

Leicester
City Council

MEETING OF THE OVERVIEW SELECT COMMITTEE

DATE: THURSDAY, 14 DECEMBER 2023

TIME: 5:30 pm

PLACE: Meeting Rooms G.01 and G.02, Ground Floor, City Hall, 115
Charles Street, Leicester, LE1 1FZ

Members of the Committee

Councillor Cassidy (Chair)

Councillor Surti (Vice-Chair)

Councillors Bajaj, Dave, Dawood, Joel, Porter and Waddington

Youth Council Representatives

To be advised

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

For Monitoring Officer

Officer contacts:

Francis Connoly

Jacob Mann

Tel: 0116 454 5843, e-mail: jacob.mann@leicester.gov.uk
Leicester City Council, 115 Charles Street, Leicester, LE1 1FZ

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PUBLIC SESSION

AGENDA

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

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

3. CHAIR'S ANNOUNCEMENTS

4. MINUTES OF THE PREVIOUS MEETING

Item 4, Page 1

The minutes of the meeting of the Overview Select Committee held on 9 November 2023 are attached and Members are asked to confirm them as a correct record.

5. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

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

6. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

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

Council's procedures.

7. PETITIONS

The Monitoring Officer to report on any petitions received.

8. TRACKING OF PETITIONS - MONITORING REPORT Item 8, Page 9

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

9. QUESTIONS FOR THE CITY MAYOR

The City Mayor will answer questions raised by members of the Overview Select Committee on issues not covered elsewhere on the agenda.

10. CALL-IN OF BUDGET SAVINGS DECISION Item 10, Page 15

The Monitoring Officer submits a report informing the Committee that the Executive Decision taken by the City Mayor on 24 November 2023 relating to in-year budget savings has been the subject of a six-member call-in under the procedures of Rule 12 of Part 4D (City Mayor and Executive Procedure Rules) of the Council's Constitution.

The Committee is recommended to either

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

11. REVENUE BUDGET MONITORING - APRIL- Item 11, Page 31
SEPTEMBER 2023/24

The Director of Finance submits the second report the monitoring cycle for 2023/24 which provides an update on the financial pressures faced by the Council and the worsening picture on this and next years' budgets.

The Committee is recommended to consider the overall position presented within this report and make any observations it sees fit.

12. CAPITAL BUDGET MONITORING - APRIL- SEPTEMBER 2023/24 **Item 12, Page 47**

The Director of Finance submits a report to show the position of the capital programme at the end of September 2023 (Period 6).

The Committee is recommended to consider the overall position presented within this report and make any observations it sees fit.

13. INCOME COLLECTION APRIL 2023 - SEPTEMBER 2023 **Item 13, Page 81**

The Director of Finance submits a report which details progress made in collecting debts raised by the Council during the first six months of 2023-24, together with debts outstanding and brought forward from the previous year. It also sets out details of debts written off under delegated authority that it has not been possible to collect after reasonable effort and expense.

The Committee is recommended to consider the overall position presented within this report and make any observations.

14. MID-YEAR REVIEW OF TREASURY - MANAGEMENT ACTIVITIES 2023/24 **Item 14, Page 103**

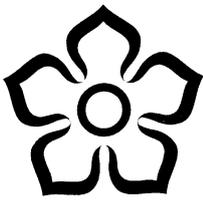
The Director of Finance submits a report which reviews how the Council conducted its borrowing and investments during the first six months of 2023/24.

The Committee is recommended to note the report and make comments to the Director of Finance and the Executive as they wish.

15. OVERVIEW SELECT COMMITTEE WORK PROGRAMME **Item 15, Page 113**

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

16. ANY OTHER URGENT BUSINESS



Leicester
City Council

Item 4

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 9 NOVEMBER 2023 at 5:30 pm

P R E S E N T :

Councillor Cassidy (Chair)
Councillor Surti (Vice Chair)

Councillor Bajaj
Councillor Batool

Councillor Porter
Councillor Whittle

Councillor Dave
Councillor March

Also present:

Sir Peter Soulsby

City Mayor

* * * * *

34. APOLOGIES FOR ABSENCE

There were no apologies for absence.

35. DECLARATIONS OF INTEREST

Members were asked to disclose any pecuniary or other interests they may have in the business on the agenda.

There were no declarations of interest.

36. CHAIR'S ANNOUNCEMENTS

There were no Chair's announcements.

37. MINUTES OF THE PREVIOUS MEETING

AGREED:

That the minutes of the meeting held on 20 September 2023 be confirmed as a correct record.

38. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

The Chair noted that following several queries and requests for additional information at the previous meeting, particularly in relation to the financial reports, a note was circulated to members with further detail. Progress regarding other actions from the last meeting was also reflected on the OSC work programme.

39. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

There were no questions, representations and statements of case.

40. PETITIONS

There were no petitions.

41. TRACKING OF PETITIONS - MONITORING REPORT

The Monitoring Officer submitted a report which provided an update on the status of outstanding petitions against the Council's target of providing a formal response within three months of being referred to the Divisional Director.

AGREED:

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

42. QUESTIONS FOR THE CITY MAYOR

Councillor Surti asked the following question, that had been submitted in advance by a 15 year-old service user:

"There have recently been some changes to young people aged 14 – 16 being able to access gym facilities at Active Leicester. The changes mean that young people aged 14 – 16 now need to be accompanied by an adult who is a registered member which would mean parents would have to pay £24.95 per month for membership that they don't even need or use. We also now have to pre book a slot and the slots available are all before 5pm on weekdays or early on Saturday and Sunday, which gives us little time, if any after finishing school. My Mum contacted active Leicester who have confirmed that there was no consultation done on this and that they have followed guidance from Active UK which we feel is wrong. I have set up a petition to get this changed and currently have 37 signatures from other young people who feel as frustrated and excluded as me. I have not been back to the gym for over a month and this is having an impact on my mental and physical health. And I am sure I am not the only young person who is feeling the same. Please can you explain the rationale behind the decision, why children and young people weren't consulted and can this decision be reviewed?"

In responding to this question, the City Mayor made the following points:

- Having sought guidance from Active UK, he felt that some improvements were needed in respect of the City Council's arrangements for requiring supervision of 14-16 year olds in gym facilities.
- He understood the concerns lodged by the service user, though reported that he had been advised that unsupervised access for those under the age of 16 was undesirable as some equipment was potentially dangerous.
- Some other providers did not permit under 16s to access their facilities at all.
- Sports Services scheduled dedicated gym sessions for 14-16 though the City Mayor stated that he was unsure whether these took place at the most suitable times for service users and parents.
- Parental supervision did not have to be via a monthly membership subscription and could be paid for per session.

The City Mayor stated he would follow up with officers whether alternative approaches could be explored and would respond to Cllr Surti and the questioner.

In response to a further question raised by Councillor Porter during the meeting with regard to the conflict in Israel and Gaza, the City Mayor confirmed that he had recently written to the Labour Leader expressing a view that the government and opposition should be calling for a cease fire in the Middle East. He also made reference to the recent vigil at the Town Hall event held in memory of those who had lost their lives in the conflict.

AGREED:

That in respect of the question regarding parental supervision at City Council gym facilities, the City Mayor and officers be asked to review whether alternative approaches could be explored.

43. COST OF LIVING CRISIS UPDATE

The Committee received an update with regard to the Council's current position regarding the cost-of-living crisis.

Prior to receiving a presentation on this matter, the Chair invited two youth representatives to outline a proposal in relation to unused food from school kitchens. They referred to their own personal story, some of the struggles that their family had encountered and how they had been impacted by the cost-of-living crisis.

The youth representatives outlined their prime concerns citing the level of children in Leicester in low-income families and experiencing poverty. They informed the committee that they observed children at school who were hungry

whilst also seeing unused food being discarded. Their proposal centralised around providing such unused food to families for free or donating to food banks. They also felt that free breakfasts should be provided to those most in need.

In response to their presentation, the Director of Delivery, Communications Political Governance thanked the youth representatives and stated that the City Council was continuing to talk to schools about extending further opportunities in respect of breakfast clubs. She also reiterated that there was an extensive programme of provision during school holiday periods. She agreed to undertake further discussions with colleagues in Children's Services to review approaches in how unused school produce can be best managed.

A project manager from Public Health then issued a presentation which outlined the City Council's response to the cost-of-living crisis, a copy of which is appended to these minutes.

A number of comments and questions were raised by members and the following was stated in response:

- A combination of short and long-term solutions was available for residents which included helping to negotiate debt payments at better rates. A range of retrofitting solutions were also considered for tenants in terms of improving home heating.
- The City Council acknowledged firmly the level of increase in the number of those experiencing hardship. Officers stressed the need to continue to provide a broad set of initiatives that covered as many essential services as possible.
- Further detail would be provided to members in respect of the 'Warm Welcome' initiative.
- The Council supported a number of campaigns relating to heat metering with some programmes offering financial support for the most vulnerable. Detail of the initiatives were being compiled and would be provided to all elected members over the coming weeks. It was anticipated that this would help to support more residents to access the initiatives that were most appropriate for them.
- Further information would be provided in response to how cases were dealt with where there were clear impacts on mental health or if there was reported domestic violence.
- There was no set eligibility criteria for the fuel poverty programme but stringent criteria was in place for some of the other schemes.

AGREED:

- (1) That a response to the youth representatives' proposal be provided,
- (2) That further information be provided to members as outlined above; and
- (3) That scrutiny commissions be asked to look at focussed issues arising from the cost-of-living crisis as appropriate.

44. CUSTOMER SERVICES OVERVIEW

The Head of the City Mayor's Office and Customer Support Transformation submitted a report that gave an overview of the current customer services offer provided by the Council.

The Deputy City Mayor for Housing and Neighbourhoods provided an initial introduction and stated that the challenges faced by this service were far from exclusive to Leicester City Council. It was noted that there was currently a very high demand placed upon customer services, with incoming phone calls generally becoming more complex and time-consuming. A major aim for the service was to provide more services online for the digitally able, which in turn would allow greater capacity for staff to support those who were vulnerable and more digitally unable. She also referred to challenges relating to ensuring that the appropriate IT systems to support customer services platforms were in place and in relation to staff recruitment and retention. The Deputy City Mayor stated that she was pleased that the issues faced were being tackled appropriately.

The Head of the City Mayor's Office and Customer Support Transformation provided a detailed presentation to the committee. The presentation covered a number of key issues including:

- National Industry Trends
- Current delivery models and a summary of the services provided
- A snapshot of overall performance
- Detail of service transformation and change work.

As part of his presentation, the Head of the City Mayor's Office and Customer Support Transformation spoke of the value in the committee contributing to future service improvements and invited the committee to undertake a tour of the Granby Street Customer Services centre. A copy of the full presentation is attached to this set of minutes.

In response to comments and questions raised by commission members, the following points were made:

- Customer call abandonment was not viewed particularly negatively by the service as it demonstrated that people were willing to access contact through other means.
- Regarding the social care switchboard, this line was not managed directly by the customer services team, though if calls were passed to the duty desk, customers would be immediately transferred to case workers. In response to further points made around ASC calls, the Head of the City Mayor's Office and Customer Support Transformation stated that he would examine further the operation of the telephony queuing system and would confirm whether there had been any experience of call drop-off.
- There was an acknowledgement of the frustration in receiving calls from

generic numbers, thus making it difficult for recipients (including elected members) to be aware of the origin of calls. The provision of some general messaging around this was welcomed.

- It was noted that the Deputy City Mayor for Housing and Neighbourhoods and the Assistant Mayor for Education, Libraries and Community Centres were to undertake a piece of work that would ensure there was a consistent approach in the delivery of all customer services and would allow libraries to be seen as places where people could go to for customer service solutions.
- The Deputy for Mayor for Housing and Neighbourhood Services encouraged members to report any particularly problematic cases presented to them by residents accessing customer services.
- Greater consideration would be given to developing an improved virtual queuing system.
- It was vital that the service developed a stronger vision for the delivery of its services, and that this took into consideration the varying needs of Leicester's many different communities.
- Further information that set out trends against comparator authorities could be provided to members.
- A full equality impact assessment would be carried out if significant changes to the Council's customer services were proposed.
- The presentation did not focus on the staffing structure, the current level of vacancies or the budget attributed to the service. The Head of the City Mayor's Office and Customer Support Transformation would consider how this information could be provided to members.
- It was acknowledged that staff sickness and absence inevitably had a major impact on service performance, though there was not a generally poor level of performance across the service.
- In respect of terminology, some members felt that greater reference should be made to 'residents' rather than 'customers'.

AGREED:

- (1) That the report and presentation be noted,
- (2) That the comments of the committee be taken into consideration,
- (3) That responses be provided to members following several information requests outlined above; and
- (4) That consideration be given to inviting members to a tour of the Granby Street Customer Services centre.

45. BUDGET SAVINGS

The Director of Finance submitted a report that advised OSC of decisions Directors had taken to reduce revenue expenditure in advance of the 2024/25 budget, and thereby achieve savings as quickly as possible. This would reduce the requirement for managed reserves. The Director of Finance noted that the overall financial outlook beyond 2024/15 looked concerning.

In response to questions from members of the committee, the following points

were made:

- In terms of the status of the savings outlined in the report, it was confirmed that these were operational decisions taken at Director level though an Executive decision would be required to vary the budget accordingly.
- Regarding the significant overspend regarding CYP social care, it was noted that although the number of children in care had not altered significantly in recent years, there was generally a more complex level of need. A shortage of competition had resulted in private operators increasing charges excessively. Senior officers were reviewing alternative opportunities with a view to reduce the overall level of cost.
- The City Council did use independent fostering agencies, and it was stated that in some cases, foster carers had returned to local authorities who had previously left to work for independent agencies and we are looking at what agencies offer to make sure that the City Council's offer was suitably comparable and attractive.

The City Mayor responded to a question raised in respect of the future financial outlook for the City Council. He stated that the council had managed its finances extremely prudently though by the end of the 2024/25 financial year, it was likely that the council's reserves would be used up and the issuing of a Section 114 Notice could not be ruled out. The City Mayor briefly summarised what this process would involve and agreed to provide a briefing note to committee members with regard to Section 114 notices.

AGREED:

- (1) That the saving proposals outlined in the report be noted; and
- (2) That further detail on the process of issuing a Section 114 notice be provided to committee members.

46. OVERVIEW SELECT COMMITTEE WORK PROGRAMME

The committee noted the latest work programme and also noted the following items which were to be brought to the subsequent meeting on 14 December:

1. Revenue Monitoring Period 6
2. Capital Monitoring Period 6
3. Income Collection Report – Half -Yearly
4. Treasury Report – Half Yearly

47. ANY OTHER URGENT BUSINESS

There were no items of other business.

Tracking of Petitions – Monitoring Report

Overview Select Committee

Date of meeting: 14 December 2023

Lead officer: Katie Jordan

Useful information

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

1. Purpose of the Report

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

2. Recommendations

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

3. Detailed report

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

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

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

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

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

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

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

7. Background Papers – Local Government Act 1972

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

8. Summary of appendices:

Appendix 1 – Table of Current petitions.

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

No

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

No

Date Petition referred to Divisional Director	Received From	Subject	Type - Cncr (C) Public (P)	No. of Sig	Ward	Date Receipt Reported to Council (C) / Committee (Ctee)	Lead Divisional Director	Current Position	Scrutiny Chair Involvement	Date of Final Response Letter Sent to Lead Petitioner	Current Status
21/03/2023	Frederick John Ray	Save Hansom Taxis!	(p)	163	Castle		Andrew L Smith	Petition is currently on hold due to liaison with the planning team and the premises.			GREEN
03/05/2023	Shital Adatia	Say NO to a Smokehouse next to Shree Hindu Temple & Community Centre	(p)	339	North Evington		Andrew L Smith	The Proforma and final letter were being drafted to send to the lead petitioner.			AMBER
10/05/2023	Ben Glass	Knighton Area Experimental Traffic Order 2022 (TME 2980) Craighill Road Closure	(p)	79	Knighton		Andrew L Smith	The Proforma and final letter were being drafted to send to the lead petitioner.			AMBER
15/05/2023	Abdul Karim	Steps to be demolished to stop antisocial behaviour on Mercury Close.	(p)	15	Wycliffe		Caroline Tote	The Proforma and final letter were being drafted to send to the lead petitioner.			AMBER

Item 10

CALL-IN OF EXECUTIVE DECISION Budget Savings

OVERVIEW SELECT COMMITTEE – 14 December 2023
COUNCIL – 21 March 2024

REPORT OF THE MONITORING OFFICER

Useful information

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

1. Summary

An Executive decision taken by the City Mayor on 24 November 2023 relating to in-year budget savings has been the subject of a six-member call-in under the procedures at Rule 12 of Part 4D, City Mayor and Executive Procedure Rules, of the Council's Constitution.

