



Leicester  
City Council

**MEETING OF THE CHILDREN, YOUNG PEOPLE AND EDUCATION  
SCRUTINY COMMISSION**

**DATE: TUESDAY, 14 JANUARY 2025**

**TIME: 5:30 pm**

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

**Members of the Commission**

Councillor Batool (Chair)

Councillor Bonham (Vice-Chair)

Councillors Clarke, Gregg, Karavadra, Mahesh, March and Dr Moore

**Co-opted Members (Voting)**

Dr Joycelin Eze-Okubuiro

Parent Governor Representative

**Standing Invitees (Non-Voting)**

Youth Representatives

Jennifer Day

Janet McKenna

Teaching Unions representative

UNISON Branch Secretary

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

For the Monitoring Officer

**Officer contacts:**

**Ed Brown (Senior Governance Officer)**

**Julie Bryant (Governance Officer),**

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*Leicester City Council, City Hall, 3rd Floor Granby Wing, 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, Sharif Chowdhury, ([julie.bryant@leicester.gov.uk](mailto:julie.bryant@leicester.gov.uk)) or Ed Brown, ([edmund.brown@leicester.gov.uk](mailto:edmund.brown@leicester.gov.uk))**. Alternatively, email [committees@leicester.gov.uk](mailto:committees@leicester.gov.uk), or call in at City Hall.

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## USEFUL ACRONYMS IN RELATION TO OFSTED AND EDUCATION AND CHILDREN'S SERVICES

(updated November 2015)

<b>Acronym</b>	<b>Meaning</b>
APS	Average Point Score: the average attainment of a group of pupils; points are assigned to levels or grades attained on tests.
ASYE	Assessed and Supported Year in Employment
C&YP	Children and Young People
CAMHS	Child and Adolescent Mental Health Service
CFST	Children and Families Support Team
CICC	Children in Care Council
CIN	Children in Need
CLA	Children Looked After
CLASS	City of Leicester Association of Special Schools
COLGA	City of Leicester Governors Association
CPD	Continuing Professional Development
CQC	Care Quality Commission
CYPF	Children Young People and Families Division (Leicester City Council)
CYPP	Children and Young People's Plan
CYPS Scrutiny	Children, Young People and Schools Scrutiny Commission
DAS	Duty and Advice Service
DCS	Director of Children's Services
EAL	English as an Additional Language
EET	Education, Employment and Training
EHA	Early Help Assessment
EHCP	Education Health and Care Plan
EHP	Early Help Partnership
EHSS	Early Help Stay Safe
EIP	Education Improvement Partnership
ELG	Early Learning Goals: aspects measured at the end of the Early Years Foundation Stage Profile
EY	Early Years

EYFS	Early Years Foundation Stage: (0-5); assessed at age 5.
EYFSP	Early Years Foundation Stage Profile
ESFA	Education Skills and Funding Agency
FS	Foundation Stage: nursery and school Reception, ages 3-5; at start of Reception a child is assessed against the new national standard of 'expected' stage of development, then teacher assessment of Foundation Stage Profile areas of learning
FSM	Free School Meals
GCSE	General Certificate of Education
GLD	Good Level of Development
HMCI	Her Majesty's Chief Inspector
HR	Human Resources
ICT	Information, Communication and Technology
IRO	Independent Reviewing Officer
JSNA	Joint Strategic Needs Assessment
KPI	Key Performance Indicator
KS1	Key Stage 1: National Curriculum Years (NCYs) 1 and 2, ages 5-7; assessed at age 7.
KS2	Key Stage 2: NCYs 3, 4, 5, and 6, ages 7-11; assessed at age 11.
KS3	Key Stage 3: NCYs 7, 8 and 9, ages 11-14; no statutory assessment.
KS4	Key Stage 4: NCYs 10 and 11, ages 14-16; assessed at age 16.
KTC	Knowledge Transfer Centre
LA	Local Authority
LADO	Local Authority Designated Officer
LARP	Leicester Access to Resources Panel
LCCIB	Leicester City Council Improvement Board
LCT	Leicester Children's Trust
LDD	Learning Difficulty or Disability
LESP	Leicester Education Strategic Partnership
LLEs	Local Leaders of Education
LP	Leicester Partnership
LPP	Leicester Primary Partnership

LPS	Leicester Partnership School
LSCB	Leicester Safeguarding Children Board
LSOAs	Lower Super Output Areas
MACFA	Multi Agency Case File Audit
NCY	National Curriculum Year
NEET	Not in Education, Employment or Training
NLEs	National Leaders of Education
NLGs	National Leaders of Governance
OFSTED	Office for Standards in Education, Children's Services and Skills
PEPs	Personal Education Plans
PI	Performance Indicator
PVI	Private, Voluntary and Independent
QA	Quality Assurance
RAP	Resource Allocation Panel
RI	Requires Improvement
SA	Single Assessment
SALT	Speech and Language Therapy
SCR	Serious Case Review
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SIMS	Schools Information Management Systems
SLCN	Speech, Language and Communication Needs
SLEs	Specialist Leaders of Education
SMT	Senior Management Team
SRE	Sex and Relationship Education
TBC	To be Confirmed
TFL	Tertiary Federation Leicester
TP	Teenage Pregnancy
UHL	University Hospitals Leicester
WIT	Whatever it Takes
YOS	Youth Offending Service
YPC	Young People's Council

# **PUBLIC SESSION**

## **AGENDA**

### **FIRE / EMERGENCY EVACUATION**

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

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

**Appendix A  
(Pages 1 - 10)**

The minutes of the meeting of the Children, Young People, and Education Scrutiny Commission held on Tuesday 29<sup>th</sup> October 2024 have been circulated, and Members are 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.

Mr Nizamuddin Patel asks:

Who overlooks children's social services to ensure they are following process/procedures. What internal processes are there to ensure quality is maintained and there are no service failures?

The reports do not include the level of complaints raised by

parents/professionals for children social services. This will be useful to help compared to previous quarters to ensure levels of services are maintained and if any intervention or further scrutiny is required.

How does the children's social services manage to ensure quality and accountability when it comes to agency social workers? If a family who are receiving help from the CIN/ CPP team are having constant change in social workers which leads to no continuity and thus a service failure at what point will the council appoint a full time, non-agency employee to ensure no further service failures.

Are there equality reportings conducted for those professionals who are present at Child Protection Conference to ensure there are representatives of different backgrounds, gender, race, culture etc? If not, what plans do they have to start recording this to ensure conferences understand parents and children's background and culture.

Also:

There is a huge disproportion of male social workers in Leicester Children's social services.

1. What plans/incentives do children's social care have to recruit more male social workers?

2. Child Protection conferences memberships should include both male and female participants to ensure an understanding and reflection of cultural and diversity needs. In my own personal experience of 2 Child protection conferences and multiple core group meetings, I have not come across one male in any of those meetings. Does Children's social care have systems in place to ensure at least 1 male is present in child protection conferences? If not, what plans do they have to ensure fair equality and diversity in child protection conferences?

3. I understand there are 5 independent chairs for Child Protection Conferences. how many are males/females? What plans do you have to have more male independent chairs?

4. In the last 3 years how many warnings of the vexatious policy have been given by Children's Social Care to parents who's children are under a child protection plan? Who makes this decision and how is this managed to ensure the vexatious policy is not misused by the council and the parents' views are able to be shared.

5. According to FOI submitted in Nov 24, Agency social workers are paid on average £5440/month, whereas directly employed staff in the same department are paid £3495/month. This is almost £2000/month/worker extra for agency workers and does not include agency fees etc. Just under 20% of staff in CIN, CASP and LAC are agency workers. What plans do the council have to recruit social workers to ensure public money is not overspent in agency staff?

## **6. PETITIONS**

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

## **7. UPDATE ON YOUTH SUMMIT **Appendix B (Pages 11 - 20)****

The Youth Representatives, together with the Participation and Engagement Manager for Childrens Social Work and Early Help, will give a presentation to provide an overview of the LLR Youth Summit 2024.

## **8. UPDATE ON CHILDREN FROM ABROAD SEEKING SAFETY **Appendix C (Pages 21 - 44)****

The Strategic Director of Social Care and Education submits a report to provide an overview of children and young people who come to Leicester having arrived from abroad seeking safety, often referred to technically as “Unaccompanied Asylum-Seeking Children”. The report relates specifically to children and young people who are looked after by the council or are eligible for support as care leavers and does not reference all new arrival families entering the city who do not receive support from social care.

