.
- 8.5 As reported in budget monitoring reports to OSC, these sums are being spent, but there is no indication at present that they will be insufficient. Some of the capital monies will be spent on projects in 2023/24, if Council approves the capital programme (also on your agenda).
- 8.6 The above money is additional to specific government schemes such as the Contain Outbreak Management Fund. We also have separate schemes to support residents facing hardship as a result of the pandemic – such as council tax hardship and crisis support schemes.

9. **Budget and Equalities**

- 9.1 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.
- 9.2 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.

- 9.3 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.
- 9.4 When making decisions, the Council (or decision maker, such as the City Mayor) must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact on those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.
- 9.5 The budget does not propose any service changes which will have an impact on residents. Where appropriate, an individual Equalities Impact Assessment for any service changes will be undertaken when these decisions are developed.
- 9.6 The budget does recommend a proposed council tax increase for the city's residents. The City Council's proposed tax for 2022/23 is £1,745.74, an increase of just below 3% compared to 2021/22. 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 includes the potential impacts of alternative options.
- 9.7 A number of risks to the budget are addressed within this report (section 10 below). If these risks are not mitigated effectively, there could be a disproportionate impact on people with particular protected characteristics and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with particular protected characteristics, is required.
10. **Risk Assessment and Estimates**
- 10.1 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.
- 10.2 In the current climate it is inevitable that the budget carries significant risk. In my view, although very difficult, the budget for 2022/23 is achievable subject to the risks and issues described below.
- 10.3 The most significant risks in the 2022/23 budget include:
- (a) Adult 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;
 - (c) The risk of a further wave of covid infections, potentially arising from a new variant;
 - (d) Inflation, which has been increasing, and was expected to reach 4.4% by the spring of 2022 by the Office of Budgetary Responsibility; some commentators have suggested that it could even peak later next year at

as much as 6%. This would put upwards pressure on pay and other costs, although partially offset by increased income on investments if interest rates rise correspondingly;

- (e) Economic downturn, which could result in new cuts to grant; falling business rates income; and increased cost of council tax reductions for tax-payers on low incomes. It could also lead to a growing need for council services and an increase in bad debts. This risk appears to have reduced since 2021/22 – the level of council tax support we are paying, for instance, has now fallen to pre-pandemic levels. The economy is recovering more quickly than feared, although it is still below pre-pandemic forecasts (and likely to remain so).

10.4 The budget seeks to manage these risks as follows:

- (a) A minimum balance of £15m of reserves will be maintained;
- (b) Reserves have been identified in 2021/22 to meet pandemic pressures, some of which will be available into 2022/23 as described above;
- (c) A contingency of £1m has been included in the budget for 2022/23;
- (d) As a last resort, managed reserves could be used, but this increases pressure in 2023/24.

10.5 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 2022/23, some exceptions are made, and it is believed that services will be able to manage without an allocation).

11. **Financial, Legal and Other Implications**

11.1 **Financial Implications**

This report is exclusively concerned with financial issues.

11.2 **Legal Implications**

11.2.1 The budget preparations have been in accordance with the Council's Budget and Policy Framework Procedure Rules – Council's Constitution – Part 4C. The decision with regard to the setting of the Council's budget is a function under the constitution which is the responsibility of the full Council.

11.2.2 At the budget-setting stage, Council is estimating, not determining, what will happen as a means to the end of setting the budget and therefore the council tax. Setting a budget is not the same as deciding what expenditure will be incurred. The Local Government Finance Act, 1992, requires an authority, through the full Council, to calculate the aggregate of various estimated amounts, in order to find the shortfall to which its council tax base has to be applied. The Council can allocate greater or fewer funds than are requested by the Mayor in his proposed budget.

11.2.3 As well as detailing the recommended council tax increase for 2022/23, 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.

11.2.4 Section 65 of the Local Government Finance Act, 1992, places upon local authorities a duty to consult representatives of non-domestic ratepayers before setting a budget. There are no specific statutory requirements to consult residents, although in the preparation of this budget the Council will undertake tailored consultation exercises with wider stakeholders in addition to ratepayers.

11.2.5 The discharge of the 'function' of setting a budget triggers the duty in s.149 of the Equality Act, 2010, for the Council to have "due regard" to its public sector equality duties. These are set out in paragraph 9. 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 One.

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

Provided by: Kamal Adatia, City Barrister

Catherine Taylor / Mark Noble

7th December 2021

Appendix 1

Equality Impact Assessment

1. Purpose

- 1.1 This appendix presents the equalities impact of a proposed 2.99% council tax increase. This includes a precept of 1% for Adult Social Care, as permitted by the Government without requiring a referendum.
- 1.2 The alternative option for comparison is a freeze on council tax at 2021/22 levels. It would of course be possible to set a council tax increase between these two levels, or indeed to *reduce* the Band D tax.

2. Who is affected by the proposal?

- 2.1 As at October 2021, there are 130,173 properties liable for Council Tax in the city (excluding those registered as exempt, such as student households).
- 2.2 All non-exempt 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.
- 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.

Band	No. of Properties	Weekly increase	Minimum Weekly Increase under CTSS
A-	261	£0.54	£0.11
A	77,202	£0.65	£0.13
B	26,029	£0.76	£0.15
C	14,878	£0.87	£0.26
D	6,296	£0.98	£0.37
E	3,362	£1.19	£0.59
F	1,515	£1.41	£0.80
G	595	£1.63	£1.02
H	35	£1.95	£1.35
Total	130,173		

- 3.2 In most cases, the change in council tax (around £0.76 per week for a band B property with no discounts; and just 15p 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.
- 3.3 Many households at all levels of income have seen significant income shocks due to the coronavirus pandemic and the economic downturn. More recently, some households have also seen the ending of national schemes such as the £20/week increase to Universal Credit and furlough payments. These pressures are not limited to any protected group; however, there is evidence that some types of household are more likely to be struggling with their finances. The Joseph Rowntree Foundation has identified that households are more likely to be in arrears on bills if they are younger adults; from certain ethnic minorities; or have children in the household¹. This gives an indication of the groups most likely to see an impact from a CT increase.

4. **Alternative options**

- 4.1 The realistic alternative to a 3% council tax increase would be a lower (or no) increase. A reduced tax increase would represent a permanent diminution of our income unless we hold a council tax referendum in a future year. In my view, such a referendum is unlikely to support a higher tax rise. It would also require a greater use of reserves and more cuts to services in 2023/24.
- 4.2 The budget situation is already extremely difficult, and it seems inevitable that further cuts will have severe effects on front-line services. It is not possible to say precisely where these future cuts would fall; however, certain protected groups (e.g. older people; families with children; and people with disabilities) could face disproportionate impacts from reductions to services.

5. **Mitigating actions**

- 5.1 The Council has a range of mitigating actions for residents. 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.

¹ *Dragged Down by Debt*, JRF, October 2021

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:
Age	<p>Older people (pension age and older) are least affected by a potential increase in council tax and can access more generous (up to 100%) council tax relief. However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as older people are the primary service users of Adult Social Care.</p> <p>Working age people bear the brunt of the impacts of welfare reform reductions – particularly those with children. There is some evidence that younger adults and families with children are already more likely to be under financial stress.</p>	<p>Working age households and families with children – incomes squeezed through low wages and reducing levels of benefit income.</p> <p>Younger people are more likely to have lost jobs during the pandemic and may not yet have found permanent full-time employment.</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>
Disability	<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.</p> <p>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>
Gender Reassignment	<p>No disproportionate impact is attributable specifically to this characteristic.</p>		

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Pregnancy & Maternity	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.		
Race	<p>Those with white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of social security benefits. Some ethnic minority people are also low income and on benefits.</p> <p>Nationally, one-earner couples have seen particular falls in real income and are disproportionately of Asian background – which suggests an increasing impact on this group.</p> <p>There is some evidence that minority ethnic groups have been more likely to face job losses in the pandemic.</p>	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 to remove barriers in accessing support.
Religion or Belief	No disproportionate impact is attributable specifically to this characteristic.		
Sex	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.	<p>If in receipt of Universal Credit or tax credits, a significant proportion of childcare costs are met by these sources.</p> <p>Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets.</p>
Sexual Orientation	There have been reports published which suggest LGBT people are at increased financial risk during COVID-19. There is not enough data available to evidence the disproportionate impact attributable specifically to this characteristic but we will continue to monitor this.		