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

The six Councillors who signed the call in were: Councillor Kitterick (Proposer), Councillor Bajaj (Secunder), Councillor Porter, Councillor Westley, Councillor Sahu, and Councillor Gregg

2. Recommended actions/decision

The Overview Select Committee is recommended to either:

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

Council is recommended to either:

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

3. Scrutiny / stakeholder engagement

The decision was considered at the Overview Select Committee on 9 November 2023,

4. Background and options with supporting evidence

The Executive Decision Report and Decision Notice are attached at Appendix A and Appendix B.

5. Detailed report

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

"We the undersigned wish to "Call In" the parts of the Executive Decision in regard to cuts in budgets {Headlined BUDGET SAVINGS}.

We are content for some of the savings to be agreed but have concerns about the following matters and their impact on the people of Leicester

<i>Restructuring of the provision of Waste Services</i>	<i>0</i>	<i>75</i>	<i>75</i>
<i>Reduced expenditure on Parks & Open Spaces</i>	<i>30</i>	<i>339</i>	<i>339</i>
<i>Efficiency savings within Regulatory Services</i>	<i>0</i>	<i>113</i>	<i>113</i>
<i>Additional income within Bereavement & EBS</i>	<i>0</i>	<i>127</i>	<i>194</i>
<i>Efficiency Savings from Street Cleansing</i>	<i>0</i>	<i>90</i>	<i>180</i>

In particular we note that none of these cuts appear to have been examined by the relevant Scrutiny Committee

In terms of some of the other items where substitute funding has been indicated that may well be fine but would require re-assurance that this alternative funding is actually in place before agreeing to the reduction in budget, in terms of the Enablement Service we would wish to examine the impact of any review.

<i>Alternative funding arrangements for CAMHS support</i>	<i>0</i>	<i>155</i>	<i>155</i>
<i>Alternative funding arrangements for Domestic Abuse service</i>	<i>92</i>	<i>252</i>	<i>252</i>
<i>Enablement services - Organisational Review</i>	<i>100</i>	<i>400</i>	<i>400</i>
<i>Total Social Care and Education savings</i>	<i>192</i>	<i>807</i>	<i>807</i>

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

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

The call-in may however be withdrawn if:

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

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

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

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

6.1 Financial implications

The Council is under significant financial pressure, and the savings have been included in the provisional General Fund Budget for 2024/25. If any of these savings are not to progress this will impact negatively on future budgets.

Kirsty Cowell, Head of Finance, Ext. 37 2377

6.2 Legal implications

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

Kamal Adatia, Monitoring Officer, Extn 37 1401

6.3 Equalities implications

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

Kalvaran Sandhu, Equalities Manager, Extn 37 6344

6.4 Climate Emergency implications

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

Aidan Davis, Sustainability Officer, Ext 37 2284

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

None

7. Background information and other papers:

None

8. Summary of appendices:

Appendix A Executive Decision Report – Budget Savings dated 24 November 2023

Appendix B Decision Notice - Ash Field Academy Residential Provision dated 24 November 2023

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

No

Executive Decision- Budget Savings

Decision to be taken by: City Mayor

Decision to be taken on: 24 November 2023

Lead director: Amy Oliver, Director of Finance

- Ward(s) affected: All
- Report author: Kirsty Cowell
- Author contact details: kirsty.cowell@leicester.gov.uk
- Report version number: 2

1. Summary

1.1 As members are aware, the funding outlook for 2024/25 and beyond is bleak. The Council's "managed reserves" (which provide a cushion to support budget reductions) are facing exhaustion.

1.2 The purpose of this report is to advise the OSC and Executive of decisions directors have taken to reduce revenue expenditure in advance of the 2024/25 budget, and thereby achieve savings as quickly as possible (Appendix A). This will reduce the requirement for managed reserves.

1.3 The report follows a now established process whereby directors have identified savings and approval to reduce the budget has been sought through periodic budget monitoring reports. Given the scale of the current challenge it is felt more appropriate to present the current tranche in a separate report. The monitoring report for period 6 of 2023/24 will be presented to OSC members on 14 December 2023: potentially, this will include further savings.

1.4 In the 2023/24 budget report, it was noted the Council will need to continue to find savings in future budgets, to manage the impact of government funding settlements which are expected to be inadequate.

1.5 Total savings presented in this report amount to £5m by 2025/26.

2. Recommended actions/decision

2.1 The Executive is recommended to:

- Note the savings described in Appendix A, which result from decisions taken by directors to reduce cost.
- Approve the consequent reductions in the budget described in Appendix A, and delegate authority to the Director of Finance to determine the specific budget ceilings affected.
- Transfer the saving achieved in 2023/24 to the managed reserve, in order to reduce the amount we need this year.

2.2 The OSC is recommended to:

- Comment on the proposals in this report.

3. Financial Background

3.1 Members will be aware from the General Fund Budget report for 2023/24 that the medium-term financial outlook is the most severe we have known, in all our years as a unitary authority. This is a common position across the local authority sector. The City Mayor has written to the Secretary of State to express his grave concern at the position we face. We are facing restricted Government funding at a time of increasing costs, which will inevitably lead to painful spending cuts. The situation has been compounded by recent budget pressures, particularly in respect of children's social care and accommodating homeless people. These pressures were described in the period 3 budget monitoring report. The period 6 budget monitoring report will provide a further update in December to OSC.

3.2 The medium-term forecasts that accompanied the budget in February showed that expenditure was expected to exceed our income in both 2023/24 and 2024/25 and be supported by reserves. The 2023/24 budget is supported by £34.1m of reserves; the draft budget for 2024/25 will be published in December and will again show a substantial requirement for reserves. This position is unsustainable and will leave us facing the next round of austerity in 2025/26 with very little (if anything) in the bank.

3.3 Since approving the budget for 2023/24, savings of £5.3m have been achieved and reflected in previous decisions. The savings in this report will (if approved) mean that a further £5.0m (full year effect) have been delivered and will support the next budget.

4. Background Reports

4.1 The General Fund budget set for the financial year 2023/24 was £382.7m, before the use of managed reserves of £34.1m, bringing the general fund requirement down to £348.6m.

4.2 The Revenue Budget monitoring April to June 2023/24 highlighted the known budget pressures and identified savings decisions that had been taken, and the reduced call on the managed reserves.

5. Detailed report

5.1 A table of savings is included at appendix A, which for the 2025/26 budget will save £5.0m.

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

6.1 Financial implications

This report is solely concerned with financial issues.

6.2 Legal implications

The report notes the savings decisions made by directors and seeks endorsement of the resultant budget reductions. Where needed by law, any due diligence needed to comply

with public law and statutory requirements should have been undertaken during the formulation of the relevant proposals.

Kamal Adatia Ext 37 1401

6.3 Equalities implications

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

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

The report describes the savings programme for the general fund budget. Where savings are made, there could be changes to how we provide services and thus an impact on people from a range of protected characteristics. It is important to understand what these impacts might be and give due regard to them so it will be important to ensure that an Equalities Impact Assessment (EIA) is considered for each service proposal/project as it develops. The EIA process can support the Council to take appropriate action such as removing or mitigating any negative impacts, where possible, and maximising any potential for positive impact.

Kalvaran Sandhu, Equalities Manager, Ext 6344

6.4 Climate Emergency implications

The climate emergency implications of the savings outlined in this report will depend significantly on the specific details of the changes planned. In general, however, for some of these areas there may be carbon savings as a result of a reduction in service delivery or increased efficiency. For example, this could include areas where there is an overall reduction in the use of travel/transport and fuel consumption, the use of buildings and energy consumption and the consumption of materials, but only where this would not lead to increased emissions from other services or organisations as a result of these changes.

Aidan Davis, Sustainability Officer, Ext 37 2284

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

7. Background information and other papers:

Report to Council on the 22 February 2023 on the General Fund Revenue budget 2023/24.
Report to OSC on the 20 September 2023 on the Revenue Budget monitoring April to June 2023/24.

8. Summary of appendices:

Appendix A – Savings

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)? No

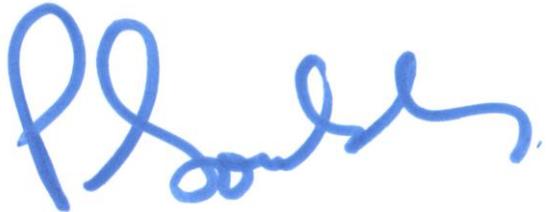
10. Is this a “key decision”? If so, why? Yes – recurrent savings in excess of £0.5m

Savings Achieved

	2023/24 £000's	2024/25 £000's	2025/26 £000's
<u>City Development and Neighbourhood savings</u>			
Use of grant funding to offset expenditure	299	324	324
Restructuring of the provision of Waste Services	0	75	75
Efficiency savings in Fleet Services	56	183	239
Reduced expenditure on Parks & Open Spaces	30	339	339
Efficiency savings within Regulatory Services	0	113	113
Multi-Agency Hub	0	85	85
Premises savings	57	215	215
Efficiency savings resulting from staffing reviews/vacant posts	0	228	228
Efficiency savings resulting from review of printing	0	1	1
Review of gritters	0	33	33
Capitalisation of posts - Fleet management / Standards & Development	0	68	89
Additional income within Bereavement & EBS	0	127	194
Prudential Borrowing Costs - Fleet management	0	101	202
Efficiency savings in training budget	0	20	20
Waste Services - additional income	0	60	80
Public conveniences - remote locking	0	0	50
Corporate Landlord - facilities management efficiency	0	200	200
TCI operational budget	0	32	32
Recharge to HRA - overcrowding inspections	0	25	25
Use of technology to make efficiencies in Noise Control	0	30	30
Public Safety - efficiencies in processes	0	50	50
Efficiency savings from an organisational review of Graffiti service	0	0	30
Efficiency Savings from Street Cleansing	0	90	180
Total City Development & Neighbourhood savings	442	2,399	2,834
<u>Social Care and Education savings</u>			
Alternative funding arrangements for CAMHS support	0	155	155
Alternative funding arrangements for Domestic Abuse service	92	252	252
Enablement services - Organisational Review	100	400	400
Total Social Care and Education savings	192	807	807
<u>Public Health savings</u>			
Efficiencies and elimination of reoccurring underspend when the core substance misuse contract is retendered.	0	0	200
Total Public Health savings	0	0	200
<u>Corporate Resources & Support Services savings</u>			
Efficiency savings resulting from staffing reviews	49	1,149	1,149
Review of running costs for Risk, Emergency and Business Resilience	0	10	10
Total Corporate Resources & Support savings	49	1,159	1,159
Total Proposed Savings	683	4,365	5,000

Item 10

RECORD OF DECISION BY CITY MAYOR OR INDIVIDUAL EXECUTIVE MEMBER

1.	Decision title	Budget Savings
2.	Declarations of interest	None
3.	Date of decision	24 November 2023
4.	Decision maker	City Mayor
5.	Decision taken	Approve the reductions to budgets described in Appendix A and delegate authority to the Director of Finance to determine the specific budget ceilings affected; and for the in-year underspend to be transferred to the Managed Reserve Strategy
6.	Reason for decision	The City Mayor and Overview Select Committee receive a report on the forecast revenue budget position regularly throughout the year. This savings report reflects decisions taken by directors and will allow budget ceilings to be amended and reflected in the budget for 2024/25
7.	A) KEY DECISION Yes/No? b) If yes, was it published 5 clear days in advance? Yes/no	Yes Yes
8.	Options considered	Not Applicable
9.	Deadline for call-in <ul style="list-style-type: none">• 5 members of a scrutiny commission or any 5 councillors can ask for the decision to be called-in.• Notification of call-in with reasons must be made to the monitoring officer	1 December 2023
10.	Signature of decision maker (City Mayor or where delegated by the City Mayor, name of executive member)	

**Executive Decision-
Revenue Budget
Monitoring
April-September
2023/24**

Decision to be taken by: City Mayor

Decision to be taken on: 14th December 2023

Lead director/ officer: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Catherine Taylor
- Author contact details: catherine.taylor@leicester.gov.uk
- Report version number: 1

1. Summary

This report is the second in the monitoring cycle for 2023/24 and provides an update on the financial pressures faced by the Council and the worsening picture on this and next years' budgets.

The overall position shows a net overspend to £10.2m. There has been an increase in cost pressures to £20.7m, partially offset by £7.0m of underspends, additional income, and use of corporate contingency of £3.5m for overspends in temporary accommodation and children's services.

The £20.7m of cost pressures are:

- £12.2m in Education and Children's Services, of which £11.3m relates to increased costs of children looked after, where placement costs remain high.
- £6.2m in City Development and Neighbourhoods, of which £5.0m is additional costs of temporary accommodation for homeless households and £0.7m is the higher costs of waste management.
- £2.2m additional costs of the local government pay award over and above the budget provision, based on the current pay offer.
- £0.1m other cost pressures in Sports Services

The £7m of lower than budgeted costs and additional income are:

- A £2.2m underspend on capital financing costs, due to higher interest rates and cash balances than previously forecast;
- Additional income of £0.5m in Sports Services due to continued growth and retention in health and fitness memberships, this is expected to continue and the budget can be reduced;
- An expected £3m lower cost of energy, compared to the budget provision;
- Underspends of £1.3m in corporate budgets.

Departmental reserves are being used to meet overspends where possible, and £13.6m has been identified. Combined with the projected underspends mentioned above, this leaves a small remaining unfunded overspend of £0.1m.

However, it should be noted that departmental reserves are one-off resources and will not be available in future years - while the underlying cost pressures will continue into future years unless action is taken. It remains imperative that significant savings are identified as soon as possible to safeguard the Council's longer-term financial position.

Plans to realise budget savings are continuing. Savings totalling £5.0m were approved in an Executive decision dated 23rd November 2023; there is a savings decision to be approved in this report.

In total, savings identified since the budget was set have reduced expected spend by £3.5m in the current year. This will allow the call on managed reserves this year to be reduced from the budgeted amount, originally £34.1m.

2. Recommended actions/decision

2.1 The Executive is recommended to:

- Note the emerging picture detailed in the report.
- Approve the budget reduction of £0.5m from increased income in Sports Services as detailed in Para 14.2

2.2 The OSC is recommended to:

Consider the overall position presented within this report and make any observations it sees fit.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

The General Fund budget set for the financial year was £382.7m, before the use of managed reserves. Following savings identified since the budget was set, including the savings identified in a report to OSC on 9th November, this has been updated to £379.2m.

Appendix A summarises the original budget, current budget and anticipated spending in 2023/24.

Appendix B provides more detailed commentary on the forecast position for each area of the Council's operations.

5. Detailed report

See appendices.

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

6.1 Financial implications

This report is solely concerned with financial issues.

6.2 Legal implications

This report is solely concerned with financial issues.

6.3 Equalities implications

Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't. It is important to note that currently no policy changes have been proposed but the possibility remains that the Council may need to consider changes to existing services going forward. If this is the case, the Council's equality impact process should be used to evaluate the potential equalities impact of any proposed changes.

Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. There are no direct equality implications arising out of this budget monitoring report.

Equalities Officer, Surinder Singh, Ext 37 4148

6.4 Climate Emergency implications

There are no climate emergency implications directly associated with this report, as it is a budget monitoring report.

However, where proposals are brought forward in order to make additional savings required, any climate emergency implications should be considered and addressed while proposals are being developed, and should be identified in the appropriate decision reports at the time. The Sustainability Team may be able to help departments with assessing implications as part of the evaluation of proposals ahead of report preparation.

Where any necessary capital funding can be identified or secured, the potential role of invest-to-save energy efficiency and renewable energy projects in helping to address revenue budget pressures while also reducing carbon emissions is also worth noting.

