



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 8 FEBRUARY 2024 at 5:30 pm

P R E S E N T :

Councillor Cassidy (Chair)
Councillor Surti (Vice Chair)

Councillor Bajaj
Councillor Dave

Councillor Dawood
Councillor Joel

Councillor Porter
Councillor Waddington

Also present:

Sir Peter Soulsby

City Mayor

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8. APOLOGIES FOR ABSENCE

There were no apologies for absence.

9. DECLARATIONS OF INTEREST

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

In accordance with the Council's Code of Conduct, the interest was not considered so significant that it were likely to prejudice the Councillor's judgement of the public interest. The Member was not, therefore, required to withdraw from the meeting.

10. CHAIR'S ANNOUNCEMENTS

There were no Chair's announcements.

11. MINUTES OF THE PREVIOUS MEETING

It was noted that Cllr Dave's attendance had been omitted from the record of

the previous meeting.

AGREED:

That the minutes of the meeting held on 11 January 2024 be confirmed as a correct record.

12. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

It was noted that members had received detail separately in respect of progress on actions agreed at the previous meeting.

13. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

The Monitoring Officer reported that no questions, representations and statements of case had been submitted in accordance with the Council's procedures.

14. PETITIONS

The Monitoring Officer reported that no petitions had been received.

15. 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.

16. QUESTIONS FOR THE CITY MAYOR

There were no questions for the City Mayor.

17. DRAFT REVENUE BUDGET 2024/25

The Director of Finance submitted the City Mayor's proposed Draft Revenue Budget 2024/25, which would be submitted for a decision to Full Council on 21 February 2024.

It was noted that comments on the revenue budget from scrutiny commissions had been published with the document pack, along with an addendum published more recently that covered the comments arising from scrutiny commission meetings held within the last week.

The City Mayor introduced the item and stated that the City Council was encountering an incredibly challenging period. Over the past decade, services other than social care had experienced a 50% reduction in their budgets and

this had been managed extremely prudently. He stated that unlike several comparator authorities, a S114 notice had not been served, and although this was not imminently anticipated, the long-term outlook was concerning, with the council's reserves to be spent during 2024/25. He reported that a series of difficult decisions would be required to be taken over the forthcoming year.

The Director of Finance further introduced the item and confirmed that the City Mayor was proposing a balanced budget to Full Council, and that further significant action was required for 2025/26. She also noted that the current version of the report would be amended for Full Council to account for impacts resulting from implementing the increase in National Living Wage, homelessness pressures and government funding announcements.

In response to comments and questions from members, the following points were raised:

- The City Mayor had previously enquired about options around selling artefacts held by the Arts and Museums service. He had been advised that doing so would result in a loss of funding and recognition towards museums and that the benefits of selling artefacts were outweighed by these factors. He stated that he was unaware of other local authorities embarking on such ventures.
- It was not meaningful to make comparisons with the proposed budget against the City Council's budget a decade ago and in the years proceeding. It was confirmed that during that period, costs associated with ASC provision had risen by over £100million.
- A sum of £25.5 was proposed for contingencies and this largely covered costs that related to the local government pay award and energy price pressures.
- The City Council suffered more in comparison to other authorities in respect of the existing council tax bandings and this impacted on tax collection levels. It was pointed out that a 1% increase in council tax would yield £1.4million; a sum small in comparison to other local authorities who imposed a 1% increase.
- It was widely acknowledged that there was significant demand on ASC budgets. Considerable efforts to introduce measures address the pressures were ongoing.
- It was also confirmed that the City Council was undertaking joint departmental approaches when considering ways to deliver budgets for services.
- The increased cost of home to school transport provision, particularly for SEND children and looked after children impacted severely on the City Council's budget. The City Mayor stated that a nation-wide initiative to tackle the issue would be helpful. He also suggested that the issue continued to be examined by the Children, Young People and Education Scrutiny Commission
- Within the draft budget for 2024/25, there was no proposal to reduce funding towards adventure playgrounds though guarantees could not be

given that the current level of funding would remain in subsequent years. The City Mayor confirmed that discussions had taken place with the providers and that these would continue.