Appendix 2

Earmarked Reserves

1. The table below shows the position on earmarked reserves, after the changes made in the 2020/21 outturn report:

	Balance at 1/4/2021 £000
<u>Ring-fenced Reserves</u>	
School Balances	24,108
DSG not delegated to schools	1,433
School Capital Fund	2,753
Schools Buy Back	2,429
Education & Skills Funding Agency Learning Programmes	1,112
Arts Council National Portfolio Organisation Funding	845
Business Support Grants	2,722
Covid-19 Collection Fund Compensation	25,720
Subtotal Ring-fenced Reserves	61,122
<u>Departmental Earmarked Reserves</u>	
Social Care Reserve	7,341
ICT Development Fund	8,436
City Development & Neighbourhoods	9,382
Delivery, Communications & Political Governance	3,477
Health & Wellbeing Division	4,291
Financial Services Reserve	3,052
NHS Joint Working Projects	9,420
Housing	2,358
Other Departmental Reserves	464
Subtotal Departmental Reserves	48,221
<u>Corporate Reserves</u>	
Managed Reserves Strategy	69,362
COVID Pressures	10,899
Capital Programme Reserve	97,587
Insurance Fund	10,608
BSF Financing	8,638
Welfare Reserve	6,429
Severance Fund	4,827
Service Transformation Fund	5,867
Other Corporate Reserves	4,652
Subtotal Corporate Reserves	218,869
Total Earmarked Reserves	328,212

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. The need for each reserve will be reviewed before the outturn for 2021/22 is completed, with a view to releasing more funds for the managed reserves strategy.
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.
 - **Business Support Grants:** the government provided grant funding in 2020/21 to support businesses during the pandemic. The balance of funding is required for grants to businesses in 2021/22.
 - **Covid-19 Collection Fund Compensation:** the government provided grant funding in 2020/21 to enable councils to pay additional business rate reliefs. However, due to the way local tax is accounted for, the reliefs do not affect the general fund until 2021/22. This reserve is essentially an accounting reserve which will be fully used in 2021/22.
4. Departmental reserves include amounts held by service departments to fund specific projects or identified service pressures. Significant amounts include:-
 - **Social Care Reserve:** to assist in the management of budget pressures in adults' and children's social care. The available balance takes account of £10m committed to offset ASC pressures in the 2022/23 budget, as per the 2020/21 outturn report.
 - **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 to support the delivering new ways of working programme.
 - **City Development and Neighbourhoods:** to meet known additional pressures, including one off costs associated with highways functions and the cost of projects that have carried forward into 2021/22.
 - **Health & Wellbeing:** to support service pressures, channel shift and transitional costs.
 - **Delivery, Communications & Political Governance:** this is principally for elections and other projects within the department.
 - **Financial Services:** for expenditure on improving the Council's main financial systems; spikes in benefit processing and overpayment

recovery; and to mitigate budget pressures including reducing grant income to the Revenues & Benefits service.

- **NHS joint working projects:** for joint projects with the NHS.
- **Housing:** to meet spikes in temporary accommodation costs, hold grant funding for homelessness projects, and government funding to support recent arrivals to the city.

5. Corporate reserves include:-

- **Managed Reserves Strategy:** a key element to delivering this budget strategy, and discussed further in section 7 of the main report. The available amount takes account of transfers from the social care reserve, and to support COVID pressures, as set out in the 2020/21 outturn report;
- **COVID-19 pressures:** set aside to support services facing COVID-related pressures or income shortfalls that continue into 2021/22;
- **Capital Programme Reserve:** to support approved spending on the Council's capital programme;
- **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; to mitigate longer-term impacts of Covid-19; and to support the anti-poverty strategy;
- **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, including the New Ways of Working programme;
- **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.

Appendix 3

Medium Term Financial Outlook 2022/23 – 2024/25

1. The purpose of this medium term financial outlook is to provide members with details of the forecast financial position of the Council for the next 3 years, and to set the context within which the budget process will need to work to achieve a balanced position. The figures are indicative and volatile, especially 2024/25.
2. Our central forecasts for the period up to 2024/25 are set out in the table at paragraph 5, and show that:
 - **Expenditure pressures are increasing at a faster rate than income.** Over the period we expect expenditure to increase by nearly 30% (in cash terms) while income projections rise by only 10% assuming there is no change in Government policy.
 - **The biggest factor in these increases is the rising cost of adult social care, as illustrated in the chart below.** These increases have been seen nationally for several years now, and now present a substantial challenge to the authority's future sustainability. These pressures arise from factors largely outside the authority's control (e.g. increases in the minimum wage and demographic pressures). The rate of growth is now accelerating.



NB scale does not start at zero

- **We have already invested significant amounts in social care.** Since 2016 we have seen the cost of adults' social care packages increase by £44m, or 60%, due to a combination of increasing need and higher wage costs. Over the same period we have invested over £20m in children's social care.
 - **Other budget areas have already seen significant cuts in the last decade.** Expenditure on services other than adults and children's social care has fallen from £192m in 2010 to £106m in 2020. Our ability to find further savings from within these services is now severely limited.
3. The 2021/22 budget was balanced by using £17m of reserves. On current projections, sufficient reserves remain to balance the 2022/23 budget and provide some support to the 2023/24 budget. After this, ongoing savings will need to be found to ensure the longer-term financial stability of the Council.
 4. Our approach is to tackle the position for 2023/24 by means of the Fundamental Budget Review, which is aiming to achieve savings of £40m. The need to achieve further savings for 24/25 will be reviewed during the course of the year when we have more clarity about Government funding and the impact of social care reforms. The level of savings currently projected by 2024/25 would appear to be unachievable without change in Government policy.
 5. A summary of the central budget projections for the next three years is set out below:

	2022/23 £m	2023/24 £m	2024/25 £m
Net service budget (including inflation)	323.0	354.2	381.3
Corporate and other centrally held budgets	8.7	9.6	10.4
Contingency	1.0		
Planning provision		3.0	6.0
Expenditure total	332.7	366.8	397.7
Business rates income	65.3	67.3	69.1
Top-up payment	49.8	51.3	52.6
Revenue Support Grant	38.4	39.3	40.1
Council Tax	133.6	138.8	143.9
Collection Fund deficit	(2.9)	(2.4)	
Social Care grants	13.1	13.1	13.1
New Homes Bonus	3.7	2.7	1.7
Income Total	301.0	310.2	320.5
Indicative Budget gap	31.7	56.6	77.2

5. Key assumptions and risks in the forecast are set out below:

	Assumptions	Risks
Expenditure		
Pay costs	<p>We assume the 1.75% pay offer for 2021/22 is implemented. The projections include 2.5% per year from 2022/23 to 2023/24.</p> <p>A provision is included for the 1.25% increase in National Insurance for 2022/23, as announced in September 2021.</p> <p>No provision is included for increasing employers' pension contributions (in recent years, increases have been absorbed by departmental budgets)</p>	Inflation has been rising in recent months, reaching 4.2% (CPI) in October 2021. If it remains high, there will be additional pressures on pay awards and non-pay inflation.
Non-pay inflation	In line with the policy in past years, departments are expected to absorb the costs of non-pay inflation in most cases. The exceptions are independent sector care package costs, fostering allowances and the waste management contract; an allowance is built in for these increases.	
Adult social care costs	<p>Demographic pressures lead to 3% per year increase in service users aged 65+, and 5% for working age.</p> <p>National Living Wage increases at 6.6% per year (4% in 2024/25).</p> <p>Need – average 6% per year in-year increase in package costs</p>	
Other service cost pressures	Departments are expected to find savings to manage cost pressures within their own areas. From 2023/24 onwards, a £3m per year planning provision has been included to meet unavoidable costs that cannot be managed within departments.	Costs relating to children who are looked after have been increasing nationally, and are a particular risk for future years.
Income		
Council Tax	<p>Band D Council Tax will increase by 2.99% per year (2% base increase plus 1% for the Adult Social Care precept).</p> <p>Council tax baseline increases by 500 Band D properties per year, in line with historic growth levels.</p>	Further economic downturn leading to increased costs of council tax support to residents on a low income.
Business rates	<p>The multiplier freeze for 2022/23, and new reliefs announced in October 2021, are fully funded.</p> <p>No significant movements in the underlying baseline for business rates</p>	<p>Business rates are particularly sensitive to economic conditions.</p> <p>Government changes to business rates (e.g. new reliefs) will affect our retained income. To date, these have been met by additional government grant</p>

Government grant	<p>Government-controlled elements of the rates retention scheme (RSG and top-up) increase in line with CPI inflation: 3.1% for 2022/23 and 2% thereafter.</p> <p>In 2022/23, RSG will increase by an estimated £9m, which is our share of the £1.4bn growth announced in the Comprehensive Spending Review. This includes funding to meet the cost of National Insurance increases.</p> <p>There is no net impact from Fair Funding reforms; the 2023 rates revaluation; or any move towards 75% local rates retention.</p> <p>We assume grant support towards Adult Social Care continues at 2021/22 cash levels, but no additional funding is available.</p>	<p>We do not yet have the details of local government funding for 2022/23 and subsequent years – these are expected in December.</p> <p>The impact and timing of Fair Funding reforms remains a significant unknown.</p>
COVID-19 impacts	<p>The forecasts assume no long-term impact of the pandemic on service costs or income.</p> <p>To the extent that there are effects persisting into 2022/23, it is assumed that these can be met from one-off resources.</p>	