## **9. PLACEMENT COSTS AND IMPOWER UPDATE **Appendix D (Pages 45 - 58)****

The Director of Children’s Social Work and Early Help will give a presentation on costing and appropriateness of placements together with an update on IMPOWER.

## **10. CHILDREN’S SERVICES: COST MITIGATION PROGRAMME OVERVIEW **Appendix E (Pages 59 - 64)****

The Strategic Director Social Care and Education submits a report to provide an overview of the development and progress of the Children’s Services Cost Mitigation Programme.

## **11. DRAFT REVENUE BUDGET 2025/26 **Appendix F (Pages 65 - 106)****

The Director of Finance submits a draft report proposing the General Fund 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.



**12. DRAFT CAPITAL PROGRAMME 2025/26**

**Appendix G  
(Pages 107 - 136)**

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.

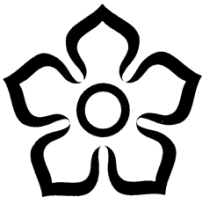
**13. WORK PROGRAMME**

**Appendix H  
(Pages 137 - 142)**

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

**14. ANY OTHER BUSINESS**





Leicester  
City Council

# Appendix A

Minutes of the Meeting of the  
CHILDREN, YOUNG PEOPLE AND EDUCATION SCRUTINY COMMISSION

Held: TUESDAY, 29 OCTOBER 2024 at 5:30 pm

P R E S E N T:

Councillor Batool – Chair  
Councillor Gregg – Vice Chair

Councillor Clarke  
Councillor Mahesh  
Councillor Dr Moore

Councillor Gregg  
Councillor March

Joycelin Eze-Okubuiro – Parent Governor Representative (Primary)

In Attendance:

Councillor Pantling - Assistant City Mayor for Education  
Jennifer Day – Teaching Unions Representative  
Mario Duda – Youth Representative  
Swetha Subaskar – Youth Representative

\* \* \* \* \*

**97. WELCOME AND APOLOGIES FOR ABSENCE**

The Chair welcomed those present to the meeting.

Apologies for absence were received from; Councillor Russell, Councillor Karavadra and Janet Mckenna (Unison Representative).

**98. DECLARATIONS OF INTEREST**

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

Councillor March declared that she is mother of two children at a Leicester City School and is a Governor at Ellesmere College.

Councillor Dr Moore declared that she is the Chair of the Advisory Board at

Millgate School, part of Discovery Trust.

Councillor Gregg declared that his business relates to the care of children within Leicester.

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

Inaccuracies were noted in previous minutes:

- 19<sup>th</sup> September 2023 - Councillor Joshi had given apologies, but this was not recorded in the minutes.
- 19<sup>th</sup> December 2023 - Councillor Cole was present, but this was not noted on the minutes.

This was noted by the Commission.

AGREED:

- 1) That the minutes of the meeting of the Children, Young People and Education Scrutiny Commission held on 20 August 2024 be confirmed as a correct record.
- 2) That the minutes of the meetings on 19 September 2023 and 19 December 2023 approved by the Chair be amended in the above respect to correct an inaccuracy subsequently discovered.

## **100. CHAIR'S ANNOUNCEMENTS**

None.

## **101. QUESTIONS, REPRESENTATIONS, AND STATEMENTS OF CASE**

The Monitoring Officer reported that none had been received.

## **102. PETITIONS**

The Monitoring Officer reported that none had been received.

## **103. HIGH NEEDS (HNB) MANAGEMENT RECOVERY PLAN AND TRANSFORMATION PROJECT**

The Director of Education and SEND submitted a report providing detail on the HNB Management Recovery Plan that forms part of the transformation plan.

The Chair acknowledged that this item had been awaited for some time. Also, the Commission were made aware that the report had gone to the Executive on

the 10th October 2024.

The Assistant Mayor for Education and SEND introduced the segment and highlighted recommendations from the recent National Audit Office report on Support from Children and Young People with Special Educational Needs. It had stated that England's SEND System was in urgent need of reform. The final recommendation had been to develop a vision and long-term plan for inclusivity for SEN children, across mainstream education, where the setting could best support those with SEN requirements. It was suggested that committee members read the report as it linked in with the HNB report.

The Director of SEND and Education reminded the Committee that SEND Education is funded through the High Needs Block, the money is ringfenced and there is currently a statutory override in place meaning that funds cannot be transferred from the general fund and vice-versa. The demand for SEND had been rising nationally and government funding had been struggling to keep up with demand. Leicester City Council is one of the Local Authorities experiencing funding deficit. The Government had put two programmes into place to attempt to mitigate the situation for those authorities with larger deficits than Leicester. However, the Education and Skills Funding Agency had requested that Leicester City Council submits a formal deficit recovery plan. As part of this, a management and transformation plan had been developed. Without this, it has been predicted that by 2030, there would be a cumulative deficit of over a hundred million pounds.

The transformation plan now had six aims:

- Implementing DFE reform - this was in response to the SEND consultation.
- To develop the ordinary offer in educational settings – inclusive practise to include children in Mainstream schools. The Local Authority is already several years into this plan.
- To examine and review internal processes and systems.
- To increase parental confidence – working with families & stakeholders.
- Reviewing placements.
- Examining how the Local Authority works with stakeholders.

The Chair welcomed the committee to ask questions – none were raised by Officers. Councillors raised a number of questions and it was noted by two members that the report had brought a welcome level of honesty. Other key points included:

- In response to a question on potential increasing strain placed upon mainstream schools to support SEND, The Director of SEND and Education replied that the emphasis is on creative spending and that extra support from the government could allow for innovation. The SEND Inclusion Transformation Manager advised that when considering placing SEND children within mainstream settings, a range of programmes, initiatives and resources are employed to support staff members. The Partnership for Inclusion of Neurodiversity (PINS) and

Early Language Support for Every Child (ELSEC) initiatives are embedded within this strategy.

- The Director of SEND and Education replied to a question on SEND timescales, advising that the statutory duty from parental request for an EHCP is six weeks to decide if the statutory assessment is necessary. If Statutory assessment was agreed the process in which a EHCP should be finalised is 20 weeks. Leicester City Council has an approximately 60% success rate of meeting this target. The national figure was 40%
- In terms of children awaiting a specialist school place, The Director of SEND and Education advised that there were children waiting for a significant time, these were mainly being supported in mainstream education whilst awaiting the SEND provision. The Head of Service for SEND commented that whilst these children wait, some of the schools were advising at Annual Review that the children were thriving and might not actually require a SEN school. The Director of SEND and Education felt that a better working solution would be to have a graduated response to supporting children in school before an EHCP is requested. Children who do need a Special School would be accommodated but if needs are met adequately within a mainstream school, then they should receive relevant support there.
- The Chair asked for clarification on the SEND crises for the Local Authority. The Director of SEND and Education advised that there were around 300 children awaiting a specialist placement post EHCP. Complexities arose due to lack of sufficient capital funding and revenue funding. The Local Authority were looking to expand special schools and applied to have a DFE Free-School, but this wasn't successful, despite two submissions. The vast majority of the 300 children were currently receiving extra support in Mainstream schools and around six children were receiving home tuition pending consultation. Other influencing factors such as City move-ins requiring placement were impacting on the situation.
- A national crisis of specialist independent special schools was discussed, and it was explained how spaces were becoming limited and placements could result in significant journey times. If places were not available in the city, independent places were considered.
- Responding to a query on the previous SEND strategy, The Director of SEND and Education advised that a piece of work had been completed on Mainstream top up funding. Special school banding and residential provision had been examined amongst other workstreams, but the SEND picture was ever changing.
- Regarding forward planning, despite the drop of in birth rates, factors such as migration resulted in problematic forecasting.
- The Strategic Director Social Care and Education discussed the collective SEND deficit, advising it was forecast to reach £8 billion nationally. He advised that the 2014 legislation did not match local finance so the Local Authority is constantly trying to redress the balance.
- A suggestion was made for a Task and Finish group to look into HNB spending and the SEND Inclusion Transformation Manager referenced the National Standards Programme pilot work where head teachers share best practice along these lines.

