



Leicester
City Council

**MEETING OF THE CULTURE AND NEIGHBOURHOODS SCRUTINY
COMMISSION**

DATE: WEDNESDAY, 15 JANUARY 2025

TIME: 5:30 pm

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

Members of the Committee

Councillor Dawood (Chair)

Councillor Mohammed (Vice-Chair)

Councillors Aldred, Chauhan, Halford, Haq, Joshi and Singh Johal

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

For Monitoring Officer

Officer contacts:

Julie Bryant and Ed Brown (Governance Services)

Tel: , e-mail: committees@leicester.gov.uk

Leicester City Council, City Hall, 115 Charles Street, Leicester, LE1 1FZ

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Further information

If you have any queries about any of the above or the business to be discussed, please contact: **Julie Bryant** (julie.bryant@leicester.gov.uk) or **Ed Brown** (edmund.brown@leicester.gov.uk) . Alternatively, email committees@leicester.gov.uk, or call in at City Hall.

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PUBLIC SESSION

AGENDA

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1. WELCOME AND APOLOGIES FOR ABSENCE

To issue a welcome to those present, and to confirm if there are any apologies for absence.

2. DECLARATIONS OF INTEREST

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

3. MINUTES OF THE PREVIOUS MEETING

Appendix A

The minutes of the meeting of the Culture and Neighbourhoods Scrutiny Commission held on Monday 4th November 2024 have been circulated, and Members will be asked to confirm them as a correct record.

4. CHAIR'S ANNOUNCEMENTS

The Chair is invited to make any announcements as they see fit.

5. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

Any questions, representations and statements of case submitted in accordance with the Council's procedures will be reported.

6. PETITIONS

Any petitions received in accordance with Council procedures will be reported.

7. DRAFT CAPITAL PROGRAMME 2025/26 **Appendix B**

The Director of Finance submits a draft report proposing the Capital Programme for 2025/26.

Members of the Commission will be asked to consider and provide any feedback which will be submitted to the Council Budget meeting.

8. DRAFT GENERAL REVENUE BUDGET 2025/26 **Appendix C**

The Director of Finance submits a draft report proposing the General Revenue Budget for 2025/26.

Members of the Commission will be asked to consider and provide any feedback which will be submitted to the Council Budget meeting.

9. FLY-TIPPING UPDATE **Appendix D**

The Strategic Director of City Development & Neighbourhood Services submits a report to provide an update on fly-tipping issues across the city. A slide presentation will also be given.

10. MUSEUM ENGAGEMENT PROGRAMME **Appendix E**

The Director of Tourism, Culture and Inward Investment submits a report providing an overview of Leicester Museums & Galleries' Museum Engagement programme, which is funded by Arts Council England (ACE).

11. WORK PROGRAMME **Appendix F**

Members of the Commission will be asked to consider the work programme and make suggestions for additional items as it considers necessary.

12. ANY OTHER URGENT BUSINESS



Leicester
City Council

Minutes of the Meeting of the
CULTURE AND NEIGHBOURHOODS SCRUTINY COMMISSION

Held: MONDAY, 4 NOVEMBER 2024 at 5:30 pm

P R E S E N T:

Councillor Dawood – Chair
Councillor Mohammed – Vice Chair

Councillor Aldred
Councillor Halford
Councillor Joshi

Councillor Chauhan
Councillor Haq
Councillor Singh Johal

In Attendance:

Deputy City Mayor Councillor Cutkelvin
Assistant City Mayor Councillor Dempster
Assistant City Mayor Councillor Sood

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88. WELCOME AND APOLOGIES FOR ABSENCE

The chair welcomed those present to the meeting.

No apologies were received.

89. DECLARATIONS OF INTEREST

Members made their introductions and declared any interests they may have had in the business to be discussed.

Councillor Haq declared that he resided within an area to be discussed during the meeting.

Cllr Sood declared that she was an honorary member of The Council of Faith. She is also a member of The Bishop Forum.

90. MINUTES OF THE PREVIOUS MEETING

The Chair requested approval of the minutes of the last meeting held 22 August 2024.

AGREED:

That the minutes be confirmed as a correct record.

91. CHAIR'S ANNOUNCEMENTS

None.

92. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

Mr Bruce Wakley made the following statement on behalf Ms Hannah Wakley (Leicester Friends of the Earth):

Leicester Friends of the Earth have been discussing the council's use of chemical pesticides in the parks with officers and councillors for the past three years. After trialling a different product last year, the council returned to using glyphosate in parks this year, albeit at a lower concentration than previously used. The council's target for pesticide use in the Biodiversity Action Plan is to reduce it by 50% by 2030. We think that target is disappointingly unambitious when other local authorities have already moved away from chemical pesticides altogether. The Pesticide Action Network provide detailed information for local authorities on how to go pesticide free on their website.

The areas that are sprayed in the parks do seem to have been reduced in the last couple of years - we can no longer see any sign of spraying around tree bases in parks, for example, which is an improvement. (Tree bases on road verges are still being sprayed, sadly.) But we are still seeing signs of spraying around and within children's play areas, which is concerning when it is known that children are more vulnerable to the effects of chemical pesticides than adults. I notice this in my local park in Evington, which makes me nervous about taking my nephew there. Like all toddlers, he likes to play with the soil and I spend a lot of time carrying him away from the sprayed, dead grass around the edges of the patches of woodchip and under the fence. Many people will not recognise what this dead grass means, so they will not be able to protect their children from being exposed to the pesticide residues there.

We are concerned about the use of any chemical pesticides, and glyphosate in particular, for a number of reasons. There have been several studies linking glyphosate to cancers in people, particularly non-Hodgkin lymphoma. The research was collated in a meta-analysis published in the academic journal Mutation Research in 2019. Children are particularly vulnerable to the effects of pesticides, because their skin absorbs chemicals more easily and because

they are more likely to be playing on the ground. The evidence for the ill-effects of glyphosate on bees and other wildlife has also been mounting over the last few years. It is now known that glyphosate harms bees' digestive systems, for example, affecting their ability to absorb food, and also damages the ability of wild bees to regulate the temperature of their colonies. When insect populations are falling so alarmingly, we do not believe we should be doing anything to make the situation worse.

Leicester has long claimed to be the UK's first environment city, but on this issue, it is clear that we are not taking the lead. In fact, we are falling far behind other towns and cities.”

The Director of Neighbourhood & Environmental Services responded on behalf of The Parks & Open Spaces Operational Manager, advising that:

- Officers have been in contact with Ms Wakerley directly for a couple of years.
- The Local Authority had reduced its usage of Glyphosate by 50% since 2017. It now used around 1800 litres per annum.
- The Local authority has been working with the Pesticide Action Network which gave guidance for the development of the Pesticide Action Plan.
- A number of alternate products had been demonstrated but with limited success, most recently Finalsan.
- Seasonal conditions impacted on pesticide success rates. 2024 had been particularly wet, resulting in the need to reintroduce Glyphosate in some settings.
- Glyphosate was seldom used in parks, play areas and around schools. Other weed killing methods produced visually similar effects. To the human eye, it may not be apparent which method had been employed.
- The Local Authority had reached out across its networks considering alternative products, but to date hadn't identified any suitable alternatives which were available on the market.
- Glyphosate remained licensed for use in the UK until December 2025.
- As an alternative, the Local Authority had invested in mechanical kit to remove weed growth on pavements (weed arm sweeper as an example).
- The Local Authority practices were still leading from within the sector.

Responding to a permitted supplementary question, The Director of Neighbourhood & Environmental Services advised that:

- The question raised related to a class action case in France against Mosanto (manufacturer of Roundup, a glyphosate product) and related to agricultural use. The case could not be commented on as there were no direct links to the council or its practices.
- All council staff undertaking spraying are trained and licensed to do so.
- The Local Authority ensured the health and safety of all staff by only

using approved products, upon receiving the correct training. He advised that every precaution was taken, and staff were provided with PPE.

- Tasks were planned and risk assessed to minimise the impact to both staff and the public.

93. PETITIONS

The Monitoring Officer reported that none had been received.

94. BURIAL STRATEGY UPDATE

The Director of Neighbourhoods and Environmental Services submitted a report providing an annual update on the Burial Strategy.

The Bereavement Services Manager presented the report.

The report highlighted the overall demand for burials, identifying the impact on existing cemetery provision.

The report detailed planned works to improve the visitor experience at Gilroes Cemetery and the need to rectify issues related to car parking, traffic and drainage.

Changes to legislation in 2024, were summarised and an update was given on the Law Commission review of Burial, Cremation and New Funerary Methods legislation.

Further key points to note were:

- There was not a statutory duty placed on Local Authorities to provide burial spaces.
- Remaining burial space remaining for the Local Authority was estimated to reach full capacity around 2023/31. There was a need to find a solution by the end of 2026 to allow time for new development.
- There were four cemeteries in operation within Leicester, these being Gilroes, Saffron Hill, Belgrave and Welford Road Cemeteries.
- The number of burials had peaked during Covid with a 20% increase, but this trend was now decreasing.
- Saffron Hill and Gilroes were the only cemeteries which were conducting burials in new graves.
- Demand for new graves for Muslim burials was on average 60 - 65% of all new graves per year. Saffron Hill Cemetery had been extended to accommodate the number of Muslim burials.
- Improvements were required at Gilroes Cemetery which included resolving problems with traffic circulation, parking spaces and drainage. Consultations were commissioned to resolve these issues.

- Legislation changes made in September of this year had seen the biggest change in death certification for over 50 years. All deaths (excluding still born babies) were now subject to scrutiny either by a Coroner or a Medical Examiner. This was now in line with the process followed for cremations.
- It was recognised that complex burial and cremation legislation had become outdated. The Law Commission of England and Wales was carrying out the 'Burial, Cremation and New Funerary Methods Project' in response to this. Public consultation was now live for the Burial and Cremation element of this.

Members were invited to ask questions for the Bereavement Services Manager to respond to and it was noted that:

- A previous piece of work had come to scrutiny examining points raised in this report. Having received the report, there was now clarification that these points were national issues.
- Safeguarding proposals for grave reusage were for next of kin consultation and an application to the Secretary of State. Suggestions had been included within the proposals on suitable time periods after which reusage could take place. The grave would not re-used if objections were received. This was in line with legislation already in place in London.
- The difference between reclamation and reusage was clarified. Reclamation would occur when unused burial spaces within a plot were reclaimed by the local authority. Reusage would involve disinterring remains already in a grave and reintering them deeper within the same space allowing room for a newer burial above.
- There were around 150 acres of burial ground across the city. The majority of this space had already been used.
- There were approximately 2500 graves remaining for usage across the city (these being at Gilroes and Saffron Hill.)
- 99% of Muslim burials took place at Saffron Hill. The graves could be used for double burials.
- Additional burial land was being sought. If land was secured outside of the Leicester City boundary, extra funeral fees would not be incurred as the facility would be still be managed by Leicester City Council.
- There was a surplus within the budget for both burials and cremations, but that surplus would end when the space had been fully used and the sites would still require maintenance.
- Stillbirths were not classified as 'deaths', this is why scrutiny on cause of death for stillbirths did not take place.
- The additional legislation on scrutiny of death had not impacted on Local Authority resources or caused a delay in processes.
- National Consultation on proposals was open.
- If Leicester City Council had burial facilities outside of the city, it was suggested that, working to principle, the fees would be the same.
- The Commission could be updated on the number of graves left in each Cemetery and the financial position as well as maintenance costs.

- Around 400 new graves were dug each year. Further information on this could be sent to the Commission.

AGREED:

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.
- 3) That figures on the numbers of new graves dug be emailed to the Commission.
- 4) That a six-monthly written update on remaining space was requested to track if burial space was likely to be available until 2031 and to include information on the workplan for Gilroes Cemetery, updates from the Law Commission.
- 5) That the Commission be updated on the outcome of the CDS findings.
- 6) That information be provided on the number of graves left in each Cemetery and the financial position as well as maintenance costs.

95. HERITAGE PLACES FUNDING, NATIONAL LOTTERY HERITAGE FUND

The Director of Tourism, Culture and Inward Investment submitted a report providing an overview of the Heritage Places Programme which was funded by the National Lottery Heritage Fund.

The Assistant City Mayor (Culture, Libraries and Community Centres) introduced the item and noted that:

- The Local Authority had a good success rate with funding bids.
- There was an ongoing focus on engaging with local people from within the different communities at a grass roots level.

A Steering Group would include both Leicester City Council and Community representatives.

The Director of Tourism, Culture and Inward Investment provided further comments:

- The report referred to the initial bid but by the end of next year, there should be new propositions, potentially resulting in significant funding of up to £10,000,000.
- The Heritage Lottery Fund was earmarked for Leicester and there was still

access to the usual Lottery Funding.

- It was noted that other cities weren't as successful in promoting community and heritage as effectively as Leicester.
- There were however still some communities not explored and celebrated strongly enough. For example there was a recent Somali festival which had been organised as part of Black History Month but this hadn't been promoted well despite the significance.

In response to Member questions, The Director of Tourism, Culture and Inward Investment advised:

- The initial bid was for Revenue Funding only but in the longer term the programme could support both revenue and capital spending.
- There would be a transparent commissioning process inviting collaboration over the period of the initial bid in 2025.
- It was hoped that the funding could bring cohesion to the different communities within Leicester, giving people opportunities to share in one another's culture, tradition and heritage. This could have a positive knock-on impact with the visitor economy.
- Staffing resourcing would entail allocating a Project Manager and subsequent reporting staff to drive the programme. The £250,000 would pay for the Audience Agency, a part time programme manager in the Museum service and a group of community heritage researchers who would be recruited.
- It was recognised that Leicester had a strong industrial heritage and that this was an area to be explored and promoted.

AGREED:

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.
- 3) For an update to come to scrutiny post stage 1 decision
- 4) For the findings of the Audience Agency to be provided.

96. LIBRARY STUDY ZONES

The Director of Neighbourhood and Environmental Services submitted a report giving an overview of the Study Zones initiative in libraries, in the context of the digital support provided by libraries for people living, working and studying in Leicester.

The Assistant City Mayor for Culture, Libraries and Community Centres introduced the report and noted that the successful funding application had allowed more people to bring their equipment to be used in Council libraries. This was increasingly important due to overcrowded houses, as this scheme allowed people to come to libraries for a quiet space to study and work. She further noted that Libraries were often neighbourhood hubs.

The Head of Neighbourhood Services presented the report.

Key Points included:

- Libraries remained committed to four universal offers:
 - Reading
 - Culture and Creativity
 - The Digital Information Offer (including IT resources and signposting support from staff)
 - Health and Wellbeing
- Members' attention was drawn to the graphs in the report, and it was explained that these showed the changing patterns of use and illustrated the recovery of computer use following the Covid-19 pandemic. It was further clarified that use of library computers had recovered to 60% of use prior to the pandemic, and people using their own devices with the library WiFi had recovered to 80% of pre-pandemic levels and was predicted to recover to 100% by the end of this year. This showed real change in how people accessed online services.
- Customer surveys had shown that there was a preference for people using their own devices in libraries, and this had been part of the rationale for the bid.
- The pilot programmes in Knighton and Highfields libraries had been very successful, showing that this had been a key bid to make. As soon as the desks had been installed, people had used them, and they had not needed to be promoted.
- The scheme had supported the homework help club which had been important for children's health and wellbeing as well as to support their out of school learning following the pandemic.
- The scheme provided welcome facilities for residents in high-density housing.
- The scheme supported the Warm Welcome programme, as well as supporting the increase in people working from home.
- The scheme supported increasing partnership work with the Department for Work and Pensions (DWP) and library Jobshops. People could take part in sessions with work coaches in libraries, and then continue to work in the library following the session.

The Commission was invited to ask questions and make comments. Key Points included:

- It was aimed to track how people used services so that changes could be pre-empted and to establish what was required in different locations. There were approximately 60,000 individual library users, of which around 20,000 were estimated to be IT users, either through using library computers or bringing their own devices. IT users were profiled, and it had been identified that whilst library users had a slight female majority, a slight majority of IT users were male. In terms of age, children and young people tended to be the biggest library users, but a high proportion of IT users fell into the 16-45 age-range. In terms of the location with the highest usage hours, Central library was the highest, followed by those in high-density housing areas such as Belgrave or Highfields. Peaks in usage depended on the library and the local population around it.
- The report was welcomed as libraries were seen as an asset to the community as a safe place for people to study, particularly in the context of the cost-of-living crisis. They had lots of resources that benefitted the community.
- In response to a query about providing services for people of various cultures and people who spoke languages other than English, it was explained that there was an ongoing piece of work to establish customer needs, particularly through customer surveys and conversations with customers and staff. New members were asked if they wished to state their preferred reading language when they joined the library.
- In response to a query about privacy, it was acknowledged that libraries were small spaces, which was a reason as to why some of the study desks included privacy partitions. It was further explained that users tended to either work individually or collaboratively, therefore it was necessary to have different kinds of spaces for the different kinds of user.
- In response to a query about the different kinds of media used, it was reported that a lot of work had been done on modernising and updating the service over the last three-to-four years, including building the collections of e-books. CDs were no longer purchased for stock as demand was much reduced due to the prevalence of streaming.
- In response to a query about the possibility of making use of more buildings for such spaces, it was clarified that whilst the service tried to do as much as possible with the buildings it had, the scheme had been funded through the Libraries Improvement Fund, and therefore it was limited to the 16 existing libraries.
- In response to a query about the possibility of other partners installing stations to help families with financial pressures such as expensive WiFi and printer ink, it was suggested that this could be looked into. It was also noted that software had been installed to allow people to print from their own devices in libraries.
- In terms of after-school activities for children, there had been funding from Public Health to help to deliver homework help clubs with a focus on children's mental health and wellbeing. These had been popular.

Further to this, there had been times where Knighton and Evington libraries had been able to open out of hours, but in these instances children had needed to be accompanied by an adult.

- With regard to people using library IT systems to complete online applications for Universal Credit, it was clarified that whilst staff could not give direct advice, they could signpost to where people could get information. The Council worked with the DWP to support entry into work. Staff had been doing this for a long time, so it was not seen as an additional pressure.

The Chair suggested that a report be brought to the Commission in 12 months on how sustainable and successful the scheme has been as well as looking at areas for development and provision in case of the cessation of funding.

The Chair further requested that information on the age profile of users and out-of-hours provision be provided to members of the Commission.

AGREED:

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.
- 3) That a report be brought to the Commission in 12 months on how sustainable and successful the scheme has been as well as looking at areas for development and provision in case of the cessation of funding.
- 4) That information on the age profile of users and out-of-hours provision be provided to members of the Commission.

97. WARD ENGAGEMENT AND FUNDING REPORT 2023-24

The Head of Neighbourhood Services and the Area Development Manger submit a report outlining how Ward Funding was spent across the city between April 2023 and March 2024. The report seeks to provide an insight into the variety of projects and initiatives that took place in the wards, and some of those that were important to residents locally.

The Assistant City Mayor for Culture, Libraries and Community Centres introduced the report and noted that:

- It was important to protect these monies as they did a lot of good for small groups.
- A training session would be held with Ward Councillors in which they would be encouraged to look at ward priorities. A clearer focus should help to inform decision making.

- Funding should be quick, easy, accessible and engaging.
- Small projects funded by ward funding could help with community cohesion and prevent isolation.

The Commission was invited to ask questions and make comments. Key Points included:

- The report was welcomed, and projects funded by ward funding, such as Christmas decorations, were praised as they had helped community spirit.
- There had been variations in spending depending on the makeup of the Ward. Additionally, IT issues in March 2024 had made it difficult to get projects out to Councillors. Some of these had been carried over after March. Anything not spent had been carried over, as long as it was under the 10% carry-over limit, which all were.
- It was noted that not every council provided ward funding.

The Chair made the suggestion that unspent money from underspent wards could be divided amongst wards that had spent to capacity.

AGREED:

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.

98. WORK PROGRAMME

It was noted that the agenda for the next meeting looked heavy according to the work programme. Items could be considered for postponement at the following agenda-setting meeting.

The work programme was noted.

99. ANY OTHER URGENT BUSINESS

There being no other items of urgent business, the meeting closed at 19:27.