Aidan Davis (Climate Emergency). Ext. 37 2284

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

No other implications are noted as this is a budget monitoring report, and therefore no policy changes are proposed.

7. Background information and other papers:

Report to Council on the 22nd February 2023 on the General Fund Revenue budget 2023/24.
Period 3 Monitoring report presented to OSC on 20th September 2023
Report to OSC on 9th November 2023 on the Budget Savings

8. Summary of appendices:

Appendix A – Period 6 (April-September) Budget Monitoring Summary
Appendix B – Divisional Narrative – Explanation of Variances

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

No

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

Yes – recurrent savings in excess of £0.5m.

Revenue Budget at Period 6 (April – September), 2023-24

Table A

2023-24	Original Budget £000's	Current Budget £000's	Forecast £000's	Variance £000's
Financial Services	12,702.5	12,505.0	12,505.0	0.0
Information Services	10,791.9	10,734.2	11,295.3	561.1
Human Resources & Delivery, Communications & Political Governance	9,737.4	9,239.5	8,678.4	(561.1)
Legal Services	3,752.8	3,751.2	3,751.2	0.0
Corporate Resources & Support	36,984.6	36,229.9	36,229.9	(0.0)
Planning, Development & Transportation	14,294.7	13,954.6	14,213.7	259.1
Tourism Culture & Inward Investment	4,558.2	3,357.1	3,385.3	28.2
Neighbourhood & Environmental Services	36,214.9	37,422.9	38,147.2	724.3
Estates & Building Services	4,927.2	4,860.5	5,086.4	225.9
Departmental Overheads	575.8	575.4	575.4	0.0
Housing Services	4,634.9	4,449.0	9,429.0	4,980.0
City Development & Neighbourhoods	65,205.7	64,619.5	70,837.0	6,217.5
Adult Social Care & Safeguarding	170,181.8	170,149.6	171,259.9	1,110.3
Adult Social Care & Commissioning	(18,061.4)	(18,608.6)	(19,718.9)	(1,110.3)
Sub-Total Adult Social Care	152,120.4	151,541.0	151,541.0	0.0
Strategic Commissioning & Business Support	2,385.5	2,239.3	2,107.0	(132.3)
Learning Services	19,596.5	19,585.8	20,686.0	1,100.2
Children, Young People & Families	71,231.0	71,615.3	82,841.1	11,225.8
Departmental Resources	1,976.3	1,537.3	1,547.6	10.3
Sub-Total Education & Children's Services	95,189.3	94,977.7	107,181.7	12,204.0
Total Social Care & Education	247,309.7	246,518.7	258,722.7	12,204.0
Public Health & Sports Services	23,940.6	24,696.3	24,412.9	(283.4)
Total Operational	373,440.6	372,064.4	390,202.5	18,138.1
Corporate Budgets	35,429.8	33,930.7	28,325.4	(5,605.3)
Capital Financing	2,292.1	2,292.1	106.0	(2,186.1)
Total Corporate & Capital Financing	37,721.9	36,222.8	28,431.4	(7,791.4)
Public Health Grant	(28,448.1)	(29,064.8)	(29,169.5)	(104.7)
TOTAL GENERAL FUND	382,714.4	379,222.4	389,464.4	10,242.0

1.1 Changes since the original budget are summarised in the table below:

	Total General Fund £000's
Original budget	382,714
Savings approved - Period 9 monitoring 22/23	(1,113)
Savings approved - Outturn 22/23	(1,216)
Savings approved - Period 3 monitoring 23/24	(480)
Savings approved - Savings Report OSC 09/11/23	(683)
Latest budget	379,222

1.2 The original budgets split between employees, running costs and income are available at

<https://www.leicester.gov.uk/media/50bbavjj/budget-summary-2023-2024.pdf>

Divisional Narrative – Explanation of Variances

Corporate Resources and Support

Corporate Resources Department is forecasting to spend £36.3m. The position after the planned use of reserves is a breakeven position:

1. Finance

1.1. The Financial Services Division is forecasting to break even.

2. Information Services (IS), Human Resources (HR), Delivery Communications & Political Governance (DCPG) and Legal, Registration & Coronial Services

2.1. Taken together IS, HR, DCPG and Legal, Registration & Coronial Service are forecasting to spend to budget after the planned use of reserves.

2.2. The HR service is forecasting a £561k underspend, resulting from vacancies across various areas together with additional traded income. This will support Information Services to reduce the call on reserves for new IT equipment.

2.3. The forecast takes account of the planned use of reserves for Information Services (to fund new equipment) and Electoral Services following the council and mayoral election in May 2023.

2.4. Coronial and registrar services are forecasting to spend £0.6m as per the budget, after support from corporate budgets of £0.4m, as in previous years.

3. City Catering

3.1. New charging arrangements for schools have been put in place by City Catering from August this year. Some internal re-organisation of staffing will also take place this year. Both of these actions are being undertaken to deal with the financial deficit the service incurred in 2022/23. The forecast deficit this year is £0.87m and this will be funded from the school catering reserve.

City Development and Neighbourhoods

The department is forecasting an overspend of £6.2m on a net budget of £64.7m. It is proposed that £2.7m of departmental reserves be used towards increased homelessness costs, reducing the overspend to £3.5m.

4. Planning, Development & Transportation

- 4.1. The division is forecasting an overspend of £0.3m. This represents a significant improvement on the £0.8m overspend forecast at Period 3 and is a reflection of further review and analysis of the division's finances, as well as having additional income data available for areas such as parking. The continued, albeit declining, impacts of Covid 19 remain evident and are reflected in the forecasts.
- 4.2. An adverse variance of £0.3m is expected across parking services, compared with £0.9m at period 3. This arises from a combination of income shortfalls in both on and off-street parking, alongside penalty charge notices, and is partially offset by a higher than expected level of income from utilities works.
- 4.3. There is a £1.6m forecast overspend on bus services, including supported bus services and park & ride, compounded by a shortfall in income through bus lane enforcement. The overspend on parking and bus services are expected to be more than offset by a £2.3m underspend on concessionary fares.
- 4.4. In a continuation of recent pressures, linked to wider economic factors, a reduction in the number of major planning applications being submitted is expected to lead to an income shortfall of £0.7m.
- 4.5. Further detailed monitoring and analysis of costs and income streams and opportunities to make in-year savings will be carried out in the coming months, with the aim of achieving a balanced budget.

5. Tourism, Culture & Inward Investment

- 5.1. The division is forecasting a breakeven position for the year. Income levels across the service continue to be adversely affected by cost of living pressures, but costs are being managed in order to deliver a balanced outturn position.

6. Neighbourhood & Environmental Services

- 6.1. The division is forecasting an overspend of £0.7m, compared with the £1.2m overspend forecast at Period 3.
- 6.2. Waste management costs continue to exceed the budget by £0.5m, due to legislative changes in the treatment and haulage of contaminated waste,

alongside smaller pressures in the service. This has reduced from previous forecasts as HMRC have agreed not to impose a technical change on the calculation of landfill tax for certain types of waste, which has avoided an estimated £0.9m of costs.

- 6.3. Since Period 3, pressures have emerged of £0.1m within Regulatory Services, in particular due to increased staffing costs and income shortfalls within Building Control. A further £0.1m overspend within Parks & Open Spaces has developed, largely as a result of extensive boiler repairs at Gilroes Crematorium.
- 6.4. The service continues to endeavour to deliver savings and manage costs to offset these pressures but the challenge of overcoming such a deficit is substantial.

7. Estates & Building Services

- 7.1. The division is forecasting an overspend of £0.2m, an adverse movement from the breakeven position forecast at Period 3. Whilst savings on vacant posts continue to offset the majority of the pressures being experienced by the division, slippage in the capital programme means that the income to the Capital Projects Team will now be lower than was forecast at Period 3. The division is exploring ways to deliver a balanced position by the end of the financial year.

8. Departmental Overheads

- 8.1. This area holds budgets for added years' pension costs and departmental salaries and is forecast to break even.

9. Housing General Fund

- 9.1. The number of homelessness presentations continues to add to the cost of temporary accommodation. Not only have costs increased, but this trajectory is forecast to continue throughout the remainder of the year. This is expected to cost £6.5m above budget, before the use of £1.5m of grants and £2.8m of reserves which will partially offset the pressure this year; work continues to find longer-term resolutions to this nationally recognised issue. Work is also underway to assess the scale of the impact of the government fast-tracking cases of asylum seekers being housed in hotels across the city.

10. Housing Revenue Account

- 10.1. The Housing Revenue Account (HRA) is a ring-fenced income and expenditure account relating to the management and maintenance of the Council's housing stock. The HRA is forecast to break even. Revenue is also used for capital spending, which is reported separately within the capital monitoring report.

- 10.2. Income from core rent and service charges is expected to be on target for the year, other than for district heating, which is reported below.
- 10.3. The Repairs and Maintenance service is forecast to overspend by £1.7m. Whilst there are vacant posts generating underspends of £0.5m, these will be more than offset by the use of contractors, costing £0.9m. Materials and running costs are expected to add a further £1m, particularly in voids where there is a continued focus on turning properties around; this focus also results in a reduction in income from capital charges of £0.3m.
- 10.4. Management and Landlord Services are expected to underspend by £1.9m. A £2.3m net underspend is expected in the District Heating scheme as a result of reductions to the price of gas. The extent of this has been offset by properties being subsidised for a longer period of time during the year. A reduction in the forecast number of property sales through Right to Buy will reduce income to fund the administration cost by £150k. Separately, the Council Tax payable on void properties is likely to be £250k higher than budgeted.
- 10.5. The HRA makes contributions towards general fund activities as well as being charged for a fair proportion of the Council's overheads. These are expected to be £0.2m more than the budget due to inflationary increases for these services.

Adult Social Care

11. Adult Social Care

- 11.1. Adult social care is forecasting to spend £151.6m as per the budget.
- 11.2. There has been a 3.2% net increase in the number of people receiving adult social care by the end of September compared to April taking actual numbers from 5,413 to 5,529. The increase in working age adults was 4.1% and older people 0.6%. The budget assumes an overall growth in numbers of 4% for the year (2% for older people and 7% for working age) and the forecast at period 6 remains as per the budget.
- 11.3. Of those receiving care at the start of the year, 29% have had their care package cost increased on average by 16% year to date. Whilst the proportion of people with care package changes at the same time last year was exactly the same, the care package increase of 16% is lower than the 20% as at September last year. Whilst this is encouraging, the budget for 2023/24 assumes a lower level of growth in existing care package costs than has been experienced in previous years. Based on the current trajectory the probability of achieving this budget reduction looks low, which results in additional forecast costs of £2.4m.

- 11.4. As discussed in the period 3 monitoring report, the Council and the Integrated Care Board (ICB) have received funds to support discharge from hospitals into social care and the Council has also received an additional market sustainability grant. These two funding streams are helping to alleviate the additional discharge costs and provider cost pressures that are currently being faced by the department. This means that cost pressures can be contained within the department's overall budget.

Education and Children's Services

12. Education and Children's Services

- 12.1. The department is forecasting to overspend by £12.2m, £2.3m more than reported at period 3. £10.9m of this overspend will be funded from social care and education earmarked reserves on a one-off basis, leaving a net overspend of £1.3m. As outlined in the period 3 report the overspend is mainly due to the cost of children looked after and other placements.
- 12.2. The period 3 report provided the background to what was at that time a forecast £9.2m budget shortfall for children looked after and other placements for 2023/24. In summary, the service was experiencing a greater proportion of new high-cost placements than was anticipated, coupled with cost escalation through placement breakdowns and pressure from providers regarding fees, with limited placement availability. The average new external placement cost (excluding in-house residential homes) was £51k in the first quarter of this year, which was £10k pa, more than last year and £10k more than the budget for 23/24.
- 12.3. There has, however, continued to be a disproportionately high proportion (compared to previous years) of high-cost placements in the second quarter. Average new placement costs (excluding the in-house residential homes) in the first half year are now running at £60k pa. Whilst new placement costs may not continue at this level in the second half of the year, this forecast takes a more prudent approach for the remainder of 2023/24 and assumes that the £60k pa average entrance cost will be sustained. Additional costs from placement breakdowns were included in the period 3 forecast and these have been realised in the second quarter. Further significant cost escalations have not been included in the forecast for the second half of the year. The internal residential service is also incurring additional staffing costs due to the increasing needs of the children and young people, together with higher than normal sickness absence. This has increased the unit cost of the in-house homes compared to the budget.
- 12.4. As a result of the above, the revised total placement cost is now forecast to be £11.3m more than the budget and £2.1m more than at period 3.

- 12.5. The net growth in placement numbers this year to date is 13, taking the total placements excluding special guardianships to 681 at the end of September. 9 of the 13 net entrants are Unaccompanied Asylum-Seeking Children (UASC). Of the 681 placements there are 47 UASC at the end of September and 18 18+ ex UASC. This forecast assumes net growth is in line with that seen in the first half year.
- 12.6. The consultancy firm Impower were commissioned to undertake an analysis of placements and the match between costs and assessed needs. This helpful analysis of a large cohort of children in higher cost placements (182, 20% of the overall population), has identified several cohorts of placements that will be the subject of targeted activity to address mismatches in cost versus level of need to generate significant savings. This work will take place alongside an extensive review of our internal resources (fostering and children's homes) to ensure that the capacity and resilience of these are maximised. Business cases will also be put forward for capital investment to expand our internal children's home resources over the next 5 years. A review of council resources deployed to prevent entry into care will also be completed with a view to refocusing/retargeting resources to have greater impact for those children and young people at greater risk of becoming looked after. A strengthening of the role of commissioning in sourcing placements will also take place and a tighter focus on contract management and capping cost inflation will be deployed to limit the impact of demands by providers for uplifts.
- 12.7. In addition to the £11.3m overspend from placement costs, a number of other over and under-spend items are expected as outlined below
- 12.8. A £1m overspend is forecast from the continuing pressure on SEN home to school transport, with taxi journey price inflation driving up costs with journeys now costing an average of £13.7k p.a. per child. There are other pressures including on the home to school and contact taxi transport budget for children looked after (£0.8m), an increased demand for disabled children's respite service (£0.3m) and more demand for legal and translation services for social care (£0.6m). New statutory guidance for local authorities effective from September this year means that the Education Welfare Service can no longer charge schools for the majority of its existing casework which whilst currently traded, will become a Council statutory duty. This will cost an estimated £0.35m pa, for which no new burdens funding is being provided. These other non-placement cost pressures total some £3.3m.
- 12.9. These overspends are partially offset by underspends of £2.4m as a result of a number of staffing vacancies across early help (in advance of reviews), in social care (27 agency social workers are being employed to cover vacancies) and in administration which continues to struggle with high staff turnover and difficulties in recruitment.

- 12.10. The pressure on the high needs block (HNB) of the dedicated schools grant (DSG) continues, with the annual number of agreed education, health and care (EHC) plans at around 750, double the level pre-pandemic.
- 12.11. The DfE has increased the HNB allocation by £7.5m in 2023/24 to £79m. Forecast expenditure for the HNB in 2023/24 is based on a recently refreshed forecast of EHC plans and probable placement type taking into account the current capacity constraints within the system. Total placements are now expected to grow by 6.2% compared to 2022/23, resulting in total HNB expenditure of £84.7m and an in year deficit of £5.7m. This would take the cumulative DSG deficit to £11.7m at the end of 2023/24.
- 12.12. The council has been in discussion with the DfE through the ESFA (Education and Skills Funding Agency) about our draft deficit recovery management plan. The DfE recognised our issues with regards to increasing demand and acknowledged our approach to reducing this demand including through increasing inclusivity in mainstream schools and early intervention. We are currently awaiting formal feedback.

Public Health and Sports Services

13. Public Health

- 13.1. Public Health is forecasting to spend £22.2m, £0.1m more than the budget. The forecast overspend of £0.1m is offset by additional grant income, shown on the separate budget line for Public Health Grant in Appendix A. This is due to the impact of the (belated) 2022/23 NHS pay award on externally contracted services.
- 13.2. The 2023/24 NHS pay settlement affecting external public health contracts has been finalised at 5%. This will be funded by the ICB as a one-off in 2023/24, so has no net impact on costs this year. The on-going cost will be funded by a permanent additional allocation to the main public health grant, which will be addressed when setting the 2024/25 budget.