- The number of yearly tribunals was queried, and it was explained that there are around 80 annually - The Strategic Director Social Care and Education advised that the spending figures could be forwarded for reference.
- An action plan would sit beneath each key area covered by the report. A board, chaired by The Director SEND and Education was set up, each workstream target would be examined. This could be brought to scrutiny.
- Replying to a question on Early Years support, The Strategic Director of Social Care and Education emphasised early identification and advised that statutory checks by health visitors can pick up on issues initially. There is a wide support network available such as the Children's centre provision.
- Answering a question on HNB underfunding and the recent change of Government, The Assistant Mayor for Education and SEND advised that the Local Authority would be lobbying the government.
- Responding to a question on continued funding for Post 16 SEND school transport, The Strategic Director Social Care and Education advised that as it was not a statutory offer it would be unlikely and there had not been any indication that this would be the case.
- The Director of SEND and Education advised on the six strands added to the recovery plan, saying that they wouldn't need to consult with the DFE, they were meeting with them again in February but this shouldn't impact on the plan.
- Regarding financial challenges faced by other Local Authorities, The Director of SEND and Education advised that there were two levels of DFE Programmes, these being 'The Safety Valve Project' and the 'Delivering Better Value toolkit'. Leicester City Council examine these documents and can see the value, many of the suggestions were already in place.
- Replying to discussion of residential provision at Millgate School, the Director of SEND recommended a range of provision tailored to the child's changing needs.
- A request was agreed for a HNB Management Recovery Plan and Transformation Project Case Study be brought 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 a task group on the HNB be undertaken.
- 4) That a report on sufficiency in mainstream and special schools be brought to the Commission.
- 5) That a Case Study Report be brought to the Commission.
- 6) That a report to be brought on sufficiency in Mainstream and Special Schools.
- 7) That further comments and questions could be sent to officers for consideration.

## 104. WORKLOAD AND RESOURCES

The Strategic Director of Social Care and Education submitted a report to provide the Children, Young People and Education Scrutiny Commission with an overview of current workload and resources available to the two children's divisions in the Social Care and Education Division.

The Strategic Director of Social Care and Education acknowledged complexities faced by the Local Authority and provided an overview of how workload and resources have been affected.

There was a diverse source of revenue for the Local Authority to manage. Growth in external division markets, trading services, grants and commissions contributed to this large network. When applied to Local Authority staffing, there were 623 members of staff.

Around 89,000 children now resided within the city and the rate of growth increases vastly each year. This was impacted by migration from within the UK and from overseas. The Local Authority is under pressure to best manage resources within challenging circumstances.

*A discussion took place and a member of the public wished to raise a question. The Chair explained protocol and advised on the question submitting procedure.*

Clarification was provided on a section of the report which hadn't formatted correctly. The content had explained that statistics quantifying numbers of EHCPs included not only children residing within the city permanently, but also looked after children from other Local Authorities who had been placed in the area.

- Responding to a question on increasing demand for EHCP's and how staff could be more efficiently allocated, The Director of SEND and Education advised that the team continually reviewed thresholds and workloads. The Equality and Improvement team constantly examines best practice. Whilst feedback from schools was positive, progression was greatly impacted by growth of caseloads placing a stress on SEND.
- Regarding a query on quantities of agency staff, it was clarified that these made up 21% of the staff. Benchmarking with other Local Authorities showed this to be lower than average. These figures would be shared with the commission.
- The Director of SEND and Education provided EHCP tribunal statistics. For 2023 there were 900 requests for EHCPs. 20% were refused. For the year to date, 560 EHCPs were requested, with 30% refused. This year there were 31 mediation meetings and 53 tribunals.



AGREED:

- 1) The benchmarking figures on agency staff be shared.
- 2) That the report be noted.
- 3) That comments made by members of this commission to be taken into account by the lead officers.

## **105. ADVENTURE PLAYGROUNDS UPDATE**

The Strategic Director of Social Care and Education gave a verbal update on the current position regarding adventure playgrounds.

Key points included:

- The final payment to play associations had been agreed and was to be issued next financial year. Each play association would receive 50% of their usual historic grant. The associations could use their final payment as they wished in order to help them to function as they awaited decisions on other forms of funding.
- Each play association had met with Estates and Building Services to look at the value that allows them to have a licence. Licences would be issued for five years from next year. For this period the local authority would pick up maintenance costs which would then go through into a lease.
- Parkland in St Matthews had needed a small public consultation. This had passed without comment.
- There had been issues with the conditions of the roof at Braunstone. Estates and Building Services were looking into this to find a solution.
- Conversations around asset transfer were ongoing, and risk was being looked into for the various organisations.
- Positive feedback had been received from play associations, and sustainability plans were in place.

The Chair requested that final feedback on parachute payments and licences be brought to the Commission.

AGREED:

- 1) That the report be noted.
- 2) That final feedback on parachute payments and licences be brought to the Commission.

## **106. LEICESTER SAFEGUARDING CHILDREN PARTNERSHIP BOARD - YEARLY REPORT 2023/24**

The Strategic Director for Social Care and Education submitted the Leicester Safeguarding Children Partnership Board Yearly Report for 2023/24.

The Commission were invited to comment on how effectively Leicester safeguarding partners (police, health, and local authority) have jointly reported on the activity they have undertaken in a 12-month period, with a focus on multi-agency priorities, learning, impact, evidence, and improvement.

The Independent Chair of the Partnership presented the report.

Key points included:

- The report provided an account of multi-agency work undertaken in the 2023-24 period in terms of statutory requirement and priorities identified for Leicester.
- Priorities were identified based on evidence and data presented, as well as on reviews done nationally.
- The report also detailed areas and groups undertaking work on behalf of partnerships.
- The partnership was aware of the importance of children being heard and responded to. This was a key feature of the report and the voice of children had been presented in a cohesive way.
- Very detailed scrutiny had been undertaken to look at what had been working well and mapping against requirement, as well as looking at best practice in other areas of the country and provision in terms of the way the partnership worked.
- The scrutineer had been worked with on how to engage children and produce policies in an appropriate and child-friendly way, looking at priorities from children's perspective.
- There had been a requirement for change in chairing arrangements between the partners.
- Whilst education had not been made a statutory partner, it was being considered as to how to strengthen the voice of education.
- The voluntary sector would be strengthened to include the sports sector as national safeguarding concerns had come to light.

The Assistant Mayor for Education and SEND thanked the Independent Chair of the partnership for the report. She reported that she had attended the meeting and found it interesting and was pleased that education would now be a part.

The Commission were invited to ask questions and make comments. Key points included:

- In response to a query on further areas for improvement, the Independent Chair noted that she had worked with other partnerships in terms of scrutineering and reviews, and commented favourably on the fact that the partnership in Leicester there was a strong, multi-agency partnership and that the partnership was equal in terms of chairing and the reports produced. This was not the same across the country.
- It was clarified that the process was dynamic, including when considering priorities. If an issue came to light, it was updated as the year went on. The report was just a taste of the work done by the different partners and areas.
- In response to a query about disproportionality between ethnic groups and child protection figures, it was noted that this was not unusual nationally, however, disproportionality was looked at carefully and was picked up as an ongoing priority by the partnership, which looked at whether some children were less typically coming to the attention of the partnership.
- The terms of reference of the task group to develop learning and training around the role of immigration status, culture, faith, and parenting in safeguarding children would be circulated.
- In response to a query on rising demand for emergency support leaving less to spend on preventative services, the Director for Childrens Social Work and Early Help explained that Child Protection Plans had been dropping over the past weeks and were currently at around 405 and might not tally to when the report was concluded. One of the strengths of the service at Leicester City Council was that it had an extensive preventative offer which included an early help response team embedded with Duty and Advice Service. This meant that early help works began working with families straight away then the authority was contacted, which meant that an impact could be seen earlier, as opposed to waiting for a process to be concluded. Moving towards a family help model where early help and family services were integrated made escalations more seamless where concerns were escalated. The number of investigations did not necessarily mean that the number of plans increased. Where there was more confident and developed practice, the level of intervention tended to be less intrusive.

AGREED:

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

## **107. WORK PROGRAMME**

Members of the Commission were invited to consider content of the work programme and were invited to make suggestions for additions as appropriate to be brought to future meetings.

As agreed during the meeting, the following items would be added to the workplan:

- High Needs Block Tribunals
- High Needs Block Case Study
- High Needs Block Sufficiency in Mainstream and Special Schools

The work programme was noted.

#### **108. ANY OTHER BUSINESS**

There being no further items of urgent business, the meeting finished at 19:50.



# LLR YOUTH SUMMIT 2024



# CHILDREN & YOUNG PEOPLE, HEALTH & SOCIAL CARE COLLABORATIVE

- Highlight the need to improve how we listen to children and young people
- Mapped existing participation activity
- Dip sample research - SEND/EHCP/Looked after
- Established an LLR Participation Network
- Improvement plan
- Youth Summit

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# ABOUT THE SUMMIT

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- Young people from LLR came together during the October half term. This was the first time all of the participation groups met and come together as one
- The aim of the event was for us to discuss health and social care services and experiences . We explored the challenges young people have faced when accessing these services



# WHAT THEY DID!

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## Prior to the summit

Within group sessions, the young people looked at health and social care services and issues we face using these services .