Capital Programme 2025/26

Decision to be taken by: Council

Decision to be taken on: 19 February 2025

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Kirsty Cowell
- Author contact details: kirsty.cowell@leicester.gov.uk
- Report version number: 1

1. Summary

- 1.1 The main purpose of this report is to ask the Council to approve a capital programme for 2025/26.
- 1.2 Unusually, the report also seeks approval to change the way the 2024/25 programme is being paid for. When the programme was approved last February, it was expected that it would be funded from a combination of grants, capital receipts and the “capital fund” – the capital fund is a pot of money we carry forward from previous years to pay for slippage and for approved schemes which have not yet started. The capital fund is technically revenue, and because of the crisis facing the revenue budget it is now planned to use it to meet revenue expenditure. The extent of the crisis, and the full strategy for balancing the revenue budget over the next 3 years, is described in detail in a separate report on today’s agenda. However, a critical feature of the revenue strategy is use of the capital fund. Consequently, some schemes in the current capital programme will now need to be financed by borrowing and your approval is sought to this refinancing.
- 1.3 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants’ rents, and the proceeds of asset sales (capital receipts). Money can also be borrowed for capital purposes: in the past we have done very little borrowing because of the impact on the revenue budget. Now, however, we need to borrow - not just in substitution for the capital fund, but also to pay for schemes in the 2025/26 capital programme.
- 1.4 For the past five years the Council has set a one-year capital programme, due to uncertainty over future resources. This uncertainty remains and is unlikely to reduce until the Government publishes its national spending review in the spring.
- 1.5 We are presenting another one-year programme of limited scale. This will enable capacity to be focussed on key schemes and allow time to see the long-term impact of recent inflation on construction costs. With the need to utilise the revenue “capital fund” for revenue purposes this significantly limits available resources for capital expenditure to any capital grants, and with the use of Prudential Borrowing. Prudential borrowing has a revenue cost which we would want to minimise.
- 1.6 In addition to the one-year programme any schemes approved and in the current programme will continue into 2025/26 where needed, except the schemes outlined in 4.8, if 2.1(c) is approved.

1.7 The report seeks approval to the “General Fund” element of the capital programme, at a cost of £34.3m. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £41.3m, £30m of which relates to the affordable homes programme.

1.8 The table below summarises the proposed spending for capital schemes starting in 2025/26, as described in this report:-

	<u>£m</u>
<u>Proposed Programme</u>	
<u>Schemes – Summarised by Theme</u>	
Grant Funded Schemes	13.7
Own buildings	8.3
Routine Works	4.3
Invest to Save Schemes	1.3
Other Schemes & Feasibility and Contingencies	6.7
Total New Schemes	<u>34.3</u>
<u>Funding</u>	
Unringfenced Resources	32.4
Monies ringfenced to Schemes	1.9
Total Resources	<u>34.3</u>

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

	<u>£m</u>
General Fund	34.3
Housing Revenue Account	41.3
Total	<u>75.6</u>

1.10 The Council’s total capital expenditure now forecast for 2025/26 and beyond is expected to be around £315m, including the HRA and schemes approved prior to 2025/26.

1.11 The capital programme is split into two parts:-

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

1.12 Immediate starts have been split into three categories:-

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

2. Recommended actions/decision

2.1 The Council is asked to:-

- (a) Approve the release of the Capital Fund, a revenue reserve, to the Managed Reserve strategy of £90m. (see para 4.4)
- (b) Approve the change in financing for the 2024/25 capital programme, to include prudential borrowing (see para 4.5)
- (c) Approve reductions to the 2024/25 capital programme as described at paragraph 4.8.
- (d) Approve the capital programme, including the prudential borrowing for schemes as described in this report and summarised at Appendices 2 to 5, subject to any amendments proposed by the City Mayor;
- (e) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- (f) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;
- (g) For the purposes of finance procedure rules:
 - Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes.

- Designate the operational estate & children’s capital maintenance programme, highways maintenance programme and transport improvement programme as programme areas, within which the director can reallocate resources to meet operational requirements.

(e) Delegate to the City Mayor:

- Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance and to borrow whilst remaining within the prudential limits for debt which are proposed in the treasury management strategy (elsewhere on your agenda);
- Authority to reduce or delete any capital scheme, subject to a maximum reduction of £10m; and
- Authority to transfer any “policy provision” to the “immediate starts” category.

(g) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure.

(h) Approve the capital strategy at Appendix 6.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

Amendments to 2024/25 Capital Programme

- 4.1 This report proposes to transfer the capital fund for use in the revenue strategy. We can do this because the capital fund is technically revenue money – how it has arisen is described below.
- 4.2 As members will be aware, capital resources are ringfenced. Capital grants and capital receipts can only be spent on capital schemes. Revenue monies can, however, be used to support the capital programme. In practice, making a regular contribution to capital from the revenue budget has not been affordable for a long time. We have, though, made one-off contributions over

recent years, the most significant being government covid grants which were set aside to support post-pandemic recovery (these were approved following the capital outturn report for 2020/21). Other occasions have included one-off monies to support the Economic Action Plan in the period up to 2016/17.

- 4.3 As there is always slippage, and some resources are available before we need to spend them, financing presents us with a choice: what resources do we use and what do we carry forward to meet future commitments? In practice, **we deliberately use the most restricted resources first and carry forward the least restricted**, irrespective of why schemes were put in the programme in the first place. This means that, as revenue is the least restricted, the capital fund is always carried forward to fund slippage – the fund now probably comprises most of the revenue contributions approved over the past 14 years. It is important to recognise, though, that **these monies are fully committed to fund capital schemes members have already approved** and diverting them to the revenue budget has consequences: we will need to borrow to complete the programme. Nonetheless we have deliberately engineered a situation where we have flexibility when it is needed (as it is now).
- 4.4 The “capital fund” amounts to £103m. Decisions have already been taken to transfer “spare” money of £7m to support the revenue budget as part of the General Fund budget for 2024/25; and an estimated £4m is required to fund current committed costs which could arguably be considered revenue. It is now proposed that remaining £90m is transferred to support the budget.
- 4.5 This report also proposes reductions to the programme of £13m. This means that £77m will need to be borrowed to fund the remaining 2024/25 capital programme rather than the full £90m which is being transferred. This borrowing will inevitably make the budget gap worse but buys us time to pull the revenue budget into a more sustainable position. The impact is estimated to be an additional revenue cost of £5m per year by 2026/27. This report seeks the necessary change to the financing of the 2024/25 capital programme.
- 4.6 In addition, this and all future capital programmes are likely to require borrowing, which means every potential capital scheme will need to be considered for revenue affordability.
- 4.7 As stated above, it is proposed to reduce previously approved capital spending by £13m.
- 4.8 If capital cost is not reduced then the amount of borrowing would be more and would increase the amount of borrowing cost in the revenue budget. Any reductions in capital cost do not themselves result in more one-off money. The reason they are proposed is to facilitate release of the capital fund described in paragraph 4.4 and 4.5 above. Releasing the capital fund will mean money previously set aside to fund the capital programme is no longer available. To maintain the previously approved level of capital spending would require us to borrow: capital cuts reduce the borrowing required.

Proposed cuts are shown in the table below:

	Current Remaining Budget	Minus Proposed Saving	Amount remaining after saving
	(£m)	(£m)	(£m)
Malcolm Arcade – refurbishment scheme will not proceed.	1.3	(1.3)	0
Fleet – reduced programme based on underspends in previous years due to long lead times for delivery and change in policy to retain vehicles for longer due to improvements in vehicle lives.	10.3	(2.0)	8.3
Connecting Leicester – no further city centre improvement schemes to be committed.	4.2	(3.2)	1.0
Operational Estate – reduction has already been achieved.	6.4	(1.0)	5.4
Policy Provisions reduction – New Ways of Working, Strategic Acquisitions, Highways & Transport Infrastructure and Programme Contingency.	25.3	(5.9)	19.4
TOTAL	47.5	(13.4)	34.1

Key Policy Issues for the New Programme

- 4.9 The key focus of the 2025/26 capital programme is a limited one-year programme due to the resources constraints and its focus is to protect the revenue budget as far as possible.
- 4.10 The cost of Prudential Borrowing has been calculated for each scheme, and the total is included within the revenue budget report for 2025/26, and the Prudential Indicators included in the Treasury Report 2025/26 found elsewhere on the agenda.
- 4.11 The programme supports the Council's commitment to tackling the climate emergency, most obviously but not exclusively within the Transport Improvement Works, Operational Estate and Children's capital maintenance programmes.

Resources

- 4.12 Resources available to the programme consist primarily of Government grant, borrowing and capital receipts (the HRA programme is also supported by tenants' rent monies). Most grant is unringfenced, and the Council can spend it on any purpose it sees fit.

4.13 Appendix 1 presents the resources required to fund the proposed programme, which total some £34.32m. The key unringfenced funding sources are detailed below.

- a) £5.04m of general capital receipts. The delivery of receipts from Ashton Green disposals to fund the work to sell/develop by the end of 2025/26;
- b) £13.68m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government (the figure for 2026/27 represents a first call on that year to enable school schemes to be planned);
- c) £1.00m from the Transformation Fund (Earmarked Revenue Reserve)
- d) £1.00m from the ICT Reserve (Earmarked Revenue Reserve)
- e) £0.33m of resources brought forward from an insurance claim.
- f) £13.27m of borrowing, with an annual revenue cost.

4.14 For some schemes the amount of unringfenced resources required is less than the gross cost of the scheme. This is because resources are ringfenced directly to individual schemes. Ringfenced resources are shown throughout Appendix 2 and consist of government grant and contributions to support the delivery of specific schemes.

4.15 Only funding required to finance the schemes in this capital programme is included.

4.16 Finance Procedure Rules enable directors to make limited changes to the programme after it has been approved. For these purposes, the Council has split resources into corporate and service resources.

4.17 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250,000. This provides flexibility for small schemes to be added to the programme without a report to the Executive, but only where service resources are identified. (Borrowing is treated as a corporate resource requiring a higher level of approval).

Proposed Programme

4.18 The whole programme is summarised at Appendix 2. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods.

4.19 £13.68m is provided for grant funded schemes. These schemes are funded either from unringfenced grant (where we have discretion) and ringfenced resources.

- a) £6.00m has been provided to continue with the **Schools Capital Improvements Programme**. This is to add the 2026/27 element as the 2025/26 element was approved in the 2024/25 capital budget. The programme will include routine maintenance and spending and is prioritised to reflect asset condition and risk. This will be a two-year programme to allow for better forward planning. The proposed programme is shown at Appendix 5. Detailed schemes will be developed following consultation with schools.
- b) £3.26m is provided as part of the continued **Highway Capital Maintenance Programme**. This is a rolling annual programme and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities. The proposed programme is shown at Appendix 4.
- c) £2.56m is provided in 2025/26 to continue the rolling programme of works constituting the **Transport Improvement Programme**.

Some of the priority areas include:

- Delivering cross cutting cycling, walking and public transport benefits
- Local safety schemes
- Safer Neighbourhoods
- Delivery of the Local Transport Plan

- d) £1.86m has been provided for **Disabled Facilities Grants** to private sector householders which is funded by government grant. This is an annual programme which has existed for many years. These grants provide funding to eligible disabled people for adaption work to their homes and help them maintain their independence.

4.20 £8.3m is provided for the Council's own buildings.

- a) £1.97m has been provided to support the annual **Operational Estate Capital Maintenance Programme** of works to properties that the Council occupies for its own use. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 3 but may vary to meet emerging operational requirements.
- b) £1.36m is provided for the **Corporate Estate** to support the council's property portfolio. Including wall, steps & roof repairs, replacement windows. The council has a statutory responsibility to ensure business property is safe for our tenant and anybody else using the building. This will also ensure income is maintained for the revenue budget.

- c) £1.00m has been provided for **Neighbourhood Services Transformation**. This focuses on the centralisation of key services to enable greater access for communities.
- d) £3.79m has been provided to support the refurbishment of 86 **Leycroft Road Depot** project following fire damage, which will result in a centralised location for the parks depot.
- e) £0.14m has been provided for **Evington Park Depot Staff Welfare Facilities**.

4.21 £4.34m is provided for Routine Works.

- a) £3.01m has been made available for the annual **Fleet Replacement Programme**. Wherever possible, ultra-low emission vehicles (ULEVs) will be sought to support the Council's climate emergency response.
- b) £0.40m has been provided for **Local Environmental Works** in wards. This scheme will focus on local neighbourhood issues including residential parking, local safety concerns, pedestrian routes, cycleways and community lighting to be delivered after consultation with ward members.
- c) £0.15m is provided for **Grounds Maintenance Equipment** This scheme is to replace ageing machinery with up to date, energy efficient models as part of our annual replacement programme.
- d) £0.30m is provided to continue the **Flood & Drainage** scheme into 2025/26. The programme supports the local flood risk management strategy and action plan, and the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency & Severn Trent Water.
- e) £0.15m is provided for **Foster Care Capital Contribution Scheme** to support foster carers with alterations to their property to allow fostered children to remain living with their carers or to increase the capacity to look after more children.
- f) £0.20m has been provided for the **Front Walls Replacement Scheme** and is a continuation of previous schemes. It involves the enclosure of small spaces in front of housing. Enveloping schemes can make a significant improvement to local neighbourhoods and enable occupiers to tend house fronts more effectively.
- g) £0.08m has been provided for a **Historic Building Grant Programme**. This will provide match funding to city residents and organisations to support the repair of historic buildings and the reinstatement of lost original historic features.
- h) £0.05m is included as part of the continued programme to

refresh **Festival Decorations**.

4.22 £1.30m is provided for Invest to Save schemes.

- a) £0.55m is provided for **KRIII Cafe**. Relocating the café within the building to allow additional access and to create a dedicated schools and education hire space. The relocation would allow the café to be open separately to the exhibition and allow additional income to be generated.
- b) £0.45m **Street Cleaning equipment**. To provide additional efficient sweepers and street flushers and reduce travel and fuel costs to deliver litter and detritus statutory responsibilities.
- c) £0.18m **Public Toilet Automatic Locking**. Installation of an automated system for toilets located on parks and highways in 23 locations.
- d) £0.06m **Southgates Underpass Lighting**. To replace fluorescent lighting tubes with LED lighting strips.
- e) £0.06m **Trees and Woodland Stump Grinder**. To replace the existing grinder and avoid the need to hire.

4.23 £6.74m is provided for Other Schemes & feasibility and contingencies:

- a) £5.04m **Strategic Sites**. To facilitate capital assets disposals, in particular Ashton Green.
- b) £1.00m **Finance System Replacement**. To implement a system to replace the Council's existing legacy system. The finance system has come to the end of the contract, and we need to procure a system to ensure financial controls and ensure efficiency.
- c) £0.7m is provided for Feasibility Studies. This will enable studies to be done, typically for potential developments not included elsewhere in the programme or which might attract grant support. For example, Gilroes Cemetery and depot modernisation.

Proposed Programme – Policy Provisions

4.24 Policy provisions are sums of money which are included in the programme for a stated purpose, but for which a further report to the Executive (and decision notice) is required before they can be spent. Schemes are usually treated as policy provisions because the Executive needs to see more detailed spending plans before full approval can be given.

4.25 Executive reports seeking approval to spend policy provisions must state whether schemes, once approved, will constitute projects, work programmes or provisions; and, in the case of projects, identify project outcomes and physical milestones against which progress can be monitored.

4.26 Where a scheme has the status of a policy provision, it is shown as such in the appendix.

Capital Strategy

4.27 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.

4.28 The proposed capital strategy is set out at Appendix 6.

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

5.1 Financial implications

This report is exclusively concerned with financial issues.

Signed: Kirsty Cowell

Dated: 21 November 2024

5.2 Legal implications

As the report is exclusively concerned with financial matters, there are no direct legal implications arising from the report. In accordance with the constitution, the capital programme is a matter that requires approval of full Council. The subsequent letting of contracts, acquisition and/or disposal of land etc all remain matters that are executive functions and therefore there will be the need to ensure such next steps have the correct authority in place prior to proceeding. There will be procurement and legal implications in respect of individual schemes and client officers should take early legal advice.

Signed: Kevin Carter, Head of Law - Commercial, Property & Planning

Dated: 22 November 2024

5.3 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.

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

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

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

Other schemes target much larger groups of people who have a range of protected characteristics reflective of the diverse population within the city. Some schemes are place specific and address environmental issues that also benefit diverse groups of people. The delivery of the capital programme contributes to the Council fulfilling our Public Sector Equality Duty (PSED).

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

Signed: Equalities Officer, Surinder Singh

Dated: 22 November 2024

5.4 Climate Emergency implications

The Council has declared a climate emergency and set an ambition for the council and city to achieve net zero carbon emissions. The council is one of the largest employers and landowners in the city, with a carbon footprint of 15,463 tCO₂e from its own operations in 2023/24. The council therefore has a vital role to play in reducing emissions from its operations, increasing the energy efficiency of its council housing stock, working with its partners and leading by example on tackling the climate emergency in Leicester. The report notes the importance of tackling the climate emergency through the capital programme, with a number of the projects outlined directly playing a positive role in reducing or mitigating carbon emissions.

There is not sufficient information within this report to provide specific details of climate change implications for individual projects, which may have significant implications and opportunities. Detailed climate emergency implications should therefore be produced for individual projects as and when plans are finalised, and engagement carried out with the council's Sustainability service where necessary. At a high level, there are some general

principles that should be followed during the planning, design and implementation of capital projects, as detailed below. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects.

New buildings should be constructed to a high standard of energy efficiency, and incorporate renewable energy sources and low carbon heating sources wherever possible, with projects aiming to achieve carbon neutral development or as close as possible to this. Maintenance and refurbishment works, including replacement of systems or equipment, should also seek to improve energy efficiency wherever possible. This will reduce energy use and therefore bills, delivering further benefits to the council and other occupants of its buildings. Major projects will also need to meet Climate Change policy CS2 in the Leicester City Core Strategy planning document, which requires best practice in terms of minimising energy demand for heating, ventilation and lighting, achieving a high level of fabric efficiency, and the use of low carbon or renewable sources of energy.

Projects involving procurement, including for construction works, should follow the Council's sustainable procurement guidelines. This includes the use of low carbon and sustainable materials, low carbon equipment and vehicles and reducing waste in procurement processes. Transport projects should seek to enable a greater share of journeys to be safely and conveniently undertaken by walking, cycling or public transport wherever possible, and many of the planned works will directly contribute to this. Flood risk and environmental works are also a key part of increasing resilience to a changing climate in the city.

Signed: Aidan Davis, Sustainability Officer, Ext 37 2284

Dated: 25 November 2024

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

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

6. Background information and other papers:

Draft Capital Budget 2025/26 presented to Overview Select Committee 30 January 2025.

7. Summary of appendices:

Appendix 1 Capital Resources.

Appendix 2a Grant Funded Schemes

Appendix 2b Own Buildings

Appendix 2c Routine Works

Appendix 2d Invest to Save

Appendix 2e Other & Feasibilities Schemes

Appendix 3 Operational Estate Maintenance Capital Programme

Appendix 4 Highways Maintenance Capital Programme

Appendix 5 Children's Capital Improvement Programme

Appendix 6 Capital Strategy 2025/26

8. 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

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

No – it is a proposal to Council.