Capital Programme 2022/23

Decision to be taken by: Council

Date of meeting: 23rd February 2022

Lead director: Colin Sharpe, Deputy Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Ben Matthews
- Author contact details: ben.matthews@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 2022/23.
- 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 and 2021/22 we set a one year programme due to uncertainty over future resources. There continued to be uncertainty during the period in which we prepared this programme, and we did not know what grant to expect, either in 22/23 or beyond. The COVID-19 pandemic also added uncertainty, creating significant slippage on our recent programmes. We are therefore presenting another one year programme. Schemes already approved and in the current programme for 2021/22 will continue to form part of the programme.
- 1.4 The proposed schemes set out in this report for the "General Fund" element of the capital programme will cost £56m. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £117m, £100m of which relates to the affordable homes programme.
- 1.5 The table below summarises the proposed spending for capital schemes starting in 2022/23, as described in this report:-

	<u>£m</u>
<u>Proposed Programme</u>	
<u>Immediate Starts:</u>	
Estates and Building Services	6.1
Housing General Fund	5.4
Neighbourhood and Environmental Services	0.8
Planning, Development and Transportation	11.3
Tourism, Culture and Inward Investment	1.2
Social Care and Education – Children's Services	8.4
Policy Provisions	22.5
Total New Schemes	55.7

Funding

Monies ringfenced to Schemes	12.6
Unringfenced Resources	43.1
Total Resources	55.7

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

	<u>£m</u>
General Fund	55.7
Housing Revenue Account	117.5
Total	173.2

- 1.7 In addition to the above, the current programme is still being delivered and therefore a number of significant schemes will continue to spend in future years.
- 1.8 The Council's total capital expenditure now forecast for 2022/23 and beyond is expected to be around £300m, including the HRA.
- 1.9 The Council continues to bid for significant sums from government initiatives and has been extremely successful at the end of 2020/21 and during 2021/22. Examples include:
- Receiving £24m in Government Grant for the funding of energy efficiency technology on the Council's estate.
 - Being successful in "levelling up" grant bids towards Pioneer Park, Pilot House and the Railway Station, that will bring a total investment on these schemes of £59m.
 - Awarded £19m in Government Grant towards the purchase of 96 electric buses and their associated charging infrastructure, with there also being substantial operator contributions to the scheme.
- 1.10 The capital programme is split into two parts:-
- (a) Schemes which are "**immediate starts**", being schemes which directors have authority to commence once the council has approved the programme. These are fully described in this report;
 - (b) Schemes which are "**policy provisions**", where the purpose of the funding is described but money will not be released until specific spending proposals have been approved by the Executive.

1.11 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 Six, subject to any amendments proposed by the City Mayor;
- (b) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- (c) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;
- (d) For the purposes of finance procedure rules:
 - Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes (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 scheme, 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 schemes (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 schemes, if permissible, to ensure the programme as a whole can be delivered; and
 - Note that City Council contributions to schemes will follow the normal rules described above (i.e. nothing in this paragraph 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 7.

3. Proposed Programme

Key Policy Issues

- 3.1 In preparing the 2022/23 capital programme, similar to previous years the key focus is to deliver strategic objectives and meet (as far as possible) a level of need which considerably exceeds the level of resources the Council has available.
- 3.2 The resulting capital programme is primarily focussed around some key pledges of the Council. The key pledges are:
- A fair city
 - Connecting Leicester
 - Homes for all
 - Lifelong learning
 - A city to enjoy
- 3.3 The capital programme for 2022/23 is a one year programme for the reasons stated above. Nonetheless, it complements the existing programme and explicitly aims to support the City Mayor's delivery plan.
- 3.4 When the outturn for 2020/21 was approved, sums were set aside to assist with the aftermath of the pandemic. This included £20m set aside for potential match funding for "levelling up" schemes and a further £10m for schemes supporting recovery. In the event, our levelling up grant application to the Government was wholly successful, but will only require half of the £20m set aside. The remainder is available to support the capital programme. Some of the recovery monies are being utilised for schemes in this programme, such as assisting retail and to support New Ways of Working within the Council. This is further detailed in the financial implications to this report.
- 3.5 It is important to note that the council's commitment to tackling the climate emergency is most obviously but not exclusively addressed within the Connecting Leicester and the Transport Improvement Works Programmes.
- 3.6 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.
- 3.7 Similarly, our commitment to invest in the whole city cuts right across our capital programme. The housing, children's 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

- 3.8 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.
- 3.9 Appendix One presents the unringfenced resources available to fund the proposed programme, which total some £43m. The key funding sources are detailed below.
- (a) £5.8m of general capital receipts and £0.7m of Right to Buy Receipts;
 - (b) £13.6m of unringfenced grant funding;
 - (c) £10.4m of Earmarked Reserves set aside to support schemes in the Levelling Up programme, which are surplus to requirement, as a result of being successful in the bid for government grant.
 - (d) £12.5m of monies we already have, primarily from savings achieved in previous programmes. This figure is net of £0.94m which will be used to support phase 2 of the Leisure Centre Capital Programme in line with a decision on 27th October 2021.
- 3.10 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 are under severe pressure. £5.8m of general capital receipts are available for 2022/23 based on receipts received or due at the time of writing. Subsequent receipts will be available to fund the 2023/24 programme.
- 3.11 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.
- 3.12 For some schemes the amount of unringfenced resources required is less than the gross cost of the scheme. This is because resources are ringfenced directly to individual schemes. Ringfenced resources are shown throughout Appendix Two and include the following:
- (a) Other grants and match funding, such as government grant and contributions made to support the delivery of specific schemes;

- (b) Borrowing. Because borrowing has an impact on the revenue budget, it is only used for reasons detailed in capital strategy at Appendix 7 of this report;
- (c) Earmarked reserves, such as the Covid Recovery Reserve and the Transformation Fund

- 3.13 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.
- 3.14 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

- 3.15 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. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods. The exceptions are the children's homes refurbishments and the Children's Capital Improvement Programme which are the responsibility of the Strategic Director of Social Care and Education.
- 3.16 £6.1m is provided for Estates and Building Services. This area is focussed on the Council's corporate estate.
- (a) £252,000 is provided to replace the Air Handling Units at the **African Caribbean Centre Ventilation**. The new system will be more efficient, cost effective and would provide suitable ventilation throughout the building.
 - (b) £680,000 is provided to support the **Changing Places – Disabled Toilet Facilities** scheme. The Council is contributing £200,000 as match funding and is expecting to receive £480,000 in government grant. The project focusses on provision of larger accessible toilets for severely disabled individuals, with equipment such as hoists, privacy screens, adult-sized changing benches, peninsula toilets and space for carers.

- (c) £1m is provided for the **Malcolm Arcade Refurbishment** to create a lighter more vibrant atmosphere with the intention to entice new businesses and customers. Refurbishment works will include a roof replacement, which will help to reduce maintenance costs and ensure the building is watertight. Other works will be updates to the floors, walls, staircase, lighting, doors and windows.
- (d) £400,000 is provided for **Feasibility Studies**. This will enable studies to be done, typically for potential developments not included elsewhere in the programme or which might attract grant support, without requiring further decisions.
- (e) £3.8m has been provided to support the annual **Operational Estate Capital Maintenance Programme**. This will support works to the properties the Council uses. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 4, but may vary to meet emerging operational requirements.

3.17 £5.4m is provided for the Housing General Fund.

- (a) £100,000 is provided in 2022/23 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.
- (b) £1.9m has been provided for **Disabled Facilities Grants** to private sector householders. 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.
- (c) £3.4m 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.
- (d) £50,000 continues to be made available to top up **the Long Term Empty Home Acquisitions** pot in 2022/23. 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.

3.18 £0.8m is provided for Neighbourhoods and Environmental Services.

- (a) £592,000 is provided for the **Library Self-Access Rollout** scheme encompassing nine Leicester libraries, to enable customers to access library facilities outside of staffed hours. The rollout follows on from the pilot project implemented during 2021/22 at two libraries. The scheme is being funded by the transformation fund earmarked reserve.
- (b) £200,000 is provided for **Grounds Maintenance Equipment** to replace ageing machinery with up to date, energy efficient models to provide continued maintenance of our parks and open spaces. The replacement of this equipment is met from borrowing, and a revenue budget exists for this purpose.