14. Sports Services

- 14.1. Sports Services are forecasting an underspend of £0.4m reducing the net cost to the Council to £2.2m.
- 14.2. Income from leisure centres is forecast to be £0.5m more than the budget of £6.7m, and approval is sought to take as a budget reduction. The increased income is a result of more members and a fee increase of 12% from May this year. There are now 12,532 health and fitness members, up 1,232

compared to the same time last year and 8,402 learn to swim members, an increase of 938 since September 2022.

- 14.3. There have been in-year vacancies and difficulties in recruiting casual staff with supervisors and general managers having to cover some shifts. This has resulted in an underspend on pay of £0.1m. This is offset by additional running costs of £0.2m including continued price pressure on consumables including chemical water treatments, building repair works and locker replacements.

Corporate Items & Reserves

15. Corporate Items

- 15.1. The corporate budgets cover the Council's capital financing costs, items such as audit fees, bank charges, contingencies and levies. This budget is currently forecasting an underspend of £5.6m.
- 15.2. The local government pay award was finalised on 1st November at a flat rate of £1,925 per FTE on all pay points, from 1 April 2023. The initial modelling estimates that this will cost approximately £11.2m, some £2.2m more than budgeted. The budget for pay awards was held centrally until finalised and will now be transferred to spending departments.
- 15.3. This overspend has been offset by a forecast saving of £3m in energy costs. Provision for additional energy costs was made centrally in the approved budget.
- 15.4. There are further underspends of £1.0m, mainly from additional recharges to the HRA and business rates revaluations.
- 15.5. Out of the corporate contingency of £3.6m, £3.5m has been used to offset overspends in homelessness and children's services.
- 15.6. Capital Financing costs are forecast to be just over £2m below budget. This is because interest rates on investments are higher than forecast, and although cash balances have reduced, they have not reduced quite as quickly as predicted. The situation around investment returns remains extremely volatile, particularly in regard to the level of cash balances: for example, a 10% change in cash balance levels can equate to a variance of around £1.2m on this budget. High investment income returns are unlikely to continue in future years as cash balances decline.

**Executive Decision
Capital Budget
Monitoring
April-September
2023/24**

Decision to be taken by: City Mayor

Decision to be taken on: 14th December 2023

Lead director/officer: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Catherine Taylor, Acting Chief Accountant
- Author contact details: catherine.taylor@leicester.gov.uk

1. Summary

- 1.1 The purpose of this report is to show the position of the capital programme at the end of September 2023 (Period 6).
- 1.2 This is the second capital monitoring report of the financial year. One further quarterly report and an outturn report will be presented as the year progresses.
- 1.3 As reported in the period 3 monitoring report, many projects are experiencing delays and increased costs due to instability in the construction industry and continued inflationary pressures. Some work programmes will manage this through their current budget by deferring planned work. When this is not possible it is reported in the monitoring report and decisions are taken as necessary. It is anticipated construction industry uncertainty and cost pressures will continue to be an issue for the foreseeable future.

2. Recommended actions/decision

- 2.1 The Executive is recommended to:
 - Note total spend of £54m for the year to date.
 - Approve the following additions:
 - £915k for Green Homes, funded by Government Grant, see Appendix B, Para 3.11.
 - £713k for New Build Council Housing, funded by Government Grant, see Appendix A, HRA, Para 2.1.
 - £388k for Off-site Backup ICT Platform including the associated Cyber Security protection, which is to be funded from departmental reserves.

- £300k for Network Improvement & Wi-Fi Replacement, which is to be funded from departmental reserves.
- £237k for Disabled Facilities Grant, funded by Government Grant, See Appendix B, Para 3.12.
- Approve the following transfer:
 - £500k for Council Housing Boiler Replacements to be transferred from External property works. See Appendix B, 3.15.
- Approve the following policy provision releases:
 - £1,350k for Leicester Market Redevelopment to be funded from Programme Contingency policy provision. See Appendix A, Tourism, Culture and Inward Investment, Para 2.2.
- Approve the following change of funding and transfers:
 - £170k transfer from Property Conversions to revenue reserves. See Appendix A, HRA, Para 2.2.
 - £12,953k of Levelling up project funding to be match funded from Business Rates Pool monies instead of capital reserves.
 - £8,453k transfer of revenue funding previously set aside in the capital fund to the managed reserve, retaining £4,500k for capital schemes.

The OSC is recommended to:

- Consider the overall position presented within this report and make any observations it sees fit.

3. Scrutiny / stakeholder engagement

N/a

4. Background and options with supporting evidence

4.1 The 2023/24 Capital programme was initially approved by Council on 22nd February 2023. It has subsequently been amended (including the 2022/23 outturn).

The capital programme is split in the following way:

- (a) Schemes classified as '**immediate starts**', which require no further approval to commence; and
- (b) A number of separate '**policy provisions**' which are not released until specific proposals have been approved by the Executive.

4.2 Immediate Starts are further split into:

- (a) **Projects**, which are discrete, individual schemes such as a road scheme or a new building. Monitoring of projects focusses on delivery of projects on time and the achievement of milestones. Consequently, there is no attention given to in-year financial slippage;
- (b) **Work Programmes**, which consist of minor works or similar on-going schemes where there is an allocation of money to be spent during a particular year. Monitoring of work programmes focusses on whether the money is spent in a timely fashion;
- (c) **Provisions**, which are sums of money set aside in case they are needed, where low spend is a favourable outcome rather than indicative of a problem;
- (d) **Schemes which are substantially complete**. These schemes are the tail end of schemes in previous years' capital programmes, usually consisting of small amounts of money brought forward from earlier years.

4.3 A summary of the total approved 2023/24 capital programme as at Period 6 is shown below:

	£000
Projects	183,582
Work Programmes	223,201
Provisions	191
Schemes Substantially Complete	5,311
Total Immediate Starts	412,285
Policy Provisions	26,214
Total Capital Programme	438,499

4.4 The following changes have occurred to the capital programme since period 3:

	£000
Connecting Leicester	1,800
Dawn Centre	457
Additional SEND Places - Children's Hospital	314
Other	96
St Matthews Centre	(250)
Council Housing - External Property Works	(1,000)
Net Movements	1,417

These movements are included in the table at 4.3 above.

4.5 The following appendices to this report show progress on each type of scheme:

- Appendix A – Projects
- Appendix B – Work Programmes
- Appendix C – Provisions
- Appendix D – Projects Substantially Complete
- Appendix E – Policy Provisions

4.6 This report only monitors policy provisions to the extent that spending approval has been given, at which point they will be classified as projects, work programmes or provisions.

4.7 Capital Receipts

4.7.1 At Period 6, the Council has realised £5.4m of General Fund capital receipts, of which £4.8m relates to ringfenced receipts required for repayment of borrowing on the Ashton Green and Waterside developments.

4.7.2 “Right to Buy” receipts from sales of council housing have amounted to £7.6m received in year.

4.8 Capital reserves currently have amounts transferred from revenue to fund capital projects. As other sources of funding have become available for capital, it is possible to transfer these back to revenue managed reserves.

5. Detailed report

N/A

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

6.1 Financial implications

This report is solely concerned with financial issues.

Kirsty Cowell, Head of Finance, 37 2377

6.2 Legal implications

There are no direct legal implications arising from the recommendations of this report.

Kevin Carter, Head of Law - Commercial, Property & Planning. 37 4197

6.3 Equalities implications

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

Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. At this time, there are no further equality implications as these have already been identified for the proposals agreed and submitted.

There may be future projects, arising from the report and its recommendations, which would benefit from further consideration of the equalities implications and possibly a full equality impact assessment in certain circumstances. People from across all protected characteristics should benefit from the improved public good arising from the capital programme. Whether an Equalities Impact Assessment is required will be dependent upon how work develops and whether the changes are likely to have a disproportionate impact on any protected group; this is usually the case where there are significant changes or a reduction in provision.

Equalities Officer, Surinder Singh, ext. 37 4148

6.4 Climate Emergency implications

Following the council's declaration of a climate emergency and ambition to reach net zero carbon emissions for the council and the city, the council has a key role to play in addressing carbon emissions relating to the delivery of its services. This includes through its delivery of capital projects, with buildings being one of largest contributors to the city's carbon emissions.

A number of the projects for addition and transfer with this report have direct climate emergency implications, including the following:

Green Homes – This funding will directly contribute to reducing carbon emissions in the city's private homes through increasing their energy efficiency.

New Build Council Housing – New council housing has been designed to be energy efficient and low carbon, minimising carbon emissions from its use.

Council House Boiler Replacements – This work will reduce carbon emissions from existing council houses through fitting more efficient gas boilers to properties.

Leicester Market Redevelopment – This project has been designed to be energy efficient, including the installation of solar PV panels and a heat pump, minimising carbon emissions.

Aidan Davis, Sustainability Officer, Ext 37 2284

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

No other implications are noted as this is a budget monitoring report, and therefore no policy changes are proposed.

7. Background information and other papers:

Capital Programme 2023/24 approved by Council on 22nd February 2023.

Housing Revenue Account Budget (including Capital Programme) 2023/24 approved by Council on 22nd February 2023.

2023/24 Capital Monitoring P3 Report presented to OSC on 20th September 2023.

8. Summary of appendices:

- Appendix A – Projects
- Appendix B – Work Programmes
- Appendix C – Provisions
- Appendix D – Projects Substantially Complete
- Appendix E – Policy Provisions

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

No.

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

Yes. Expenditure exceeding £1m is proposed which has not been specifically approved by Council.

PROJECTS

1. Summary

- 1.1 As stated in the cover report, the focus of monitoring projects is physical delivery, i.e. whether they are being delivered on time, on budget and to the original specification. This appendix summarises progress on projects. Project summaries provided by departments/divisions are shown on pages 12-23 within this Appendix.

Department / Division	Remaining Budget £000	2023/24 Spend £000
Planning, Development & Transportation	97,373	22,733
Tourism, Culture & Inward Investment	35,834	2,070
Neighbourhood & Environmental Services	4,548	87
Estates & Building Services	13,295	166
Adult Social Care	2,510	0
Children's Services	22,070	3,287
Housing Revenue Account	8,115	2,254
Total	183,745	30,597

- 1.2 A list of the individual projects is shown in the table on pages 9-10 of this report. This also summarises the progress of each project. Attention is drawn to expected completion dates and any project issues that have arisen.
- 1.3 A colour-coded rating of progress of each project has been determined, based on whether the project is progressing to the latest approved delivery and cost plan as expected, and whether it is still expected to complete within budget.
- 1.4 The ratings used are:
- (a) **Green** Successful delivery of the project on time, within budget, to specification and in line with original objectives seems very likely. There are no major issues that appear to threaten delivery significantly.
 - (b) **Amber** Successful delivery of the project on time, within budget, to specification and in line with original objectives appears probable. However,

some risks exist, and close attention will be required to ensure these risks do not materialise into major issues threatening delivery. Alternatively, a project is classed as amber if some insubstantial slippage or minor overspend is probable.

- (c) **Red** Successful delivery of the project on time, within budget, to specification and in line with original objectives appears to be unachievable. The project is expected to require redefining, significant additional time or additional budget.
- (d) **Blue** The project is substantially complete.
- (e) **Purple** The project is on hold, for reasons which have nothing to do with management of the capital programme. Examples include reconsideration of whether the project is still needed as originally proposed, or withdrawal of a funder.

2. Summary of Individual Projects

Dept/ Division	Project	Remaining Budget (£000)	2023/24 Spend (£000)	Forecast O/(U)spend (£000)	Original Completion Date	Forecast Completion Date	Previous Reported RAG Rating	Project RAG Rating @ P6
CDN (PDT)	Connecting Leicester	34,427	9,453	0	Nov-20	Dec-24	Amber	Green
CDN (PDT)	Waterside Strategic Regeneration Area	3,793	577	0	Mar-23	Jun-26	Green	Green
CDN (PDT)	St George's Churchyard	558	4	0	Aug-18	Jul-24	Green	Green
CDN (PDT)	North West Leicester Regeneration Area	60	19	0	Mar-22	Dec-23	Green	Blue
CDN (PDT)	High Streets Heritage Action Zones	808	48	0	Apr-24	Mar-24	Green	Green
CDN (PDT)	Leicester Railway Station - Levelling up	20,878	943	0	Mar-24	Feb-25	Amber	Amber
CDN (PDT)	Electric Bus Investment	7,903	5,033	0	Dec-23	May-24	Green	Green
CDN (PDT)	Pioneer Park - Levelling Up	25,031	6,656	0	Dec-24	Sep-24	Green	Green
CDN (PDT)	Land South of Midland Street	1,145	0	0	Sep-22	Mar-24	Blue	Amber
CDN (PDT)	Ashton Green Access Road	2,250	0	0	Dec-24	Dec-24	Green	Green
CDN (PDT)	St Paul's Church	400	0	0	Aug-25	Aug-25	Green	Green
CDN (PDT)	Acquisition of Queen St	120	0	0	Oct-23	Oct-23	N/A	Blue
CDN (TCI)	Jewry Wall Museum Improvements	10,004	1,541	0	Mar-23	Oct-24	Green	Amber
CDN (TCI)	Leicester Market Redevelopment	9,762	138	1,350	Dec-21	Dec-24	Amber	Amber
CDN (TCI)	Onsite Construction Skills Hub	706	73	0	Dec-22	Mar-25	Green	Green
CDN (TCI)	Leicester Museum and Art Gallery Phase 1	2,091	123	0	Mar-22	Jun-26	Green	Green
CDN (TCI)	De Montfort Hall	722	47	0	Mar-22	Mar-24	Green	Green
CDN (TCI)	Pilot House - Levelling Up	12,281	23	0	Mar-24	Feb-25	Amber	Green
CDN (TCI)	Ugandan Asians – 50 Year Anniversary Commemoration	268	125	0	Jun-23	Mar-24	Amber	Green
CDN (NES)	Library Self Access Rollout	587	6	0	Sep-24	Mar-25	Green	Amber
CDN (NES)	St Margaret's Pastures Skate Park	334	23	0	Jan-23	Apr-24	Amber	Green
CDN (NES)	Multi Use Games Areas (MUGAs)	3,106	30	0	Mar-25	Mar-25	Green	Green
CDN (NES)	Spinney Hills Park - Levelling Up	196	28	0	Mar-24	Mar-24	Green	Green
CDN (NES)	African Caribbean Centre Maintenance	60	0	0	Jan-24	Jul-24	Green	Amber
CDN (NES)	Ash Die Back Equipment	130	0	0	Sep-23	Oct-23	Green	Blue
CDN (NES)	Study Zones	135	0	0	Mar-24	Mar-24	Green	Green
Total		137,755	24,890	1,350				

Dept/ Division	Project	Remaining Budget (£000)	2023/24 Spend (£000)	Forecast O/(U)spend (£000)	Original Completion Date	Forecast Completion Date	Previous Reported RAG Rating	Project RAG Rating @ P6
CDN (EBS)	Estate Shops	496	18	0	Mar-22	Mar-24	Amber	Amber
CDN (EBS)	Haymarket Theatre - Internal Completion Works	301	17	0	Mar-21	Oct-23	Amber	Blue
CDN (EBS)	Changing Places - Disabled Facilities Toilets	305	2	0	Mar-24	Mar-24	Green	Green
CDN (EBS)	Malcolm Arcade Refurbishment	1,353	20	0	Nov-23	TBC	Green	Purple
CDN (EBS)	Replacement Cladding Phoenix Square	9,570	109	0	Dec-24	Sep-25	Amber	Green
CDN (EBS)	St Nicholas Wall	460	0	0	Sep-24	Sep-24	Green	Green
CDN (EBS)	Aikman Avenue District Heating	195	0	0	Dec-23	TBC	Purple	Purple
CDN (EBS)	Phoenix Arts Car Park	100	0	0	Mar-25	Mar-24	Green	Green
CDN (EBS)	Heathers Industrial Estate	515	0	0	Dec-23	Jan-24	N/A	Green
SCE (ASC)	Extra Care Schemes	2,510	0	0	Aug-20	May-26	Green	Amber
SCE (ECS)	Additional SEND Places (including Pupil Referral Units)	11,718	1,256	0	Jan-24	Sep-25	Amber	Amber
SCE (ECS)	Overdale Infant and Juniors School Expansion	3,255	1,412	0	Nov-21	Mar-24	Amber	Green
SCE (ECS)	Pindar Nursery	841	12	0	Mar-23	TBC	Purple	Purple
SCE (ECS)	S106 Additional School Places	434	0	0	Sep-23	Aug-24	Green	Green
SCE (ECS)	Children's Homes Refurbishments	900	74	0	Sep-23	Jul-24	Amber	Green
SCE (ECS)	Expansion of Children's Homes	2,037	454	0	May-23	Dec-24	Amber	Green
SCE (ECS)	Winstanley Contact Centre	685	66	0	Apr-24	Jun-24	Green	Amber
SCE (ECS)	Education System Re-tender	2,200	13	0	Mar-26	Mar-26	Green	Green
Total (excluding HRA)		175,630	28,343	1,350				
CDN (HRA)	New House Build Council Housing	713	0	0	Apr-23	Mar-25	Green	Green
CDN (HRA)	Tower Block Sprinkler Systems	1,004	913	0	Apr-22	Oct-23	Amber	Blue
CDN (HRA)	Property Conversions	170	0	(170)	Mar-22	Mar-24	Green	Purple
CDN (HRA)	Bridlespur Way Refurbishment	300	0	0	Mar-23	Apr-24	Green	Amber
CDN (HRA)	Dawn Centre Reconfiguration	1,500	20	0	May-23	Oct-24	Amber	Amber
CDN (HRA)	St Matthews Concrete Works	1,300	0	0	Mar-24	Sep-24	Amber	Green
CDN (HRA)	District Heating Metering	3,128	1,321	0	Jan-24	Mar-24	Green	Amber
Total HRA		8,115	2,254	(170)				
Total (including HRA)		183,745	30,597	1,180				

Commentary on Specific Projects

- 3.1 Explanatory commentary for projects that are not currently progressing as planned, or for which issues have been identified, is provided in the next pages. This has been defined as any scheme that has a RAG Rating other than “green” or “blue”.