Capital Resources

	25/26 {£000}	26/27 {£000}	Total {£000}
<u>Resources Brought Forward</u>			
Insurance Claim	330	0	330
Total One Off Resources	330		330
<u>Capital Receipts</u>			
General Capital Receipts	5,040	0	5,040
Total Receipts	5,040	0	5,040
<u>Unringfenced Capital Grant</u>			
Education maintenance	0	6,000	6,000
Integrated Transport	2,576	0	2,576
Transport maintenance	3,262	0	3,262
Total Unringfenced Grant	5,838	6,000	11,838
Earmarked Reserves	2,000	0	2,000
Prudential Borrowing	13,237	0	13,237
TOTAL UNRINGFENCED RESOURCES	26,445	6,000	32,445
<u>Ringfenced resources</u>			
Disabled Facilities Grant	1,861	0	1,861
TOTAL RINGFENCED RESOURCES	1,861	0	1,861
TOTAL CAPITAL RESOURCES	28,306	6,000	34,306

Grant Funded Schemes

	Division	Scheme Type	Corporate Programme Funding	Ringfenced Funding	Total Approval
			<i>{£000}</i>	<i>{£000}</i>	<i>{£000}</i>
<u>Grant Funded Schemes</u>					
Children's Capital Maintenance Programme *	CDN (EBS)	WP	6,000	-	6,000
Highway Capital Maintenance	CDN (PDT)	WP	3,262	-	3,262
Transport Improvement Works	CDN (PDT)	WP	2,556	-	2,556
Disabled Facilities Grants	CDN (HGF)	WP	-	1,861	1,861
TOTAL			11,818	1,861	13,679

Key to Scheme Types : WP = Work Programme

Summary of Ringfenced Funding

	<i>{£000}</i>
Disabled Facilities Grant	<u>1,861</u>
TOTAL RINGFENCED FUNDING	<u>1,861</u>

* For 2026/27 budget

Own Buildings

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Own Buildings</u>					
86 Leycroft Road Depot	CDN (NES)	PJ	3,794	-	3,794
Operational Estate Maintenance	CDN (EBS)	WP	1,970	-	1,970
Corporate Estate	CDN (EBS)	WP	1,358	-	1,358
Neighbourhood Services Transformation	CDN (NES)	PJ	1,000	-	1,000
Evington Park Depot Staff Welfare Facilities	CDN (NES)	WP	140	-	140
TOTAL			8,262	-	8,262

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

Routine Works

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Routine Works</u>					
Fleet Replacement Programme	CDN (HGF)	WP	3,013	-	3,013
Local Environmental Works	CDN (PDT)	WP	400	-	400
Flood Risk Prevention	CDN (PDT)	WP	300	-	300
Front Walls Enveloping	CDN (PDT)	WP	200	-	200
Grounds Maintenance Equipment	CDN (NES)	WP	150	-	150
Foster Care Capital Contribution Scheme	CDN (ECS)	WP	150	-	150
Historic Building Grant Fund	CDN (PDT)	WP	75	-	75
Festival Decorations	CDN (TCII)	WP	50	-	50
TOTAL			4,338	-	4,338

Key to Scheme Types : WP = Work Programme

Invest to Save Schemes

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<u>Invest to Save Schemes</u>					
King Richard III Café	CDN (TCI)	PJ	551	-	551
Street Cleaning Equipment	CDN (NES)	WP	445	-	445
Public Toilet Automatic Locking	CDN (NES)	WP	176	-	176
Southgates Underpass Lighting	CDN (PDT)	PJ	55	-	55
Trees and Woodland Stump Grinder	CDN (NES)	WP	55	-	55
TOTAL			1,282	-	1,282

Feasibilities and Other Schemes

	Division	Scheme Type	Corporate Programme Funding	Ringfenced Funding	Total Approval
			<i>{£000}</i>	<i>{£000}</i>	<i>{£000}</i>
<u>Feasibilities and Other Schemes</u>					
Strategic Sites	CDN (PDT)	PJ	5,035	-	5,035
Finance System Replacement	CRS	PJ	1,000	-	1,000
Feasibility Studies	CDN (Various)	WP	690	-	690
TOTAL			6,725	-	6,725

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

GRAND TOTAL – ALL SCHEMES	32,445	1,861	34,306
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Operational Estate Maintenance Capital Programme

Description	Amount £000's
Building Works - Essential maintenance at the Council's operational and investment buildings. Key works include pathway replacements at parks, accessibility works at council buildings and works to heritage sites.	1,176
Compliance Works - Generally consisting of surveys to gain condition data across the estate and works arising from the various risk assessments that are undertaken.	298
Electrical Works – Installation of security gates at the council's depots	124
Mechanical Works - Ventilation systems, building management systems and heating controls.	199
Emergency Provision – Provision for emergency reactive works that could be required across the Council's estate.	173
TOTAL	1,970

Proposed Highways Maintenance Capital Programme

Description	Amount £000's
Principal Roads – Narborough Road, Uppingham Road	315
Unclassified Neighbourhood Roads, Large Area Patching & Pothole Repairs – Target large carriageway defect repairs to provide longer term repairs in readiness for surface dressing.	1,422
Footway Relays and Reconstructions – Focus on neighbourhood street scene corridor improvements in district centres; Narborough Road footways refurbishment, Melton Road uneven footway improvements.	400
Strategic Bridge Deck Maintenance & Replacement Works - Includes feasibility studies and structural surveys to assess St. Margaret's Way half joint replacement and Burleys Way Flyover maintenance.	100
Bridge Improvement & Maintenance Works – Kitchener Road & Chesterfield Road Bridge Maintenance. Various parapet replacements, structural maintenance works and technical assessment review project.	185
Traffic Signal Installations Renewals and Lighting Column Replacements – Signalling Upgrades, Lamp Column Replacements, Illuminated Bollards and Sign Replacements.	240
DfT / Whole Government Accounting Lifecycle Asset Management Development Project – Strategic asset management development, data analysis, lifecycle planning and reporting in support of DfT Challenge Funding bidding linked to asset management performance.	600
TOTAL	3,262

Children's Capital Improvement Programme*

Description	Amount £000's
Building Works - Typical works include roof replacements, sports hall floor replacements, playground resurfacing and window replacements.	3,997
Compliance Works - This work stream will mainly be used to ensure the playing fields and pavilions used by schools are fully compliant with current regulations and to conduct health and safety works.	575
Mechanical Works - schemes being undertaken within the programme typically consist of re-piping heating systems and end of life ventilation replacements.	667
Individual Access Needs Works - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	194
Emergency Provision - This is provision within the programme to allow for emergency unforeseen works to be carried out.	567
TOTAL	6,000

*2026/27 budget

Capital Strategy 2025/26

1. Introduction

- 1.1 It is a requirement on local authorities to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about certain authorities borrowing substantial sums to invest in commercial property, often primarily for yield and outside the vicinity of the council concerned (something the Council has never done).
- 1.2 There is also a requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). The investment strategy is presented as a separate report on your agenda.
- 1.3 This appendix sets out the proposed capital strategy for the Council's approval.

2. Capital Expenditure

- 2.1 The Council's capital expenditure plans are approved by the full Council, on the basis of two reports:-
 - (a) The corporate capital programme – this covers periods of one or more years and is always approved in advance of the period to which it relates. It is often, but need not be, revisited annually (it need not be revisited if plans for the subsequent year have already been approved);
 - (b) The Housing Revenue Account (HRA) capital programme – this is considered as part of the HRA budget strategy which is submitted each year for approval.
- 2.2 The capital programme is split into:-
 - (a) Immediate starts – being schemes which are approved by the Council and can start as soon as practical after the council has approved the programme. Such schemes are specifically described in the relevant report;
 - (b) Policy provisions, which are subsequently committed by the City Mayor (and may be less fully described in the report). The principle here is that further consideration is required before the scheme can start.
- 2.3 The corporate capital programme report sets out authorities delegated to the City Mayor. Decisions by the City Mayor are subject to normal requirements in the constitution (e.g. as to prior notice and call-in).
- 2.4 Monitoring of capital expenditure is carried out by the Executive and the Overview Select Committee. Reports are presented on 3 occasions during the years, and at outturn. For this purpose, immediate starts have been split into three categories:-
 - (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes are monitored with reference to

physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);

- (b) **Work Programmes** – these will consist of minor works or similar schemes where there is an allocation of money to be spent in a particular year.
 - (c) **Provisions** – these are sums of monies set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.
- 2.5 When, during the year, proposals to spend policy provisions are approved, a decision on classification is taken at that time (i.e. a sum will be added to projects, work programmes or provisions as the case may be).
- 2.6 The authority has never previously capitalised revenue expenditure, except where it can do so in compliance with proper practices: it has never applied for directions to do so. The revenue budget strategy, if approved, now envisages applying for permission to capitalise £60m of expenditure, to be funded from capital receipts. It also envisages utilising a general direction to capitalise expenditure that produces revenue savings.
- 2.7 The table below forecasts the past and forecast capital expenditure for the current year and 2025/26. It therefore, includes latest estimates of expenditure from the 2024/25 programme that will be rolled forward.

Department / Division	2024/25 Estimate £m	2025/26 & Beyond Estimate £m
All Departments	4.0	3.4
Corporate Resources	0.7	1.0
Planning, Development & Transportation	41.2	30.1
Tourism, Culture & Inward Investment	21.6	15.5
Neighbourhood & Environmental Services	4.1	4.7
Estates & Building Services	14.7	10.3
Adult Social Care	0.0	5.9
Children's Services	18.7	30.7
Public Health	0.0	0.0
Housing General Fund	30.9	34.9
Total General Fund	135.9	136.5
Housing Revenue Account	46.7	178.3
Total	182.6	314.8

- 2.8 The Council's Estates and Building Services Division provides professional management of non-housing property assets. This includes maintaining the properties, collecting any income, rent reviews, ensuring that lease conditions are complied with and that valuations are regularly updated at least every 5 years. A capital programme scheme is approved each year for significant improvements or renovation.

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

Component for Replacement	Leicester's Replacement Condition Criteria	Decent Homes Standard: Maximum Age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central Heating Boiler	Based on assessed condition	15 years (future life span of new boilers is expected to be on average 12 years)
Chimney	Based on assessed condition	50 years
Windows & Doors	Based on assessed condition	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2036	20 - 30 years
Roof	Based on assessed condition	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition	80 years
Wall structure	Based on assessed condition	60 years

3. **Financing Capital Expenditure**

- 3.1 For at least the last decade, most capital expenditure of the Council has been financed as soon as it was spent (by using grants, capital receipts, revenue budgets or the capital fund). The Council only incurred spending which could not be financed in this way in strictly limited circumstances. Such spending is termed "prudential borrowing" as we are able to borrow money to pay for it. Due to the parlous financial position we are in, prudential borrowing is now an inevitable requirement if we are to have all but absolutely minimal capital programmes. Capital spending proposals will consequently only be approved in the light of the revenue implications and hard choices need to be made.
- 3.2 The Council measures its capital financing requirement, which shows how much we would need to borrow if we borrowed for all un-financed capital spending (and no other purpose). This is shown in the table below:-

	2024/25 Estimate £m	2025/26 £m	2026/27 £m	2027/28 £m
HRA	473	493	520	546
General Fund	282	300	323	348

(The table above excludes PFI schemes).

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

4. **Debt Repayment**

- 4.1 As stated above, in the past decade the Council has usually paid for capital spending as it is incurred. Prior to this however, the Government encouraged borrowing and money was made available in Revenue Support Grant each year to pay off the debt (much like someone paying someone else's mortgage payments). Now it no longer does so.
- 4.2 The Council makes charges to the general fund budget each year to repay debt incurred for previous years' capital spending. (In accordance with Government rules, no charge needs to be made to the Housing Revenue Account: we do, however, make charges for newly built and acquired property).
- 4.3 The general underlying principle is that the Council seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed.
- 4.4 Where borrowing pays for an asset, debt is repaid over the life of the asset.
- 4.5 Where borrowing pays for an investment, debt is repaid over the life of the Council's interest in the asset which has been financed (this may be the asset life or may be lower if the Council's interest is subject to time limits). Where borrowing funds a loan to a third party, repayment will never exceed the period of the loan.
- 4.6 Charges to revenue will be based on an equal instalment of principal, or set on an annuity basis, as the Director of Finance deems appropriate.
- 4.7 Debt repayment will normally commence in the year following the year in which the expenditure was incurred. However, in the case of expenditure relating to the construction of an asset, the charge will commence in the year after the asset becomes operational or the year after total expenditure on the scheme has been completed.
- 4.8 The following are the maximum asset lives which can be used:-
- (a) Land – 50 years;
 - (b) Buildings – 50 years;
 - (c) Infrastructure – 40 years;
 - (d) Plant and equipment – 20 years;
 - (e) Vehicles – 12 years.
- 4.9 Some investments governed by the treasury strategy may be accounted for as capital transactions. Should this require debt repayment charges, an appropriate time period will be employed.
- 4.10 Authority is given to the Director of Finance to voluntarily set aside sums for debt repayment, over and above the amounts determined in accordance with the above rules, where they believe the standard charge to be insufficient, or in order to reduce the future debt burden to the authority.
- 4.11 In circumstances where the investment strategy permits use of borrowing to support projects which achieve a return, the Director of Finance may adopt a different approach to debt repayment to reflect the financing costs of such schemes where permitted by Government guidance. The rules governing this are included in the investment strategy.

4.12 The ratio of financing costs to net revenue budget is estimated to be:-

	2024/25 %	2025/26 %	2026/27 %	2027/28 %
HRA	13.3	13.3	13.8	14.2
General Fund	1.5	2.8	3.6	4.3

5. **Commercial Activity**

5.1 The Council has for many decades held commercial property through the corporate estate. It may decide to make further commercial investments in property or give loans to others to support commercial investment. Our approach is described in the investment strategy, which sets the following limitations:-

- (a) The Council will not make such investments primarily to generate income. Each investment will also benefit the Council's service objectives (most probably, in respect of economic regeneration and jobs). It may, however, invest to improve the financial and environmental performance of the corporate estate properties we currently hold;
- (b) The Council will not make investments outside of the Leicester, Leicestershire and Rutland area (or just beyond its periphery) except as described below;
- (c) There is one exception to (b) above, which is where the investment meets a service need other than economic regeneration. An example might be a joint investment, in collaboration with other local authorities; or investment in a consortium serving local government as a whole. In these cases, the location of the asset is not necessarily relevant.

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

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

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

6. **Knowledge and Skills**

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

Revenue Budget 2025/26

Decision to be taken by: Council

Date of meeting: Draft for 19 February 2025

Lead director: Amy Oliver, Director of Finance



City Mayor

Useful information

- Ward(s) affected: All
- Report author: Catherine Taylor/Mark Noble
- Author contact details: amy.oliver@leicester.gov.uk
- Report version number: 1

1. Purpose

- 1.1 The purpose of this report is to present the City Mayor's strategy for balancing the budget for the next 3 years and to seek approval to the actual budget for 2025/26. The strategy includes the use of one-off money, additional borrowing to pay for committed capital spending, savings in previously approved capital programmes and reductions in annual service spending. It is designed to ensure we remain financially sustainable until at least 2027/28. Some of the necessary approvals are included in the capital programme report, which is elsewhere on your agenda; the rest are contained in this report.
- 1.2 Whilst the strategy is intended to keep us sustainable until 2027/28, we will need to make further, deep spending reductions by 2028/29 unless the Government finds sufficient additional resources to rescue the sector from its current plight. The City Mayor will continue to make these points to the Government.
- 1.3 The proposed budget for 2025/26 is described in this report, subject to any amendments the City Mayor may wish to recommend when he makes a firm proposal to the Council.

2. Summary

- 2.1 As members will be aware, the medium-term financial outlook is the most severe we have ever known. Like many authorities, we face increasing difficulties in being able to balance our budget. Some authorities have already reached this position and been forced to issue a formal report under section 114 of the Local Government Finance Act 1988. In previous years, we have used a "managed reserves policy", by which specific reserves have been set aside to support budgets and buy us time to make cuts. The available resources for this are rapidly running out.
- 2.2 The background to this severe outlook is set out in section 4 of this report, as well as actions that have already been taken in response.
- 2.3 At the time of writing, we do not have the local government finance settlement for 2025/26, so this draft budget report is based on estimates of income. However, previous announcements strongly imply that our estimates are unlikely to change significantly, and therefore we will still have a substantial gap between our annual spending and income. The report will be revised before full Council in February.

- 2.4 The overarching strategy to ensure financial sustainability is outlined in section 5. It is aimed at maximising one-off resources to buy time, controlling costs in demand led services and making savings to other services. If it succeeds, we will not face a section 114 report in the next 3 years. There are, nonetheless, risks which are set out in paragraph 16. Given the savings we have had to make in the last decade, the task of finding more is becoming increasingly difficult.
- 2.5 The report proposes a council tax increase of just under 5%, which is the maximum we believe we will be allowed to set without a referendum.
- 2.6 The medium-term outlook is attached at Appendix 4 and shows the escalating scale of the financial pressures facing the council.

3. **Recommendations**

3.1 Council is recommended to:

- (a) approve the three year budget strategy described in this report;
- (b) approve the proposed budget and council tax for 2025/26, including the recommendations in the formal budget resolution, subject to any changes proposed by the City Mayor when he makes his final proposal to the Council;
- (c) approve the budget ceilings for each service, drafts of which are shown at Appendix 1 to this report;
- (d) approve the scheme of virement described in Appendix 2 to this report;
- (e) approve the use of the £90m capital fund to support the revenue budget strategy (dependent on decisions taken in respect of the capital programme for 2025/26, which is elsewhere on your agenda);
- (f) approve the changes to earmarked reserves to support the overall strategy as described in Appendix 5;
- (g) note my view on the adequacy of reserves and the estimates used in preparing the budget;
- (h) note the equality implications arising from the proposed tax increase, as described in paragraph 15 and Appendix 3;
- (i) note the medium-term financial strategy and forecasts presented at Appendix 4, and the significant financial challenges that lie ahead;
- (j) approve the capital receipts flexibility policy at Appendix 7.

3.2 In relation to Council Tax on empty properties, Council will be recommended to approve the premiums and discounts outlined in Appendix 6 (to follow).

4. **Background**

4.1 The background to our financial predicament is:

(a) a “decade of austerity” between 2010 and 2020 in which services other than social care had to be reduced by 53% in real terms. This has substantially reduced the scope to make further cuts;

(b) the covid-19 pandemic where we set “stop gap” budgets whilst we dealt with the immediate emergency. Budgets in 2021/22 to 2022/23 were therefore supported by reserves;

(c) recent cost pressures, shared by authorities across the country. These include pressures on the costs of children that are looked after and support for homeless households, as well as the long-standing pressures in adult social care and the hike in inflation after the invasion of Ukraine. The budgets for 2023/24 and 2024/25 were supported by a further £34m and £61m of reserves respectively;

(d) an anticipated new round of funding constraint. This was implied by the former Government’s spending plans; plans published by the new Government in the Chancellor’s October budget also imply unprotected services such as local government will be subject to restraint (although we won’t get detail about the position for 2026/27 and 2027/28 until spring 2025);

4.2 The previous Government’s chosen measure of a council’s ability to spend was “core spending power” which has, in fact, recently been increasing faster than inflation. It is not, however, increasing as fast as spending need. Core spending power increased by £29.1m in 2024/25 (8.1%); £71.5m of pressures were built into the budget.

4.3 Core spending power is not the same as Government grant funding. Most is raised locally, through council tax and business rates. Only a small element consists of government grant.

4.4 It is worth commenting that the previous Government’s “fair funding” review of grant allocation was continuously delayed, and leaves us to provide services to a population far in excess of our last needs assessment (population has grown faster than elsewhere in the country, so an equitable system would ought to give us a greater share of the national pot). The new Government has promised to complete a review in time for the 2026/27 finance settlement, although full implementation is expected to take several years.

4.5 The Council has already made substantial cost savings since 2010/11. Decisions we have already made include:

- (a) reducing senior management numbers (including the post of Chief Executive) by 45, saving over £5m per year;
- (b) investing in environmentally efficient street-lights, saving over £1m per year;
- (c) closure of the Council's 8 elderly persons' homes, saving over £3m per year;
- (d) saving £1.5m per year from parks and open spaces, including a reduction in maintenance frequency and sale of some sites;
- (e) a 50% reduction in the youth budget;
- (f) remodelling children's early help, closing or transferring 11 buildings, saving £3.5m per year;
- (g) reduction in opening hours of libraries, relocation of libraries with the least use, and cessation of the library minibus service;
- (h) a rolling programme of closures and transfers of community centres;
- (i) increases in car parking and leisure centre charges; and
- (j) introduction of bus lane enforcement.

4.6 Since 2010/11, some 2,000 staff have been made redundant, largely as a consequence of spending cuts.

4.7 The overall impact of changes between 2010/11 and 2020/21 (the decade of austerity), and then subsequently, can be seen from the tables below:

<i>Budgeted Spending in cash terms</i>	2010/11 £m	2020/21 £m	2024/25 £m
Spending on children's and adults' social care	128.5	197.2	295.8
Spending on other services	192.3	108.7	157.0
Centrally held budgets	37.2	10.1	11.2
TOTAL	358.0	316.0	464.0

<i>Budgeted Spending in real terms*</i>	2010/11 £m	2020/21 £m	2024/25 £m
Spending on other services	282.7	132.3	157.0
Cumulative Cuts since 2020/21		53.2%	44.5%

*Prices updated using CPIH indices

4.8 Whilst spending on other services has increased since 2020/21, in no small part due to pressures on the homelessness service, it is important to recognize that

this additional spending has had to be funded from our own reserves. Minimal reserves were used in 2010/11 or 2020/21. **Without the £61m reserves budgeted for use in 24/25, funding available for other services would have fallen to £96m, a real terms cut of two thirds since 2010/11.**

4.9 We have reached a stage where any further cuts are bound to be painful and leave discretionary services stretched to the limit. This is what we are now compelled to contemplate.

5. **Financial Strategy for 2025/26 to 2027/28**

5.1 As noted above, the medium-term financial outlook is the most severe we have ever known.

5.2 The budget approved by the Council in February contained the following projections of income and expenditure:

	2024/25 £m	2025/26 £m	2026/27 £m
Expenditure	429.0	462.3	490.7
Minus income	(368.0)	(371.9)	(378.8)
Budget gap	61.0	90.4	111.9

5.3 The previous Government did not publish any spending plans for periods beyond 2024/25, so the figures for 2025/26 and 2026/27 were necessarily based on assumptions. The new Government published its budget on 30th October, which contained an aggregate spending total for local government in 2025/26 and total figures for all public spending in 2026/27 and 2027/28. Our local figures for 2025/26 will not be available until shortly before Christmas. The new government is expecting to publish more detailed 3 year plans in spring, but the indications are that there will be modest additional support for deprived local authorities in 2025/26, and continuation of spending restraint in 2026/27 and beyond. It is unlikely that we will see the substantial additional support we require from the Government in the next 3 years. Indeed, the Government itself has stated (28/11/24): *“Our fiscal inheritance means that there will be tough choices on all sides to get us back on the path to recovery, and it will take time. There is no magic wand. It will be a long, hard slog to work with councils to rebuild from the ground up, to deliver the services taxpayers need and deserve.”*

5.4 Past budgets have been supported by our “managed reserves strategy” under which we planned permanent reductions and used reserves to buy time, avoiding crisis cuts. More recently, the amount of reserves required to balance the budget has grown significantly so that £61m was required to balance 2024/25 when we set the budget in February.