3.19 £11.3m is provided for Planning, Development and Transportation.

- (a) £4m is provided for the **Connecting Leicester** scheme to support the continuation and expansion of the City Mayor's programme to enhance the city centre and local centres through improvements to public realm and accessibility by modes other than use of private cars. A work programme will be determined in due course and the priority areas are as follows: St Martin's; Queens Road; Granby Street; Braunstone Gate.
- (b) £100,000 has been provided for the **Front Walls Enveloping Scheme** and 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.
- (c) £250,000 is included as part of the continued rolling programme to replace **Festive Decorations**. This is a higher than usual amount in order to make a step improvement in displays, which will assist economic recovery. It will be funded from the covid recovery reserve.
- (d) £300,000 is provided to continue the **Flood Risk Prevention** scheme into 2022/23. 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.
- (e) £400,000 has been provided for **Local Environmental Works** in wards. This scheme will focus on local neighbourhood issues including residential parking, local safety concerns, pedestrian

routes, cycle ways and community lighting to be delivered after consultation with ward members.

- (f) £1.6m is provided for **Strategic Sites Development** to continue with the Council's ongoing development programme and commitment to creating more homes. The sites included are Ashton Green, Western Park Golf Course and Land at Beaumont Park. This programme will enable the continuation of strategic plans for development of key sites for future homes to be built. This programme will initially be funded from prudential borrowing and repaid with future capital receipts that it generates.
- (g) £2.2m 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 5. £50,000 has also been included to continue the successful street branding programme.
- (h) £2.6m is provided in 2022/23 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
 - 20mph schemes in Neighbourhoods
 - Delivery of the Local Transport Plan

3.20 £1.2m is provided for Tourism, Culture and Inward Investment.

- (a) £300,000 is provided for the **Ugandan Asians – 50 Year Anniversary Commemoration** for commemorative works (to be determined after consultation with the local community) to celebrate the contributions of Ugandan Indians who first arrived in the UK 50 years ago.
- (b) £850,000 is provided for **Retail and Shop Front Improvements**. The funds will enable the continuation of the retail area improvement scheme. The scheme will continue with the provision of grants such as shop front grants to business to support business growth and café seating grants to increase footfall in the city Centre and neighbourhoods. Furthermore, improvements will also entail enhancing retail areas through new paving, bollards, landscaping, roofing, and shop fronts. It will be funded from the covid recovery reserve.

3.21 £8.4m is provided for Social Care and Education, Children's Services.

- (a) £850,000 is provided for **Children's Homes Refurbishments** at the following Children's Homes: Barnes Heath House, Dunblane Avenue and Wigston Lane. Works will include a ground floor extension at Barnes Heath House, the refurbishment of kitchens and bathrooms and increasing storage space.
- (b) £7.5m has been provided to continue with the **Children's Capital Improvements Programme** within our schools. The programme will include routine maintenance in our schools and spending is prioritised to reflect asset condition and risk. This will be a 2 year programme to allow for better forward planning. The proposed programme is shown at Appendix 6: detailed schemes will be developed following consultation with schools.

Proposed Programme – Policy Provisions

3.22 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.

3.23 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.

3.24 Seven policy provisions have been identified as part of this programme:

- (a) £0.6m for **investment in multi-use games areas (MUGAs)** over the next two years to improve outdoor game areas and ballcourts, many of which have fallen into disrepair. An inventory of existing provision will be made together with its condition and a priority list of works will be drawn up. This may include new provision where there is a deficiency. Sponsorship will also be sought. If the scheme is successful, it is hoped to provide a sum of around £0.3m per year in future years.
- (b) £2.2m is set aside for the **Education System Re-tender**. The Council is preparing to retender its core education IT system, and the money may be required to cover system implementation costs if a new system supplier is selected.

- (c) £1.8m will be available to support potential **Strategic Property**

Acquisitions of land and buildings within the City. Such acquisitions are likely to support economic regeneration or enhance the performance of the corporate estate.

- (d) £3m is set aside to support **New Ways of Working** as a result of the pandemic. Potential schemes could involve re-purposing buildings for more agile working and proposals will be brought for consideration once they have been determined.
- (e) 3.7m is set aside to support further improvements at **Leicester Museum and Art Gallery** with the aim of improving the overall visitor experience through development of facilities, improved visitor flow by opening new routes and the potential to increase gallery space.
- (f) A **Programme Contingency** of £3.8m has been set aside for cost pressures arising from construction inflation, or (if not needed for this purpose) for any emerging capital needs such as potential match funding for any new government programmes.
- (g) £7.3m has been set aside for **Phase 3 of the Outdoor Market Programme** of improvements to the outdoor market and surrounding public realm. A further detailed report will be prepared on the expected scope of works and detailed costing.

Capital Strategy

- 3.25 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.
- 3.26 The proposed capital strategy is set out at Appendix 7.

Consultation

- 3.27 This report will be subject to consultation with stakeholders along with the revenue budget. Comments received will be reflected in the final report to Council.

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

4.1 Financial implications

- 4.1.1 This report is exclusively concerned with financial matters.
- 4.1.2 There is some proposed prudential borrowing in the programme for replacement of vehicles of £3.4m and replacement grounds maintenance machinery for £0.2m. 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).

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

4.1.4 At the end of 2020/21, the Council set aside £10m to support capital expenditure which facilitated covid recovery, such as rejuvenating the local economy. This programme commits £4.4m, as shown in the table below:

	<u>£000</u>
African Caribbean Centre - Ventilation	252
Festive Decorations – Enhanced Programme	250
Retail and Shop Front Improvements	850
New Ways of Working	3,000
Total Covid Recovery Funds	<u>4,352</u>

(Other sums are being committed during 2021/22).

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. In accordance with the constitution, the capital programme is a matter that requires approval of full Council. The subsequent letting of contracts, acquisition and/or disposal of land etc all remain matters that are executive functions and therefore there will be the need to ensure such next steps have the correct authority in place prior to proceeding. There will be procurement and legal implications in respect of individual schemes and client officers should take early legal advice.

Emma Jackman, Head of Law (Commercial, Property & Planning)

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 they 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. All schemes should consider the PSED and conducting Equality Impact Assessments where relevant in order to inform the process.

Kalvaran Sandhu, Equalities Manager

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 28,085tCO₂e from its buildings and schools in 2020/21, and has a high level of influence in the rest of 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. The report notes the importance of tackling the climate emergency through the capital programme, with many of the projects outlined playing 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 and environmental 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 1 – Corporate & Unringfenced Capital Resources.

Appendix 2a – Immediate Starts – Estates and Building Services

Appendix 2b – Immediate Starts – Housing General Fund

Appendix 2c – Immediate Starts – Neighbourhood and Environmental Services

Appendix 2d – Immediate Starts – Planning, Development and Transportation

Appendix 2e – Immediate Starts – Tourism, Culture and Inward Investment

Appendix 2f – Immediate Starts – Social Care and Education – Children's Services

Appendix 3 – Policy Provisions.

Appendix 4 – Operational Estate Maintenance Capital Programme

Appendix 5 – Highways Maintenance Capital Programme

Appendix 6 – Children's Capital Improvement Programme

Appendix 7 – Capital Strategy 2022/23.

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)? No

8. Is this a “key decision”? If so, why? No – it is a proposal to the Council.

Report Author: Ben Matthews

Date:

DRAFT

Appendix One

Capital Resources

	22/23 {£000}	23/24 {£000}	Total {£000}
<u>Resources Brought Forward</u>			
Previous years' savings	12,534		12,534
Levelling Up reserve	10,400		10,400
Total One Off Resources	22,934		22,934
<u>Capital Receipts</u>			
General Capital Receipts	5,819		5,819
Council Housing - Right to Buy Receipts	700		700
Total Receipts	6,519	0	6,519
<u>Unringfenced Capital Grant</u>			
School Places - Basic Need Grant	1,563		1,563
Education maintenance	4,500	3,000	7,500
Integrated Transport	2,576		2,576
Transport maintenance	2,000		2,000
Total Unringfenced Grant	10,639	3,000	13,639
TOTAL UNRINGFENCED RESOURCES	40,092	3,000	43,092
Ringfenced resources	12,588		12,588
TOTAL CAPITAL RESOURCES	52,680	3,000	55,680

Immediate Starts – Estates and Building Services

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Estates and Building Services</u>					
African Caribbean Centre - Ventilation	CDN (EBS)	PJ	-	252	252
Changing Places – Disabled Toilet facilities	CDN (EBS)	PJ	200	480	680
Malcolm Arcade Refurbishment	CDN (EBS)	PJ	1,000	-	1,000
Feasibility Studies	CDN (EBS)	WP	400	-	400
Operational Estate Maintenance	CDN (EBS)	WP	3,822	-	3,822
TOTAL			5,422	732	6,154