They put together questions and themes that they wanted to share .

## At the summit

They did ice breakers , shared who they are and what they do within their organisations . They then looked over all the questions that all groups had submitted and rated our top 5 .

## Feedback

They shared plans to take these 5 themes back to their respective organisations and for these to be shared wider.



# TOP 5 THEMES

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Why are young people not seen by their dentist in a very long time? We don't get messages about regular check ups. What's going on?

How could we have more awareness about neurodiversity across many levels (schools/ GP/ Health services, Councils)

We often feel not heard when attending appointments. Professionals do not take our feelings into consideration. When talking directly to us talk to us directly, do not use big words and explain so we can understand

# TOP 5 THEMES CONTINUED

Need to focus on Transitioning (25years plus) SEND young people going from everything to nothing is hard. A way to pass on knowledge and training from one staff member to other needs improving.

More needs to be done to help young people understand information. There needs to be more easy read information as there is often too much information. This includes Health information and EHCP plans.

# WHAT NEXT

We have pledged to go back to our respective groups to raise the concerns in our own areas starting here today .

Young people have signed up to plan the next summit !

What can you as health services and social care offer us to make change ?



THANK  
YOU





# Appendix C

## **CYPE Scrutiny Commission**

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Children and Young People  
from Abroad Seeking Safety

CYPE Scrutiny Commission: 14 January 2025

Lead director: Laurence Jones

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## **Useful information**

- Ward(s) affected: All.
- Report author: David Thrussell, Head of Service, Corporate Parenting
- Author contact details: 0116 454 1657
- Report version number: v3.

## **1. Summary**

- 1.1. This report provides an overview of children and young people who come to Leicester having arrived from abroad seeking safety, often referred to technically as “Unaccompanied Asylum- Seeking Children”. The report relates specifically to children and young people who are looked after by the council or are eligible for support as care leavers and does not reference all new arrival families entering the city who do not receive support from social care.
- 1.2. The council has continued to meet its obligations in respect of children and young people seeking safety. This has had an impact on resource allocation across children and young people’s and education services and housing together with our statutory partners including health services. These additional pressures continue to be monitored and are part of the regional and national dialogue with the Home Office and the Department for Education.

## **2. Recommended actions/decision**

- 2.1 The Children Young People and Education Scrutiny Commission are asked to note the information in the report.

## **3. Detailed report**

- 3.1 Leicester City currently supports 46 Children Seeking Safety who arrived unaccompanied from abroad and are eligible for support as Children Looked After. This represents a small proportion of the 608 children and young people who are currently looked after and is an increase of 6 additional looked after children since the last report to CYPE Scrutiny in June 2024.
- 3.2 As Children Looked After the Local Authority has the same duties as Corporate Parents to ensure these children’s social care, health and



education needs are met until their eighteenth birthday when they become eligible for further assistance and support as adult care leavers up to age 25.

- 3.3 Most children and young people coming to the city seeking safety are older adolescents. The largest group of young people who are being supported are aged 18, although the ages range from 15-24 years. The Local Authority Leaving Care Teams currently supports 61 young adults aged 18-25, who arrived unaccompanied from abroad and were subsequently looked after. This represents a small increase in the total number of 304 Care Leavers currently being supported.
- 3.4 The numbers of children seeking safety are impacted by seasonal factors with higher numbers in summer months. There is an annual trend in children becoming eligible care leavers from 01 January each year where age assessments are required, and children seeking safety having arrived from abroad are provided with a designated date of birth as 01 January.
- 3.5 The overwhelming majority of children seeking safety are male with the Children Looked After Service currently only supporting one female child and the leaving care team three adult women. Whilst children and young people seeking safety come from a diverse range of cultural and ethnic backgrounds, the largest single group are from Afghan heritage, followed by Iranian and Syrian ethnicity with predominantly Kurdish heritage.
- 3.6 There are three main pathways for Children Seeking Safety. Most children and young people are identified and transferred to Leicester as part of a National Transfer Scheme overseen by the Home Office. The scheme is based on a formula of 0.1% of the total child population of the city. The National Transfer Scheme was set up following increased number of arrivals of children and young people at ports, and the surrounding authorities unable to manage the numbers. To share the responsibility for these children across the UK the National Transfer Scheme was implemented by the Home Office. 100 children have transferred to Leicester on this scheme to date.

- 3.7 Ten young people are either spontaneous arrivals outside of the national transfer scheme or transfer from Home Office supported hotels when they identify as children seeking safety since July 2024. There have been 18 spontaneous arrivals since 01 June requiring age assessments.
- 3.8 As the age profile of children and young people seeking safety is mainly over 18 years, most of the young people being supported live in semi-independent accommodation in the community, with a smaller number of young people living in foster care or children's residential homes. These arrangements are subject to the same safeguarding and quality assurance systems that are in place for all children looked after and care leavers. This includes regular care plan and pathway plan reviews by a named social worker or leaving care advisor, visiting arrangements, tailored support agreed with the young person, and access to advocacy support.
- 3.9 Children and young people who are seeking safety are supported with integration into their local communities in accordance with their religious and cultural preferences. This may include support offered by churches, mosques, and temples together with services offered by local voluntary and community groups such as the Centre Project that provides a dedicated youth space and with advice and support for young people seeking safety.
- 3.10 Children who are seeking safety and who are looked after are supported by the Virtual School Team to integrate into local schools and are provided with a range of curricular and extra-curricular activities that are provided to all our children looked after. Our Virtual School also work with a range of organisations to provide additional post curricular enrichment activities.
- 3.11 The Virtual School have worked with partners in the authority to address the increasing need for English for Speakers of other Languages (ESOL) provision for our young people seeking safety. As our training providers and colleges are often full or do not take midway through the year, a new project will be launched in January to extend our ESOL offer as part of the DfE grant funded Staying Close and Connected programme for care leavers. The Adult

Education Centre have provided ESOL teachers to support our young people to access the course and to provide enrichment activities that will help to prepare them for life in Leicester and beyond.

- 3.12 The Educational Psychology Service Emotional Well-being in Education (EWE) project provides support and interventions for children in care including children and young people from abroad seeking safety in Leicester. The Creative Journeys intervention aims to provide a safe space for unaccompanied children to recognise their strengths and create safe pathways for the future as they plan for adulthood. Art, music (Taiko drumming) and the young people's individual interests are used creatively to support language, communication, and emotional expression. This project is in collaboration with Bull Frog Arts.
- 3.13 Young people who are seeking safety and are eligible for support as care leavers are provided with careers advice from our Information Advice and Guidance Service for support with employment, and training.
- 3.14 Children seeking safety who come to Leicester having arrived from abroad may have experienced trauma and have complex unmet health needs. As with all children looked after, children seeking safety will be provided with an initial health assessment by a designated health professional to identify their health needs which will inform their care plan. Children who arrive from abroad will be provided with translators and interpreters to attend health clinics and be referred to specialist health services such as Child and Adolescent Mental Health Services where appropriate.
- 3.15 Adult arrivals who are seeking safety and then claim to be under the age of 18 years following their arrival are subject to age assessments. This requires additional professional social worker and independent support and interpreter services and may result in a young person either becoming looked after or ceasing to be looked after and not eligible for further support.

- 3.16 Seven age assessments have been completed by the Looked After Children's Team since January 2024 on children and young people received under the National Transfer Scheme. Four of these led to the outcome of the young person being over 18 years old. There are currently two legal challenges on-going and not fully settled. Three age assessments led to the young person's age being accepted as under 18, with a further two in progress and four awaiting commencements.
- 3.17 Adults who have not had their age assessment verified and who subsequently have their asylum claim declined can either make their way to the originating country independently or can join a Home Office scheme to return them home. They have No Recourse to Public Funds (NRPF) other than specific Home Office grants.
- 3.18 The Local Authority are actively involved in regional arrangements with the Department for Education to identify and support children seeking safety. Liaison also occurs at a national level with the Home Office in respect of individual children and young people and the National Transfer Scheme.
- 3.19 The Rights and Participation Service has identified the voice of Children and Young People from Abroad seeking safety as a priority in 2025/6. A mapping exercise has been undertaken to promote access to advocacy services and there are two designated places for children and young people from abroad on the Young Peoples Council. The team has also worked to ensure that access to support services is available to all eligible looked after children and care leavers in a range of languages.
- 3.20 A Regional Independent Fostering Agency (IFA) Pilot was launched on 02 December supported by East Midlands Councils to identify local foster carers for Children and Young people from Abroad Seeking Safety. Once identified, the carers will be offered to Local Authorities including Leicester, for young people allocated to them through the National Transfer Scheme.