- In respect of the serving of S114 notices, the City Mayor confirmed that if the Director of Finance felt that if the City Council could not meet its liabilities, then she would be required to issue a notice. He also pointed out that the notice prevented councils from going bankrupt. Should a notice be serviced, there would be a requirement to hold a Full Council meeting within two weeks which would then result in stopping all non-statutory and non-contractually committed spending. He explained that this position had been adopted in Nottingham and Birmingham and referred to the severe impact that this had in those cities. He stated that the City Council would continue to try to avoid the imposition of a S114 notice and had been reassured by the Director of Finance that a budget could be set this year without the need to serve a notice, but that this position could not be guaranteed for future years given that the council's reserves were due to be exhausted.
- In response to a request for a list of all discretionary services provided by the City Council, it was confirmed a definitive list could not be easily provided as there was not always a clear distinction between statutory and discretionary service provision.
- It was suggested that the detail of future in-year budget saving proposals be shared with the relevant scrutiny commissions.

AGREED:

- (1) That the recommendations for Full Council be noted by the commission; and
- (2) That the detail of future in-year budget saving proposals be considered by relevant scrutiny commissions.

18. DRAFT CAPITAL PROGRAMME 2024/25

The Director of Finance submitted a Draft Capital Programme for 2024/25 which would be considered by Full Council on 21 February 2024.

It was noted that the programme had been considered by all scrutiny commissions, with the exception of the Public Health and Health Integration Scrutiny Commission. The comments from the scrutiny meetings had been made available to committee members.

The City Mayor reported that some of the challenges within the City Council's revenue budget were likely to be reflected in the capital budget in future years. He stated that some other local authorities had permission to bolster their revenue budget in the short-term by using resource within their capital programme, and although the City Council did not have such permission, the council could use discretionary provision to use funding allocated for capital for revenue purposes in future years to help avoid the imposition of a S114 notice. Should this be undertaken, it would in turn have a significant impact on the

capital programme in future years.

A question was raised in respect of whether there could in future years be an increase in the capital funding for the routine works programme. It was stated that the sums proposed for 2024/25 were broadly similar to those provided in recent years, and that suggestions from members in terms of how additional capital funding could be generated were welcomed. In respect of the local environmental works (LEW) programme, it was highlighted that a significant amount of work was required to deliver the schemes within the programme, and whilst suggestions for an increase in capital finance for these would be welcomed, given that the workforce for those delivering LEW had been heavily reduced, an expanded programme could present some delivery challenges,

In response to a further point in relation to a recent highways scheme in the Aylestone area of the city, the City Mayor confirmed that he had received positive feedback from residents. He also stated that the Front Walls Enveloping scheme had enabled significant improvements to front boundary walls of houses and had transformed a number of neighbourhoods.

AGREED:

- (1) That the recommendations for Full Council be noted by the committee; and
- (2) That the comments raised by scrutiny commissions be noted by the committee.

19. DRAFT HOUSING REVENUE ACCOUNT (INCLUDING CAPITAL PROGRAMME) 2024/25

The Director of Housing submitted a report setting out the proposed Housing Revenue Account (HRA) budget (including Capital Programme) for 2024/25, which would be considered by Full Council on 21 February 2024.

The report had also been considered by the Housing Scrutiny Commission on 9 January 2024, and comments from the commission were provided to committee members.

The Director of Housing made the following points in introducing the report:

- The proposals within the report were for the charges to tenants and leaseholders for services they received to be representative of the underlying cost of the service being provided.
- It was a legal requirement for a balanced budget to be set for the HRA.
- A rent increase of 7.7% for HRA tenants was being proposed. It was noted that 60% of tenants were in receipt of housing benefit or equivalent, which would cover the proposed increase.
- A 7.7% increase for garage rents was proposed.
- A 6.7% increase in service charges was proposed.
- A 10.1% reduction in Way lighting service charge was proposed

- A 5% increase was proposed for hostel rent
- A 5% increase was also proposed for Gipsy and Traveller plot rents.
- A reduction in the charges for district heating was being proposed, including a 29% reduction in the variable charge for metered heat and a 24% reduction in the fixed metered charges.
- A capital budget for 2024/25 of £25.86m was proposed which included £10.86m investment in the council housing stock.
- The proposals had been supported by the Tenants and Leaseholders Forum and had also been considered by the Housing Scrutiny Commission.