Capital Programme Project Monitoring 2023/24 P6

Planning, Development & Transportation

1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Connecting Leicester	34,427	0	March 2024	Dec 2024	G
Waterside Strategic Regeneration Area	3,793	0	March 2023	June 2026	G
St George's Churchyard	558	0	Aug 2018	July 2024	G
North West Leicester Regeneration Area	60	0	March 2022	Dec 2023	B
High Streets Heritage Action Zones	808	0	April 2024	March 2024	G
Leicester Station Improvements – Levelling Up	20,878	0	March 2024	Feb 25	A
Electric Bus Investment	7,903	0	Sept 2024	May 2024	G
Pioneer Park – Levelling Up	25,031	0	Dec 2024	Sept 2024	G
Land South of Midland Street	1,145	0	Sept 2022	March 2024	A
Ashton Green Access Road	2,250	0	Dec 2024	Dec 2024	G
St Paul's Church	400	0	Aug 2025	Aug 2025	G
Acquisition of Queen Street	120	0	Oct 2023	Oct 2023	B
Total	97,373	0			

2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

- 2.1. **Leicester Station Improvements – Levelling Up** – We are expecting further delays to the forecast completion date, due to the lease surrender negotiations with existing tenants taking longer than originally expected and it is anticipated that the appointment of a contractor will be affected by national construction inflation.

2.2. Land South of Midland Street – It was reported in period 3 monitoring that this project would be substantially complete in September 2023. However, due to ongoing lease negotiations the purchase of Land South of Midland Street did not complete and as a result the Land Registry is investigating the issue of the title. Therefore, the completion date has been revised to March 2024.

Capital Programme Project Monitoring 2023/24 P6

Tourism, Culture and Inward Investment

1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Jewry Wall Museum Improvements	10,004	0	March 2023	Oct 2024	A
Leicester Market Redevelopment	9,762	1,350	Dec 2021	Dec 2024	A
Onsite Construction Skills Hub	706	0	Dec 2022	March 2025	G
Leicester Museum and Art Gallery Phase 1	2,091	0	March 2022	June 2026	G
De Montfort Hall	722	0	March 2022	March 2024	G
Pilot House – Levelling Up	12,281	0	March 2024	Feb 2025	G
Ugandan Asians – 50 Year Anniversary Commemoration	268	0	June 2023	March 2024	G
Total	35,834	1,350			

2 Projects Commentary (for **all** projects rated Amber, Red or Purple)

2.1 Jewry Wall Museum Improvements – The delay in forecast completion is due to paint stripping of the barrel-vaulted ceiling requiring different treatments for effective and safe removal of multiply layers of paint. As part of listed building requirements, the works needed to be approved before undertaking.

2.2 Leicester Market Redevelopment – The programme for phase 3 has slipped to December 2024 due to a revised construction programme provided by our preferred

bidder following the tender process. This report requests £1,350k of budget be added to the capital programme, to be funded from the programme contingency policy provision. This is primarily to fund inflationary increases following receipt of the tender return, notably in the Café New-Build and an emergency provision to cover associated risk within the existing ground conditions.

Capital Programme Project Monitoring 2023/24 P6

Neighbourhood and Environmental Services

1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Library Self Access Rollout	587	0	Sept 2024	March 2025	A
St Margaret's Pastures Skate Park	334	0	Jan 2023	April 2024	G
Multi Use Games Areas (MUGAs)	3,106	0	March 2025	March 2025	G
Spinney Hills Park - Levelling Up	196	0	March 2024	March 2024	G
African Caribbean Centre Maintenance	60	0	Jan 2024	July 2024	A
Ash Die Back Equipment	130	0	Sept 2023	Oct 2023	B
Study Zones	135	0	March 2024	March 2024	G
Total	4,548	0			

2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

2.1 Library Self Access Rollout – The timelines for this scheme have had to be adjusted to align with Community Services & Library Needs Assessment.

2.2 African Caribbean Centre Maintenance – Payment of grant is staggered and the final payment is due to be paid in July 2024. This will be complete once the Community Asset Transfer (CAT) Lease is signed.

Capital Programme Project Monitoring 2023/24 P6

Estates and Building Services

1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Estate Shops	496	0	March 2022	March 2024	A
Haymarket Theatre - Internal Completion Works	301	0	March 2021	Oct 2023	B
Changing Places - Disabled Facilities Toilets	305	0	March 2024	March 2024	G
Malcolm Arcade Refurbishment	1,353	0	Nov 2023	TBC	P
Replacement Cladding Phoenix Square	9,570	0	Dec 2024	Sept 2025	G
St Nicholas Wall	460	0	Sept 2024	Sept 2024	G
Aikman Avenue District Heating	195	0	Dec 2023	TBC	P
Phoenix Arts Car Park	100	0	March 2025	March 2024	G
Heathers Industrial Estate	515	0	Dec 2023	Dec 2023	G
Total	13,295	0			

2. Projects Commentary (for all projects rated Amber, Red or Purple).

2.1 Estate Shops – All works have been completed with the exception of one site, where completion of concrete works requires the temporary closure of businesses. The negotiations with leaseholders have caused further delays to gain access to the shops.

2.2 Malcolm Arcade Refurbishment – This scheme is currently on hold to consider revising the current scope of the scheme.

2.3 Aikman Avenue District Heating – This scheme is currently on hold due to protracted a contractual negotiations.

Capital Programme Project Monitoring 2023/24 P6

Adults

1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Extra Care – Two Schemes	2,510	0	Aug 2020	May 2026	A
Total	2,510	0			

2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

2.1 **Extra Care – Two Schemes** – This project is currently at the procurement stage advice is taken on the council's ability to proceed to the next stage.

Capital Programme Project Monitoring 2023/24 P6

Children's Services

1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Additional SEND Places (including Primary Pupil Referral Unit)	11,718	0	Jan 2024	Sept 2025	A
Overdale Infant and Juniors School Expansion	3,255	0	Nov 2021	March 2024	G
Pindar Nursery	841	0	March 2023	TBC	P
S106 Additional School Places	434	0	Sept 2023	Aug 2024	G
Children's Homes Refurbishments	900	0	Sept 2023	Jul 2024	G
Expansion of Children's Homes	2,037	0	May 2023	Dec 2024	G
Winstanley Contact Centre	685	0	April 2024	June 2024	A
Education System Re-tender	2,200	0	March 2026	March 2026	G
Total	22,070	0			

2. Projects Commentary (for all projects rated Amber, Red or Purple).

2.1 Additional SEND Places – As previously reported, following a review of the requirements for the scheme which includes the Rowans (Ellesmere), Knighton Lane (Leicester Partnership School) and the Armadale Centre (Netherhall School), it should be noted that the revised options are likely to require additional funds. Funding sources are being identified now additional costs have been determined. A decision to increase the budget will be sought once the funding sources are identified.

2.2 Pindar Nursery – This scheme is currently on hold, as pupils remain located at Pindar Nursery whilst waiting for the Netherhall SEND scheme to be completed.

2.3 Winstanley Contact Centre – The slight delay in forecast completion is due to seeking planning approval which is due to take place in November 2023.

Capital Programme Project Monitoring 2023/24 P6

Housing (HRA)

1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
New Build Council Housing	713	0	April 2023	March 2025	G
Tower Block Sprinklers	1,004	0	April 2022	Oct 2023	B
Property Conversions	170	(170)	March 2022	March 2024	P
Bridlespur Way Refurbishment	300	0	March 2023	April 2024	A
Dawn Centre Reconfiguration	1,500	0	May 2023	Oct 2024	A
St Matthews Concrete Works	1,300	0	March 2024	Sept 2024	G
District Heating Metering	3,128	0	Jan 2024	March 2024	A
Total	8,115	(170)			

2. Projects Commentary (for all projects rated Amber, Red or Purple).

- 2.1 New Build Council Housing** – This report seeks to add £713k to this project which is to be funded by a government grant.
- 2.2 Property Conversions** – The cost of converting properties to accommodate larger families is becoming prohibitively expensive. This report requests that the budget is moved to revenue to support alternative measures which achieve the same objectives.
- 2.3 Bridlespur Way Refurbishment** – During the works to the flats on the second floor, the need for significant roof repair work was identified. This delay means that the refurbishment will not now be complete until April 2024.

- 2.4 Dawn Centre Reconfiguration** – The tender process continues to be elongated due to a difficulty in identifying a suitable contractor. The expected completion date is now October 2024.
- 2.5 District Heating Metering** – Operational delays have combined with a higher number of residents refusing to have meters installed, which will necessitate a revisit. Whilst it is still anticipated that the majority of installations will be complete by January 2024, full completion is not expected until March 2024.

WORK PROGRAMMES**1. Summary**

1.1 As stated in the cover report, work programmes are minor works or similar on-going schemes where there is an allocation of money to be spent during a particular year. Monitoring of work programmes focusses on whether the money is spent in a timely fashion.

1.2

Department / Division	Approved to spend in 23/24 £000	2023/24 Spend £000	Slippage £000	Over/(under) Spend £000
City Development & Neighbourhoods	1,841	127	1,600	0
Planning, Development & Transportation	11,753	2,429	310	(117)
Tourism, Culture & Inward Investment	1,166	110	646	0
Neighbourhood & Environmental Services	1,034	121	317	0
Estates & Building Services	8,087	648	2,555	0
Housing General Fund	11,968	1,206	4,566	0
Adult Social Care	0	0	0	0
Children's Services	17,273	2,910	7,311	0
Total (excluding HRA)	53,122	7,551	17,305	(117)
Housing Revenue Account	43,763	14,504	250	79
Total (including HRA)	96,885	22,055	17,555	(38)

2. Summary of Individual Work Programmes

Work Programme	Dept/ Division	Approved £000	2023/24 Spend £000	Slippage £000	Over/(under) Spend £000
Feasibility Studies	CDN	1,841	127	1,600	0
Transport Improvement Works	CDN (PDT)	4,120	549	0	0
Bus Engine Retrofitting	CDN (PDT)	412	0	0	0
Air Quality Action Plan	CDN (PDT)	240	169	0	0
Highways Maintenance	CDN (PDT)	4,238	1,037	0	0
Flood Strategy	CDN (PDT)	300	92	0	0
Local Environmental Works	CDN (PDT)	400	225	0	0
Legible Leicester	CDN (PDT)	51	10	0	0
Potential Strategic Development Sites Assessment	CDN (PDT)	844	247	0	0
Architectural & Feature Lighting (Grant)	CDN (PDT)	196	0	130	0
Front Wall Enveloping	CDN (PDT)	200	0	180	0
Transforming Cities Work Programmes	CDN (PDT)	341	1	0	0
Campbell Street Feasibility Study	CDN (PDT)	186	80	0	(34)
Conservation Building Grants	CDN (PDT)	71	2	0	0
Street Nameplates City Branding Programme	CDN (PDT)	67	13	0	0
Environment Agency Feasibility Studies	CDN (PDT)	87	4	0	(83)
Heritage Interpretation Panels	CDN (TCI)	217	35	0	0
Cank St Feasibility	CDN (TCI)	3	0	0	0
Local Shopping Centres Reopening & Improvement Programme Grants	CDN (TCI)	946	75	646	0
Parks Plant and Equipment	CDN (NES)	298	76	0	0
Parks and Open Spaces	CDN (NES)	327	1	252	0
Franklyn Fields Public Open Space	CDN (NES)	409	44	65	0
Property & Operational Estate Capital Maintenance Programme	CDN (EBS)	6,679	625	2,555	0
Green Homes	CDN (EBS)	1,032	0	0	0
Phoenix & Sovereign House	CDN (EBS)	210	0	0	0
Depots Refurbishment	CDN (EBS)	166	23	0	0
Private Sector Disabled Facilities Grant	CDN (HGF)	1,981	864	0	0
Repayable Home Repair Loans	CDN (HGF)	384	8	0	0
Vehicle Fleet Replacement Programme	CDN (HGF)	7,466	334	4,566	0
District Heating Metering	CDN (HGF)	2,137	0	0	0
School Capital Maintenance	SCE (ECS)	17,029	2,910	7,311	0
Foster Care Capital Contribution Scheme	SCE (ECS)	244	0	0	0
Total (excluding HRA)		53,122	7,551	17,305	(117)
Council Housing - New Kitchens and Bathrooms	CDN (HRA)	2,000	1,086	0	0
Council Housing - Boiler Replacements	CDN (HRA)	2,300	1,444	0	500
Council Housing - Rewiring	CDN (HRA)	1,610	437	0	0
Council Housing - Disabled Adaptations & Improvements	CDN (HRA)	1,307	859	0	79
Council Housing - Insulation Works	CDN (HRA)	82	0	0	0
Council Housing - External Property Works	CDN (HRA)	950	151	0	(500)
Council Housing - Fire and Safety Works	CDN (HRA)	724	124	0	0
Community & Environmental Works	CDN (HRA)	1,349	1,425	0	0
Affordable Housing - Acquisitions	CDN (HRA)	27,797	8,753	0	0
Affordable Housing - RPs & Others	CDN (HRA)	4,765	74	0	0
Public Realm Works	CDN (HRA)	629	151	0	0
Feasibility Study for Sheltered Housing	CDN (HRA)	250	0	250	0
Total HRA		43,763	14,504	250	79
Total (including HRA)		96,885	22,055	17,555	(38)

3. **Commentary on Specific Work Programmes**

- 3.1 Explanatory commentary for work programmes not currently progressing as planned, or for which issues have been identified is provided below. For monitoring purposes this has been defined as any scheme where budgets have significantly changed, where spend is low or where material slippage is forecast.
- 3.2 **Feasibility Studies** – A review of feasibility schemes is continuing to identify the priorities of schemes to be progressed.
- 3.3 **Architectural & Feature Lighting** – Grant recipients continue to request that works are delayed due to the current economic climate.
- 3.4 **Front Wall Enveloping** – These schemes require the approval of the property owners to progress and is usually a lengthy process to complete. These approvals are currently being sought and can take approximately 6 months. Therefore, the construction is due to take place in 2024/25.
- 3.5 **Campbell Street Feasibility Studies** – This study is considered complete. However, there is still some expenditure expected but there is a forecasted underspend being reported.
- 3.6 **Environment Agency Feasibility Studies** – All three projects are in the process of being terminated, mostly due to external partners having to prioritise other projects.
- 3.7 **Local Shopping Centres Reopening & Improvement Programme** – Plans for works at three priority sites have now been identified and the details of these works will be finalised in due course.
- 3.8 **Parks and Open Spaces** – There have been delays in getting planning approved for Rally Park Ballcourt and there has also been a requirement for further surveys, such as ecological and ground contamination.
- 3.9 **Franklyn Fields Public Open Space** – There have been some supply chain issues with some of the play equipment that the council is acquiring which will delay the completion of this programme to the next financial year.