3.21 Childrens Social Care and Education will continue to work collaboratively across the council and with strategic partners to ensure that support can be planned, and services integrated for children seeking safety who come to Leicester having arrived from abroad.

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

##### 4.1. Financial implications

The Home Office provides funding to local authorities in respect to their costs of supporting unaccompanied asylum-seeking children (UASC). This is on a case-by-case basis. The projected claim for 2024/25 is expected to the £2 million for 63 cases.

Signed: Mohammed Irfan – Head of Finance

Dated: 02 January 2025

##### 4.2. Legal implications

The report notes the legal obligations in respect of unaccompanied asylum seeking children and how the authority is fulfilling these statutory duties. There are no legal implications flowing from the report.

Signed: Susan Holmes

Dated: 24th December 2024

##### 4.3. Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which requires us to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic as defined by the Equality Act 2010 (sex, sexual orientation, gender reassignment, disability, race, religion or belief, marriage and civil partnership, pregnancy and maternity, age) and those who do not.

In keeping with our PSED, we are required to pay due regard to any negative impacts on people with protected characteristics arising from our decisions (and this would include decisions on how we deliver our services) and put in place mitigating actions to reduce or remove those negative impacts.

The report provides an update on the working being undertaken across services in relation to Unaccompanied Asylum-Seeking Children who are looked after by the council or care leavers eligible for support. This group of children are particularly vulnerable and face unique challenges. Protected characteristics of children and young people have been taken into account when providing services for them, for example, age, race, religion or belief, sex and collaborating with statutory partners and voluntary and community groups can enhance the provision of holistic support and help them to integrate into society.

Signed: Sukhi Biring, Equalities Officer

Dated: 24 December 2024

#### 4.4. Climate Emergency implications

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

Signed: Aidan Davis, Sustainability Officer, Ext 37 2284

Dated: 2<sup>nd</sup> January 2025

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

None

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

- 5.1 This report is accompanied by a presentation on the support services and local offer to children and young people seeking safety.

**6. Summary of appendices:**

Appendix One & Two Anonymised Case Studies.

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

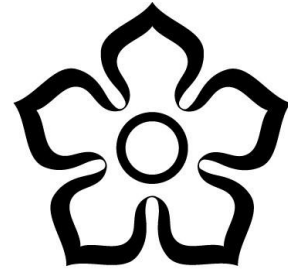
No

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

N/A







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# Local offer to children and young people seeking safety

- Arriving in the city boundaries by irregular means (spontaneous arrival) and deemed to be a child or in need of an age assessment.
- Travelling to the city as part of the National Transfer Scheme overseen by the Home Office.
- Being referred to Leicester City Council Children's Services from an adult contingency accommodation (hotels).
- Travelling to the city as part of an arrangement with another Local Authority outside of the National Transfer Scheme.

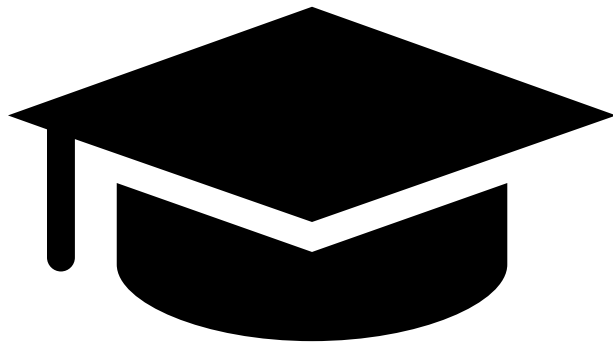
# Placement/home options

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	Foster Care/Children's Home	Supported or Semi-Independent Accommodation
Suitability	<ul style="list-style-type: none"> <li>For young people under 16 (or older with vulnerabilities)</li> </ul>	<ul style="list-style-type: none"> <li>For young people over 16 (depending on your needs)</li> </ul>
Financial Support	<ul style="list-style-type: none"> <li>Carers will provide food, clothing, travel costs, personal items and spending money.</li> <li>Up to £100 for a bicycle.</li> </ul>	<ul style="list-style-type: none"> <li>A personal allowance of £72/week for food, personal items and activities.</li> <li>An initial clothing allowance of £150 based on assessed need.</li> <li>Twice yearly clothing allowance of £150 due to seasonal changes.</li> <li>Bus pass for education and appointments if over 3 miles.</li> <li>Alternatively, up to £100 for a bicycle.</li> <li>£80 towards mobile phone.</li> </ul>

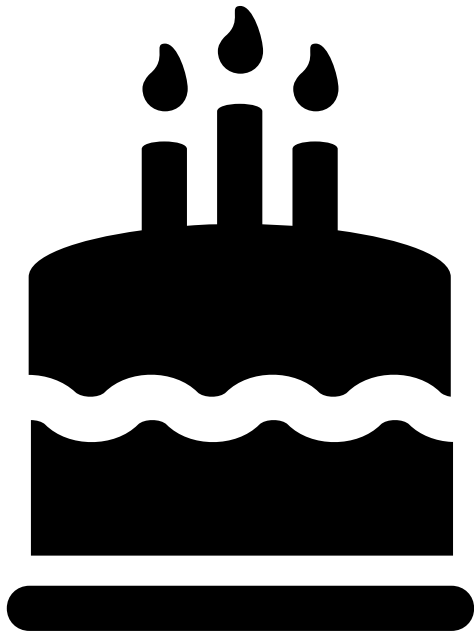


- Support to be registered with a GP, dentist and optician
- Support to attend appointments as needed
- An Initial Health Assessment followed by yearly Review Health Assessments, (supported by an interpreter)
- Referral to a Looked After Children's Nurse if required



- Support to access appropriate education; a school if under 16, or ESOL at local college / education provider if over 16
- Termly Personal Education Planning meetings, (supported by an interpreter if required)
- Consideration for contribution towards a laptop if needed for learning
- Advice from the Virtual School

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- Where required we will undertake a brief enquiry as to the age of the child or young person
- If required, we will undertake a Merton-compliant age assessment
- If assessed to be an adult, we will facilitate accessing adult asylum support services
- We will provide an interpreter and Independent Advocate for all assessment sessions.

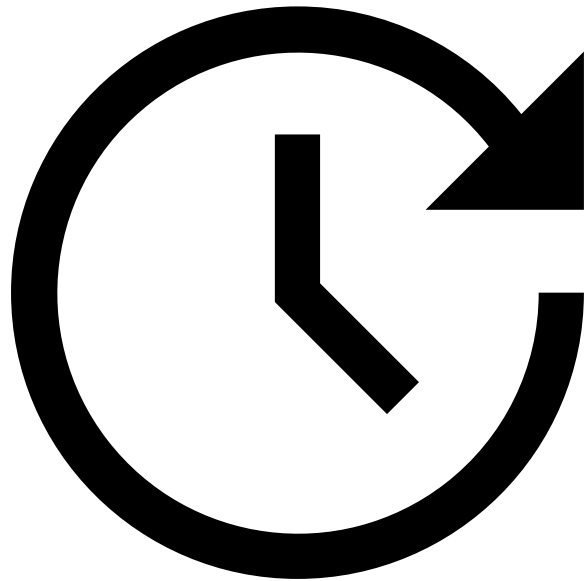


- We will ensure registration with an Immigration solicitor to make an asylum claim
- We will encourage attendance and engagement with appointments with the solicitor
- Facilitate transport and support with asylum interviews with the Home Office
- Ensure that appropriate interpretation services are provided by solicitors and the Home Office



- Regular visits from an allocated Social Worker until 18 years old
- From age 17 onwards, support from an allocated Leaving Care Advisor
- Help to have good relationships with carers or placement staff
- Help to have good relationships with members at staff at education setting