Key to Scheme Types : PJ = Project ; WP = Work Programme

Summary of Ringfenced Funding

	{£000}
COVID Recovery Fund Reserve	252
Changing Places Toilets (CPT) Fund	480
TOTAL RINGENCED FUNDING	732

Immediate Starts – Housing General Fund

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Housing General Fund</u>					
Empty Homes Acquisition Programme	CDN (HGF)	PV	50		50
Repayable Home Repair Loans	CDN (HGF)	WP	100	-	100
Disabled Facilities Grant	CDN (HGF)	WP	-	1,861	1,861
Fleet Replacement Programme	CDN (HGF)	WP	-	3,396	3,396
TOTAL			150	5,257	5,407

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

Summary of Ringfenced Funding

	{£000}
Disabled Facilities Grant	1,861
Prudential Borrowing	3,396
TOTAL RINGENCED FUNDING	5,257

Immediate Starts – Neighbourhood and Environmental Services

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Neighbourhood and Environmental Services</u>					
Library Self-Access Rollout	CDN (NES)	PJ	-	592	592
Grounds Maintenance Equipment	CDN (NES)	WP	-	200	200
TOTAL			0	792	792

Key to Scheme Types : PJ = Project ; WP = Work Programme ;

Summary of Ringfenced Funding

	{£000}
Transformation Fund (Earmarked Reserve)	592
Prudential Borrowing	200
TOTAL RINGENCED FUNDING	792

Immediate Starts – Planning, Development and Transportation

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Planning, Development and Transportation</u>					
Connecting Leicester Programme	CDN (PDT)	PJ	4,000	-	4,000
Front Walls Enveloping Scheme	CDN (PDT)	WP	100	-	100
Festive Decorations – Enhanced Programme	CDN (PDT)	WP	-	250	250
Flood Risk Prevention	CDN (PDT)	WP	300	-	300
Local Environmental Works	CDN (PDT)	WP	400	-	400
Strategic Sites development	CDN (PDT)	WP	-	1,557	1,557
Highway Capital Maintenance	CDN (PDT)	WP	2,152	-	2,152
Transport Improvement Works	CDN (PDT)	WP	2,556	-	2,556
TOTAL			9,508	1,807	11,315

Key to Scheme Types : PJ = Project ; WP = Work Programme ;

Summary of Ringfenced Funding

	{£000}
COVID Recovery Fund (Earmarked Reserve)	250
Future Earmarked Capital Receipts	1,557
TOTAL RINGENCED FUNDING	1,807

Immediate Starts – Tourism, Culture and Inward Investment

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Tourism, Culture and Inward Investment</u>					
Ugandan Asians – 50 Year Anniversary Commemoration	CDN (TCI)	PJ	150	150	300
Retail and Shop Front Improvements	CDN (TCI)	WP	-	850	850
TOTAL			150	1,000	1,150

Key to Scheme Types : PJ = Project ; WP = Work Programme ;

Summary of Ringfenced Funding

	{£000}
Other Contributions	150
COVID Recovery Fund (Earmarked Reserve)	850
TOTAL RINGENCED FUNDING	1,000

Immediate Starts – Social Care and Education – Children’s Services

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Social Care and Education – Children’s Services</u>					
Children's Homes Refurbishments	SCE (ECS)	PJ	850	-	850
Children's Capital Improvement Programme	SCE (ECS)	WP	7,508	-	7,508
TOTAL			8,358	0	8,358

Key to Scheme Types : PJ = Project ; WP = Work Programme ;

Appendix 3

Policy Provisions

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Policy Provisions</u>					
Investment in multi-use game areas (MUGAs)	CDN (NES)		600	-	600
Education System Re-tender	SCE (ECS)		2,200	-	2,200
Strategic Property Acquisitions	CDN (PDT)		1,840	-	1,840
New Ways of Working	CDN (CRS)		-	3,000	3,000
Leicester Museum and Art Gallery (LMAAG)	CDN (TCI)		3,738	-	3,738
Programme Contingency	All Divisions		3,826	-	3,826
Outdoor Market phase 3	CDN (TCI)		7,300	-	7,300
TOTAL			19,504	3,000	22,504
GRAND TOTAL – ALL SCHEMES			43,092	12,588	55,680

Summary of Ringfenced Funding

	{£000}
COVID Recovery Fund (Earmarked Reserve)	3,000
TOTAL RINGENCED FUNDING	3,000

Appendix 4**Operational Estate Maintenance Capital Programme**

Description	Amount £000's
Building Works - Essential maintenance at the Council's operational and investment buildings and parks. Works include replacing life expired pool liner with tiles, changing room refurbishments, maintenance work at the Haymarket Centre, and stabilisation and repair works required at the Council's parks.	2,177
Compliance Works - Generally consisting of surveys to gain condition data across the estate and works arising from the legionella risk assessments.	70
Electrical Works - Replacement fuse boards, fire alarms and mains distribution panels.	155
Heritage Works - Full condition survey and repairs at Glenfield Tunnel	60
Mechanical Works - Replacement anti flood valve and ventilation works required at the Council's leisure centres.	70
Security Works - Alarm system replacements and provision for other security works.	410
Sustainability Works - Energy monitoring systems across the Council's estate	120
Town Hall - external works (including repairing balcony) and interior works (including balustrade reseating)	400
Emergency Provision – Provision for emergency reactive works that could be required across the Council's estate	360
TOTAL	3,822

Proposed Highways Maintenance Capital Programme

Description	Amount £000's
Major Public Realm & Transport Improvement Schemes - Public realm and transport maintenance works associated with transforming cities and active travel fund	100
Principal Roads – Uppingham Road, Thurmaston Lane/Victoria Road East Roundabout	450
Classified Non-Principal Roads – Saffron Lane continuation (The Fairway to Pork Pie Roundabout), Barkby Road, Swain Street	630
Unclassified Neighbourhood Roads – Scraptoft Lane (Bowhill Grove to Thurncourt Road)	200
LEAN Carriageway & Pothole Repairs – Target large carriageway pothole repairs to provide longer term repairs in readiness for surface dressing.	130
Footway Relays and Reconstructions – Focus on local neighbourhood priorities; Narborough Road continuation and Melton Road Cycleway.	215
Strategic Bridge Deck Maintenance & Replacement Works Friday Street bridge	135
Bridge Improvement & Maintenance Works – Parapet replacements, structural maintenance works and technical assessment review project.	200
Traffic Signal Installations Renewals and Lighting Column Replacements – Signalling Upgrades, Lamp Column Replacements, Illuminated Bollards and Sign Replacements.	240
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
TOTAL *	2,600

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

Children's Capital Improvement Programme

Description	Amount £000's
Building Works - Typical works include roof replacements, sports hall floor replacements and window replacements.	3,823
Compliance Works - This work stream will mainly be used to ensure the playing fields and pavilions used by schools are fully compliant with current regulations and to conduct health and safety works.	70
Mechanical Works - schemes being undertaken within the programme typically consist of re-piping heating systems and end of life ventilation replacements	685
Safeguarding Works - building works to ensure sites are secure.	750
Fire Risk Reduction Works - this is to continue with priority works identified within the fire risk assessments for schools.	780
Legionella Risk Reduction Works - Schemes typically include removal of cold water storage tanks to reduce the risk of legionella and other works that arise from the risk assessments carried out.	140
Asbestos Risk Reduction Works - Schemes consist of asbestos removal identified within the management surveys.	240
Sustainability Works - Replacement of the system that monitors energy usage, to allow for carbon reduction.	120
Individual Access Needs Works - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	420
Emergency Provision - This is provision within the programme to allow for emergency unforeseen works to be carried out.	480
TOTAL	7,508

Capital Strategy 2022/23

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 primarily for yield and outside the vicinity of the Council concerned (something the 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.

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 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 has never applied for directions to capitalise revenue expenditure.
- 2.7 The table below forecasts the past and forecast capital expenditure for the current year and 2022/23. It therefore, includes latest estimates of expenditure from the 2021/22 programme that will be rolled forward.