- 3.10 **Property and Operational Estate Capital Maintenance** – As previously reported, the slippage is due to the supplier for the energy efficiency works having limited capacity to deliver the decarbonisation of council buildings this financial year. These will be completed in future years. A decision is also to be made whether pre-planned maintenance works would be required this year.
- 3.11 **Green Homes** – Approval is sought to add £915k of government grant funding to this scheme. This will help to continue the installation of energy efficient measures in private homes across the city. In line with previous decisions, only an element of this funding is being added to the current scheme, due to previous grant not being fully spent and therefore budget remaining.
- 3.12 **Private Sector Disabled Facilities Grant** – It's proposed that £237k is to be added to the Capital Programme due to an additional grant being received from the government.
- 3.13 **Vehicle Replacement Programme** – Estimated slippage of £4.6m is due to the continued global factors affecting the supply of new vehicles and increased delivery lead times. The specification of some vehicles that require replacing are currently being reviewed to determine priority replacements. Internal resource issues have led to delays in the ordering process.
- 3.14 **School Capital Maintenance** – As previously reported, the slippage is principally due to the supplier for energy efficiency works having limited capacity to deliver the decarbonisation of school buildings. These will be completed in future years. In addition to this some works have slipped due to contractor capacity and works having to be scheduled around school holidays due to the disruptive nature.
- 3.15 **Council Housing Boiler Replacements /External Property Works**– The Boiler replacement service is a reactive one, responding to requests when a boiler is beyond economic repair. Demand in the current year is higher than anticipated when the budget was set, leading to a forecast overspend of £500k. This will be funded from underspends on External Property Works (re-roofing and soffits/facias) which have arisen due to delays in the current procurement exercise.

3.16 **Feasibility Study for Sheltered Housing** – The feasibility study will not be carried out this financial year due to resources being prioritised to the heat metering project; this is now expected to take place in 2024/25.

PROVISIONS**1. Summary**

- 1.1 As stated in the cover report, provisions are sums of money set aside in case they are needed, where low spend is a favourable outcome rather than indicative of a problem.
- 1.2 As at the end of Period 6, none of the budgets for capital provisions had been spent.
- 1.3 Normally provisions are there if needed. The sums below are for the 2023/24 financial year.

Provision	Dept/ Division	Approved £000	2023/24 Spend £000	2023/24 Total £000	Remaining Budget £000
Empty Homes Purchase	CDN (HGF)	50	1	1	49
Early Years - Two Year Olds	SCE (ECS)	141	0	0	141
Total		191	1	1	190

PROJECTS SUBSTANTIALLY COMPLETE**1. Summary**

1.1 As at the end of Period 6, the following schemes were nearing completion. The budgets are the unspent amounts from previous years' capital programmes, mainly as a result of slippage.

Project	Dept/ Division	Approved £000	2023/24 Spend £000	Over/(Under) Spend £000
Leicester North West Major Transport Scheme	CDN (PDT)	89	0	0
Pioneer Park	CDN (PDT)	16	10	0
Pioneer Park Commercial Workspace (formerly Dock 2)	CDN (PDT)	63	43	0
St Margaret's Gateway	CDN (PDT)	1	0	0
Stocking Farm Community Shop	CDN (PDT)	41	0	0
City-wide Parkmap TRO review, signs and lines upgrades	CDN (PDT)	83	38	0
Saffron Brook	CDN (PDT)	280	133	0
Gresham Business Workspace	CDN (TCI)	40	0	0
Abbey Pumping Station	CDN (TCI)	0	0	0
Growth Hub	CDN (TCI)	343	305	0
Fashion Technology Academy	CDN (TCI)	120	12	(98)
Library RFID Self-Service System	CDN (NES)	11	0	0
Library Improved Self-Access Pilot	CDN (NES)	10	2	0
Abbey Park Precinct Wall	CDN (NES)	46	2	(5)
Digital & Performance Suite	CDN (NES)	15	15	0
11-15 Horsefair Street	CDN (EBS)	45	0	(45)
Haymarket House, Car Parks & Lifts	CDN (EBS)	173	66	0
Haymarket Bus Station - Toilet Expansion and Refurbishments	CDN (EBS)	58	2	0
Energy Efficiency Technology	CDN (EBS)	0	0	0
Leycroft Road Energy Reduction Works	CDN (EBS)	88	0	0
African Caribbean Centre	CDN (EBS)	23	1	0
Aylestone Leisure Centre PV Panels	CDN (EBS)	595	310	0
Bosworth House	CDN (EBS)	675	675	0
Goscote House Demolition	CDN (HRA)	400	253	0
Greener Homes	CDN (HRA)	667	0	0
Additional Primary School Places	SCE (ECS)	63	0	0
Glebelands Primary School Modular Building	SCE (ECS)	33	1	0
Expansion of Oaklands Special School	SCE (ECS)	1,189	559	0
Tiny Forests in Leicester Schools	SCE (ECS)	53	50	0
Leisure Centres Phase 2	PH	91	200	115
Total		5,311	2,677	(33)

1.1 **Leisure Centres Phase 2** – The forecast overspend is a result of increased inflation on building materials and unforeseen drainage issues. A decision for additional budget will be sought once funding options have been explored.

POLICY PROVISIONS**1. Summary**

1.1. As at Period 6, the following policy provisions were still awaiting formal approval for allocation to specific schemes.

Department/ Division	Policy Provision	Amount £000
CRS	New Ways of Working	1,887
CDN (PDT)	Strategic Acquisitions	2,572
CDN (TCII)	Tourism & Culture	50
CDN (TCII)	Highways, Transport & Infrastructure	4,494
CDN (TCII)	Leicester Museum and Art Gallery (LMAG)	3,621
CDN (NES)	Library Investment	1,000
CDN (Various)	People & Neighbourhoods	392
SCE (ECS)	New School Places	4,673
SCE (ASC)	Extra Care Schemes	3,426
Other	Black Lives Matter	435
All	Programme Contingency	2,914
Total (excluding HRA)		25,464
CDN (HRA)	Other HRA Schemes	750
Total HRA		750
Total (including HRA)		26,214

1.2. Releases from policy provisions since the 2023/24 P3 report (reflected in the tables above) are listed below:

- £515k for Heathers Industrial Estate from Strategic Acquisitions
- £250k for St Matthews Concrete Works from Other HRA Schemes
- £120k for Acquisition of Queen Street from Strategic Acquisitions
- £35k for KRIII Visitor Centre Feasibility Study from Leicester Museum and Art Gallery (LMAG)

Income Collection April 2023 – September 2023

Decision to be taken by: N/A

Date of meeting: 14th December 2023

Lead director: Amy Oliver, Director of Finance

Useful information

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

1. Summary

This report details progress made in collecting debts raised by the Council during the first six months of 2023-24, together with debts outstanding and brought forward from the previous year. It also sets out details of debts written off under delegated authority that it has not been possible to collect after reasonable effort and expense.

This is a routine report made to members twice each year. As expected, the total outstanding debt increased over the first half of the financial year; this is due to the annual cycle of billing for council tax and business rates.

The key current issue for debt collection is the cost of living crisis, and officers are aware of the problems this presents for some of our citizens and businesses. Measures are being taken where necessary to assist those struggling to pay, including a dedicated web page called BetterOff. This brings together tools to allow citizens to find benefits they are entitled to and on how to find and apply for jobs, as well as advice. As yet, there is insufficient evidence to determine the impact it is having on our income, we will continue to keep a close look on this as the situation develops.

Figures included in this report need to be seen in the context of the total amount of income collected by the Council from the public each year: in 2022/23 this was £465m. Whilst some debt is difficult to collect, and some people find it difficult to pay, ultimately we collect nearly all of the money due to us.

2. Recommended actions/decision

2.1 The OSC is recommended to:

- Consider the overall position presented within this report and make any observations.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

Appendix A provides more detailed information and narrative for each main category of debt.

Appendix B provides a summary of all the write-offs during the period.

Appendix C provides a summary of Write Offs Over £5k for 2023/24.

5. Detailed report

See appendices

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

6.1 Financial implications

The report details the Council's performance in collecting debts, and amounts which have had to be written off.

Kirsty Cowell, Head of Finance Ext 37 2377

6.2 Legal implications

Where appropriate debts are the subject of legal action through the courts.

Jeremy Rainbow – Principal Lawyer (Litigation) Ext 37 1435

6.3 Equalities implications

The Council must make every effort to collect its due debts. The Council's policy aims at ensuring that the Council collects debt in a fair, proportionate and respectful manner. Communications with residents should be designed to prompt timely payment from residents who can pay, and early engagement from those who may have difficulties in keeping up with paying the necessary instalments on their bill, and may be in broader financial difficulty.

Copies of the policy are available on the Council's website
<https://www.leicester.gov.uk/your-council/how-we-work/debt-enforcement/if-you-are-struggling-to-pay>

Recovery action needs to strike a fair balance between sensitivity to debtors who are struggling to pay and the interests of the public as a whole (the income expected is part of our budget).

Effective communications are central to maximising income collection. Timely and accessible communications will help customers make the required payments. It is important to provide information clearly and transparently to debtors on what/how to pay, what to do if they can't pay and what actions we may take; assist them in understanding the situation, their options and what is required of them as individuals before further recovery progression.

Equalities Officer, Surinder Singh, Ext 37 4148

6.4 Climate Emergency implications

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

Aidan Davis, Sustainability Officer, Ext 37 2284

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

No other implications are noted as this is an Income Collection report, and therefore no policy changes are proposed.

7. Background information and other papers:

Finance Procedure Rules

Debt Policy

8. Summary of appendices:

Appendix A provides more detailed information and narrative for each main category of debt;

Appendix B is a summary of all write offs;

Appendix C is a summary of Write Offs Over £5k for 2023/24.

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

No

10. Is this a "key decision"? If so, why?

No

Summary of all Debt

Income Type	Debts brought forward @ 1/4/2023 £m	Debt raised £m	Collected £m	Written off £m	Debts outstanding @ 30/09/23 £m
Non-Domestic Rates (including Costs)	13.09	96.35	(54.00)	(0.06)	55.38
Council Tax (including Costs)	34.38	173.10	(91.72)	(0.52)	115.24
Housing Benefit Overpayments	8.66	1.01	(1.31)	(0.35)	8.01
Council House Rents	2.85	48.77	(47.27)	(0.05)	4.30
On and Off-Street Car Parking fines	2.36	2.37	(1.64)	(0.45)	2.64
Bus Lane Enforcement	0.99	0.72	(0.61)	(0.15)	0.95
Other Income	22.06	63.08	(60.43)	(0.58)	24.13
Totals	84.39	385.40	(256.98)	(2.16)	210.65

1. Business Rates

1.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
13.09	96.35	(54.00)	(0.06)	55.38

1.2 Background and comparator information

Background Information

Business Rates are a national tax paid by approximately 12,740 businesses in Leicester.

It should be noted that the uncollected debt increases over the first half of the financial year due to the annual cycle of billing for business rates.

Comparator Information

Debt collection was previously affected by the pandemic although there have been continued improvements in collection during 2023/24. Below shows the collection rate over the last two years:

- Collection to 30th September 2022 – 55.01%
- Collection to 30th September 2023 – 55.54%

It should be noted that unpaid debt at 31st March continues to be collected in the following year. To 30th September 2023 we had collected £2.4m of the £13.1m prior years' debt due.

As at 30th September 2023, our collection performance places us 9th out of 14 authorities with comparable populations. However, it should be noted that due to the close nature of the comparator authorities, small differences in the collection rate result in a greater movement in places.

1.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	0	0
Deceased – No Assets	0	0
Insolvent / Bankrupt/ Liquidated	52	439
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	7	(375)
Totals	69	64

1.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

The government confirmed that the retail, hospitality, and leisure business rates relief scheme would continue to apply in 2023/24 to provide eligible, occupied properties with 75% relief, up to a cash cap of £110,000 per business. The scheme has been available from 1st April 2023 and will be applicable to the 2023/24 financial year only.

Charges for 2023/24 are based on the revaluation of the rateable value of all non-domestic properties, effective from 1 April 2023.

1.5 Summary of measures taken to recover debt

Debt recovery measures

Economic conditions continue to impact collection of business rates. Normal recovery processes have resumed in 2023/24, after being paused during 2022/23 due to the focus on paying business support grants.

Our normal recovery process is:

- A reminder will be sent if an instalment is missed.
- If the instalment is paid within 7 days of the reminder, the right to pay by instalments is maintained; if a subsequent instalment is missed a final notice will be issued stating that the right to pay by instalments has been lost and the full charge has become payable.
- If the instalment is not paid within 7 days of the reminder, the full charge becomes payable.
- If the full charge becomes payable and is not paid within 7 days, a summons will be issued, and a liability order sought at the Magistrates' Court. Costs become payable at this stage.

2. Council Tax

2.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
34.38	173.10	(91.72)	(0.52)	115.24

2.2 Background and comparator information

Background information

Council tax is a national tax, charged to almost 144,000 properties in Leicester. The amount we collect includes sums charged by the fire authority and the police and crime commissioner.

It should be noted that the uncollected debt increases over the first half of the financial year due to the annual cycle of billing for council tax

Comparator information

The following shows the percentage debt collection in the year it is raised over the last two years:

- Collection to 30th September 2022 – 50.27%
- Collection to 30th September 2023 – 50.95%

The debt collected is similar to the previous year, despite the cost of living pressures and the aim is to reach collection to pre-covid levels (53.28% in 2019), whilst supporting the most vulnerable.

It should be noted that unpaid debt on 31st March continues to be collected in the following year. To 30th September 2023 we had collected £5.1m gross of the £34.38m prior years' debt due.

As at 30th September 2023, our collection performance places us 11th out of 14 authorities with comparable populations.

2.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	358	354
Deceased – No Assets	33	26
Insolvent / Bankrupt/ Liquidated	167	192
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	149	(48)
Totals	707	524

2.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

From April 2023 the government introduced a scheme to reduce council tax bills by £25.00 for the year, where the council taxpayer is in receipt of council tax support (CTS), either working age or of pension age. The council has paid a total of £0.45m to those households in receipt of CTS at 1st April 2023. The cost of this is being met from additional government grant.

Local authorities were also enabled to use any remaining funding allocation to support vulnerable households, through schemes like the Council Tax Discretionary Relief scheme.

2.5 Summary of measures taken to recover debt

Debt recovery measures

As of 30th September, council tax support has been credited to 24,798 accounts, at a cost of £25.45m to the Council.

The Council Tax Discretionary Relief scheme also provides support to households experiencing extreme financial hardship. As at 30th September 2023, just over £0.25m was paid to eligible households to make their council tax payments affordable. This is funded by the council.

The usual recovery process after a reminder instalment has been missed is:

- If the instalment is paid within 7 days of the reminder, the right to pay by instalments is maintained; if a further instalment is missed, another reminder can be issued; if a third instalment is missed, a final notice will be issued stating that the right to pay by instalments is lost and the full balance becomes payable.
- If the instalment is not paid within 7 days of the first /second reminder, the right to pay by instalments is lost and the full balance becomes payable.
- If the full balance becomes payable and is not paid within 7 days, a summons will be issued, and a liability order sought at the Magistrates Court.

At every stage of the recovery process, the council taxpayer is offered a formal payment arrangement. Within the recovery process, safeguards have been put in place to protect the most vulnerable.

Understanding the struggles households and businesses may be experiencing, we continue to encourage residents and ratepayers to contact the Council as soon as possible so that a suitable payment arrangement or any entitlement to discounts, exemptions and discretionary relief can be discussed.