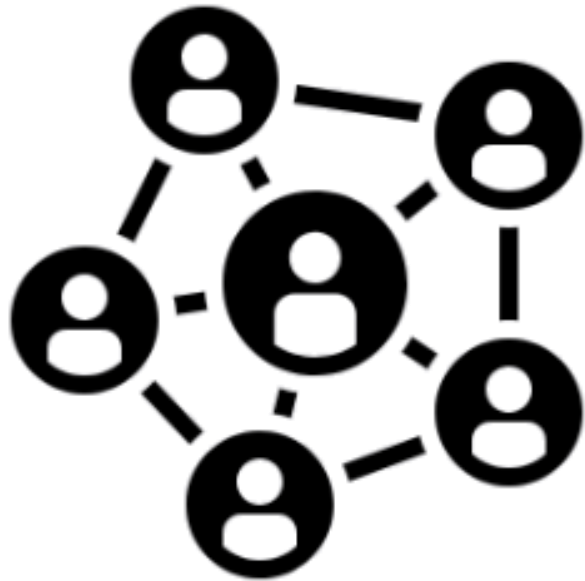




- Undertake a Pathway Assessment within 3-months of coming to Leicester (if eligible)
- Plan for options if asylum claim is successful – support with housing, finances and education, training and employment
- Plan for unsuccessful asylum claim but remain in country – appealing decision, support with housing, finances, education and training, Human Rights Assessment
- Plan for unsuccessful asylum claim and Home Office are seeking removal from UK – appealing decision, support with next steps



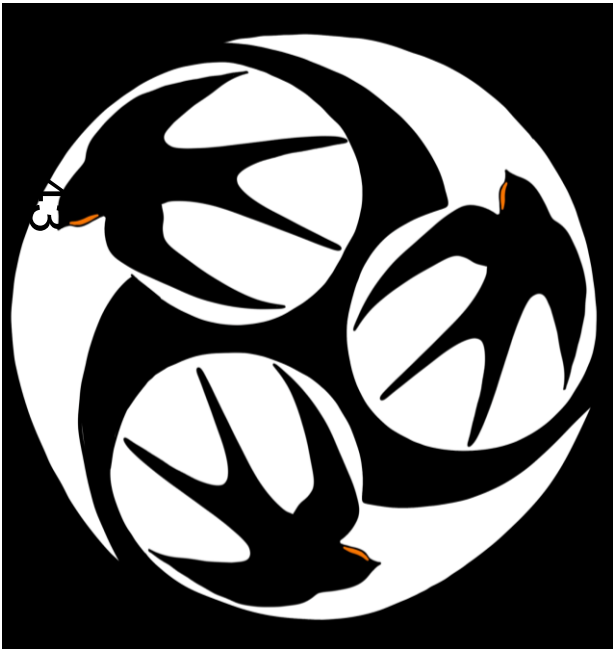
- Emotional Wellbeing in Education project – support for children seeking safety through creative arts.
- Bullfrog Arts providing trauma-informed drumming project to increase emotional wellbeing
- Signpost to ‘After18’ charity for additional support, advice, education support and friendship.
- Signpost to Leicester City in the Community football sessions, via After18.
- If local to Leicester provision of a free leisure pass for Council-run centres. If further away consideration of funding gym membership.



- Support to engage with ‘home’ community locally where safe to do so – leisure activities, friendships
- Support to engage with your faith community locally, e.g., Mosques, churches, prayer mat
- Plan for unsuccessful asylum claim but remain in country – appealing decision, support with housing, finances, education and training, Human Rights Assessment
- Plan for unsuccessful asylum claim and Home Office are seeking removal from UK – appealing decision, support with next steps
- Refer to Red Cross Family Tracing service if desired and safe to do so

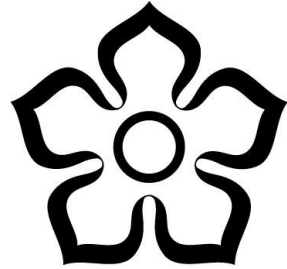


- Emotional Wellbeing in Education (**EWE**) project provides support and interventions for children in care including unaccompanied children (UAC) seeking safety in Leicester.
- The ***Creative Journeys*** intervention aims to provide a safe space for unaccompanied children to recognise their strengths and create PATHs for the future as they plan for adulthood.
- Art, music (Taiko drumming) and the young people's individual interests are used creatively to support language, communication, and emotional expression.



- Bullfrog Taiko Journeys Project in partnership with the Virtual School and Educational Psychology Service.
- The Journeys Project is a Trauma Informed Taiko drumming project created specifically to support Leicester's unaccompanied asylum seekers/children seeking safety as they transition to their new educational settings.
- Taiko drumming is a Japanese art-form that is very engaging, quick to learn and can be particularly beneficial for students who have suffered trauma in their lives. It's a spectacular and very accessible art-form with a rich cultural legacy that has the inherent benefits of nurturing self-regulation, confidence, teamwork skills, concentration and the ability to regulate emotions.
- The Taiko project is designed to support Looked After Learners across weekly drumming sessions and Journeys has been adapted to meet the needs of the individual students and the school they attend. Underpinned by the Secure Base Model (UEA) the series of weekly Taiko sessions enables UASC/CSS to experience a therapeutic intervention to support them to transition into their new schools, as well as build friendships and experience the therapeutic benefits of the patterns and rhythms of taiko drumming.
- After a successful pilot project in the City of Leicester School last academic year 23/24 we are currently developing our Journeys project with Leicester College.





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# Placement costs and IMPOWER update

- Need to achieve best value for money
- Seeking savings to address budgetary pressures



- Finding the right home, in the right place, at the right time for all our children and young people, ensuring they have a safe place to live where they feel protected and valued



## IMPOWER **EDGE** WORK

- Two phases of work led by IMPOWER in 12-week periods in 2023 and 2024
- Phase 1: identified opportunities for improving outcomes for children and young people, whilst easing budget pressures through reunification, placement move from residential to fostering and move from an Independent Fostering Agency to in house
- Phase 2: realised some of these opportunities and worked on elements of a wider, coproduced transformation plan
- 57 young people were identified in cohort 1, a further 46 were identified in cohort 2

- Across these cohorts, the net difference in between the original placement costs and costs as of December 2024 is a saving of £14,724.86 per week (representing an average saving of £142.96 per young person per week), equivalent to annual saving of £765,692.72
- Greatest savings generated through cohort 1 (total weekly savings £32,288.74), while cohort 2 sees weekly increase of £17,563.88
- In cohort 1, those identified for opportunity 1 and 2 had greatest weekly cost savings on average (though the identified opportunity was not the realised placement change in all cases)

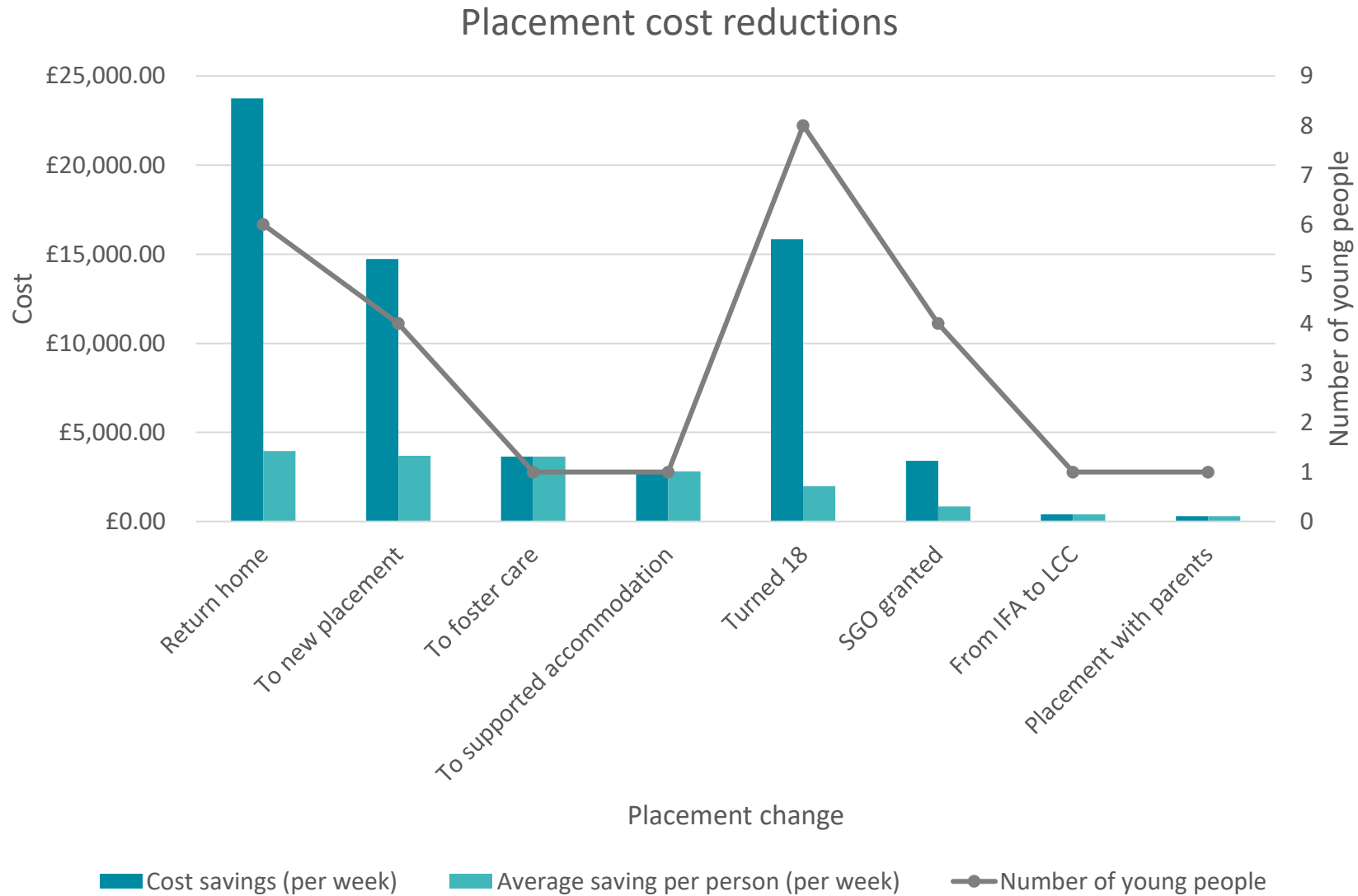
	Original weekly cost	Current weekly cost	Difference	Difference average per person
<b>Cohort 1</b>	£183,523.64	£151,234.90	-£32,288.74	-£566.47
<b>Cohort 2</b>	£53,632.25	£71,196.13	+£17,563.88	£381.82
<b>Total</b>	£237,155.89	£222,431.03	-£14,724.86	-£142.96