5.5 Like many authorities, we face the real prospect of not being able to balance our budget in future years, necessitating a formal report under section 114 of the

Local Government Finance Act 1988. If such a report is issued, we run the risk of Government intervention with the running of the Council being effectively determined in Whitehall.

5.6 The size of the problem is so severe that bridging the gap in one year is an impossibility. The proposed strategy is therefore as follows:

(a) **Strand One** - Releasing one off monies of £110m to buy time:

- All the Council's earmarked reserves have been reviewed, and it is recommended to release £20.3m on the basis that maintaining the Council's solvency takes precedence over most of the reasons for which money has previously been set aside.
- (As described in the capital programme report elsewhere on your agenda) it is proposed to release a £90m revenue reserve held to support capital (the "capital fund"). This, however, will leave a gap in the funding for previously approved capital schemes, requiring borrowing to fill it.

(b) **Strand Two** – Reductions of £13m in the approved capital programme, as described in the capital programme report, which will reduce the borrowing required. The additional borrowing will nonetheless increase the size of the annual budget gap by an estimated £5m per year from 2026/27 (in effect, we would be borrowing money to provide short term support to the revenue budget, which can only be considered because the situation is so dire);

(c) **Strand Three** - Embark on an ambitious programme to sell property, with the aim of securing an additional £60m of one-off monies. The receipts cannot be used to support the revenue budget without permission from the Secretary of State (such permissions are being used by the Government as a tool to deal with immediate budget challenges). Current projections suggest that we will need to seek consent before 2027/28. This is further discussed at para. 14 below. **The Government will expect a credible savings plan before a permission will be granted;**

(d) **Strand Four** – Continue taking steps to constrain growth in those statutory services that are under demand led pressure (i.e. adult and children's social care services, and homelessness). As a consequence of work already done, the budget for social care services in 2025/26 is forecast to be over £20m less than envisaged in February;

(e) **Strand Five** - Make ongoing savings to the revenue budget of £20m per year. Expected savings have been built into the budget ceilings for

each department. Further savings of £2.4m per year will be achieved if Council approves a proposed new council tax support scheme in January. These savings do not come close to balancing the budget on a recurrent basis. **The level to be achieved has been deliberately set at a low level to provide scope to respond to Government plans as they emerge.** Nevertheless, we still expect to have to make considerable additional savings after the three year plan has expired.

5.7 If successful, implementation of the strategy would result in revised budget projections of:

	2025/26 £m	2026/27 £m	2027/28 £m
Expenditure	429.5	459.0	495.8
Plus prudential borrowing costs:			
- to release the capital fund	3.0	5.0	5.0
- for the 2025/26 capital programme	1.4	2.5	2.6
Minus income	(387.2)	(400.1)	(413.5)
Equals Recurring Budget Gap	46.7	66.4	89.9

Revised projections of reserves are:

	2025/26 £m	2026/27 £m	2027/28 £m
At the beginning of the year	53.5	123.1	56.7
Plus earmarked reserves	20.3		
Plus capital fund	90.0		
Plus capital receipts (if permission granted)			60.0
Other	6.0		
Minus budget gap	(46.7)	(66.4)	(89.9)
At the end of the year	123.1	56.7	26.8

5.8 Detailed medium term forecasts are provided at Appendix 4. Members are asked to note that forecasts assume the Council will continue to set the maximum council tax permitted by the Government's referendum rules – currently assumed to be 3% from 2026/27.

5.9 Clearly, as expenditure will continue to exceed income, further action will be needed to balance the budget in 2028/29 unless the Government has provided substantial additional resources by that time. Government grant income in 2024/25 was £74.5m. To eliminate the budget gap in 2027/28, all other things being equal, government grant income would need to increase to £180m on current assumptions compared to our forecast of £90m.

6. 2025/26 Budget Overview

- 6.1 The table below summarises the proposed budget for 2025/26 (projections for a full three-year period are included in the medium-term strategy at Appendix 4):

	2025/26 £m
Expenditure:	
Net service budget (before savings)	447.5
Less savings and cost constraint (see para. 10.4)	(50.9)
Net service budget	396.6
Provisions for pay inflation (including 24/25)	14.0
Provisions for other inflation	0.4
Corporate budgets (including capital finance)	7.9
Demographic contingency	2.0
Homelessness provision	11.0
General contingency for risk	2.0
Expenditure total	433.9
Income:	
Council tax	165.9
Business rates (including top-up grant)	141.4
Revenue Support Grant	36.2
Social Care Grant	41.7
Other grants	2.0
Income total	387.2
Recurring budget gap	46.7

7. Construction of the 2025/26 Budget and Council Tax

- 7.1 By law, the Council's role in budget setting is to determine:
- The level of council tax;
 - The limits on the amount the City Mayor is entitled to spend on any service ("budget ceilings") - proposed budget ceilings are shown at Appendix 1;
- 7.2 In line with Finance Procedure Rules, the Council must also approve the scheme of virement that controls subsequent changes to these ceilings. The proposed scheme is shown at Appendix 2.

- 7.3 The budget is based on a proposed Band D tax for 2025/26 of £2,020.85, an increase of just under 5% compared to 2024/25. This is the maximum which will be permitted without a referendum. It is noted that some taxpayers will experience a different increase as a result of changes to the council tax support scheme (if approved).
- 7.4 The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part – 84% in 2024/25). Separate taxes are raised by the Police and Crime Commissioner and the Combined Fire Authority. These are added to the Council's tax, to constitute the total tax charged.
- 7.5 The actual amounts people will be paying, however, depend upon the valuation band their property is in and their entitlement to any discounts, exemptions or benefit. Almost 80% of properties in the city are in band A or band B, so the tax will be lower than the Band D figure quoted above. The Council also has schemes for mitigating hardship.
- 7.6 The Police and Crime Commissioner and Combined Fire Authority will set their precepts in February 2025. The formal resolution will set out the precepts issued for 2025/26, together with the total tax payable in the city.

8. **Departmental Budget Ceilings**

- 8.1 Budget ceilings have been prepared for each service, calculated as follows:
- (a) The starting point is last year's budget, subject to any changes made since then which are permitted by the constitution (e.g. virement);
 - (b) An allowance is made for non-pay inflation on a restricted number of budgets. Our general rule is that no allowance is made, and departments are expected to manage with the same cash sum that they had in the previous year. Exceptions are made for the budgets for independent sector adult social care (2%) and foster care (2%) but as these areas of service are receiving growth funding, an inflation allowance is merely academic (we pay from one pot rather than another). Budgets for the waste PFI contract have been increased by RPI, in line with contract terms.
 - (c) Unavoidable growth has been built into the budget. This has been mitigated by action that has already been taken to control costs in demand-led areas, as detailed in paragraph 9 below.
 - (d) Savings being sought, totaling £10.7m in 2025/26, are deducted from budget ceilings. (The expected figure rises to £20.4m by 2027/28).
- 8.2 The proposed budget ceilings are set out in Appendix 1.

- 8.3 In recent years, the pay award for local government staff has not been agreed until part way through the financial year. A central provision is held to fund the 2025/26 pay award, forecast at 3%. Additionally, a further £2m has been set aside in a central provision for demographic changes, which will only be released if needed.
- 8.4 For this draft budget, the provision to fund the 2024/25 pay award agreed in October is still held centrally whilst the impact is being calculated – it will be allocated to budget lines before the final budget is set in February. No adjustment has yet been made for changes to National Insurance Contributions announced at the Autumn Budget statement and due to commence in April 2025: additional funding has been promised by government to meet NI costs relating to our own staff but not those of providers (see paragraph 12 below).
- 8.5 The role of the Council is to determine the financial envelopes within which services are delivered. Delivering the services within budget is a function of the City Mayor.

9. Constraining Growth in Service Demand (Strand 4 of the Budget Strategy)

- 9.1 As can be seen from the background section, one of the chief reasons for our budget gap is growth in the costs of statutory services, particularly social care (and, more recently, homelessness), which have outstripped growth in our income.
- 9.2 The budget for **adult social care** approved in February provided for substantial growth, both in 2024/25 and 2025/26. This can be seen from the following table:

	2024/25	2025/26
	£m	£m
Underlying budget	155.9	155.9
Growth	17.5	34.4
TOTAL	173.4	190.3

- 9.3 Growth in the cost of adult social care arises from growth in the numbers of people needing support (who can be older or working age people), together with cost increases arising from increased packages of support to those already receiving care. The budget also included an additional “demographic contingency” of £8m per year to cater for volatility of demand – not exclusively for adult care.
- 9.4 The department has embarked on a comprehensive savings delivery programme, coupled with enhanced operational control mechanisms. Underlying the programme are measures aimed at creating a new culture, with more focus on supporting independent living and less reliance on expensive care packages. The department sought to secure savings of £30m per year by 2025/26, but has succeeded in making savings estimated at £48m. Some of

these savings were anticipated when the 2024/25 budget was set; some will reduce the budget further.

9.5 The savings delivery programme includes 4 workstreams:

(a) **Reducing growth in the costs of care** (minimising “double handed” care; reducing reliance on taxis; reducing residential costs to the levels of comparator authorities; finding alternatives to existing low level care packages; increased technology enabled care; new approaches to falls management; reviewing the use of direct payments; and a dedicated team to review the quality and cost of high-cost packages);

(b) **Reducing new entrants, and management of demand** (developing the preventative care offer; enhancing digital support; and reviewing our information and guidance);

(c) **Improving efficiency** (increasing the number of occupational therapy assessments; reducing duplication and overlaps in provision of care; and increasing capacity to manage overdue reviews of clients’ needs);

(d) **Partnership working** (addressing imbalances between LCC & NHS contributions to packages of care; retendering the model of delivery of the Approved Mental Health Practitioner service; more effectively supporting transitions from childhood to adulthood; and advertising the passenger transport fleet to generate income).

9.6 Tightening operational control mechanisms include:

(a) **Better management of the commissioning cycle** from initial needs analysis through to market management, procurement and ultimately contract management;

(b) new tools and mechanisms for **improving social work practice**, in order to prioritise alternatives to care packages and to ensure consistency of approach.

9.7 Whilst it is difficult to say which changes have resulted in the majority of savings (which would involve asking the counterfactual question of what would have happened if they hadn’t been made) it is believed that tightening operational control mechanisms has been the most significant contributor.

9.8 An external review was commissioned from Catherine Underwood, former strategic director of people at Nottingham City Council. The review provides assurance that Adult Social Care are optimising opportunities for cost reductions.

- 9.9 The department has made savings over and above those expected last February of:

	£m
2024/25	17.1
2025/26	22.5

- 9.10 The budget provides for cost increases expected as a consequence of the Autumn budget, particularly the increase in providers' NI costs. The Government has now been very clear that they will not reimburse any additional NI costs other than those of our direct employees.

- 9.11 The table below shows the ASC budget for 2025/26 as it is now, compared with the expectation when we set the budget for 2024/25:

	Estimate in Feb. 2024 (£m)	Now (£m)	Change (£m)
ASC budget	190.3	177.6	
Contingency (also available for children's care)	8.0	2.0	
TOTAL	198.3	179.6	18.7

- 9.12 The budget for **Education and Children's Services** approved in February also provided for cost growth, both in 2024/25 and 2025/26. This can be seen from the following table:

	2024/25 £m	2025/26 £m
Underlying budget (including SEN transport)	98.1	98.1
Growth	17.5	21.1
TOTAL	115.6	119.2

- 9.13 The budget reflected growth in the cost of children's care placements in 2023/24 and assumed further cost growth in 2024/25 and beyond. The majority of the increase reflects growth in the number of extremely high-cost individual residential placements rather than an increase in numbers per se. This can be seen in the average cost of a placement:

- (a) In the 4 years from 2019/20 to 2022/23, average costs for new entrants reduced from £44,000 to £40,000.
- (b) In 2023/24, average new entrant costs rose to £78,000 per annum.

- 9.14 The total budget assumed completion of work to deliver early help differently (including the outcome of a children's centres consultation, a youth services

resource review, and mental health post reductions). This work is on course to save £2m per year.

9.15 Action continues to take place to reduce placement costs:

- (a) Work is taking place to develop a **placement strategy**. There is no indication that the Council is an outlier in the number of children in the care system, or in the weekly cost – rather, high cost is an indicator of a broken market with a small number of large providers making profits significantly higher than would be the case if the market was working well. Work will take place to secure sufficiency of supply which will seek alternatives to the current suppliers. Work will also take place to address a perceived shortfall in contributions to placement costs received from the NHS;
- (b) Work is taking place to reduce our reliance on **agency social workers** by developing multi-disciplinary teams (where staff who are not registered can play a greater role); implementing plans to grow our own social workers; and improving what we can offer to social workers joining the council (improving conditions and professional development opportunities).

9.16 The department has made savings in the costs of children’s care (compared to last year’s of expectations) of:

	£m
2025/26	2.4
2026/27	1.4

9.17 The delivery of savings in social care will be monitored through a suite of management information dashboards, which can also be shared with the scrutiny function. We are already seeing results in 2024/25 with reductions in average placement costs.

9.18 Work has also taken place to reduce pressure on budgets for **transport** of children with education, health and care plans, including proposals to change the policy for post 16 children (subject to consultation) and to encourage the use of personal transport plans. Demand for transport is already falling for post 16 children, but costs and demand continues to rise for other children. A pressure of £0.8m is built in to the 2025/26 budget, rising to £1.8m by 2027/28.

9.19 A further increase to the budget of £1m per year has been made in respect of other pressures – legacy costs from the city catering service and cost pressures in the disabled children’s service.

9.20 As a consequence of the above measures, the demographic contingency has been reduced to £2m per year. This does carry some risk in the event of an unexpected rise in demand.

9.21 The budget for **homelessness** is under severe pressure due to increased numbers of households presenting as homeless. This national issue arises from a shortage in the availability of affordable housing, compounded by housing benefit not having kept pace with rising rents, and the impact of the previous Government accelerating asylum decisions. The Council has invested in new housing in order to provide better (and cheaper) alternatives to hotel accommodation; nonetheless we are currently estimating that growth of £11m will be required in the 2025/26 budget. Nonetheless, activity to date is estimated to have avoided £45m of additional cost by 2027/28.

10. **Savings Programme (Strand Five of the Strategy)**

10.1 The strategy will require achievement of savings totalling £23m by 2027/28:

	2025/26 £m	2026/27 £m	Full Year £m
Departmental savings	10.7	18.8	20.4
Council Tax Support Scheme*	2.2	2.2	2.4
TOTAL SAVINGS	12.9	21.0	22.8

*The proposal to save £2.4m per year from the current council tax support scheme was the subject of a public consultation which closed on 10th November. This will lead to a full Council report in January. Its effect, if we go ahead as proposed, would be to increase our total council tax income.

10.2 The departmental savings can be achieved from efficiency savings and income generation which directors can action under delegated authority (indeed it is believed a significant proportion can be found in this way); or following an Executive decision on conclusion of a service review. Service reviews may require a public consultation in some cases.

10.3 The budget ceilings at Appendix 1 include the reductions implied by these savings. The savings required are summarised in the table below:

	2025/26 £m	2026/27 £m	Full Year £m
Estates & Building Services	2.3	2.8	2.8
Housing	0.7	1.0	1.0
Neighbourhoods & Environmental Services	3.0	6.7	7.2
Planning, Development and Transportation	1.9	3.9	4.0
Tourism, Culture & Inward Investment	1.5	1.9	2.3
Corporate Services	0.9	1.6	2.0

Financial Services	0.4	0.9	1.1
TOTAL	10.7	18.8	20.4

10.4 It is worth noting the scale of savings activity which has taken place since the budget was set in February. This can be seen in the table below:

	2025/26	2026/27	2027/28
	£m	£m	£m
Savings in provisions for cost growth in Adult Social Care	22.5	22.5	22.5
Reductions in amount required for unbudgeted growth in social Care	6.0	6.0	6.0
Reduction in provisions for cost growth in children's placements	2.4	1.4	1.4
Cost reduction measures in homelessness services	6.0	27.0	45.0
Savings approved prior to this report	1.1	1.1	1.2
Savings proposed in council tax support	2.2	2.2	2.4
Savings proposed in this report	10.7	18.8	20.4
TOTAL	50.9	79.0	98.9

11. Corporately held Budgets and Provisions

11.1 In addition to the services' budget ceilings, some budgets are held corporately. These are described below.

11.2 A provision has been set aside for **pay awards**. The 2024/25 pay award has now been agreed, and this provision will be distributed to service departments before the final budget is set in February.

11.3 The budget for **capital financing** represents the cost of interest and debt repayment on past years' capital spending, less interest received on balances held by the council. The net budget has improved recently due to increasing interest rates leading to better returns on balances (while the majority of our borrowing is on fixed rates and is not affected by interest rate variations in the short term). As we spend our reserves, however, interest on balances will fall and we will need to borrow money. Decisions to borrow money to fund capital expenditure (elsewhere on your agenda) have led to an increase in the budget (£5m in a full year through refinancing the 2024/25 programme to release the capital fund; £2.6m to fund the 2025/26 capital programme).

11.4 **Miscellaneous central budgets** include external audit fees, pension costs of some former staff, levy payments to the Environment Agency, bank charges, general insurance costs, money set aside to assist council taxpayers suffering

hardship and other sums it is not appropriate to include in service budgets. £0.25m has been added to the budget for discretionary council tax relief in 2025/26 and 2026/27, to help mitigate the impact on those whose support will decrease. Miscellaneous central budgets are partially offset by the effect of recharges from the general fund into other statutory accounts of the Council.

- 11.5 A contingency has been set aside for **demographic pressures**, which will be allocated only if necessary.

12. Resources

12.1 The majority of the council's core funding comes from business rates; government grant funding; and council tax. Service-specific sources of funding, such as fees & charges and specific grants, are credited to the relevant budget ceilings, and are part of departmental budgets.

12.2 At the time of writing this report, we have only limited information about government funding expected in 2025/26, and this draft budget is necessarily based on an estimate. The provisional settlement, which will give us figures for the major funding streams, is expected shortly before Christmas.

12.3 Resource estimates in this draft budget are based on assumptions from the government's Autumn Statement. Key assumptions include:

- Additional funding will be received to meet the cost of changes to National Insurance Contribution in respect of our own staff;
- Additional Social Care grant funding of £5m per year is received;
- Other funding streams remain largely unchanged.

Business rates and core grant funding

12.4 Local government retains 50% of business rates collected locally, with the balance being paid to central government. In recognition of the fact that different authorities' ability to raise rates do not correspond to needs, there are additional elements of the business rates retention scheme: a top-up to local business rates, paid to authorities with lower taxbases, and Revenue Support Grant (RSG).

12.5 Government decisions in recent years have reduced the amount of rates collected from businesses, by limiting annual increases in the multiplier used to calculate rates and by introducing reliefs for various classes of business. The government's practice is to compensate authorities for lost income due to changes to the scheme. So many changes have been made in recent years that by 2023/24 compensation made up around a third of the "rates" income received by the Council. The complexity of these changes, and the fact that a single ratepayer may be affected by several overlapping changes, makes it difficult to accurately estimate rates income; the estimates in this draft report are the best

we can make at present. In practice, we believe that the system of business rates is becoming unsustainable in its current form.

- 12.6 The figures in the budget assume no significant growth or decline in “rates” from the current position, apart from inflationary increases. The largest element of uncertainty in the forecasts relates to the impact of appeals by businesses against the ratable values determined by the Valuation Office.

Council tax

- 12.7 Council tax income is estimated at £166m in 2025/26, based on an assumed tax increase of just below 5% (the maximum we believe will be allowed to set without a referendum). The 5% limit will include a “social care levy” of 2%, designed to help social care authorities mitigate the growing costs of social care. Since our tax base is relatively low for the size of population, the levy raises just £3m per year.
- 12.8 The estimated council tax base has remained largely flat since last year’s budget; this appears to be the result of slower housebuilding numbers, and a growing number of exempt properties (mostly student accommodation).
- 12.9 The budget includes the impact of extended council tax premiums on long-term empty and second homes, as set out in Appendix 6. This report seeks approval for a change to second homes premia such that unfurnished empty properties will be subject to the premium as soon as they become empty, rather than after a month’s grace period (this brings them into line with furnished properties, and – to the extent that it doesn’t have the hoped for impact of speeding up the turnaround of properties – should raise an estimated £0.6m per year). A change is also sought in respect of charges for empty, furnished properties (“second homes”) to reflect guidance received from the Government in November 2024.
- 12.10 If the Council makes a decision to change the council tax support scheme in January, the amount of support awarded will reduce. This is reflected in an estimated additional £2.4m of council tax income.