Furthermore, any customer contacting us with regards to their council tax payments, continues to be referred to the Council's "Better Off" information on our website, where they can receive help with benefits and other advice and support.

We are also ensuring that customers struggling to pay can speak to a council tax officer to discuss payment of the outstanding debt and any other support that may be available.

3. Overpaid Housing Benefit

3.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
8.66	1.01	(1.31)	(0.35)	8.01

3.2 Background and comparator information

Background information

The main cause of housing benefit overpayments is delays in recipients telling the Council of changes in their circumstances, resulting in too much benefit being paid. By its nature overpaid housing benefit is difficult to collect. Of the £8.01m outstanding, processes are in place to recover debt wherever possible.

Overall, housing benefit debt continues to reduce from £9.45m in September 2022 to £8.01m as of September 2023.

Comparator information

Debt outstanding at:

- 30/09/2019 £14.86m
- 30/09/2020 £13.74m
- 30/09/2021 £11.02m
- 30/09/2022 £9.45m
- 30/09/2023 £8.01m

3.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	19	25
Deceased – No Assets	14	78
Insolvent / Bankrupt/ Liquidated	16	22
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	426	223
Totals	465	348

3.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

There are no changes to report on overpaid housing benefit. Caseloads are gradually reducing as a result of transfers to Universal Credit.

3.5 Summary of measures taken to recover debt

Debt recovery measures

Debt is collected by means of deduction from ongoing benefit payments if there is a current entitlement to housing benefit.

Legislation permits us to deduct overpayments from other state benefits. However, when people transfer to universal credit our ability to collect weakens as we are 19th on the priority of creditors list.

If there is no current housing benefit entitlement, payment is requested from the customer in the first instance before an invoice is raised.

Where no benefits are in payment, but the debtor is in employment we seek to obtain a Direct Earnings Attachment.

The Council continues to work with those struggling to pay on a case-by-case basis, offering payment arrangements.

4. Housing Rent

4.1. Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
2.85	48.77	(47.27)	(0.05)	4.30

4.2 Background and comparator information

Background information

The Council currently collects rent from approximately 18,700 tenancies across the city. Approximately, 6,300 of our tenants (34%) are on full or partial housing benefit and 6,800 (36%) on universal credit. The debt raised & collected includes the element paid by housing benefit.

4.3. Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	0	0
Deceased – No Assets	0	0
Insolvent / Bankrupt/ Liquidated	0	0
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	206	53
Totals	206	53

4.4. Volume/policy/statutory changes that have occurred during the period and their impact

Changes

It is now over 6 years since the implementation of UC, and it is anticipated from the DWP that the full UC migration will be completed by the end of 2024.

4.5 Summary of measures taken to recover debt

Debt recovery measures

The Income Management Team are working collaboratively with the Department for Work & Pensions (DWP) to minimise any impact of UC roll out. Tenants continue to be supported with income maximisation and claims for HB and UC, which can assist with rent payments. The team provide support to claim Discretionary Housing Payments (DHP), when available, and have secured a £500k allocation of the Household Support Fund (HSF) to help tenants that are in rent arrears and meet the criteria.

Rent Management Advisors are supporting vulnerable tenants to claim and maintain UC and other welfare benefit streams, including disability related benefits.

In May 2021 the Debt Respite Scheme (Breathing Space) legislation was enforced giving tenants the right to legal protections from landlord action, with a standard breathing space giving legal protections from creditor action for up to 60 days. The protections include pausing most enforcement action and contact from creditors and freezing most interest and charges on debts. This scheme is still in place; however, this is not having a significant impact on the rent arrears position.

We understand the pressures households are facing in managing budget. Therefore we continue to encourage with outstanding debt who is struggling to pay to contact us as soon as possible.

5. Parking Fines (Penalty Charge Notice)

5.1 Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
2.36	2.37	(1.64)	(0.45)	2.64

5.2 Background and comparator information

Background information

The Council issues penalty notices for both on-street and off-street parking charge evasion, as well as illegal parking. There are two nationally set rates based on the seriousness of the offence, details below.

- £25 or £35 if paid within 14 days.
- £50 or £70 if paid after 14 days.

When the penalty notices are written off, they are done so at the full rate plus any costs incurred.

Comparator information

The percentage of tickets issued during the year, paid at 30th September.

- 2022/23 - 67%
- 2023/24 - 68%

5.3. Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	1,245	138
Deceased – No Assets	9	1
Insolvent / Bankrupt/ Liquidated	42	4
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	2,851	306
Totals	4,147	449

5.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

The number of Civil Enforcement Officers has increased from 48 in April 2023 to 55 in September 2023, and the recruitment of more is ongoing. The issuing of PCNs has been facilitated by the introduction of a new parking I.T. system along with handheld devices being issued to all Civil Enforcement Officers. Income generated by parking PCNs has consequently increased but is still limited by changed working patterns for commuters and reduced on-street parking in the city.

5.5. Summary of measures taken to recover debt

Usual Debt recovery measures

- Reminder letters
- Legal action

6. Bus Lane Enforcement Fines

6.1 Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
0.99	0.72	(0.61)	(0.15)	0.95

6.2 Background and comparator information

Background information

The Council issues penalty notices to motorists for driving in Bus Lanes/Gates or Bus Stop Clearways (red routes).

These are levied at £70, discounted to £35 if paid within 21 days.

When the penalty notices are written off, they are done so at the full rate plus any costs incurred.

From May 2023 the collection of bus lane enforcement debt has been carried out in-house, with the exception of reviewing CCTV footage which is still carried out by Nottingham City Council.

Comparator information

The percentage of tickets issued during the year, paid at 30th September.

- 2021/22 - 61%
- 2022/23 - 60%
- 2023/24 - 70%

6.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	538	46
Deceased – No Assets	3	0
Insolvent / Bankrupt/ Liquidated	8	1
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	1,299	106
Totals	1,848	153

6.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

A further camera at the Belgrave Gate bus stop clearway became operational in September 2023. Following a two-week period of issuing warning notices, PCNs are now being issued. This brings the total number of operational cameras to 18.

Activation of the Abbey Street camera is pending review of other bus priority schemes in the centre of the city.

A further two cameras are due to become operational by the end of 2023/24: at Anstey Lane and Melton Road. These are being installed as part of the Transforming Cities Fund capital programme.

6.5 Summary of measures taken to recover debt

Usual Debt recovery measures

- Reminder letters
- Legal action

7. Other Income

7.1 Headline Figures for period under review including costs*

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off/back £m	Uncollected debt c/f £m
22.06	63.08	(60.43)	(0.58)	24.13

7.2 Background and comparator information

Background information

“Other Income” includes all income other than the sources described above. It covers a wide variety of income from various individuals and organisations. Examples include commercial property rent, adult social care costs relating to residential and non-residential care, and repairs and maintenance charges relating to Council property.

Unlike some other sources of debt, the total debt value can fluctuate based on the type and timing of income being collected. Therefore, when reviewing this type of debt, we focus on aged debt as the main measure of performance rather than value.

Comparator information

Debt over 12 months old (aged debt) has once again increased in the past year as well as the debt initially raised, inflation also continues to have an impact.: A review of the outstanding debt will be carried out to ensure the debt recovery processes have been followed correctly.

- 30/09/2019 £3.28m
- 30/09/2020 £4.08m
- 30/09/2021 £4.63m
- 30/09/2022 £4.68m
- 30/09/2023 £5.28m

7.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	47	32
Deceased – No Assets	642	300
Insolvent / Bankrupt/ Liquidated	41	22
Statute Barred	63	40
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	673	200
Totals	1,466	585

7.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

Higher living costs and rising energy bills is expected to have an impact on the recovery of outstanding debt. We continue to encourage anyone with outstanding debt who is struggling pay to contact us as soon as possible.

7.5 Summary of measures taken to recover debt

Debt recovery measures

The debt recovery measures detailed below are part of our normal process, but the Council continues to offer support where required for those suffering financial hardship.

Normally:

A first reminder is issued at 14 days when an invoice remains unpaid. Seven days later a second reminder is issued.

A letter before action, known as a letter of claim, follows if the case is suitable for enforcement in the county court. If the Council obtains a judgement or an order for recovery of an award and if payment is still not forthcoming, the next actions can include:

- Referral to an enforcement agent
- Third party debt order
- Attachment to earnings
- Charging Order

Cases not suitable for enforcement through county court procedures are referred to enforcement agents for collection. Debtors are encouraged to engage with our support offer.

Summary of all Write Offs

The table below provides detail on the reasons why debt is written off during the year.

Income Type	Unable to trace £000	Deceased - no assets £000	Insolvent/ Bankrupt/ Liquidated £000	Statute Barred £000	Irrecoverable at reasonable expense/including adjustments for costs and write on £000	Total Write offs at 30/09/2023 £000
Non Domestic Rates (including Costs)	0	0	439		(375)	64
Council Tax (including Costs)	354	26	192		(48)	524
Housing Benefit Overpayments	25	78	22		223	348
Council House Rents	0	0	0		53	53
On and Off-Street Car Parking fines	138	1	4		306	449
Bus Lane Enforcement	46	0	1		106	153
Other Income	32	300	22	40	200	594
Totals	595	405	680	40	465	2,185

Appendix D

Write Offs Over £5k for 2023/24

Income Type	No. of Write Offs	Value £000
Non Domestic Rates (including Costs)	23	381
Council Tax (including Costs)	5	28
Housing Benefit Overpayments	6	115
Council House Rents	0	0
On and Off-Street Car Parking fines	0	0
Bus Lane Enforcement	0	0
Other Income	5	77
Totals	39	601

Financial procedure rules require me to itemise any individual write-offs in excess of £100,000.

Mid-Year Review of Treasury Management Activities 2023/24

Overview Select Committee

Date of meeting: 14th December 2023

Lead director/officer: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All. Corporate Issue
- Report author: Nick Booth
- Author contact details: nick.booth@leicester.gov.uk
- Report version number: 1

1. Summary

- 1.1 This report reviews how the Council conducted its borrowing and investments during the first six months of 2023/24.
- 1.2 The report commences with an overview of treasury management, including loans and investments at key dates. It then reviews the credit worthiness of investments and implementation of our strategy, provides outcomes on key performance measures and concludes by reviewing compliance against limits set by the Council.
- 1.3 So far in 2023/24 we have continued to see the impact of high inflation which peaked at over 11% partly because central banks reacted too slowly to raise interest rates and partly due to Russia invading the Ukraine resulting in a sharp rise in energy costs.
- 1.4 Since December 2021 we have seen the base rate increase from 0.1% to 5.25% at the time of writing this report. This is not expected to rise much further, though the situation is volatile. This level of base rates is significantly higher than predicted by the markets last year and rates are expected to remain higher for some time.
- 1.5 The outlook for the economy remains uncertain with unemployment starting to rise and interest rates expected remain high though recent indications suggest that they may fall slightly next year.
- 1.6 The Council has repaid a £25 million loan to Barclays originally due for repayment in 2077. Cash balances are also forecast to reduce significantly in the future as the Council uses its reserves and resources earmarked for its capital programme.

2. Recommendations

- 2.1 Members of the Overview Select Committee are recommended to note the report and make comments to the Director of Finance and the Executive as they wish.

4. Background

- 4.1 Treasury management is the process by which our borrowing is managed, and our cash balances are invested. Whilst there are links to the budget, the sums in this report do not form part of the budget. Cash balances reported here cannot be spent, except to the extent already shown in the budget report and accounts.
- 4.2 The Council has incurred debt to pay for past capital expenditure.

- 4.3 The Council also has cash balances. These are needed for day-to-day expenditure (e.g. to pay wages when they are due). A substantial proportion are earmarked to repay debt though government rules used to make it prohibitively expensive to use them to repay debt. This has changed recently with the increase in interest rates.
- 4.8 Reports reviewing treasury management are submitted twice a year.

Overview of Treasury Management

Main elements of Treasury Management

- 4.9 There are two main elements to treasury management. The first is managing our borrowing which have been taken out to finance capital expenditure. Most capital schemes are now financed by grant, and only a limited number of schemes are financed by borrowing (generally those which pay for themselves). In the past the Government expected us to borrow but allowed for the cost of borrowing in our grant settlement, and we still have debt which was taken to meet this capital expenditure.
- 4.10 Historic debt can sometimes be restructured to save money, i.e. repaying one loan and replacing it with another and this is always given active consideration. In recent years, Government rule changes have normally made it prohibitively expensive to repay loans borrowed from the Public Works Loans Board (PWLB) though the rise in interest rates has made this a more realistic option in the last few months.
- 4.11 The revenue budget approved by the Council for each financial year includes provision for the interest payable on this borrowing. It also includes a provision for repaying the borrowing over a number of years (broadly speaking over the economic life of the assets acquired).
- 4.12 The second element is cash management which involves managing the Council's investments to ensure the optimum amount of money is in the bank account on a day-to-day basis – so that there is enough money in the account to cover the payments made on the day, but no more (cash held in the bank account earns negligible interest).
- 4.13 The Council has substantial investments but this is not “spare cash”. There are three reasons for the level of investments:-
- (a) Whilst the Government no longer supports capital spending with borrowing allocations, we are still required to set aside money in the budget each year to repay debt. Because of the punitive rules described above, we are not usually able to repay any debt, and therefore have to invest the cash.
 - (b) We have working balances arising from our day-to-day business (e.g. council tax received before we have to pay wages, and capital grants received in advance of capital spending).
 - (c) We have reserves, which are held in cash until we need to spend them, we expect the reserves to significantly reduce, as they are used to support the revenue budget position. These include the managed reserves strategy which supports future years' budgets, earmarked reserves, significant sums for NHS joint working and funds set aside for the capital programme; and
 - (d) We manage funds for the Combined Fire Authority and the Leicester & Leicestershire Enterprise Partnership.

5. Detailed Report

Treasury Management Policy and Monitoring

- 5.1 The activities to which this report relates are governed by the Treasury Management Strategy for 2023/24 which was approved by the Council on 22nd February 2023. This establishes an outline plan for borrowing and investment. The strategy was drawn up based on the Council's expected borrowing requirements, its expected cash balances, the outlook for interest rates and the credit worthiness of the banks with whom the Council might invest its cash balances.
- 5.2 A twice-yearly report is submitted to your committee reviewing the treasury activity undertaken in the year. This report is the mid-year report for 2023/24.

Loans and Investments at Key Dates

- 5.3 Table 1 below shows the loans (money borrowed by the Council) and investments (money invested by the Council) as at 31/03/2023 and 30/09/2023. The rates shown are the averages paid and received during 2023/24.
- 5.4 The level of gross debt (total loans borrowed) has reduced for the first time in many years with the repayment of a Barclays loan in April 2023 which was previously due for repayment in 2077. No new long-term loans have been borrowed and no further debt restructuring has taken place during the year. Two very short-term loans from Local authorities which were taken out to cover a potential shortfall at year end were also repaid in April 2023.
- 5.5 Investments have remained stable during the first 6 months of the financial year having only fallen by £1m from £238m to £237m. It should be noted though that this is £83 million less than the position in September 2022 which reflects the overall trend of reducing cash balances that we expect. We expect cash balances to decline further in the second half of the year as grant is spent and we forecast using more of our reserves to fund the budget gap and in-year overspends.
- 5.6 As interest rates have risen significantly since the budget was set in February and cash balances have held up better than expected between June and September, it is expected that the treasury budget will be better off by over £2 million than originally envisaged. It should be noted that the position is extremely volatile and such an increase will likely to be only temporary as balances fall.