Cohort 1 identified opportunity	Total difference in weekly placement cost	Average difference in weekly placement cost per person
<b>Opportunity 1</b> (Reunification)	-£12,261.80	-£817.45
<b>Opportunity 2</b> (Placement move from residential to fostering)	-£21,177.55	-£882.40
<b>Opportunity 3</b> (Move from an Independent Fostering Agency to in house)	+£1,150.61	+£63.92

- In the two cohorts identified by IMPOWER, there have been reductions in placement costs totalling £64,884.57 per week (£3,373,997.64 per annum)

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Reason for reduced cost	Number of young people	Cost reductions (per week)	Average reduction per person (per week)
Turned 18	8	£15,846.56	£1,980.82
Return home	6	£23,746.62	£3,957.77
To new placement	4	£14,737.03	£3,684.26
SGO granted	4	£3,407.63	£851.91
To supported accommodation	1	£2,810.79	£2,810.79
Placement with parents	1	£300.30	£300.30
To foster care	1	£3,639.75	£3,639.75
From IFA to LCC	1	£395.90	£395.90

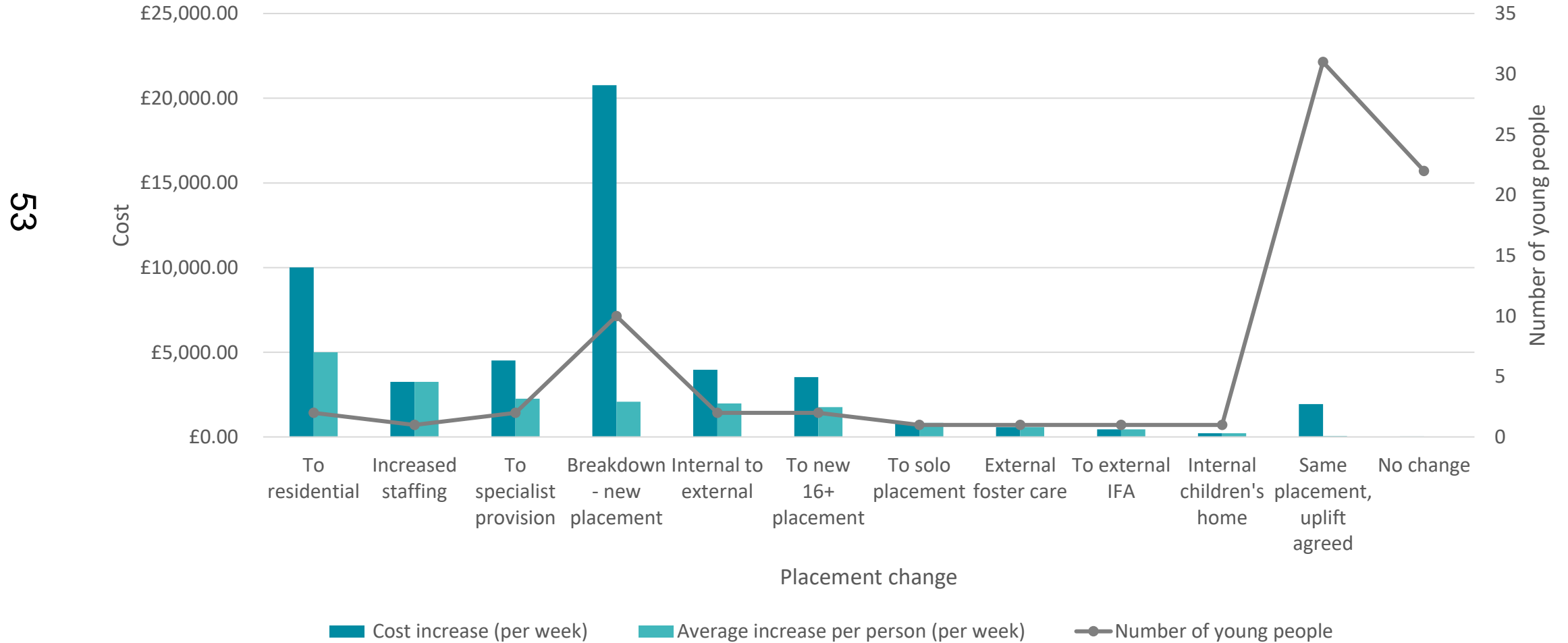


- In the two cohorts identified by IMPOWER, there have been increases in placement costs totalling £48,212.50 per week (£2,507,050.24 per annum)

Reason for increase	Number of young people	Cost increase (per week)	Average increase per person (per week)
Same placement, uplift agreed	31	£1,947.21	£62.81
No change	22	£34.19	£1.55
Breakdown - new placement	10	£20,776.32	£2,077.63
To specialist provision	2	£4,515.48	£2,257.74
To new 16+ placement	2	£3,534.27	£1,767.14
Internal to external	2	£3,964.21	£1,982.11
To residential	2	£10,012.02	£5,006.01
To solo placement	1	£839.21	£839.21
Increased staffing	1	£3,250.00	£3,250.00
Internal children's home	1	£227.91	£227.91
External foster care	1	£579.69	£579.69
To external IFA	1	£448.29	£448.29