Department / Division	2021/22 Estimate £m	2022/23 & Beyond Estimate £m
All Departments (Programme Contingency)	0	3.8
Corporate Resources	0.1	3.1
Smart Cities	0.2	-
Planning, Development & Transportation	45.9	72.5
Tourism, Culture & Inward Investment	11.1	33.3
Neighbourhood & Environmental Services	2.5	4.3
Estates & Building Services	35.7	8.2
Adult Social Care	1.3	8.0
Children's Services	13.9	33.4
Public Health	1.0	0.1
Housing General Fund	4.9	9.5
Total General Fund	116.6	176.2
Housing Revenue Account	103.1	125.1
Total	219.7	301.3

- 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 scheme is approved 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:-

Component for Replacement	Leicester's Replacement Condition Criteria	Decent Homes Standard: Maximum Age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 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	20 - 30 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:-

	2021/22 Estimate £m	2022/23	2023/24	2024/25
HRA	269	283	295	308
General Fund	272	270	258	252

(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 he/she believes the standard charge to be insufficient, or in order to reduce the future debt burden to the authority.
- 4.11 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.
- 4.12 The ratio of financing costs to net revenue budget is estimated to be:-

	2021/22	2022/23	2023/24
	%	%	%
General Fund	2.2	2.4	2.4
HRA	11.3	11.4	11.8

5. **Commercial Activity**

- 5.1 The Council has for many decades held commercial property through the corporate estate. 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.

Leicester Museums & Galleries

Development Update

Contents

- Leicester Museum and Art Gallery (LMAG)
- Abbey Pumping Station
- KRIII Visitor Centre
- Jewry Wall
- Fund-raising
 - New Development Trust
 - External Funders

Leicester Museum & Art Gallery

- Leicester Stories Gallery – new gallery opens Spring 2022
- Staff welfare / office space – relocated to facilitate gallery
- Dinosaur interactives - to be launched early 2022
- Arts Council MEND Museum Estate and Development Fund bid £766k submitted. Decision pending. For essential maintenance to museum building



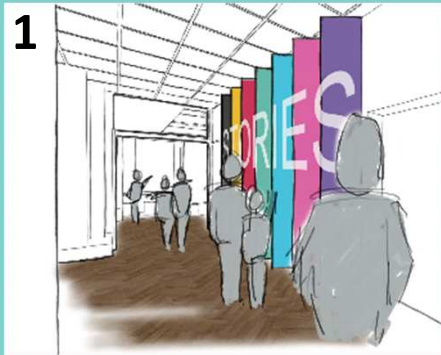
Leicester Stories Gallery

- New 183sqm Gallery
- Cost £350k
- Telling the Stories of Leicester's people
- Includes Community Exhibition area
- Opens Spring 2022



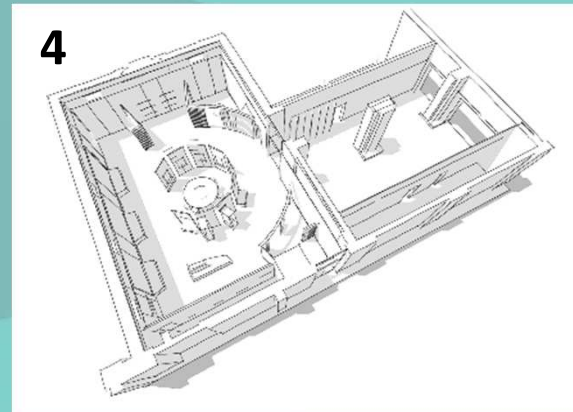
Leicester
City Council

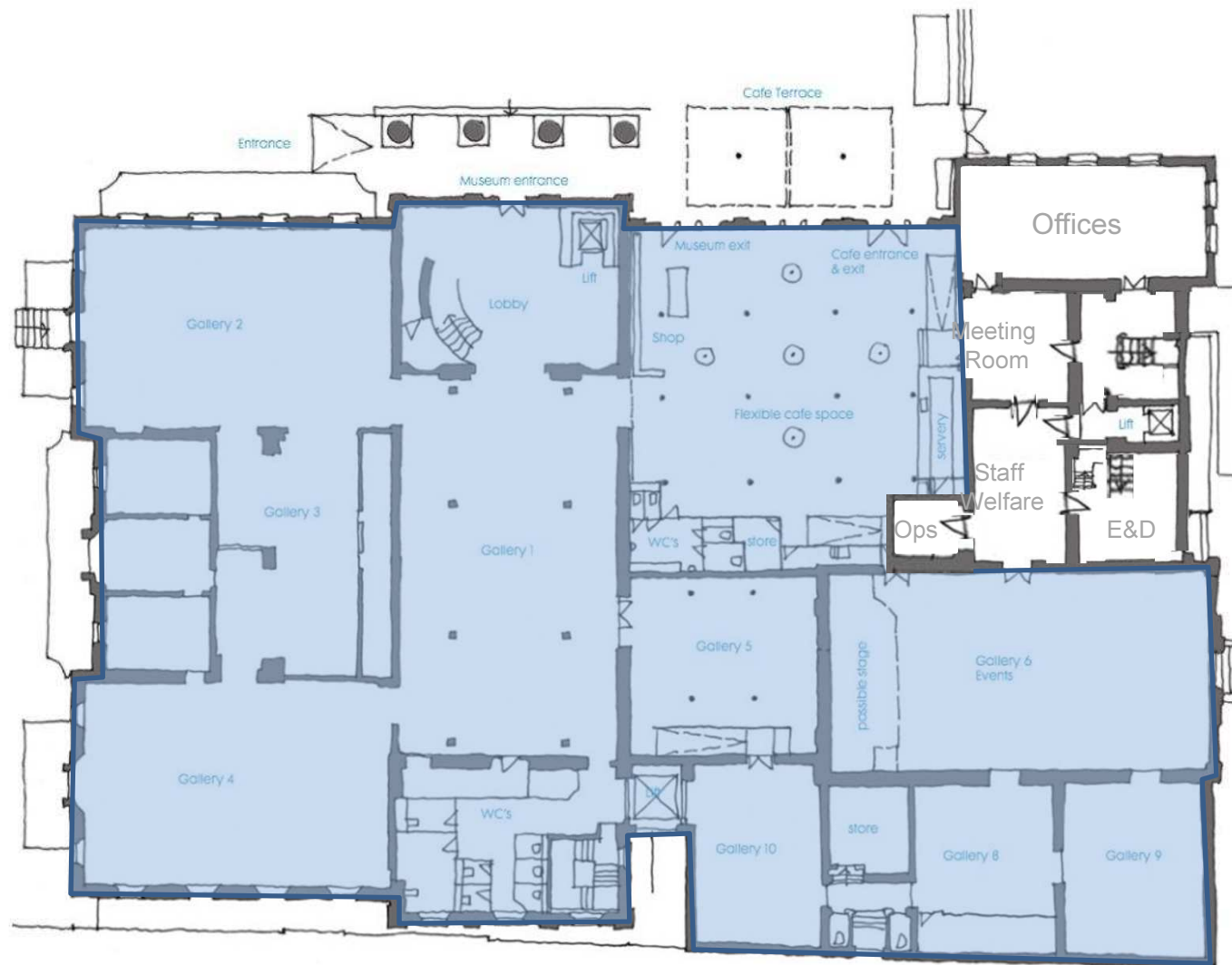
Leicester Stories Gallery - Overview



Design Concepts

- 1 – Gallery Entrance
 - 2 – Central Interactives
 - 3 – Modular Timeline
 - 4 – Gallery Layout
- © Creative Core 2021





Staff Offices & Welfare (First Floor)

- New Ways of Working Office Space
- Meeting Room
- Staff Welfare
- Operations Office
- Exhibitions & Design Workshop

Staff Office



Previously Design Studio
First floor Lord Mayor's Building
Completed October 2021

- Supports New Ways of Working
- 16 Desks – 28 Staff
- 8 Flexible Hot Desks
- 8 Fixed PC's (due to specialised software requirements)
- Informal Meeting Space

Staff Welfare



Previously the Conservation Studio
First floor Lord Mayor's Building
Completed October 2021

- Kitchen & Mess Room
- Staff Lockers
- Informal Meeting Space
- Confidential Booth
- Ops Office
 - Cash Handling
 - CCTV
 - Staff 1-2-1's





Dinosaur Interactives

- Augmented Reality
- Upgrades gallery installed in 2011
- Gallery interactives x 5
- Mobile App to 'take home' a dinosaur

Dinosaur Gallery Interactives



Meet Leicester's Dinosaurs Project

- Arts Council England - NPO funded project. Cost: £40k
- Highlighting fossils discovered locally – The Rutland Dinosaur (Cetiosaurus) and The Barrow Kipper (Plesiosaur)
- Uses augmented reality to put 'flesh on the bones' of the fossil displays using bespoke 3D rendering
- In accessibility testing stage
- On Gallery early 2022

Dinosaur Gallery Interactives



Meet Leicester's Dinosaurs Project

- A 'take home' version of the app will be available publicly through mobile app stores
- Visitors can use their personal devices to interact with Leicester's Dinosaurs
- Users encouraged to post photographs and videos on social media with the dinosaurs
- Features Museums branding



LMAG – Next Steps / Longer term

- Ambitions for a significant upgrade throughout building including
 - Relocate current café and shop to 'Wildspace' area
 - Revamp vacated entrance gallery to showcase collections, including dinosaurs
 - Re-open old Ancient Egypt gallery on the ground floor
 - Replace 'Wildspace' with new first floor gallery, focus on 'environment' issues
 - Consolidate the 'art' offer and improve connectivity on the ground floor
 - Develop Leicester Stories gallery, focus on social history
- Being costed. Requires additional budget to complete.