The Chair acknowledged the significant amount of positive work proposed within the programme. In response to further comments and questions from members, the following points were raised:

- The increase proposed for hostel rents and service charges were set to cover increased costs for the provision offered by the Dawn Centre, and a 5% increase was therefore required. The proposed 5% increase for Gipsy and Traveller plot rents was set in the same way, to cover actual costs of running the sites.
- It was anticipated that a further 225 properties would be sold under the right to buy scheme. This equated to approximately £1.2m in rent.
- A further 10 housing craft apprentices would be recruited, which took the total number to 40 operatives. The vacancy level of staff operatives now stood at under 10, which represented a dramatic reduction.
- Housing voids stood at the lowest level for many years, with less than 2% of the council's housing stock being currently empty.
- It was noted that the proposals considered at the last OSC meeting in respect of supporting families and people facing homelessness would be taken to a future meeting of Full Council. The enhanced rough sleeper provision would be kept under review.

AGREED:

- (1) That the recommendations for Full Council be noted by the committee; and
- (2) That the comments of the Housing Scrutiny Commission be noted by the committee.

20. TREASURY MANAGEMENT STRATEGY 2024/25

The Director of Finance submitted a report that set out the proposed strategy for managing the Council's borrowing and cash balances during 2024/25 and for the remainder of 2023/24.

The Director of Finance provided a brief overview of the paper, together with an overview of the Investment Strategy 2024/25 (Item 14) and the Treasury Policy 2024/25 (Item 15).

It was explained that treasury management was the process by which the City Council's borrowing was managed and how cash balances were invested.

In response to comments and questions from members, the following points were raised:

- Within the Council's Finance division, there were staff who led specifically on treasury management activity and were continually trained on this area of work. The Council's also employed independent treasury advisors who provided expert opinion in respect of investment management.
- The money earmarked for treasury management and investment activity was not taken directly from the City Council's revenue budget, though early loan repayment as outlined in the report would enable a saving to be made from the revenue budget.
- In respect of the Council's loan repayment to Barclays, the City Council negotiated an early repayment programme, which enabled a saving which would not have been made if it was paid at a later date.
- In a similar vein, the City Council would consider early repayment opportunities for the 2 LOBO (Lender Option Borrower Option) loans with Dexia that amounted to £20million.
- It was made clear that there was no proposal to invest a full £30million into commercial property funds. The City Council had discretion to invest up to that amount. The Director of Finance agreed to make references to this clearer in the version of the report presented to Full Council.
- It was also suggested that a training session for members in relation to treasury management and investment activity would be arranged in advance of Full Council on 21 February.

AGREED:

- (1) That the Treasury Management Strategy 2024/25 be noted by the committee
- (2) That references to investment options of up to £30million into commercial property funds be made clearer in the version of the report presented to Full Council; and
- (3) That a training session for members be set up in advance of Full Council in relation to the City Council's treasury management and investment activity.

21. INVESTMENT STRATEGY 2024/25

The Director of Finance submitted a report that defined the Council's approach for making and holding investments, other than those made for normal treasury management purposes.

It was noted that during consideration of Item 13 (Treasury Management

Strategy 2024/25), it was agreed that a training session for members in relation to treasury management and investment activity would be set up in advance of Full Council on 21 February.

AGREED:

- (1) That the report be noted by the committee; and
- (2) That a training session for members be set up in advance of Full Council in relation to the City Council's treasury management and investment activity.

22. TREASURY POLICY 2024/25

The Director of Finance submitted a report which gave a framework for the governance of the Council's borrowing and investments, and it updated the framework previously approved by Council.

It was noted that the policy stated how treasury management activity was governed and was supported by an annual strategy.

It was also noted that this report was not prepared on an annual basis and was brought to scrutiny and Full Council approximately every three years.

There were no specific points raised by members in relation to this report.

AGREED:

That the report be noted ahead of a Full Council decision on 21 February.

23. OVERVIEW SELECT COMMITTEE WORK PROGRAMME

The work programme for the Committee was noted.

24. ANY OTHER URGENT BUSINESS

There were no items of other urgent business.