Other grants

- 12.11 The majority of grant funding is treated as income to the relevant service departments and is not shown separately in the table at paragraph 6. The most substantial grant held corporately is the **Social Care Grant**, which has been provided each year since 2016/17 to reflect national cost and demographic pressures. It has been increased several times since 2016 and is now a significant amount. In 2024/25, our share of this funding was £36.7m; a further increase is expected, but has not yet been announced for the 2025/26 financial year.
- 12.12 The majority of other funding streams in previous budgets, including the New Homes Bonus and Services Grant, have been sharply cut in recent years. There

is no clarity on the future of these funding streams, and no income has been assumed for 2025/26.

Other corporate income

12.13 From 2025/26, a new funding stream relating to Extended Producer Responsibility (EPR) for waste packaging is expected. At the time of writing, no information was available other than a national estimate of income amounting to £1bn. No information was available on additional costs likely to be incurred. An estimate of £2m per year (net income) has been included in this draft budget. More information has been received from Defra on 30th November, which we are still assessing. Regardless of the position, we expect waste costs to increase by up to £3m per year when there is a new contract in May 2028.

Collection Fund surplus / deficit

12.14 Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true.

12.15 The Council has an estimated **council tax collection fund deficit** of £0.6m, after allowing for shares to be paid by the police and fire authorities. This largely relates to numbers of exempt properties being higher than expected when the budget was set.

12.16 The Council has an estimated **business rates collection fund surplus** of £0.8m. Because of changes to reliefs in recent years that were funded by government grants, the actual collection fund position is distorted and various technical accounting adjustments (that will balance out over the years) are required.

13. **Earmarked Reserves (Strand One of the Financial Strategy)**

13.1 Earmarked reserves have been set aside for specific purposes by departments. These have been reviewed, with the aim of maximising resources for the budget strategy by diverting reserves where there is no immediate need for the money, or a commitment to a third party. Appendix 5 shows the outcome of the review, which will increase resources for the strategy by £20.3m. This report includes a recommendation to put these changes into place.

14. **One-Off Resources (Strands One and Three of the Financial Strategy)**

14.1 Since 2013, the Council has employed a managed reserves strategy, contributing money to reserves when savings are realised and drawing down reserves when needed. This policy bought time to more fully consider how to make the cuts which have been necessary in nearly every budget year.

14.2 In the last few years, the amount of reserves required to balance the budget has grown significantly so that £61m was required to balance 2024/25 when we set

the budget (although ongoing work to control costs and identify savings has since reduced this figure).

- 14.3 The forecast amount available at 1st April 2025 is £53.5m. The review of earmarked reserves is contributing a further £20.3m, and the capital programme report for 2025/26 (elsewhere on your agenda) proposes to release a further £90m (**strand one**).
- 14.4 It is intended to further increase our one off money by selling property (**strand three**). Monies received from property sales are capital receipts, and can normally only be used for capital expenditure, or to repay debt. They cannot be used to support the revenue budget. However, the Secretary of State has power to give directions such that capital receipts can be used to support the revenue budget. The Government is using directions as a tool to deal with the most pressing budget problems in local government, and informal discussions have taken place with civil servants – we will not be seeking a direction just yet, but this does not prevent us from selling property now (we will be able to use the receipts once we have the direction).
- 14.5 **The Secretary of State will not give a direction unless we have a credible savings programme.** We may be advised that further savings are required, over and above those anticipated in the current plan.
- 14.6 A sales programme has been identified, focussed on assets with a ready market, with low public impact, low strategic importance and which currently secure low returns. We are seeking to achieve £60m (net of costs of sale).
- 14.7 The total use of one off money to support the budget strategy is shown at paragraph 5 above, and at Appendix 4.
- 14.8 The Secretary of State has issued a general permission to all authorities enabling them to capitalise revenue expenditure which generates savings (this is quite separate from the £60m). A condition of using it is the submission of a strategy, a draft of which is included at Appendix 7 for your approval. This is not factored into our financial strategy, and would not increase our overall resources, but is another tool we could use to increase our options.
- 14.9 The Council has long held a £15m minimum working balance of reserves. This remains available as a “last resort” to fund future budget shortfalls.
15. **Budget and Equalities (Surinder Singh, Equalities Officer)**
- 15.1 The Council is committed to promoting equality of opportunity for its residents; both through its policies aimed at reducing inequality of outcomes, and through its practices aimed at ensuring fair treatment for all and the provision of appropriate and culturally sensitive services that meet local people’s needs.

- 15.2 In accordance with section 149 of the Equality Act 2010, the Council must “have due regard”, when making decisions, to the need to meet the following aims of our Public Sector Equality Duty :-
- (a) eliminate unlawful discrimination;
 - (b) advance equality of opportunity between those who share a protected characteristic and those who do not;
 - (c) foster good relations between those who share a protected characteristic and those who do not.
- 15.3 Protected groups under the public sector equality duty are characterised by age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.
- 15.4 When making decisions, the Council (or decision maker, such as the City Mayor) must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact on those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.
- 15.5 The budget does not propose any service changes which will have an impact on residents. Where appropriate, an individual equalities impact assessment for any service changes will be undertaken when these decisions are developed.
- 15.6 The budget does recommend a proposed council tax increase for the city’s residents. The City Council’s proposed tax for 2025/26 is £2,020.85, an increase of just below 5% compared to 2024/25. As the recommended increase could have an impact on those required to pay it, an assessment has been carried out to inform decision makers of the potential equalities implications. This includes the potential impacts of alternative options.
- 15.7 A number of risks to the budget are addressed within this report (section 16 below). If these risks are not mitigated effectively, there could be a disproportionate impact on people with particular protected characteristics and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with particular protected characteristics, is required.

16. **Risk Assessment and Estimates**

- 16.1 Best practice requires me to identify any risks associated with the budget, and Section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.

- 16.2 Assessing the robustness of estimates requires a judgement to be made, which is now hard given the volatility of some elements of the budget. The most significant individual risks are described below.
- 16.3 Like most (probably all) upper tier authorities, we run the risk of further demand and cost increase in adults' social care and children's placements. Furthermore, the cost of SEN transport is met from the General Fund and has been under pressure due to increasing numbers of children with education, health and care plans; and prices charged by taxi providers.
- 16.4 In addition to the above, we have a cumulative overspend of £9.7m on the schools' "high needs" block, which we have not had to write off against general fund reserves due to a special dispensation given by the Government. It is expected to increase to £26m this year. This is a common national issue. The dispensation is time limited, and currently due to expire on 31st March 2026. If this happens, we will have an immediate "hit" on the reserves required for this strategy, though the deadline has previously been extended and the risk of it being allowed to expire does not appear to be high.
- 16.5 Like many housing authorities, we run the risk of further cost pressures from homelessness. These costs are vulnerable to Government decisions about affordable rents which can be supported from the local housing allowance, national decisions about asylum policy, and continued increases in market rents.
- 16.6 We are also exposed to any further inflationary cost pressures, which may result from world events.
- 16.7 Finally, we are at risk if we fail to deliver the savings in this strategy – a key task over the coming months will be to progress these to the point of decision, and then ensure we have robust delivery and monitoring plans. As stated in paragraph 1, even if implemented the plan is only sufficient to balance the budget as far as 2027/28 (on current estimates). Unless the Government finds significant additional money by then, we will face major cuts in subsequent years: at present, we do not have a plan which is sustainable in the long term. If income in excess of our forecasts is received as a consequence of the local government finance settlement, it is not going to fundamentally change our plans. We have a substantial recurrent budget gap, forecast to be £46.7m in 24/25 rising to £90m by 27/28. We are not going to come close to bridging this.
- 16.8 The Overview Select Committee will clearly play an important role in monitoring the plan. At each stage of monitoring during the year (at periods 3, 6, 9 and the outturn) savings decisions made in the previous quarter will be reported and an update on progress provided. Any areas of concern will be brought to the committee's attention. Individual service scrutiny commissions may wish to receive the same information for their own portfolios.

- 16.9 It is also worth noting that, because of the key role of one-off monies in this strategy, there is a multiplicative effect of any risks which crystallise into annual cost pressures. For instance, an additional £5m per year of unavoidable cost will, all other things being equal, use £15m of reserves by the end of 2027/28.
- 16.10 Subject to the above comments, I believe the estimates made in preparing the budget are sufficiently robust to allow the budget to be approved.
- 16.11 The risks are mitigated in 2025/26 by the substantial level of our reserves, once the capital fund has transferred. This means that for this one year I would regard our reserves as adequate: there is limited risk of being unable to balance the budget in 2025/26 even if reserves are used in substitution for any savings which cannot be made, including those where consultation has provided reasons to pursue alternative courses of action. However, this would make it even more difficult to balance future years of the strategy, and would bring forward the point at which we would have to make further deep cuts. It is noted that there is also a £2m contingency in the 2025/26 budget and an additional contingency for demographic pressures.
- 16.12 If a departmental savings project fails, we would expect alternative savings to be found from within the overall departmental budget. Under the scheme of virement, the City Mayor is able to increase the relevant budget if this is not perceived to be acceptable at the time.

17. Financial, Legal and Other Implications

17.1 Financial Implications

This report is exclusively concerned with financial issues.

17.2 Legal Implications (Kamal Adatia, City Barrister & Head of Standards)

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

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

17.2.3 As well as detailing the recommended council tax increase for 2025/26, the report also complies with the following statutory requirements:-

- (a) Robustness of the estimates made for the purposes of the calculations;
- (b) Adequacy of reserves;
- (c) The requirement to set a balanced budget.

17.2.4 Section 65 of the Local Government Finance Act, 1992, places upon local authorities a duty to consult representatives of non-domestic ratepayers before setting a budget. There are no specific statutory requirements to consult residents.

17.2.5 The discharge of the 'function' of setting a budget triggers the duty in s.149 of the Equality Act, 2010, for the Council to have "due regard" to its public sector equality duties. These are set out in paragraph 15. There are considered to be no specific proposals within this year's budget that could result in new changes of provision that could affect different groups of people sharing protected characteristics. Where savings are anticipated, equality assessments will be prepared as necessary. Directors and the City Mayor have freedom to vary or abort proposals under the scheme of virement where there are unacceptable equality consequences. As a consequence, there are no service-specific 'impact assessments' that accompany the budget. There is no requirement in law to undertake equality impact assessments as the only means to discharge the s.149 duty to have "due regard". The discharge of the duty is not achieved by pointing to one document looking at a snapshot in time, and the report evidences that the Council treats the duty as a live and enduring one. Indeed, case law is clear that undertaking an EIA on an 'envelope-setting' budget is of limited value, and that it is at the point in time when policies are developed which reconfigure services to live within the budgetary constraint when impact is best assessed. However, an analysis of equality impacts has been prepared in respect of the proposed increase in council tax, and this is set out in Appendix 3.

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

17.3 **Climate Change Implications**

To follow

Budget Ceilings

[to follow]

DRAFT

Scheme of Virement

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

Budget Ceilings

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

- (a) Firstly, to offset any overspends in the same department;
- (b) Secondly, to the corporate reserve for future budget pressures.

Corporate Budgets

9. The following authorities are granted in respect of corporate budgets:
 - (a) the Director of Finance may incur costs for which there is provision in miscellaneous corporate budgets, except that any policy decision requires the approval of the City Mayor;
 - (b) the Director of Finance may allocate the provision for pay awards and other inflation;

- (c) The City Mayor may determine how the demographic pressures contingency and homelessness provision can be applied.

Earmarked Reserves

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
11. Directors may add sums to an earmarked reserve from a budget ceiling, if the purposes of the reserve are within the scope of the service budget.
12. Directors may spend earmarked reserves on the purpose for which they have been created.
13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.
14. The City Mayor may transfer any sum between earmarked reserves.

Other

15. The City Mayor may amend the flexible use of capital receipts policy, and submit revised policies to the Secretary of State.

Equality Impact Assessment

1. **Purpose**

- 1.1 The Council has a legal obligation to set a balanced budget each year. There remains a difficult balance between funding services for those most in need, maintaining support for most vulnerable and the investment required to ensure the effective delivery of universal services. Council Tax is a vital funding stream for the Council to fund essential services. This appendix presents the draft equalities impact of a proposed 4.99% council tax increase.
- 1.2 The alternative option for comparison is a freeze on council tax at 2024/25 levels. It would of course be possible to set a council tax increase between these two levels, or indeed to *reduce* the Band D tax.

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

- 2.1 As at October 2024, there were 132,696 properties liable for Council Tax in the city (excluding those registered as exempt, such as student households).
- 2.2 It is assumed, for the purpose of this draft EIA, that changes to the Council Tax Support Scheme (CTSS) are approved in January. This has been the subject of a separate consultation and equality assessment.
- 2.3 Under the proposed new CTSS scheme, vulnerable households will be eligible for up to 100% support. Other households will be eligible for up to 75% support, limited to a Band B property.
- 2.4 Council tax support for pensioner households follows different rules. Low-income pensioners are eligible for up to 100% relief through the CTSS scheme.

3. **How are they affected?**

- 3.1 The table below sets out the financial impact of the proposed council tax increase on different properties, before any discounts or reliefs are applied. It shows the weekly increase in each band, and the minimum weekly increase for those in receipt of a reduction under the CTSS for working-age households who are not classed as vulnerable.
- 3.2 Due to the changes to the CTSS scheme (if approved), this does not show the differences between 2024/25 and proposed 2025/26 amounts payable. It compares the 2025/26 proposed amount payable with the alternative option of a council tax freeze, but assuming the CTSS changes are approved.

Band	No. of Properties	Weekly increase (£)	Minimum Weekly Increase under CTSS (£)
A-	378	1.03	0.26
A	78,159	1.23	0.31
B	26,685	1.44	0.36
C	15,353	1.64	0.56
D	6,552	1.85	0.77
E	3,384	2.26	1.18
F	1,537	2.67	1.59
G	606	3.08	2.00
H	42	3.69	2.61
Total	132,696		

- 3.3 In most cases, the change in council tax (around £1.44 per week for a band B property with no discounts; and just 36p per week if eligible for the maximum 75% reduction for non-vulnerable households under the CTSS) is a small proportion of disposable income, and a small contributor to any squeeze on household budgets. A council tax increase would be applicable to all properties - the increase would not target any one protected group, rather it would be an increase that is applied across the board. However, it is recognised that this may have a more significant impact among households with a low disposable income.
- 3.4 Households at all levels of income have seen their real-terms income decline in recent years due to cost-of-living increases, and wages that have failed to keep up with inflation; although inflation has fallen more recently. These pressures are not limited to any protected group; however, there is evidence that low-income families spend a greater proportion of their income on food and fuel (where price rises have been highest), and are therefore more affected by price increases.
- 3.5 A 1.7% uplift to most working-age benefits, in line with inflation, will come into effect from April 2025, while the State Pension and pension-age benefits will increase by 4.1%. The main exceptions are Local Housing Allowance rates which will be maintained at their 2024/25 levels. [NB council and housing association tenants are not affected by this as their rent support is calculated differently and their full rent can be compensated from benefits].
4. **Alternative options**
- 4.1 The realistic alternative to a 5% council tax increase would be a lower (or no) increase. A reduced tax increase would represent a permanent diminution of our income unless we hold a council tax referendum in a future year. In my view, such a referendum is unlikely to support a higher tax rise. It would also require more cuts to services in later years (on top of the substantial cost savings already required by the budget strategy).

4.2 The budget situation is already extremely difficult, and it seems inevitable that further cuts will have severe effects on front-line services. It is not possible to say precisely where these future cuts would fall; however, certain protected groups (e.g. older people; families with children; and people with disabilities) could face disproportionate impacts from reductions to services.

5. **Mitigating actions**

5.1 The Council has a range of mitigating actions for residents. These include: funding through the Household Support Fund (now extended until March 2026), Discretionary Housing Payments, direct support through Council Tax Discretionary Relief (which is proposed to increase by 50% from £500,000 to £750,000 from April 2025) and Community Support Grant awards; the council's work with voluntary and community sector organisations to provide food to local people where it is required – through the network of food banks in the city; through schemes which support people getting into work (and include cost reducing initiatives that address high transport costs such as providing recycled bicycles); and through support to social welfare advice services. The “BetterOff Leicester” online tool includes a calculator to help residents to ensure they are receiving all relevant benefits.

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

6.1 The table below describes how each protected characteristic is likely to be affected by the proposed council tax increase. The table sets out anticipated impacts, along with mitigating actions available to reduce negative impacts.

6.2 Some protected characteristics are not, as far as we can tell, disproportionately affected (as will be seen from the table) because there is no evidence to suggest they are affected differently from the population at large. They may, of course, be disadvantaged if they also have other protected characteristics that are likely to be affected, as indicated in the following analysis of impact based on protected characteristic.

7. **Armed Forces Covenant Duty**

7.1 The Covenant Duty is a legal obligation on certain public bodies to ‘have due regard’ to the principles of the Covenant and requires decisions about the development and delivery of certain services to be made with conscious consideration of the needs of the Armed Forces community.

7.2 We have considered the duty and have not identified any direct impacts on armed forces or their families; but will continue to monitor for specific proposals.

Analysis of impact based on protected characteristic

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<p>Age</p> <p>73</p>	<p>Older people (pension age and older) are least affected by a potential increase in council tax and can access more generous (up to 100%) council tax relief. However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as older people are the primary service users of Adult Social Care.</p> <p>While employment rates remain high, earnings have not kept up with inflation in recent years so working families are likely to already be facing pressures on households' budgets. Younger people, and particularly children, were more likely to be in poverty before the current cost-of-living crisis and this is likely to have continued.</p>	<p>Working age households and families with children – incomes squeezed through reducing real-terms wages.</p>	<p>Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.</p>
<p>Disability</p>	<p>Disabled people are more likely to be in poverty. Many disabled people will be classed as vulnerable in the proposed new CTSS scheme and will therefore be protected from the impact of a council tax increase.</p> <p>However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as disabled people are more likely to be service users of Adult Social Care.</p>	<p>Further erode quality of life being experienced by disabled people.</p>	<p>The proposed new CTSS scheme has been designed to give additional support (up to 100%) to vulnerable households. It also allows support at the level of the band C tax, rather than band B as applies to non-vulnerable households.</p> <p>Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets.</p>
<p>Gender Reassignment</p>	<p>No disproportionate impact is attributable specifically to this characteristic.</p>		

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Pregnancy & Maternity	No disproportionate impact is attributable specifically to this characteristic (although see below for childcare costs; and the impacts on lone parents).		
Race	Those with white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of social security benefits. Some ethnic minority people are also low income and on benefits.	Household income being further squeezed through low wages and reducing levels of benefit income.	Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Where required, interpretation and translation will be provided to remove barriers in accessing support.
Religion or Belief	No disproportionate impact is attributable specifically to this characteristic.		
Sex	Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents, who are more likely to experience poverty.	Incomes squeezed through low wages and reducing levels of benefit income. Increased risk for women as they are more likely to be lone parents.	If in receipt of Universal Credit or tax credits, a significant proportion of childcare costs are met by these sources. Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets.
Sexual Orientation	Gay men and Lesbian women are disproportionately more likely to be in poverty than heterosexual people and trans people even more likely to be in poverty and unemployed. This would mean they are more likely to be on benefits.	Household income being further squeezed through low wages and reducing levels of benefit income.	Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets.

MEDIUM TERM PROJECTIONS

1. Summary Forecasts

The table below shows our central forecasts of the position for the next three years, based on the information we have at the time of writing. As funding allocations for future years have not yet been announced, this is necessarily based on some broad assumptions. A local government finance policy statement was published on 28th November; this is still being analysed and the impacts have not been included in the figures below. It now appears likely that the settlement will be slightly more favourable than our central assumptions below; but a substantial budget gap will remain.

We will receive our local settlement for 2025/26 in December; the projections will be updated for the 2025/26 budget report to Council in February. The position for 2026/27 and 2027/28 is unlikely to become much clearer until the Government's spending review is published in spring. **The forecasts are volatile**, and the key risks are described at paragraph 2 below. In particular, because we are relying on one off money to see us through to 2027/28, a change in annual spending requirement will have a multiplicative effect (e.g. an increase in spending of £5m per year from 2024/25 will lose us £20m from reserves by the end of 2027/28, all other things being equal).