Abbey Pumping Station



Recent & Upcoming Developments

- Improve Entrance to site, via Public Realm works to the Wallingford Road / National Space Centre entrance
- Increase Visitor Number capacity via Fire Evacuation Improvements to the boiler house and beam engine house

Public Realm Improvements. Completed Spring 2021

Before






After



Abbey Pumping Station. New Main Entrance and Increased Capacity



-  New Main Entrance
-  New Fire Escape Route
-  Landscaped to create Levelled access



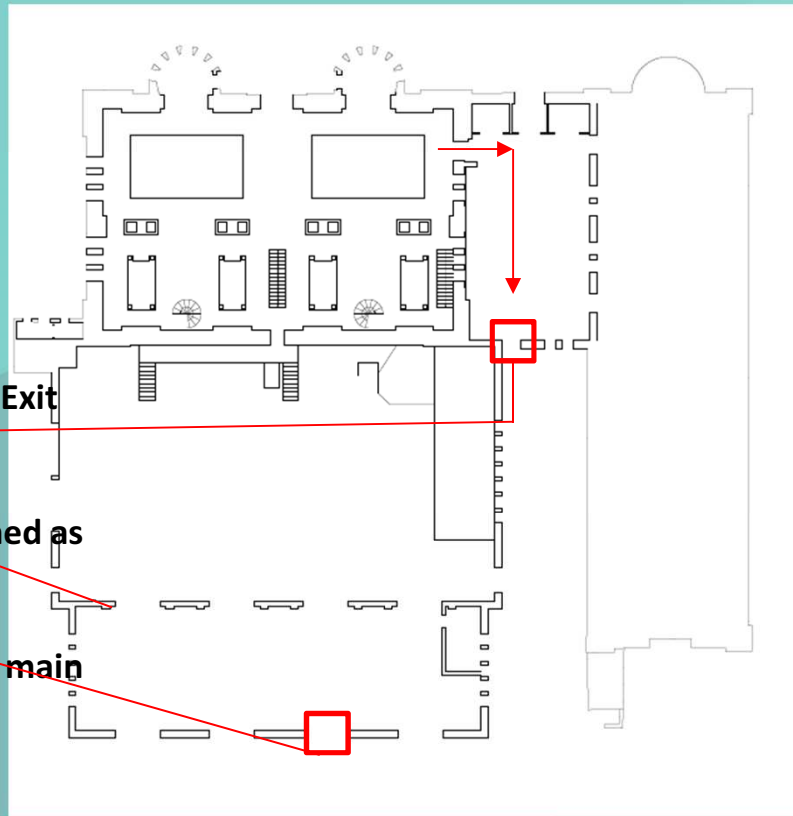
Abbey Pumping Station

Leicester's Industrial Museum

**Create Visitor Route and Exit
via the Switch Room**

**Old Main Entrance retained as
Fire Evacuation Route**

**New Entrance created as main
entrance to the museum**



Leicester
City Council

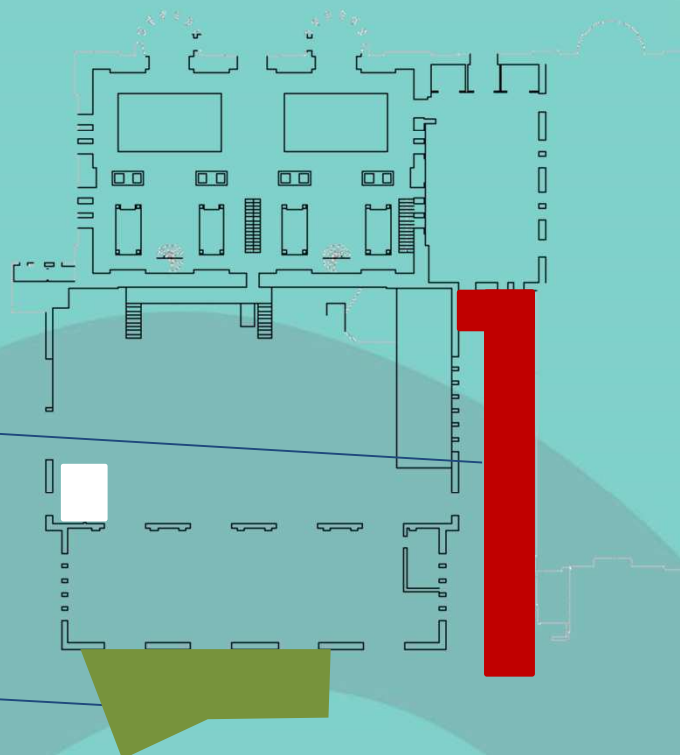


Abbey Pumping Station

Leicester's Industrial Museum

Evacuation Visitor Route
Ramp installed from Switch Room
to ground level

New Entrance area landscaped
to create levelled access to/from
NSS and Fire Evacuation Route



Leicester
City Council



Abbey Pumping Station

Leicester's Industrial Museum

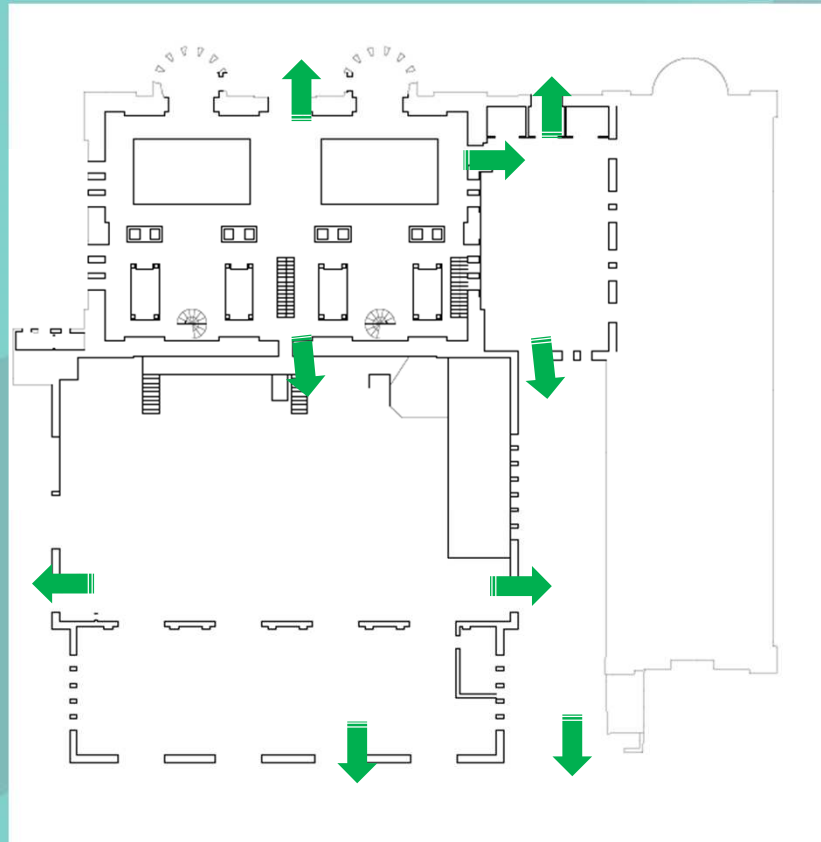
Creates new Fire Escape routes

Fully accessible access to both the
Beam Engine House (top of sketch)
& The Boiler House (centre of sketch)

Increases maximum capacity
numbers significantly:

- Boiler house – from 60 to approx. 200 people
- Beam engine house – from 30 to 80 people

Budget circa 245k. Funds already
secured





Timescales and Next Steps

- Car parking on site relocated to National Space Centre Car Park from Feb 2022
- New entrance and fire evacuation improvements complete by Spring 2022
- ACE Capital Investment Fund Application submitted December 2021 for further £500k Gallery upgrade package. Decision expected early in 2022

Jewry Wall – Roman Leicester

- Contractor working on Phase one gone into administration
- Recovery plan in place. New tender process near conclusion to appoint contractors to complete Phase one and Phase two (building works)
Phase 3 contractors (museum fit out) appointed
- New programme being developed. Likely delay of few months but don't anticipate any cost overrun. Contingency and risk allowances adequate
- Updated application for Provisional Accreditation for museum to be submitted to Arts Council England by April 2022

King Richard III Visitor Centre Development Plans

- Opened over 7 years ago. Impact and initial excitement of the discovery of the remains has lessened over time
- Need to refresh the exhibition and develop the proposition further to enhance the story and give it renewed relevance for a new, broader audience
- Since opening, the Greyfriars site has been designated as a Scheduled Monument by Historic England
- Ambition is to expand the subject of the story told on the ground floor through a complete redesign of the visitor experience providing more focus on, and interpretation of, the Greyfriars site
- Will have a Leicester focus in the detail but with broader stories and interests for wider appeal. Haley Sharp Design developed initial ideas
- Requires new resource. Heritage Lottery Fund bid pending.