Table 1- Loans & Investments

	Position at 31/03/2023 Principal £M	Position at 30/09/2023 Principal £M	Average Rate
Long Term Fixed Rate Loans			
Public Works Loan Board (PWLB)	134	134	4.2%
Bank Loans	25	NIL	4.4%
LOBO Loans			
Bank Loans	20	20	4.6%

	Position at 31/03/2023 Principal £M	Position at 30/09/2023 Principal £M	Average Rate
Short Term (less than 6 months) Loans			
Local Authority Loans	10	NIL	4.75%
Gross Debt	189	154	4.3%
Treasury Investments			
Banks	0	0	
Other Local Authorities	197	162	
Money Market Funds	34	68	
Property Funds	7	7	
Total Treasury Investments	238	237	3.5%
NET INVESTMENTS	49	83	

- 5.7 The Council invested £8.292 million in 2 property funds, namely the Lothbury (£3.282m) and Threadneedle (£5m) property funds. These funds were valued at £6.913 million as of September 2023 (rounded up to £7m in the table above).
- 5.8 The rationale for investing in property funds was to diversify away from cash funds which were making a return of 0.5% compared to 3% to 4% for property funds. Our exposure to these funds however is limited to 3% of our investments which is significantly less than the average of 27% held in such funds for other unitary authorities.
- 5.9 However, the Lothbury trust (which was valued at £2.637m at the end of September) has recently suffered a significant number of redemptions such that it is likely to be terminated on 31st December 2023. If a termination occurs, it is likely that funds would be returned to the City Council in quarterly instalments over a period of 18 months to 2 years to avoid a fire sale of the assets. The repayments will count as capital receipts for the Council. As the original investments were fully financed at the time of purchase, the Council will not have a loss in the accounts.
- 5.10 The Council's (Non-Treasury) Investment Strategy also allows the authority to spend capital or make loans to a third party where it is intended to (at least partly) achieve a return. The Council made two new investments between 30th September 2022, and 1st April 2023, namely a loan of £1.5m to Leicester Community Sports Arena Ltd at an interest rate of 5% to facilitate the expansion of the Morningside Arena and a further loan of up to £450,000 to Leicester Hockey Club C.I.C. of which £422,000 has been drawn down to date. Repayments for these loans are up to date.

Credit Worthiness of Investments & Interest Rate Outlook

- 5.11 The economic situation in the UK has remained subdued with very low growth, though to date the UK has avoided a recession. Growth is expected to continue to be slow into 2024.

- 5.12 The expectation of the Council's treasury advisors, Arlingclose, is for the Bank Rate to have almost reached its peak at its current rate of 5.25% though with a potential further small rise to 5.5%. They then expect rates to remain high for at least 12 months until reducing gradually thereafter. There is a high degree of uncertainty about the medium outlook for interest rates with economy in a fragile state, but the expectation is that rates will be lower in 2 to 3 years' time but will be extremely unlikely to reach the previous lows of 0.5% or lower that existed for many years.
- 5.13 The creditworthiness of the UK government has recently been upgraded to Aa3 Stable from Aa3 Negative by the credit agency Moody's in October 2023. It had previously been downgraded following the Autumn mini budget of 2022.
- 5.14 These developments were reflected in the Council's approach to managing credit risk in its Treasury Strategy for 2023/24. In order to minimise the risk of losing money if a bank was in trouble and subject to "bail in", the Council has adopted a cautious stance over the whole period covered by this report. The only direct bank lending it has made has been to Barclays with whom we bank. The Council has lent to other local authorities and the UK Government. Other lending has been part of pooled funds (see 5.16 below).
- 5.15 The Council has an indirect exposure to non-UK banks through its investment in money market funds. Money market funds are like "unit trusts" but rather than investing in company shares these funds invest in interest bearing investments such as bank deposits. When we open such funds, they are vetted to ensure that they have strong investment and risk management processes to ensure a high level of credit worthiness in the underlying investments, and we receive advice from our treasury advisor, Arlingclose.

6. Implementation of Borrowing & Investment Strategy

- 6.1 The strategy approved by Council for 2023/24 envisaged using cash balances instead of borrowing, and this strategy has been adhered to.
- 6.2 The Council has given active consideration is given to the possible early redemption of a limited amount of debt. This, however, is not straightforward as debt repayment usually involves the payment of a premium. The level of such premia payable is generally high and premature debt redemption has not in the past been financially viable. However, due to the rise in interest rates, the repayment of some debt has become realistic for the first time in over a decade. Accordingly, the City Council in April repaid a Barclays loan of £25 million (plus a premium of £2.2 million), at 4.4% originally due for repayment in 2077.
- 6.4 We hold £20m of debt which is described as variable rate loans in table 1. These are technically "LOBOs" which are fixed rate but on which the lender may ask for a rate rise. We have the option to repay if they do. Members may be aware of some criticism of LOBOs nationally, principally in respect of authorities which have complex mechanisms for calculating interest rates. The next call date when the lender can ask for a rate rise is January 2025, and there is a significant chance that such a call will be made. If we received such a request, we are then likely to take the opportunity to repay the loan.
- 6.5 As the Council's cashflow is expected to fall significantly, we have increased the liquidity of our investments. This has been achieved by using money market funds and lending to other Local Authorities over short durations of less than 6 months during the first 6 months of this financial year.

- 6.6 Although the Council has not needed to borrow long-term for many years, as our reserves and other balances decline rapidly and the housing revenue account capital programme gets spent, in the medium-term that is expected to change. If we are to borrow, consideration will need to be given to the duration of new borrowing as our current portfolio is long-term. Future borrowing may be of a shorter duration of perhaps 10 to 15 years rather than our existing loans which were taken out over periods of 40 to 50 years.
- 6.7 As well as looking at the duration of any future borrowing, we will also take a close watch on our cashflow in case there becomes a pressing need to borrow before the end of the financial year. If we did need to borrow, there is, for this financial year, a HRA preferential rate available from the PWLB which we could use, and which is 0.4% cheaper than other loans.

7. Key Performance Measures

- 7.1 The most important performance measures are the rate of interest on the Council's borrowings, the timing of borrowing decisions, the timing of decisions to prematurely repay debt and the return on investments. No new loans have been borrowed during the first half of the year and we have repaid the £25 million loan to Barclays.
- 7.2 The Council benchmarks its investments and the latest data for the investment portfolio is as of 30th September 2023.
- 7.3 Treasury investments comprise internally managed investments, and longer maturity externally managed funds.
- 7.4 The following table compares our performance against that of 18 participating unitary authorities. This information is available for internally managed investments (including money market funds) and externally managed funds. It is a "snapshot" of investments held at 30th September 2023.

Table 2 – Key Performance Data

Investment	Leicester City Council Revenue return %	Unitary Authorities' Revenue return %
Internally managed	3.5	4.9
External Longer-term investments income only	3.7	4.2
External investments capital gain/ (loss)	(19.5)	(12.2)
Total Income return	3.5	4.7
Total return including capital gains (losses)	2.9	2.2

- 7.5 The average rate of interest on internally managed investments is 3.5% for the Council which reflects the increasing level of interest rates during the year. We expect that return to improve in the second half of the year as higher rates feed through and older loans to other Authorities mature. The Council's interest return was less than other unitaries mainly due to the legacy effect of older medium-term loans to other Local Authorities. Whilst these medium-term loans (of a maximum length of 3 years) helped to secure the Council's treasury budget when interest rates were very low, they have reduced our overall percentage return during the last six months. This difference between the City Council's interest return and other authorities is expected to narrow over the next few months as old loans mature.
- 7.6 The external investments referred to in table 2 above relate to our property funds. These funds have generated income of 3.7% and as at 30 September have a capital loss of 19.5%.

- 7.7 Since 2018, the two property funds have made a capital loss of £1.4m (16.6%). However, the two funds have also generated £1.6m (18.9%) income in the same period. Because our property funds comprise only 3% of our total investments, the overall effect of them on our total return is relatively small.
- 7.8 Higher investment returns are always available if higher credit risk is accepted. However, the trade-off between risk and reward was considered when investment strategies were set for 2023/24 and in the current economic climate continues to be a most important consideration. The “return of the principal” is more important than the “return on the principal”: our primary concern is to ensure that the funds invested will be repaid on time and in full. This remains our approach during the current financial year.
- 7.9 In practice, there is no such thing as a representative “average” authority. The benchmarking data shows a division between the authorities that use longer term and more risky assets (about half of all authorities) and those adopting a more cautious approach. We fall nearer to the cautious side of the two as we have only a small proportion of longer-term assets.

8. Other Prudential Indicators

Debt and the Authorised Limit and Operational Boundary:

- 8.1 The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Debt at 30.9.23 £m	2023/24 Authorised Limit £m	2023/24 Operational Boundary £m	Complied? Yes/No
Borrowing	154	300	245	yes
PFI and Finance Leases	91	175	145	yes
Total debt	245	475	390	

Note that the operational boundary is a management tool for in-year monitoring and it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. The figures for borrowing also include money we hold on behalf of the Fire Authority.

8.2 Maturity Structure of Borrowing.

This indicator is set to control the Authority’s exposure to refinancing risk. The upper and lower limits on the maturity of all borrowing were:

	Upper Limit £m	Lower Limit £m	30.9.23 Actual £m	Complied?
Under 12 months	50	nil	nil	yes
12 months and within 24 months	80	nil	20	yes
24 months and within 5 years	140	nil	nil	yes
5 years and within 10 years	140	nil	nil	yes
10 years and within 25 years	180	nil	19	yes
25 years and over	250	nil	115	yes

Note that these figures exclude PFI and finance leases. It also excludes money we hold on behalf of the Fire Authority. The £20 million due between 12 months and 24 months relates to our LOBO loans which could be called in January 2025.

8.3 Long-term Treasury Management Investments

The Council has a limit of £50 million for investments in all types of long-term investments such as property funds, long dated bond funds and equities. The total sum of such investments held by the Council as of 30th September 2023 was the £7million we hold in property funds. It is very unlikely that we will make any further investments during the next 6 months.

8.4 Gross Debt and the Capital Finance Requirement

Statutory guidance is that debt should remain below the capital finance requirement, except in the short term. The authority has complied and expects to continue to comply with this requirement. The total debt including PFI and finance leases (but excluding money we hold on behalf of the Fire Authority) was £245 million whereas our capital finance requirement was £591 million

8.5 Liability Benchmark

The Treasury Management Strategy is required to include the Liability Benchmark. This compares the underlying need to borrow for capital purposes with the external loans profile over the next 50 years, for existing and approved future expenditure.

The underlying need to borrow for capital purposes is called the Capital Financing Requirement (CFR). The CFR falls over time as loans are gradually repaid and rises with new borrowing. The historic Housing Revenue Account debt does not have to be repaid and will therefore remain in the CFR.

After revenue and other balances have been considered, the liability benchmark (the underlying need to borrow for all purposes), is less than the CFR which is the maximum amount that can be borrowed except for very short term cashflow requirements.

In terms of risks, the Council is exposed to rising interest rates increasing the cost of future borrowing, but this is offset by an exposure to falling interest rates, which would reduce the return received on investments. The Council is also exposed to credit risk on its investments, that is the risk that loans or investments are not repaid although the great majority of its treasury balances are in low-risk investments.

Statutory guidance is that debt should remain below the capital finance requirement, except in the short term. The authority has complied and expects to continue to comply with this requirement. The total debt including PFI and finance leases (but excluding money we hold on behalf of the Fire Authority) was £245 million whereas our capital finance requirement was £591 million

8.6 Compliance with the Council's Treasury Management Strategy

For the operational implementation of the Council's Treasury Management Strategy the most important limits and indicators that need to be monitored throughout the year are:

- The authorised limit – the maximum amount of borrowing that the Council permits itself to have outstanding at any one time

- The operational limit – a lower limit to trigger management action if borrowing is higher than expected.
- Limits on sums to be invested for more than one year.

These limits are monitored and have been complied with.

9. **Use of Treasury Advisors**

9.1 The Council are advised by Arlingclose Ltd. They advise on all aspects of treasury management, but their main focus is on providing advice on the following matters:

- the creditworthiness of banks
- the most cost-effective ways of borrowing
- appropriate responses to Government initiatives
- technical and accounting matters.

10. **Financial, legal, equalities, climate emergency and other implications**

10.1 Financial Implications

This report is solely concerned with financial issues.

10.2 Legal implications

Kamal Adatia, Legal Services, has been consulted as Legal Advisor and there are no legal issues.

10.3 Equalities implications

There are no direct equality implications arising from the report.
Equalities Officer, Surinder Singh, Ext 37 4148

10.4 Climate Emergency implications

There are limited climate emergency implications directly associated with this report. However, in general, the council should consider opportunities to ensure that its' investments are not contributing to negative climate and environmental impacts, as relevant and appropriate.

11. **Background Papers**

11.1 The Council's Treasury Management Strategy - "Treasury Strategy 2023/24" (Council 22nd February 2023).
The Council's Treasury Policy Document – "Framework for Treasury Decisions" – Council 19th February 2020.

12. **Consultation**

12.1 Arlingclose Ltd (the Council's Treasury Management advisers).

13. **Author**

14.1 Nick Booth, Treasury Manager, ext. 37 4063.

Overview Select Committee
Work Programme 2023 – 2024

Meeting Date	Item	Recommendations / Actions	Progress
13 July 2023	<ol style="list-style-type: none"> 1. Revenue Outturn 2022/23 2. Capital Outturn 2022/23 3. Income Collection April 2022 – March 2023 4. Review of Treasury Management Activities 2022/23 5. Overview of OSC 	<ol style="list-style-type: none"> 1. A number of requests for further information/clarification were sought. 2. A number of requests for further information/clarification were sought. 3. That further information be circulated regarding parking enforcement staffing figures. 5 To conduct some additional informal scrutiny in relation to corporate equalities/workforce representation 	<ol style="list-style-type: none"> 1. A note that summarised responses was sent to members on 5 September. 2. A note that summarised responses was sent to members on 5 September. 3. This has been provided and was included in the information sent to members on 5 September. 5 Initial informal work has commenced and an update was provided to OSC on 20 September.

Meeting Date	Item	Recommendations / Actions	Progress
20 September 2023	<ol style="list-style-type: none"> 1. Revenue Monitoring Period 2. Capital Monitoring Period 3 3. Scrutiny Annual Report 2022/23 4. Informal Scrutiny update - Equalities/workforce monitoring 	<p>1a) That as outlined above, further responses be provide in relation to the requests by commission members for additional information.</p> <p>1b) That the scrutiny commissions continue to examine the detail of the finances relating to those policy areas of particular significance, as outlined in the report and discussed during the consideration of this item.</p> <p>2a) That further information be provided in relation to right-to-buy properties and progress in relation to Ashton Green; and</p> <p>2b) That consideration be given to convening a site-visit to Ashton Green as suggested by the City Mayor.</p>	<p>1a) A briefing note that summarised progress to all actions has been circulated separately to members.</p> <p>1b) This is being picked up as part of the work programming for relevant scrutiny commissions.</p> <p>2a) This has been covered as part of the briefing note referred to above in 1a.</p> <p>2b) This site visit has now been convened.</p>

Meeting Date	Item	Recommendations / Actions	Progress
9 November 2023	<ol style="list-style-type: none"> 1. Update on work in response to Cost-of-Living Crisis 2. Customer Services Overview (or 14 December) 3. Budget Savings - update 4. Verbal update on informal work 	<p>1a) That a response to the proposal from young people be provided, 1b) That further information be provided to members as outlined above; and 1c) That scrutiny commissions be asked to look at focussed issues arising from the cost-of-living crisis as appropriate.</p> <p>2a) That responses be provided to members following several information requests outlined above; and 2b) That consideration be given to inviting members to a tour of the Granby Street Customer Services centre.</p> <p>3) That further detail on the process of issuing a Section 114 notice be provided to committee members.</p>	<p>1a) The matter has been taken up with relevant schools 1b) To be provided to members in due course. 1c) To be considered by scrutiny commissions at the request of scrutiny chairs.</p> <p>2a) To be provided to members in due course. 2b) The Chair to consider further.</p> <p>3) To be provided to members in due course.</p>

Meeting Date	Item	Recommendations / Actions	Progress
14 December 2023	<ol style="list-style-type: none"> 1. Call-in of Executive Decision – Budget Savings 2. Revenue Monitoring Period 6 3. Capital Monitoring Period 6 4. Income Collection Report – Half-Yearly 5. Treasury Report – Half Yearly 		
6 February 2024	<ol style="list-style-type: none"> 1. Budget 2. Corporate Equality Strategy 3. Environmental Impact of Construction Projects 		
11 April 2024	<ol style="list-style-type: none"> 1. Revenue Monitoring Period 9 2. Capital Monitoring Period 9 		

Forward Plan Items (suggested)

Topic	Detail	Proposed Date
Child Poverty Overview	Suggested as a potential future item at OSC on 13 July	TBC
Recruitment Challenges/Vacant Posts	Suggested as a potential future item at OSC on 13 July	TBC