	2025/26 £m	2026/27 £m	2027/28 £m
Expenditure:			
Net service budget (before savings)	447.5	493.7	540.8
Less savings and cost control (see para. 10.4)	-50.9	-79.0	-98.9
Net service budget	396.6	414.7	441.9
Provisions for pay inflation (including 24/25)	14.0	20.0	26.0
Provisions for other inflation	0.4	0.4	0.9
Corporate budgets (including capital finance)	3.5	5.8	6.9
Plus additional prudential borrowing	4.4	7.5	7.6
Demographic contingency	2.0	2.0	2.0
Homelessness provision	11.0	12.1	12.1
General contingency for risk	2.0	4.0	6.0
Expenditure total	433.9	466.5	503.4
Income:			
Council tax	165.9	172.3	178.5
Business rates (including top-up grant)	141.4	142.8	145.1
Revenue Support Grant	36.2	36.2	36.2
Social Care Grant	41.7	46.7	51.7
Other grants	2.0	2.0	2.0
Income total	387.2	400.1	413.5
Recurring budget gap	(46.7)	(66.4)	(89.9)

Reserves:	2025/26 £m	2026/27 £m	2027/28 £m
Balance forecast on 1st April	53.5	123.1	56.7
Capital Fund transfer	90.0		
Earmarked reserves review	20.3		
Required to balance budget	-46.7	-66.4	-89.9
Proceeds of asset sales			60.0
Other (Business Rates Pool)	6.0		
Balance forecast on 31st March	123.1	56.7	26.7

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2. Assumptions and Risks

The assumptions in the forecast, and the inherent risks, are explained below.

Spending	Assumptions – central scenario	Risks
Pay costs	We assume a pay award averaging 3% each year (in addition to the recently announced award for 2025/26), as general inflation is expected to continue reducing.	Inflation has fallen since its peak of 11.1% in October 2022. It stood at 2.3% in the year to October 2024. Underlying inflation is expected to fall further, although there remains a risk that global events will affect this significantly.
Non-pay inflation	It is assumed that departments will be able to continue absorbing this. The exceptions are independent sector care package costs, fostering allowances, and the waste management contract; an allowance is built in for these increases.	Increases in employers' national insurance will add to our pressures, both directly for our own employees and indirectly from our suppliers' prices. The Government intends to reimburse the former in 2025/26 but not the latter. Although energy costs have reduced, a future spike in costs could further impact our budgets.
Adult social care costs	Demographic pressures and increasing need lead to cost pressures which are reflected in the forecasts. The effect of the mitigation measures is also reflected in the forecasts.	Adult Social Care remains the biggest area of Council expenditure, and is demand led. Small variations have a significant impact on the Council's overall budget. Underlying package costs (before any price increases) are expected to be below the amount assumed when we set the budget for 2024/25.
Other service cost pressures	Contingencies of £2m for demographic growth and £11m for homelessness have been built into the forecasts to provide some cushion against uncertainty. Aside from this, it is assumed that departments are able to find savings to manage cost pressures within their own areas. A planning provision/ contingency of £2.0m has been included for 2025/26 rising to £4.0m by 2026/27 and £6m by 2027/28.	Costs relating to children who are looked after have been increasing nationally, and are a particular risk for future years. Homelessness is also particularly volatile and a significant overspend is forecast in 2024/25. Costs assume the delivery of proposed savings for which delivery plans will be vital. Some are subject to consultation, which may result in a different decision to that currently proposed.
Departmental savings	The budget strategy assumes new savings totalling £23m by 2027/28. See section 10 of the budget report for more details.	Risk that savings are not achieved or are delayed, leading to a greater call on reserves to balance the budget.

<u>Income</u>	Assumptions – central scenario	Risks
Council Tax	<p>Band D Council Tax will increase by 5.0% in 2025/26, then by 3.0% per year, in line with expected referendum limits.</p> <p>Council taxbase (the number of properties that pay tax) will increase by 500 Band D properties per year.</p>	<p>Further economic downturn leading to increased costs of council tax support to residents on a low income. Conversely, we may be permitted to set a higher tax in 2026/27 and 2027/28 – 5% was permitted in recent years for authorities with social care responsibilities. In future years with lower inflation however, it may not be tenable.</p>
Business rates	<p>No significant movements in the underlying baseline for business rates.</p> <p>Government changes to business rates (e.g. new reliefs) will continue to be met by additional government grant, in line with recent years.</p>	<p>We believe that the national business rates system in its current form is becoming unsustainable. The local government business rates retention system is being “patched up” considerably as a result. Long term stability seems unlikely.</p>
Government grant	<p>Government funding allocations continue to remain broadly flat, with little real-terms growth.</p> <p>In the Autumn Budget, the new government has committed to reviewing the distribution of funding “to ensure that it reflects an up-to-date assessment of need and local revenues”. We do not yet have details of what this might mean in practice and in practice expect damping of authorities’ gains and losses will be required. Our forecast implicitly assumes a broadly neutral effect of any funding distributional changes.</p> <p>We are also assuming that funding is received for the direct costs of National Insurance changes from April 2025, but not for indirect costs that will be passed on to us from suppliers.</p> <p>An additional £5m per year, each year, is assumed for social care. The Autumn Statement announced £600m of new funding nationally but gave no indication of how this will be distributed.</p> <p>Income (net of costs) from the Extended Producer Responsibility for packaging is estimated at £2m per year, until more details are available.</p>	<p>We do not yet have funding allocations for 2025/26 or beyond. The local government finance settlement (which will provide our own figures for 2025/26) will be announced in December and up to date figures will be included in the budget report to Council in February, together with revised assumptions for 2026/27 and 2027/28. Based on government announcements, the settlement may be better than our previous assumptions to a modest extent.</p> <p>The latest government figures imply that unprotected departments will suffer real terms cuts in budgets of 1.4% per year from 2025/26, according to analysis by the Institute for Fiscal Studies. This is smaller than in the previous government’s plans, but still significant.</p> <p>Local government may (as has frequently been the case in previous years) be treated less favourably than other unprotected departments.</p> <p>The income, and costs, associated with the new waste packaging scheme are highly unclear.</p>

Earmarked Reserves

1. As part of the overall budget strategy described at paragraph 5.6 of the main report, all earmarked reserves have been reviewed to release funds where possible. It is recommended that earmarked reserves are consolidated, leaving only the following General Fund reserves set aside for specific purposes:

Description of Reserve(s)	Forecast Balance after spending in 2024/25 (£m)	Notes
Departmental ring fenced resources	2.6	Where conditions attach to original grant funding and other contributions
Partnership funding	10.9	Originating from joint working arrangements (often with the health service). While these may be legally part of our reserve balances, there is a clear expectation that they remain within these projects. Diverting these to other purposes would risk our ongoing relationship with partners.
Insurance Fund	3.8	Meets costs of our self-insured insurance claims. Needs to be sufficient for this purpose and is periodically reviewed by actuaries.
Severance Fund	4.7	Meets staff redundancy and other termination costs
Workforce development	4.0	A new reserve, proposed for investment in the workforce, including trainees and apprentices. Despite the budget crisis (or because of it) it is important that we maintain funds for this.
Service transformation fund	7.0	Likely to play a more prominent role in achieving savings through service modernisation. The review has identified additional funds of £1.8m in view of the scale of change required.
Building Schools for the Future	6.4	To manage lifecycle maintenance costs of the schools redeveloped under the BSF programme.

Welfare reserve	1.3	Supports welfare reform and provides welfare support more generally.
Cost of technology	7.2	Required for ongoing investment in ICT systems and development work including the implementation of a new finance system detailed in the capital programme report elsewhere on the agenda.
Elections fund	1.4	Funds future local elections
Waste reprourement strategy	8.7	To prepare for a new contract, to take effect from May 2028
TOTAL	58.0	

2. The proposals above have identified £20.3m for the budget strategy, in addition we have added £1.8m to the service transformation fund and created a new £4m workforce planning reserve. This will enable departments to access one-off monies to support transformation work, budget savings and support investment in our workforce. A lot of this would have previously been funded from departmental reserves that have now been released to support the corporate budget strategy.
3. Members are reminded that we have a significant negative earmarked reserve. As with most authorities, we spend more than our income on the high needs schools' block. There is a special government dispensation for all authorities to maintain a negative balance, and not write it off to the general fund. Currently, the balance at the end of the year is expected to be minus £26m. The dispensation is expected to come to an end in March 2026. It is difficult to see how the Government would allow this to happen, but it remains a risk.
4. As a result of the review the following reserves will be available to support the budget strategy:

	Forecast (£m)	
Former Managed Reserve	73.8	
Release from capital programme	90.0	See capital programme report.

Council Tax Premiums

[to follow – see para. 12.9]

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Flexible Use of Capital Receipts policy

1. The law states that capital receipts can only be used for capital expenditure, or to repay debt. They cannot be used to support revenue expenditure. However, the Secretary of State does have the power to issue directions allowing capital receipts to be used for revenue expenditure. There are two areas where this is used:
 - (a) To support Councils who cannot balance their budgets. These are issued specifically to the authority concerned (with conditions);
 - (b) To support transformation projects. This is a permission issued to authorities generally – the last such permission covered the period to 2024/25, and we anticipate a similar permission for 2025/26.
2. This report seeks to provide the Council with the authority to use the general permission.
3. If the permission is couched in similar terms to previous years' directions, it will enable us to use receipts to fund expenditure "that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners." Severance costs can also be capitalised.
4. We do not expect to receive the precise terms of the new direction until the 2025/26 local government finance settlement is received in December.
5. Use of the permission requires a plan to be approved prior to the start of the year and sent to the Secretary of State. Once submitted, it can be updated at any time.
6. This policy is not an integral part of our budget strategy, and has been prepared solely to give us another tool to manage the budget during 2025/26. We may, for instance, use it to capitalise some revenue costs in 2025/26 and 2026/27 which would reduce the £60m we would otherwise have to seek permission from Government for to balance the 2027/28 budget. It does not give us any new resources.

The Plan

7. This is the first flexible use of receipts plan submitted by the Council. Consequently, no revenue expenditure has been capitalised using capital receipts prior to 2025/26.

8. Use of the flexibility will have no impact on the Council's prudential indicators, as the receipts to be used have not been factored into any other plan in 2025/26. Use of the flexibility will not affect the Council's authorised borrowing limit or operational boundary in the Treasury Strategy (also on today's agenda).
9. Should funds not be available in the severance fund or the transformation fund, we will consider using capital receipts for the following:
 - (a) Development of a corporate operating model, as recommended by a finance challenge review carried out by the LGA - up to £4m;
 - (b) Severance costs arising from delivery of the savings described in the budget report (see above) – up to £4m.
10. The scheme of virement (Appendix 2) delegates authority to the City Mayor to make amendments during the year and submit a revised plan to the Secretary of State.



Fly-tipping Update

Culture & Neighbourhoods Scrutiny Commission

Date of meeting: 15/01/2025

Lead director/officer: Sean Atterbury, Director of
Neighbourhood & Environmental Services

Useful information

- Ward(s) affected: All
- Report author: Brian Stafford, Head of Standards & Development
- Author contact details: brian.stafford@leicester.gov.uk
- Report version number: 1.0

1. Summary

- 1.1 This report provides an update on flytipping issues across the city and summarises the slide presentation appended.
- 1.2 The report highlights the current levels of flytipping across the city and measures taken by the council to address these.
- 1.3 The report follows on from a previous report brought to the Neighbourhood Services scrutiny commission in October 2022.

2. Recommendation(s) to scrutiny:

2.1 Culture & Neighbourhoods Scrutiny Commission are invited to:

- Note the contents of the report and presentation
- Review and comment on the update.

3. Overview

- 3.1 The City Council employs a strategic approach to reduce the burden of flytipping across the city. Fly-tipping is a national blight that affects residents and has a detrimental effect on those areas affected by it, and the council takes its approach seriously to addressing flytipping where this occurs.
- 3.2 A holistic approach is taken to fly-tipping within the council, with a number of different teams and services involved. These include (but are not limited to) the City Warden and Enviro-Crime team, Cleansing Services, Waste Management and other teams where required. This partnership working is vital in order to reduce the amount of flytipping that takes place.
- 3.3 Fly-tipping is legally defined as the illegal disposal of household, industrial, commercial or other 'controlled' waste. The waste can be liquid or solid. 'Controlled' waste includes garden refuse and larger domestic items such as fridges and mattresses.
- 3.4 Fly-tipping is a serious criminal offence that can lead to prosecution where appropriate. The clean up costs to local authorities can run into millions of pounds and place a burden on already stretched financial resources to clean an area or rubbish and detritus.
- 3.5 Whilst Leicester does suffer from flytipping in various part of the city, in comparison with other cities and local authorities it benchmarks relatively well against its neighbours. Some headline data is given in the table below.

Local Authority	20/21	21/22	22/23	22/23 per 1,000 pop
Leicester City Council	9,999	8,321	7,016	18.8
Nottingham City Council	11,148	13,608	21,298	64.8
Derby City Council	7,207	6,375	5,955	22.6
Peterborough City Council	9,744	8,981	9,943	45.7
Birmingham City Council	22,750	23,153	15,807	13.7
Camden Council	36,696	32,517	31,457	144.3
Liverpool City Council	24,326	18,976	23,404	47.1
Manchester City Council	14,891	13,999	13,658	24.0
Newham Council	20,765	25,879	17,497	48.8
<u>Leicestershire Councils</u>				
Blaby District Council	1,289	802	627	6.0
Charnwood Borough Council	1,198	878	869	4.7
Harborough District Council	469	322	317	3.2
Hinckley and Bosworth BC	1,296	870	751	6.6
Melton Borough Council	399	369	299	5.7
North West Leics District Council	1,475	704	587	5.5
Oadby and Wigston BC	9	14	19	0.3
Rutland County Council	284	166	174	4.2

3.6 Whilst Leicester does suffer from flytipping in various part of the city, in comparison with other cities and local authorities it benchmarks relatively well against its neighbours. Some headline data is given in the table below. As can be seen, in comparison with neighbouring unitary authorities, flytipping numbers are lower than others and have remained relatively constant since 2020/2021 when numbers increased during the Covid-19 pandemic. In comparison with the Leicestershire districts, the rate of flytipping is much higher, which can be attributed to a higher population density and the increased urban layout of the cityscape compared to the boroughs.

3.7 The Council uses the “Four P’s” approach to tackle flytipping. These are:

- Prepare: *service provision framework; gathering of data; analysis; partnership working*
- Protect: *regular service provision; target hardening*
- Prevent: *education; campaigns; interventions*
- Pursue: *appropriate levels of enforcement*

3.8 The reasons for fly-tipping can be complex. There is sometimes confusion from people as to how to get rid their waste in a legal manner - for example not understanding the orange bag system or being unaware of the council’s about bulky waste collection service. Another factor can be that people see fly-tipping being removed and therefore

think that putting more rubbish down is a legitimate means of disposal. In these cases, it is important that this cycle is broken through education means, signage, word-of-mouth and where appropriate, the issuing of fixed penalty notices and clear up costs.

- 3.9 The use of data is key to identifying problem areas and developing a strategic approach to tackling problem areas. Fly-tips are recorded when found and logged, with the data then analysed to look at whether there are increased levels in a particular period. This may be corroborated by anecdotal accounts, ward councillor interventions or patch walks.
- 3.10 There are a number of actions or projects that can be progressed should flytipping levels start to increase in certain areas. These include:
- The development of ward action plans – these have proved successful in the past and bring together all the partner services to tackle flytipping in a particular area or to do with a particular issue.
 - Education campaigns
 - Bins on Streets campaigns
 - Referrals to the council’s Enviro-Crime team for persistent flytipping or complex investigatory work.
- 3.11 The City Council have powers to issue fixed penalty notices and clean-up costs where required for those people who have been found to have fly-tipped. The Council also has a bank of mobile CCTV cameras that can be deployed to problem sites to catch persistent fly-tippers. People can be asked to attend interviews under caution and where guilty, can be fined by the City Council or taken to court depending on the seriousness of the crime.
- 3.12 The current Fixed penalty amount for fly-tipping is £400 (reduced to £280 on early payment) but there is a statutory instrument in place that allows local authorities to set their own levels of fines.
- 3.13 The “Four P’s” and partnership working approach has been demonstrated to work. As an example in 2024 there was a successful campaign in the St Matthews area of the city to tackle increasing levels of flytipping around the orange communal bins there. Officers from Housing and Neighbourhood Services worked together to create a targeted campaign in the estate with the following outcomes:
- 145 investigations conducted.
 - 62 PACE interviews
 - 15 warnings issued
 - 48 FPN’s
 - 36 clean up bills used.
- 3.14 Monitoring and evaluation will continue into 2025/2026 to identify any new hotspots or fly-tipping trends as part of business as usual operations. Officers will continue to liaise with ward councillors across the city should it be felt there are particular issues or actions required through the use of a ward action plan.

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

4.1 Financial Implications

As a general update on fly-tipping activity, there are no direct financial implications arising from the recommendations within this report.

Signed: Stuart McAvoy – Head of Finance

Dated: 6th January 2025.

4.2 Legal Implications

This is an update report for noting and/or review and there are no legal implications arising from the content

Signed: F. Hajat – qualified lawyer

Dated: 6th Jan 2025

4.3 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their activities, they have a statutory duty 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.

The PSED is a continuing duty and remains with the authority when services are commissioned and, therefore, it is important to monitor and, where necessary, set expectations to ensure that due regard is paid to the general aims. Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Fly-tipping and littering is unsightly and can affect the quality of life of residents and communities who see it. Scope for a more strategic, joined up, problem-solving approach to fly-tipping with greater use of analysis, more co-operation between authorities and stronger evaluation of initiatives to build a firmer knowledge-base for dealing with the issues as mentioned in the report should lead to positive impacts for people from across all protected characteristics. It is important to make communications and messages about available services accessible.

Signed: Equalities Officer, Surinder Singh

Dated: 6 January 2025

4.4 Climate Emergency Implications

There are limited climate emergency implications directly associated with this report. More widely, work to ensure waste is disposed of correctly may have a positive impact through increasing rates of recycling within the city, as well as preventing waste from entering natural habitats within the city.

Signed: Aidan Davis, Sustainability Officer, Ext 37 2284

Dated: 6 January 2024

4.5 Other Implications

None

Signed:

Dated:

5. Background information and other papers:

6. Summary of appendices:

Appendix A – Fly-tipping update slide presentation

Fly-tipping update

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Brian Stafford
Head of Standards and Development



Appendix D

Purpose

- *The council has a strategic approach to managing fly tipping in the city.*
- *It takes a holistic approach and looks at how the main services work together to tackle both litter and flytipping issues, either as project work or business as usual.*
- *It identifies trends in the baseline data and gaps in the service delivery with a targeted city-wide action plan to go alongside this.*

Fly tipping strategy

- The previous strategic approach was developed in 2022 to bring together the different services involved and achieve common goals.

☞ Achievements to date:

- Ward action plans developed and implemented
- One-off projects continue to be delivered.
- Continuation of Bins on Streets campaigns
- Targeted interventions – e.g HMO licensing, St Matthews fly tipping issues
- Education campaigns and partnership working.