The Friary's part in the story of Medieval Leicester

The re-design will take advantage of further research and understanding not available seven years ago, reflecting the importance of the scheduled monument and the friary.



Aims:

- Extend the appeal and relevance of the Visitor Centre to a wider audience
- Make it more engaging and interactive for young people
- School Visits –Strengthen curriculum links

Augmented Reality

- Adds an immersive augmented reality view of the medieval friary, as seen from the first floor viewing area. Provides an immersive contrast to the present day view, enhances the visitor experience.
- Cost circa £110k. Budget already secured. Install by summer 2022
- November 2021 a Gold Accolade by Visit England was awarded to recognise and celebrate excellence within the visitor attraction sector, showcasing businesses that 'go the extra mile to provide a high-quality day out'
- Development plans aim to build on this success and maintain the high standard of visitor experience for which the Visitor Centre is known





Leicester Museums & Galleries

Arts Council England (ACE)

National Portfolio Organisation (NPO)

Funding 22-23



National Portfolio Organisation (NPO) Background

- Delivering first NPO business plan (covering 2018-22) as funded by Arts Council England - £1.6m total received (circa £400k pr year)
- Due to Covid -19 a one year temporary extension was offered to cover 2022-23. £407k was bid for and has now been confirmed
- Further new funding processes for a new NPO bid for the period 2023-2026 is pending. Is critical for future museum service revenue budgets that we secure further support
- Extension year supports existing 6.5 staff posts 2022/23. Details of activity supported in 2022/23 follow

Audience Development & Engagement (£75,800)

- Gallery access resources – 3D replicas, audio guides, large print resources
- Leicester with Pride – LGBTQ+ co-curation exhibition
- Unearthed: Forgotten Histories – African and African Caribbean community co-curation
- Sound chairs - 1 @ LMAG, 1 @ APS

Audience Development & Engagement – cont'd.

- Quilting Conversations – engaging women in creation of textile display
- Library exhibitions and pop-up museums
- Artist sector support – Q&A sessions, portfolio reviews
- Caring for carers project

Children & Young People (£35,000)

- **Engaging in the climate emergency debate:**
 - Schools resource pack
 - Arts awards sessions
- **Engaging Every Primary Schoolchild**
 - New learning sessions
 - New loan boxes
- Takeover the Museum' day at LMAG in partnership with Spark Arts
- Development of black heritage touring exhibition

Collections & Exhibitions (£16,410)

- New LMAG environment gallery - consultation with children & young people
- Contemporary collecting of objects from city centre businesses
- 'Decolonising' the collections
- Store tours

Service Development & Marketing (£8,750)

- Staff training
- Happy Museum Champions
- Marketing
- Engaging volunteers
- Evaluating our work

Fund-raising

- To support these ambitious development plans we will pursue external funding that complements council investment
 - Heritage Lottery Fund for both Leicester Museum & Art Gallery and KRIII Visitor Centre
 - ACE Capital Investment Fund for Abbey Pumping Station
 - ACE MEND programme for Leicester Museum & Art Gallery
- The service is working closely with the independent City of Leicester Museum Trust (COLMT) to transform it into a broader fund-raising vehicle for the service. Currently COLMT is restricted to only purchasing objects for the collections.
- The new vehicle could make other applications e.g. for the new environment gallery proposed for Leicester Museum & Art Gallery. Some funders don't accept applications from local authorities so this would broaden our reach. Hoped the new Trust will be in place in 2022.

Heritage, Culture, Leisure and Tourism Scrutiny Commission

Draft Work Programme 2021 -22

Meeting date	Meeting items	Actions Arising	Progress
8 th June 2021	<ul style="list-style-type: none"> • Overview of HCLT services • Covid-19 update – verbal update on position • New Leicester Stories Gallery: Leicester Museum development plans – presentation (Mike / Jo) • Loros Rocket Around Leicester installations: Summer in the City – presentation (Mike / Jo) • Work Programme 2021/22 work in progress for members consideration 	<p>Overview item: This will help members to set the Commission's work programme for the forthcoming year.</p> <p>Museum item: Members of the Commission suggested that:</p> <ul style="list-style-type: none"> a) Ward Councillors can be contacted to make links with any community organisations that could be helpful, and b) that an effort should be made to ensure that a wide diversity of communities in the city were represented. <p>Loros Rocket item: Members requested further updates to come back to future meeting.</p>	
24 th August 2021	<ul style="list-style-type: none"> • Leisure Centres and Facilities reopening update. • Feedback from Jewry Wall Development – members site visit • Summer in the City programme • Haymarket Theatre update 	<p>Leisure Centres item: Commission recommended:</p> <ul style="list-style-type: none"> - The Service and Councillors play their part in encouraging residents to use Leisure and Sports Activities. - An update on Sports Strategy to future meeting - Evington LC members usage data for outside the city, and retention data from those joining with 50% discount. - To receive Item on LC refurbishment Capital Program update. <p>Summer in the city item: commission recommended: A similar programme be explored for Xmas and other calendar events. Some events to be repeated annually, such as Beach in the City.</p> <p>Haymarket Theatre item: commission recommended:</p> <ul style="list-style-type: none"> - A detailed report on Haymarket usage proposals be bought back. 	

Heritage, Culture, Leisure and Tourism Scrutiny Commission

Draft Work Programme 2021 -22

104

12th October 2021	<ul style="list-style-type: none"> • Covid-19 update • Leisure Centres Refurbishment Capital Programme • Autumn / Winter events programme • Black History Month - October programme – Serendipity organisation invited • Heritage Panels update 	<p>Leisure Centres Refurb item: Members agreed to carry out a new review into ‘Sports for Women in the city’.</p> <p>Autumn / Winter events item: Members praised the Festivals and Events team for their work on the seasonal programs and notes they have been assured that crowd control and public safety will be in-place.</p> <p>Black History Month - Serendipity item: Members agreed that schools should continue to raise awareness throughout the year not just during BHM.</p> <p>Heritage Panels item: Members praised the panels as excellent idea and agreed that the service should continue to raise awareness and publicise the Heritage panels.</p>	
30th Nov 2021	<ul style="list-style-type: none"> • Cultural & Creative Industries Plans update • Christmas Campaign event • Sports for Women in the city presentation • Draft Scope for proposed review re: Sports and Physical Activities for Women topic. 		
20 January 2022	<ul style="list-style-type: none"> • Annual Council Budget reports, - revenue and capital • Leicester Museums presentation • Christmas activities – feedback report 		

Heritage, Culture, Leisure and Tourism Scrutiny Commission

Draft Work Programme 2021 -22

	<ul style="list-style-type: none"> Scrutiny Review progress update re: Sports and Physical Activities for women. 		
1 st March 2022	Suggested items – tbc <ul style="list-style-type: none"> Tourism Action Plan update Leicester Cathedral investment Pheonix Arts Centre investment Local Plan update Scrutiny review - task group update 		

105

FORWARD PLAN / SUGGESTED ITEMS		
Topic	Detail	Proposed Date
Forward Plan of key decisions	Commission members to be kept updated on items impacting on HCLS services areas. Watching brief, as required	Ongoing
Budget reviews and Annual budget	Commission members to be kept updated on budget impacts on HCLS service areas. Watching brief, as required.	Ongoing
Consultations	Commission members to contribute to planned and live consultations impacting on HCLS service areas. Watching brief, as required	Ongoing
Suggested Items to be presented to scrutiny: <ul style="list-style-type: none"> Leicester Cathedral investment - report Pheonix Arts Centre investment - report Festivals & Events plans - report 		

Heritage, Culture, Leisure and Tourism Scrutiny Commission

Draft Work Programme 2021 -22

FORWARD PLAN / SUGGESTED ITEMS		
Topic	Detail	Proposed Date
<ul style="list-style-type: none">Football Investment Strategy updateTourism Action Plan updateSports for Women in the City		