Delivering our strategy

- Three main responsible service areas within Neighbourhood and Environmental Services:
 - Waste Management
 - Cleansing Services
 - City Wardens and Enviro-Crime
- Use of the “Four Ps” within the context of N&ES:
 - Prepare: *service provision framework; gathering of data; analysis; partnership working*
 - Protect: *regular service provision; target hardening*
 - Prevent: *education; campaigns; interventions*
 - Pursue: *appropriate levels of enforcement*

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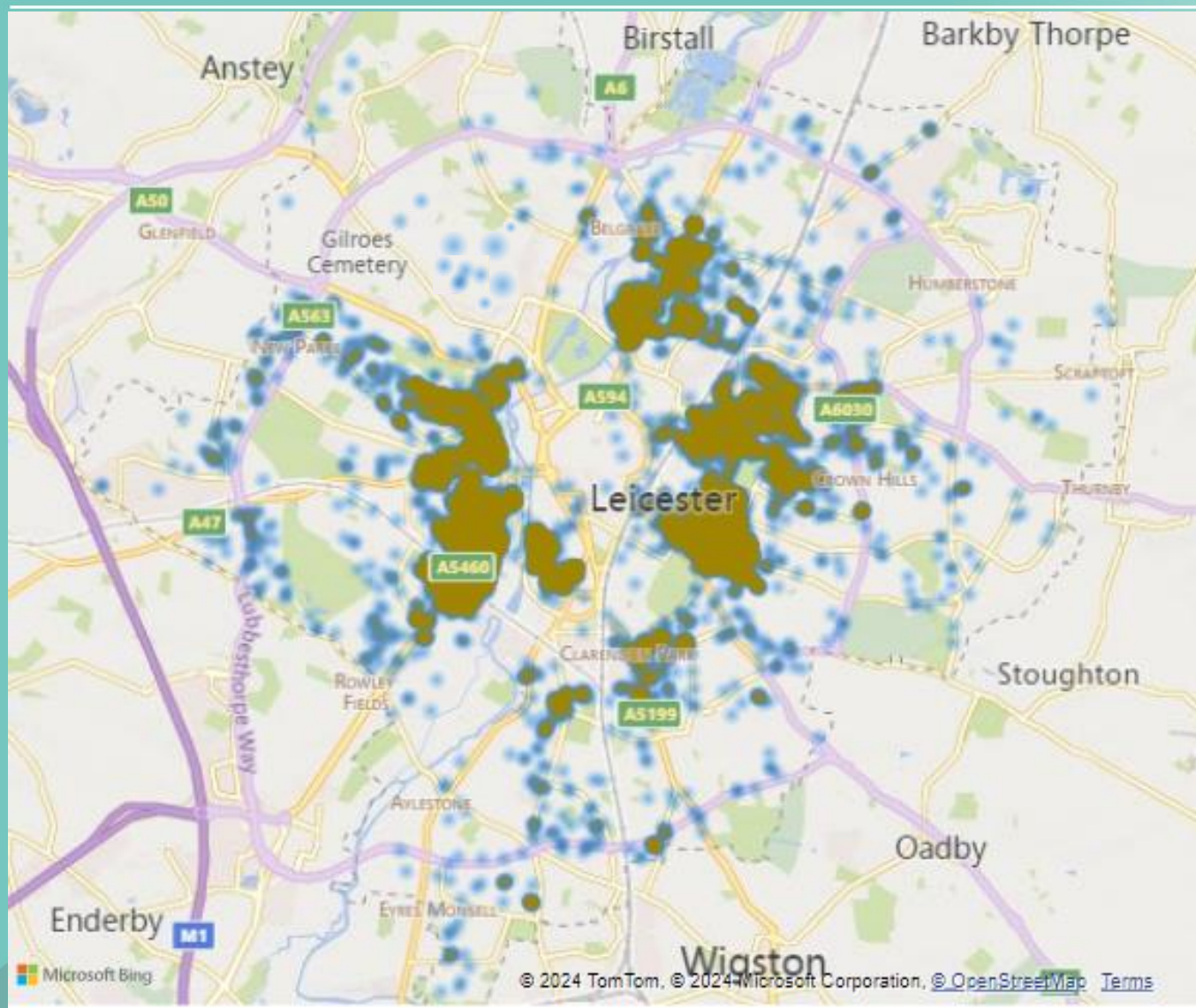
Leicester
City Council

Benchmark data

- Flytipping in Leicester has been consistent for many years and compares well against other local authorities, especially neighbouring councils.*

Local Authority	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	22/23 per 1,000 pop
Leicester City Council	9,442	8,716	8,512	7,997	8,164	9,999	8,321	7,016	18.8
Nottingham City Council	3,907	-	7,374	7,864	10,859	11,148	13,608	21,298	64.8
Derby City Council	4,283	5,316	5,640	6,004	5,728	7,207	6,375	5,955	22.6
Peterborough City Council	6,765	8,186	7,198	7,282	6,820	9,744	8,981	9,943	45.7
Birmingham City Council	12,348	14,799	15,993	17,575	21,761	22,750	23,153	15,807	13.7
Camden Council	7,268	6,778	12,170	25,765	34,465	36,696	32,517	31,457	144.3
Liverpool City Council	20,016	20,832	20,576	20,210	20,780	24,326	18,976	23,404	47.1
Manchester City Council	22,251	28,508	17,497	19,056	18,270	14,891	13,999	13,658	24.0
Newham Council	30,900	19,917	15,206	14,656	11,145	20,765	25,879	17,497	48.8
Leicestershire District Councils									
Blaby District Council	534	531	588	689	676	1,289	802	627	6.0
Charnwood Borough Council	522	603	673	852	924	1,198	878	869	4.7
Harborough District Council	475	653	608	728	484	469	322	317	3.2
Hinckley and Bosworth Borough Council	513	754	731	844	791	1,296	870	751	6.6
Melton Borough Council	298	387	410	382	343	399	369	299	5.7
North West Leics District Council	746	884	731	716	695	1,475	704	587	5.5
Oadby and Wigston Borough Council	11	17	8	17	4	9	14	19	0.3
Rutland County Council	266	461	329	340	219	284	166	174	4.2

Heatmap of flytips



Heatmap to the left indicates most common areas for flytipping.

Each blue dot represents a recorded flytip.



Flytipping – number of incidents across wards

ACTUAL WARD FLYTIPS

WARD	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Westcotes	577	847	1506	1356	1115	1209	509
Stoneygate	1128	1122	1273	1114	1050	892	519
Fosse	1042	968	1658	889	815	876	355
Belgrave	983	986	1011	918	658	772	430
North Evington	879	812	855	698	506	562	275
Saffron	475	406	486	461	452	544	290
Braunstone Park & Rowley Fields	301	366	355	306	475	513	228
Spinney Hill	523	433	543	491	570	471	276
Wycliffe	545	389	399	413	296	290	157
Castle	201	184	187	185	205	262	258
Western Park	190	282	292	227	164	184	68
Evington	296	288	302	259	153	161	90
Rushey Mead	289	350	398	298	149	160	119
Beaumont Leys	165	184	197	152	126	108	72
Knighton	40	40	31	30	49	88	71
Aylestone	85	99	138	231	97	83	45
Troon	51	51	33	23	24	52	35
Eyres Monsell	50	91	122	163	63	43	30
Humberstone & Hamilton	114	122	109	41	18	33	10
Abbey	75	78	48	44	23	32	49
Thurncourt	52	59	56	22	8	7	7

Flytipping data per capita per ward

ACTUAL WARD FLYTIPS

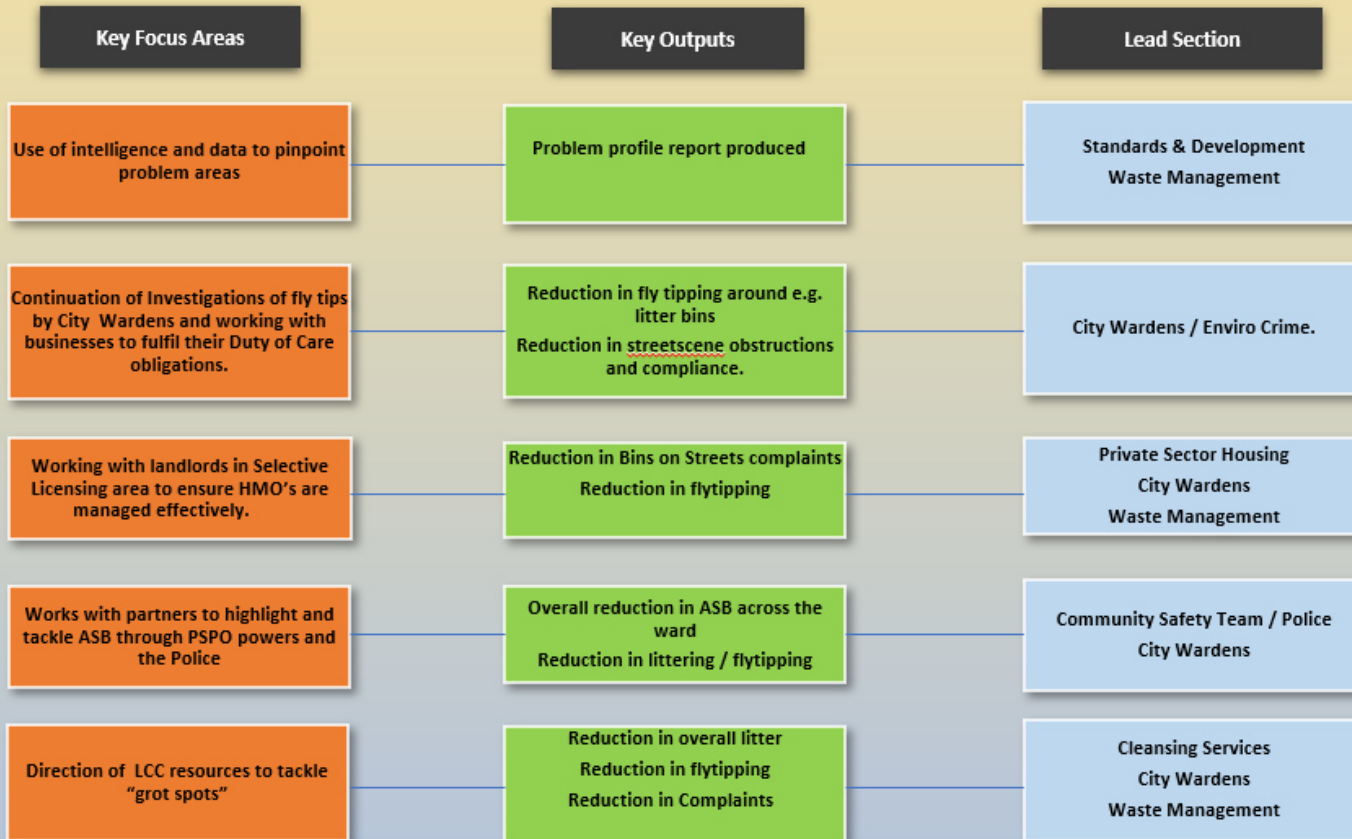
WARD	18/19	19/20	20/21	21/22	22/23	23/24	23/24 FT/1000 pop.	24/25
Westcotes	577	847	1506	1356	1115	1209	76.5	509
Fosse	1042	968	1658	889	815	876	61.0	355
Stoneygate	1128	1122	1273	1114	1050	892	42.3	519
Saffron	475	406	486	461	452	544	39.2	290
Belgrave	983	986	1011	918	658	772	37.5	430
Spinney Hill	523	433	543	491	570	471	36.1	276
Braunstone Park & Rowley Fields	301	366	355	306	475	513	24.4	228
North Evington	879	812	855	698	506	562	23.5	275
Wycliffe	545	389	399	413	296	290	18.4	157
Castle	201	184	187	185	205	262	11.1	258
Evington	296	288	302	259	153	161	9.3	90
Rushey Mead	289	350	398	298	149	160	9.2	119
Western Park	190	282	292	227	164	184	8.7	68
Aylestone	85	99	138	231	97	83	7.0	45
Beaumont Leys	165	184	197	152	126	108	5.7	72
Knighton	40	40	31	30	49	88	5.2	71
Eyres Monsell	50	91	122	163	63	43	3.6	30
Troon	51	51	33	23	24	52	3.5	35
Humberstone & Hamilton	114	122	109	41	18	33	1.6	10
Abbey	75	78	48	44	23	32	1.4	49
Thurncourt	52	59	56	22	8	7	0.6	7
TOTAL	8061	8157	9999	8321	7016	7342	19.9 [city avg.]	3893

Flytipping data 2024/25 to date

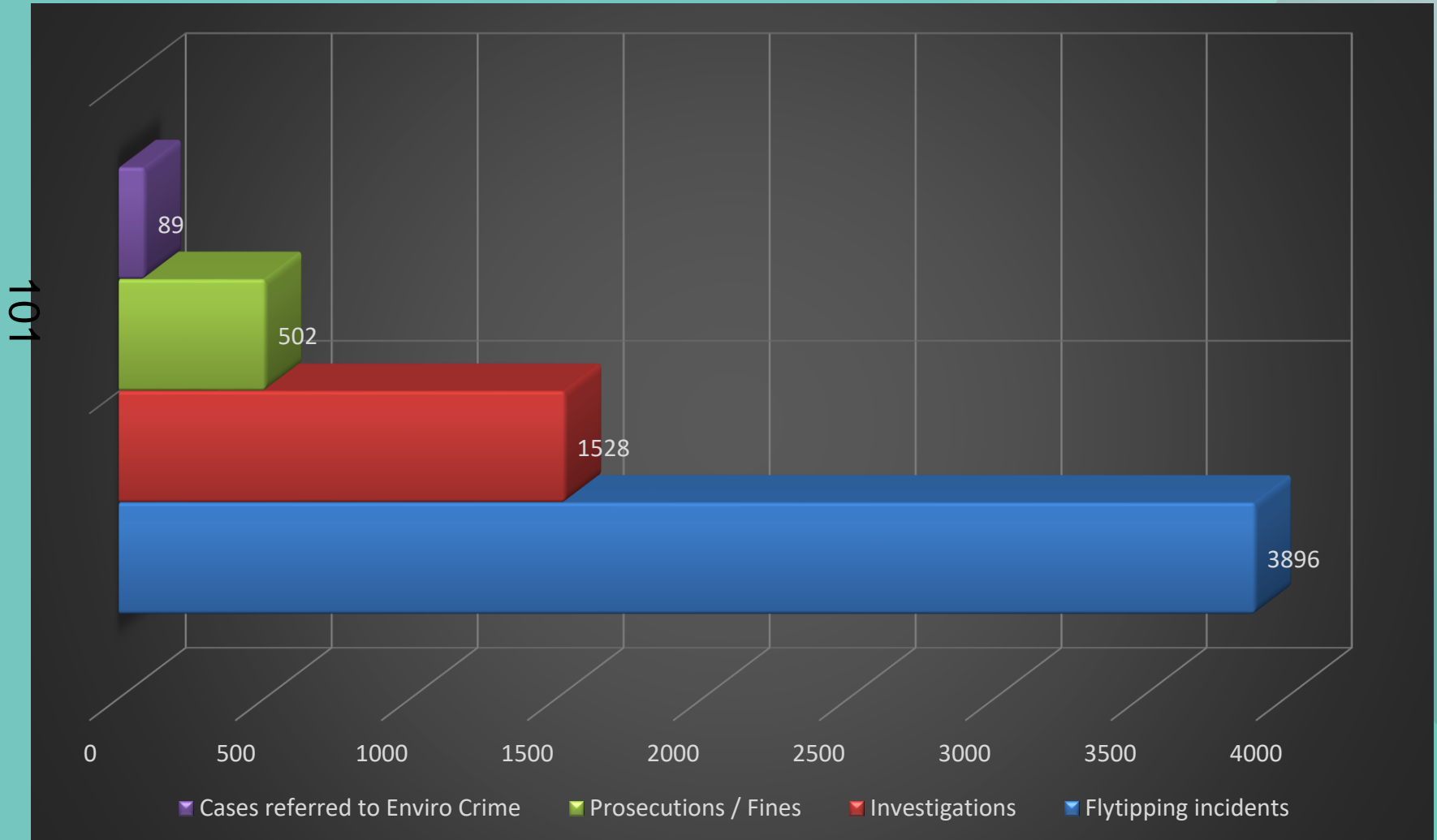
Fly-tipping Ward Data 2024-25										
WARD	QTR 1				QTR 2				Year -End	
	Apr-24	May-24	Jun-24	TOTAL	Jul-24	Aug-24	Sep-24	TOTAL	TOTAL	% by Ward
Stoneygate	63	94	93	250	106	85	78	269	519	13.3%
Westcotes	75	107	87	269	129	71	40	240	509	13.1%
Belgrave	71	65	46	182	92	75	81	248	430	11.0%
Fosse	70	61	39	170	58	53	74	185	355	9.1%
Saffron	33	42	51	126	78	49	37	164	290	7.4%
Spinney Hill	45	43	37	125	70	43	38	151	276	7.1%
North Evington	43	42	33	118	54	60	43	157	275	7.1%
Castle	42	20	34	96	69	58	35	162	258	6.6%
Braunstone Park & Rowley Fields	31	50	41	122	53	32	21	106	228	5.9%
Wycliffe	23	16	23	62	31	30	34	95	157	4.0%
Rushey Mead	17	18	26	61	18	18	22	58	119	3.1%
Evington	9	12	14	35	18	26	11	55	90	2.3%
Beaumont Leys	9	7	12	28	5	18	21	44	72	1.8%
Knighton	5	13	7	25	11	19	16	46	71	1.8%
Western Park	9	12	10	31	9	9	19	37	68	1.7%
Abbey	4	4	12	20	10	10	9	29	49	1.3%
Aylestone	5	7	11	23	7	11	4	22	45	1.2%
Troon	5	8	6	19	10	3	3	16	35	0.9%
Eyres Monsell	3	8	4	15	2	8	5	15	30	0.8%
Humberstone & Hamilton	3	1	0	4	1	3	2	6	10	0.3%
Thurncourt	2	2	0	4	1	1	1	3	7	0.2%
TOTAL	567	632	586	1785	832	682	594	2108	3893	100%

Local initiatives – ward action plans

Westcotes Ward – Litter and Flytipping Action Plan – April 2024



Investigations and Fines 2024/25



Investigations and Fines

- PACE interviews will be arranged for investigations.
- Fines and clean-up costs will be charged back to the perpetrator when guilt is admitted.
- Where required cases will be taken to the Magistrate court for prosecution.
- Community Protection Notices can be issued where appropriate also.

Fines can vary

- £400 max (discount to £280 for early payment)
- £150 for littering (discount to £100 for early payment)
- £100 littering from vehicles
- Other neighbouring Local Authorities are increasing their FPN amounts,
- Blaby & Charnwood will / have increased:
 - Fly-tipping - From £400 to £1000
 - Litter - From £150 to £500
 - Fly posting and graffiti - From £150 to £500



Problem sites

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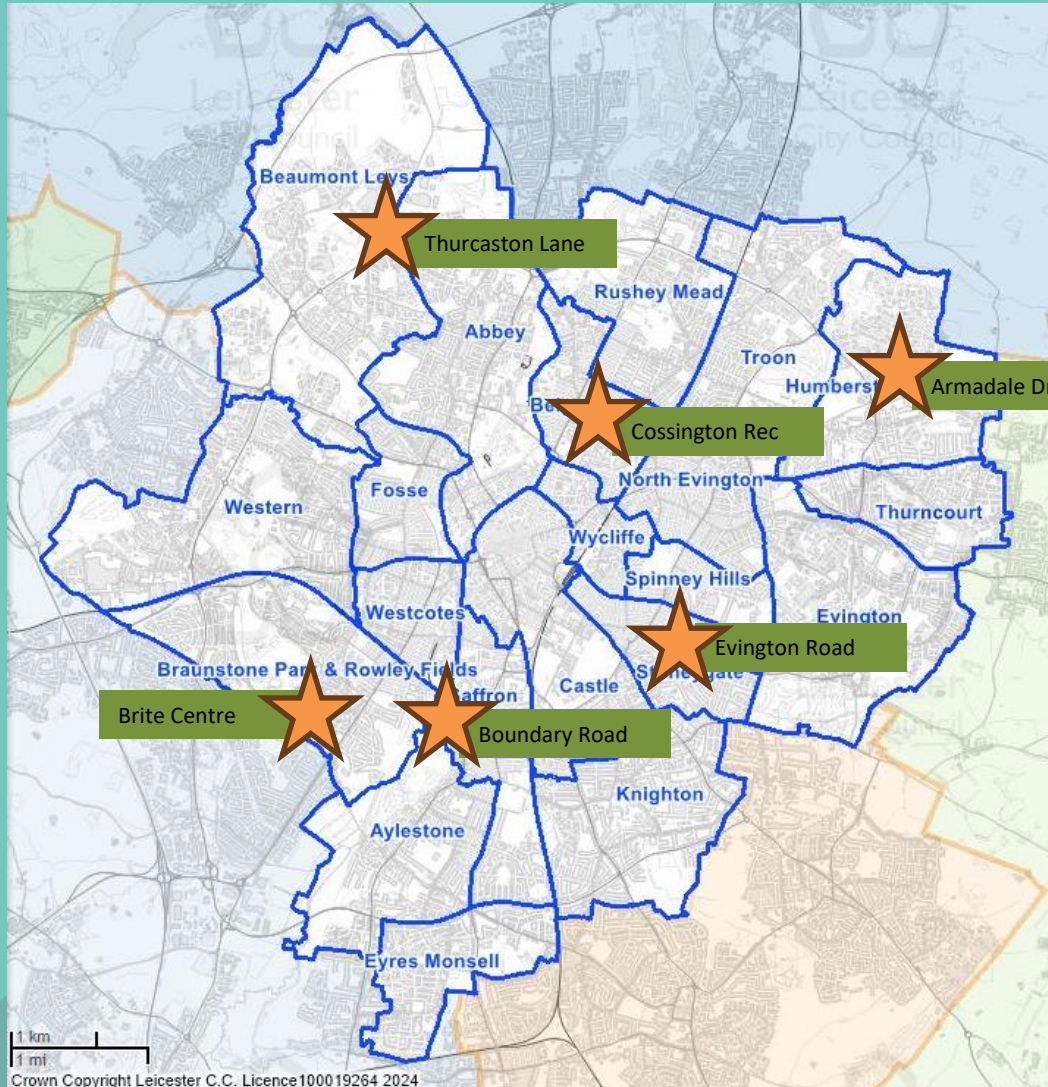


- Nuisance sites covered by mobile CCTV cameras (e.g. Brite Centre Bring Banks).
- Enviro Crime team can deploy for surveillance camera van for covert operations.



PROBLEM FLY TIPPING SITES

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Local initiatives

- Where necessary, action days or ward action plans can be developed to problem nuisance areas or issues.
- Recent actions plan created for Belgrave / Westcotes Ward. These allow for targeted campaigns
- Recent campaign in St Matthews to reduce localised flytipping.
 - 145 investigations conducted.
 - 62 PACE interviews
 - 15 warnings issued
 - 48 FPN's
 - 36 clean up bills used.



Partnership working

- Use of volunteers to assist with litter picking
- Wombles, LEV volunteers, Keep Britain Tidy Spring Clean days



Next Steps

- 1) Engagement with the local community through ward meetings
- 2) Continued collation and analysis of fly-tipping data to identify problem areas or trends
- 3) Continue to educate how to use the tools available – posters, letters to residents, multi-lingual booklets, signposting to bulky waste collections.
- 4) Enforcement of prolific hotspots
- 5) Sharing data back to demonstrate the outcomes.
- 6) Demonstrating new technology (AI & CCTV) to assist with enforcement.

Culture and Neighbourhoods Scrutiny Commission

Museum Engagement Programme

15th January 2025

Lead director/officer: Mike Dalzell

Useful information

- Ward(s) affected: All.
- Report author: Mark Simmons
- Author contact details: mark.simmons@leicester.gov.uk
- Report version number: 1

1. Summary

- 1.1 This briefing provides an overview of Leicester Museums & Galleries' Museum Engagement programme, which is funded by Arts Council England (ACE)

2. Recommended actions/decision

- 2.1 To note and comment on the scope, impact, and achievements of the museum's engagement programme.

3. Background

- 3.1 The Museums & Galleries Service's community engagement programme is externally funded by Arts Council England's (ACE) National Portfolio Organisation scheme.

This comprises £1.2M of secured funding over the three years 2023 to 2026, with an annual allocation of £407,360, which includes funding for fixed term posts and a range of engagement activities to develop audiences.

- 3.2 The Museum's engagement programme is aligned with LCC's plans in four key areas;

- **To proactively reach out and deliver participation in cultural activity with disadvantaged audiences and communities across the city.**

This includes a specific focus on engaging with two target under-engaged audiences, based on the results of detailed local research, using the definitions created by the Audience Agency;

Frontline Families, who comprise working-class families at social-economic disadvantage, who tend not to participate in wider cultural or heritage activity and tend to live in the western areas of the city.

Kaleidoscope Creativity, who comprise ethnically diverse communities, which are younger in profile, participate in activities within their own communities, and tend to live in the eastern and north-eastern areas of the city.

- **To support Formal and Informal Learning.**

This includes creating resources for both school and family learning, delivering intervention activities to inspire young people at risk of exclusion, delivering Healthy Activities and Food sessions, and to grow and upskill museum and cultural volunteers of all ages.

- **To contribute to Helping with the Cost of Living.**

The provision of free activities which are economically accessible for all is a key feature of our engagement work.

- **And to take collaborative action to support A Healthier Happy City.**

This includes using cultural activity to help people grow their health and wellbeing, to foster understanding and tolerance between communities, to constantly improve services for people with specific needs, and to practically support the creation of a Climate Ready City.

3.2 Please note that the Museums NPO funded engagement programme is delivered in addition to our “core” public programmes funded by LCC revenue and income.

These core activities include, for example, our collections care and access work, our programme of major public exhibitions, and our formal curriculum enrichment provision for Schools and Colleges. The latter, for example, was experienced by over 21,000 pupils in 2023-2024.

4. Summary of Engagement Activity in Year 2 (2024-2025)

Engagement activities are delivered under four different work areas, each consisting of multiple distinct actions and initiatives. The four activity areas are,

1. Telling the Story of Leicester through Co-Production.
2. Engaging Leicester’s target audience segments through offsite & onsite events.
3. Cultural Inspiration & Access for Young People.
4. Delivering World Class Museums.

Activity Area 1: Telling The Story of Leicester through Co-Production

Action 1A: Co-Produced Exhibitions in Leicester Stories Gallery

This consists of our Community Co-Producers working equitably with local grass-roots community organisations to create temporary community exhibitions for The People’s Space in the Leicester Stories community gallery at Leicester Museum and Art Gallery.

This year’s co-working and public exhibitions have included,

- Leicester City of Sanctuary, who created a touring exhibition title “Everyone Welcome” showcasing the talents of local asylum seekers and refugees. This ran between June and October and was enjoyed by 35,591 visitors.
- Unglamorous, the story of Ruth Miller and the women who came together to create a punk music collective, is currently showing at the Museum until February 2025.
- From February, Pedestrian will be Telling Tales, as local people share folklore, myths, legends, historical stories, and memories.

To end October this year these projects have involved 65 participants, of which over 67% were from non-traditional and underrepresented audiences.

Action 1B: Popping to the Shops

Following the major success and extension of 2023's "Popping to the Shops: Narborough Road" at Newarke Houses Museum and Westcotes Library, this year's large co-produced exhibition about retail businesses and communities in differing parts of the city focus on Saffron Lane.

"Popping to the Shops: Saffron Lane" follows the same format, with representatives of eight businesses along the road contributing interviews, photographs, and objects which will be acquired permanently for the museum collection. This exhibition, in final production at time of reporting, will open at Leicester Museum and Art Gallery in March 2025. A complementary taster exhibition in the community is being displayed at Aylestone Leisure Centre.

Action 1C: Co-Produced Library Exhibitions

Each year the Co-Producers work with our colleagues in Neighbourhoods and local communities to place museum objects into three key local libraries: New Parks, St Barnabas, and Highfields. These have been refreshed this year, with a Toys and Games theme, and to end October 2024 had engaged over 31,000 library users.

In addition, we have expanded our reach by adding two new display cases, one at the Brite Centre (adding a fourth library to the project), and another temporarily at St Barnabas. These cases display objects voted for by library users, from a list of "contestants" connected with local stories and communities, and will change regularly through the coming years according to people's choices.

In 2025-26, the case at St. Barnabas will be moved to Hamilton library further expand the project to include a fifth target neighbourhood.

Action 1D: Digital: Alternative Labels

Leicester Museums & Galleries have been recognised as having been pioneering in the use of digital labels since 2021. These are "electronic paper" object display labels, like an e-reader, placed in exhibitions to display the comments and thoughts of visitors and participants to other.

This October, as part of our programme for Black History Month, digital labels were used to add "live" interpretation to the display of the sculpture "A Lesson in Trust" by Bill Ming. Three examples of comments give a taste of how this works to engage people with collections,

- *I like that they're holding hands, and I like the lady's hair (child's comment)*
- *I feel like as a Black woman from the African diaspora this sculpture speaks to me of my opportunities as a young person.*

- *The portrait by Bill Ming establishes a sense of pride with him being from the Caribbean, as I am.*

Digital labels are being used this year in the temporary exhibitions “Global Leicester: the Dryad Craftwork Collection” and in the artist Satta Hashem’s retrospective, which open in March.

Action 1E: Digital Engagement: Online Content

The museum’s Digital and Multimedia staff deliver a range of content each year in support of our objective to engage with non-user audiences and people from target communities.

To date, the team have created,

- Two short films interviewing those who created the exhibitions “Global Leicester: the Dryad Craftwork Collection”, and K. Koria’s “India to Leicester: An Artist’s Journey”.
- Are working on online versions of three popular physical exhibitions; “Procession in Bali”, “Global Leicester” and the co-produced “Unglamorous”.
- And created, to 1st November 2024, an amazing 920 social media posts across our platforms, reaching 930,600 people, of whom 376,100 interacted and commented on our posts. This summer we saw engagement with stories about “National Treasures: Renoir in Leicester” notably driving more people from diverse audiences to our social media for the first time.

Activity Area 2: Engaging Leicester’s target audience segments through offsite & onsite events

Action 2A: Festivals and Pop-Up Museums

To date, the engagement team, supported by other staff and volunteers, have delivered participatory activities at four festivals or non-traditional locations. These activities are based around our travelling “Cabinet of Curiosities”, where people can handle real items from the museum collection, for example, old technology items such as typewriters through to real dinosaur bones.

- Haymarket Shopping Centre pop-up – 30th May, engaging 800 participants.
- Riverside Festival – 1st/2nd June, engaging 2500 participants.
- Leicester Mela – 17th August, engaging 500 participants.
- Leicester Pride – 31st August, engaging with 1000 participants.

Evaluation shows, to date, that 94% of participants were positive about their experiences.

One further project is to come, with our pop-ups visiting Beaumont Leys Shopping Centre in February 2025.

Action 2B: Co-Produced community events and activities

These events and activities are delivered in museums, and are focused around heritage, culture, or commemorations of significance to a range of communities and audiences.

To date, the engagement team have facilitated,

- Visits and workshop for refugee and asylum seeker for Refugee Week in June 2024. 30 participants engaged with the collections before creating art inspired by the collection, which they shared with other museum visitors.
- Worked with Serendipity Institute for Black Arts and Heritage to choose and objects from the museum collection for interpretation and display in the Object of the Month case at Leicester Museum and Art Gallery. This was enjoyed by 8883 people during October's Black History Month.
- Run a day event to explore the sculpture "A Lesson in Trust" by Bahamian artist Bill Ming with diverse visitors, which engaged with 811 participants, and produced content used later on digital audiences to further visitors.
- Worked with 30 people assisted by Dear Albert, a Leicester charity offering help to people relating to substance misuse. Comments from participants included,

"Really enjoyed the workshop. Great variety, was very inspiring and would recommend! Thank you for a fabulous day. Will be visiting again for sure. Thanks."

"It was a very interesting day, and I feel encouraged to visit again, knowing there are such beautiful exhibitions by talented artists. I left with a painting I did there..."

Two further events are in preparation, with a programme for Holocaust Memorial Day in partnership with the Stanley Burton Centre for Holocaust Studies, and a planned take-over of the museum by women from Muslim communities for International Women's Day.

Action 2C: Engagement events in Frontline Family and Kaleidoscope Creativity target areas.

"Doorstep Museums" brings museum objects out of the museum store and directly into local neighbourhoods, where they can be enjoyed and encountered by people who don't traditionally visit museums and art galleries. Doorstep Museums days are usually based in Libraries and Community Centres. They focus upon handling real accessioned objects from the museum collection: this is essential, as it helps to break down the traditional perceptions non-visitors frequently have about museums, shares the excitement of handling real objects, and helps to demonstrate that everyone owns the City's museum collections.

To date the team have delivered three Doorstep Museums events this year,

- Pork Pie Library, 13th July, engaging with 250 participants.
- Hamilton Library, 2nd August, engaging with 690 engagement participants.

- Highfields Centre, 25th October, engaging with 370 participants.

A further event at Beaumont Leys Library is scheduled to take place on 14th December 2024 (at time of writing) .

Action 2D: Healthy Museums: Inspired & Inspiring volunteer development programme.

Our Volunteer strand now support nearly 400 volunteers from diverse backgrounds, who together contribute over 15,000 hours of support for the museum service, including to the flagship venue at Leicester Museum & Art Gallery. Activity ensures that our volunteers have wide ranging opportunities to support our work including front of house, exhibitions and collections care.

The initiative's "Inspired & Inspiring Volunteer Development Programme" helps to upskill volunteers of all ages. This develops individual's their skills and knowledge in a breadth of subjects including customer care, conservation, exhibitions, and career development. To date 162 volunteers have attended this training this year, of which 105 live in our target audience areas. 4 have gone on to gain employment, and a further 6 work placements.

Volunteers have also

- Formed our "Garden Gang", volunteers who take care of and create our community gardens at Abbey Pumping Station.
- Delivered public events including "Heritage Open Day on Tour" in September, and the popular "Archive Sundays" in October and November.
- Led on the digitisation of the museums photographic archive.
- And worked with the Collections Team to create "Hidden Gems", an object trail for children and families around the museum featuring their favourite rocks and fossils from their collections care work "behind the scenes".

Activity Area 3: Cultural Inspiration & Access For Young People

Action 3A: Holiday Activities & Food programme

We are one of the core providers within LCC's "Holiday Activities and Food" programme, or HAF, which gives eligible children the opportunity to access free activities and food over the Easter, summer and winter school holidays.

Our activity programmes normally take place over 4 hours a day for 4 days, with activities themed around museum exhibitions, art, science, or historical events. Crucially each eligible child is also given a nutritious and healthy lunch on each programme day that they attend. We call our HAF activities informal "the Museum Holiday Club", to ensure no-one feels excluded due differing free-school meals status.

HAF provision over the summer of 2024 delivered 318 participations over three weeks.

Our “Meet the Team” event on Sunday 8th Dec focused on engaging with SEND participants to help them access the programme in easier ways.

The Learning team will provide two days of our “Winter Museum Holiday Club” from Leicester Guildhall in the days after Christmas 2024, with a food hamper and accessible complimentary tickets to the Ice Rink provided by Festivals and Events for the weekend of the 2nd and 3rd January 2025.

Action 3B: Combating Exclusion.

This strand may show lower numbers when compared other initiatives, but has high impact in helping pupils at risk of being excluded come back into education.

Working with Beaumont Leys School and City of Leicester College, the learning team this so far this year delivered two programmes of artist-led printmaking sessions on-site in schools for excluded pupils. 14 pupils are now currently working towards their Bronze Arts Award, raising their self-confidence, and helping our education colleagues to get them back into formal learning.

Action 3C: Developing self-led learning resources for schools and children.

The Learning Team create self-led learning resources for schools to use on site during visits to Leicester Museum & Art Gallery. To date, two “I Spy” object trails have been created, one to support curriculum work on local history, and the other to support visits to the Dinosaur gallery.

One additional benefit this year is that these trails are also suitable for supporting free informal learning “out of the classroom” by visiting families and grounds with children.

Action 3D: Developing family resources in support of exhibitions.

Similar to 3C above, this strand delivers organised family activities during holiday periods suitable for a range of ages. This summer the team provided free activities throughout the holidays focused around “National Treasures: Renoir in Leicester”, with dressing up, art activities in gallery, and workshop sessions. These were enjoyed by 3355 participants.

In February half term 2025, the Learning team will be providing free family activities themed around the idea of “Making your own Museum in a box”.

Activity Area 4: Delivering World Class Museums.

Action 4A: Develop a new environmental gallery.

The major work this year has been towards securing NHLF major funding for Phase 5 of development works for Leicester Museum and Art Gallery, which would include a new permanent natural world and environment gallery. As well as building a business case, and submitting a bid, actual work in this area has included from November the commencement of consultation with children and young people on their thoughts around climate change and the natural world.

Action 4B: undertake access audits, and Action 4C; undertake Green audits.

The focus this year has been the implementation of practical improvements from audits undertaken in 2023-24, and the creation of sustainable focus groups and advisory groups to assist with further improving access for People with Disabilities, and to advise on greening the museum and contributing to being Climate Ready.

5. Future Priorities

ACE have confirmed that they will fund an extension year, 2026-2027, for current organisations in the portfolio, subject to approval. Securing this additional one-year funding is a key priority.

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

6.1 Financial implications

This report sets out the engagement programme funded through the £1.2m ACE National Portfolio Organisation grant funding, which is ring-fenced for spending on the agreed activities.

Stuart McAvoy – Head of Finance
9th December 2024

6.2 Legal implications

Legal compliance with the funding conditions attached to the ACE funding will be required throughout the period.

Kevin Carter
(Head of Law - Commercial, Property & Planning)
20.12.24

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 duty 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, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

This paper provides an overview of Arts Council England funded - Leicester Museums & Galleries' Museum Engagement programme. The programme is aligned with key council plans such as "to proactively reach out and deliver participation in cultural activity with disadvantaged audiences and communities across the city".

Initiatives that aim to create experiences that involve and inspire residents and visitors, sharing the city's significant collections, that celebrate the stories of Leicester's diverse communities and the unique places, art and heritage which shape the city's identity and showcasing these to the world should lead to positive impacts for people from across all protected characteristics. Involvement in art, heritage and culture has the potential to enrich people's lives, having accessible experiences should help to foster good relations between people who share a protected characteristic and those who don't.

Equalities Officer, Surinder Singh, Ext 37 4148

6.4 Climate Emergency implications

Following the council's declaration of a climate emergency and ambition to achieve net zero carbon emissions, the council has an important role to play in engaging with the public on these issues, as well as tackling the carbon emissions of its own operations. A number of the pieces of work outlined in this report are expected to deliver positive climate-related outcomes, including the holiday activities and food programme, the new environmental gallery and the green audits work.

Aidan Davis, Sustainability Officer Ext 37 2284
11 December 2024

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

None

8. 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

**Culture and Neighbourhoods Scrutiny Commission
Work Programme 2024 – 2025**

Meeting Date	Item	Recommendations / Actions	Progress
8 July 2024	<ul style="list-style-type: none"> 1) Terms of Reference 2) Leicester Museum and Art Gallery – Call-in 3) Introduction to Culture and Neighbourhoods Services Scrutiny Commission 4) VCSE Delivery Plan 	<ul style="list-style-type: none"> 4) A) Members encouraged to attend VCSE event. B) Members to let officers know of any small organisations in their ward that could benefit from the VCSE strategy. 	<ul style="list-style-type: none"> 4) A) Invitation will be sent out when ready B) Meetings being worked through with Cllrs to discuss their wards and groups within them.
22 August 2024	<ul style="list-style-type: none"> 1) Culture and Creative Industry Strategy 2) Community Safety and ASB informal response. 	<ul style="list-style-type: none"> 1) A) Consideration to be given to stencilling directions between attractions on pavements B) Meeting to be convened for members to inform the final report. 2) A) City Centre On-Street Issues and Shoplifting to be added to the work programme. B) Update on HASBO and CRASBU to be brought back in 12 months - potentially to include Cuckooing 	

Meeting Date	Item	Recommendations / Actions	Progress
4 November 2024	<ol style="list-style-type: none"> 1) Burial Strategy – Annual Report 2) Heritage Lottery Fund (Place Programme Funding) 3) Study Zones and Library IT Provision 4) Ward Funding Annual Report – Including policy update. 	<ol style="list-style-type: none"> 1a) Six-monthly written update on the search for places to be brought to the Commission. 1b) Commission to be informed of outcome of CDS Findings. 1c) Commission to be updated on workplan for Gilroes Cemetery. 1d) Commission to be made aware of findings of the Law Commission 1e) Information to be provided on number of graves left in each Cemetery and the financial position. 2a) Commission to be kept informed of how communities can bid to be part of the project. 2b) If Stage 1 is successful, updates to come to the Commission on the next stage and the findings of the Audience Agency. 3a) Report to be brought in 12 months on how sustainable and successful the scheme has been, areas for development, and provisions in case of funding cessation. 3b) Information on the age profile of users to be provided to members of the Commission. 	<ol style="list-style-type: none"> 1e) Information on number of new graves used circulated to members.

Meeting Date	Item	Recommendations / Actions	Progress
16 January 2025	<ol style="list-style-type: none"> 1) Draft Capital Programme 2025/26 2) Draft General Revenue Budget 3) Fly-tipping strategy 4) Museum Strategy - Engagement in Museum Teams 		
27 February 2025	<ol style="list-style-type: none"> 1) Engagement of Community Organisations 2) Tree Strategy and Grassland Strategy 3) Community Safety Update. 	<ol style="list-style-type: none"> 1) Report on how community organisations could be engaged to help the Council run services as requested at the meeting of 29 January. 2) To include seed and produce exchange and to include areas for recreation and sports. 3) To include issues surrounding delivery riders and shoplifting. 	

Meeting Date	Item	Recommendations / Actions	Progress
3 April 2025	<ul style="list-style-type: none"> 1) Tourism Strategy Update 2) Festivals and Events Review update 3) Waste Strategy Update 4) Sports Strategy – Including Active Leicester and Women in Sport – Annual Update 	<ul style="list-style-type: none"> 2) Following discussion at the meeting of 5 December, it was requested that the report come back to the commission around 6-months later when it was fuller and the findings of the seminar were known. It was later decided to combine this with the report on Women in Sport, To include indicators of success, information on bodies that can help promote Women’s engagement in sport, other groups with protected characteristics such as disability sport and data broken down into, for example, age and ethnicity, as suggested at the meeting on 24 October 2023, with a possibility of a Board looking at this. 	

Forward Plan Items (suggested)

Topic	Detail	Proposed Date
Growing spaces strategy		
Heritage Places Funding - National Lottery Heritage Fund – Update on next stage.	To include findings of Audience Agency. If Stage 1 is successful.	
Burial Strategy (6-monthly update)	To include information on the search for places, the work plan for Gilroes Cemetery and the findings of the Law Commission	
Update on HASBO and CRASBU	To be brought back in 12 months from 2024 report.	
Museum Strategy Capital Investment - Jewry Wall/LMAG		
Library and Community Needs Assessment		
Heritage panels, inviting members suggestions for new panels		
VCSE Engagement Strategy - delivery items of particular interest for further update	<p>To include info on how community organisations could be engaged to help the Council run services as requested at the meeting of 29 January. Also including a view of volunteer effort and the opportunities that volunteers were taking part in.</p> <p>Review one year after plan put in place.</p>	
CCTV Overview	Moved from November	