# IMPOWER cohort - increases

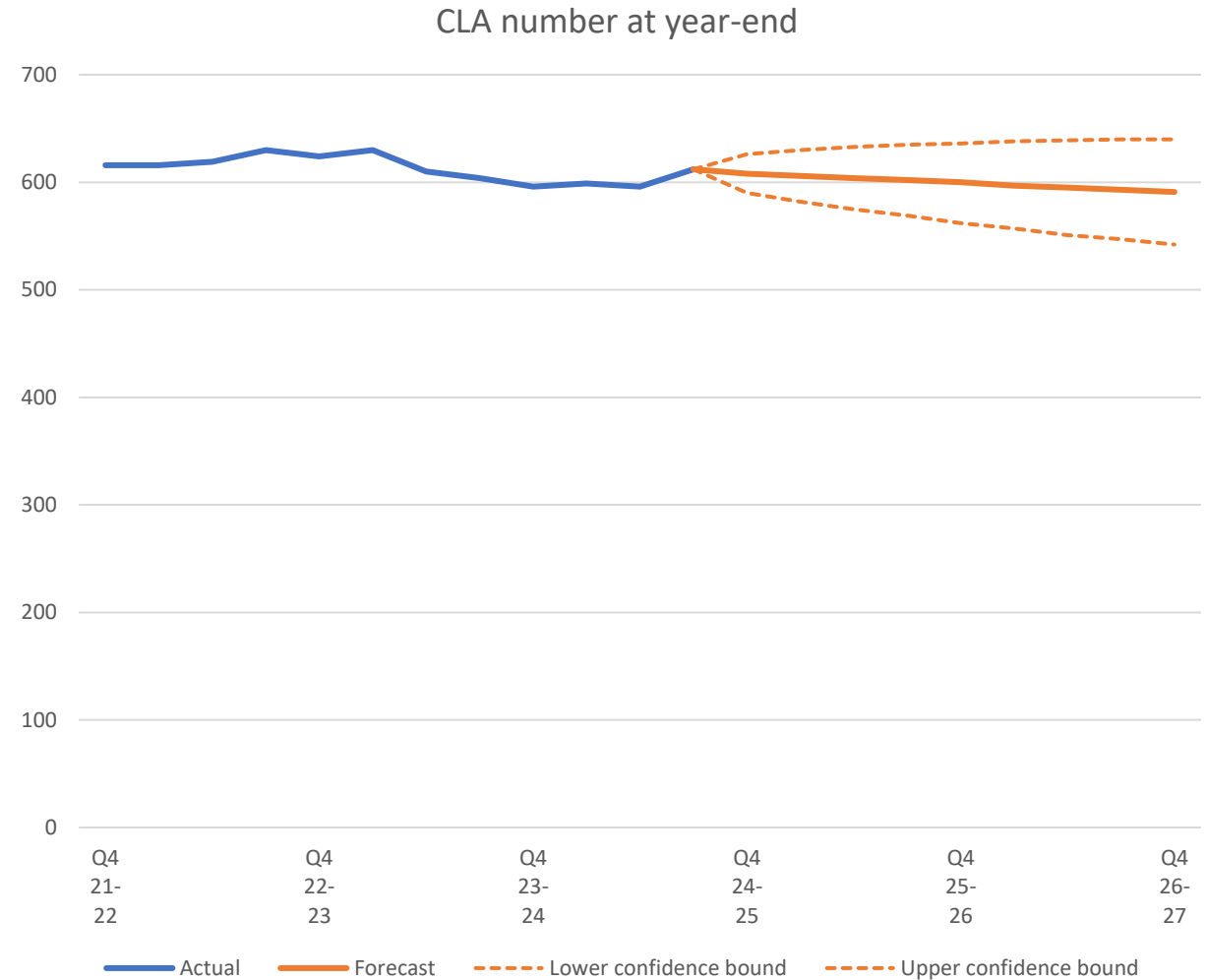
## Placement cost increases



# General IMPOWER reflections

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- CASS numbers lower than predicted on IMPOWER forecasts – impact on trajectories
- Overall trajectory in looked after children numbers and placement spend optimistic





- The Valuing Care approach helps teams to understand the needs, strengths, and aspirations of the child or young person, which inform the opportunities identified which could better support them. Potential benefits of utilising the tool include:
  - Supporting a more integrated model for commissioning placements, identifying trends in need
  - Planning for future sufficiency within fostering through the identification of strengths and development needs
  - Enhancing specialist matching of children's needs to placements, e.g. mental health needs

- Wider implementation of the Valuing Care tool during 2024 has been impacted by the cyber incident (rendering the testing system unavailable) and a shift in focus on towards preparing for an Ofsted inspection (with a decision made not to begin work implementation until after the inspection activity concluded).
- 51 • The Valuing Care tool will be revisited in 2025, with consideration given to alignment to existing frameworks/ expectations (e.g. Signs of Safety and Strengths and Difficulties Questions) together with a wider review of forms. It is not possible for any wider LiquidLogic systems change until after May 2025 due to planned updates so there will be time to first better understand the impact of the Valuing Care tool before any roll out is initiated.

Further to activity building on the IMPOWER work, additional work to reduce placement costs and support children and young people into placements that best meet their needs has been carried out:

- Governance around managing costs strengthened (including boosted capacity within placements team, panels offering infrastructure for oversight (high-cost panel, PDG, transitions panel)), supporting quality assurance, greater levels of challenge, oversight and quality assurance
- Opening of a new Children's Home and planned further expansion of internal Children's Home offer, ICB agreed joint bid for capital funding 25/26 (tier 4, mental health discharge)
- Work to support those at the edge of care, including a pilot of Functional Family Therapies to support reunification

- Functional Family Therapies pilot programme:
  - Based on analysis of family therapy programmes, scoped opportunity to expand eligibility criteria for FFT
  - Therapeutic family support to achieve reunification
  - 6 children being worked with between now and April
- Discharges from care
  - 2023/2024: 24 discharges from care – SGOs, kinship, adoption, return home
  - 2024/2025 (year to date): 16 discharges from care – SGOs, kinship, adoption, return home

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## **Children's Services: Cost Mitigation Programme Overview**

For consideration by:  
Children, Young People and Education Scrutiny  
Commission

Date of meeting: 14 January 2025

Lead director: Laurence Jones

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## Useful information

- Ward(s) affected: All
- Report author: Laurence Jones
- Author contact details: [laurence.jones@leicester.gov.uk](mailto:laurence.jones@leicester.gov.uk)
- Report version number: V1

### 1. Summary

1. This report provides an overview of the development and progress of the Children's Services Cost Mitigation Programme.
2. Cost pressures in children's services have grown in recent years driven in the main by the cost of placements for looked after children, the cost of agency social work provision and the increasing numbers of children needing assessment and provision in relation to special educational need.
3. In the 2024-25 financial year the Children's Social Care and Early Help Division is projected to save £2 million and has a clear strategy for continuing to manage costs in coming years to reduce budget growth.

### 2. Recommended actions/decision

1. To note the current activity taking place across children's services to ensure cost mitigation is maximised whilst ensuring the needs of children, young people and families are met in line with legislation and guidance.

### 3. Scrutiny / stakeholder engagement

This report is written for the Children, Young People and Education Scrutiny Commission.

### 4. Background and options with supporting evidence

4. In the 2024-25 financial year the Children's Social Care and Early Help Division aims to deliver £2million of savings against budget. This will be mainly achieved through the careful management of vacancies and offsetting cost successfully against grant schemes. A small number of posts have been disestablished namely those that were delivering IAPT (Improving Access to Psychological Therapies) work which is not a statutory function for the local authority and where there was little evidence that the delivery was reducing the need for statutory provision. A consultation has taken place on the closure of a number of children's centres but no firm proposals have been made as yet. There is a review of how wider services can be delivered for children and families in the community and this will need to conclude before proposals are made. The Children's Centre building in New Parks is currently closed having been used for a period by a displaced school. The local children's centre there has been co-delivering in shared premises with local community organisations for some time now with positive

results and this provides a pilot for potential future developments. Shared premises and administrative costs provide an opportunity for potential cost savings whilst also being more accessible to local residents.

5. The local authority has worked with IMPOWER consultants looking at how the costs of placements for looked after children could be reduced through using a “Valuing Care” tool which helps commissioners of placements in fostering and residential care look at the true cost of care so that challenge could be made to providers where the cost of care was not in line with children’s needs and additionally where investment in early intervention could prevent a care admission. The latest estimates of tracking across cohorts where this approach has been used is equivalent to an annual cost mitigation of £766,000. A detailed report on the IMPOWER work is available to the Scrutiny Commission.
6. An evaluation has also taken place of our services to children where there is a high risk of them entering local authority care (the “edge of care”) through our Multi-Systemic Therapy (MST) and Functional Family Therapy (FFT) Teams. These teams support families to address the underlying reasons as to why children may need to enter local authority care. In the first six months of the financial year MST and FFT successfully diverted 80 children from care with a forecast placement cost mitigation of £1.6m. An expansion of these approaches and Family Group Decision Making processes at the edge of care will be a feature of future delivery and are supported by the recent policy announcements from the Department for Education (DfE) as is additional support for Kinship Care (children being cared for by extended family rather than entering care).
7. The number of children in the care of Leicester City has reduced from circa 650 to circa 600 over the last year and the average placement cost has not risen significantly. A new children’s home provision run by the authority, Holly House, has opened during summer 2024 and a further home, Hill View, will open this summer. The authority is developing its placement sufficiency strategy which will see further local children’s homes opening run directly by the Council or a not-for-profit provider. The government are proposing legislation to limit the profits of care companies which can run as high as 24% according to the Competitions and Market Authority. They are also proposing regional Fostering Recruitment Hubs with an aim of supporting foster carer availability. These measures should support reduced costs for looked after children placements.
8. There has been a national shortage of qualified social workers and that has led over recent years to an expansion of the agency market with substantial additional costs above direct employment by the local authority. New agency regulations were introduced by government which mean that social workers must have three years post-qualifying experience directly employed by a local authority before working through an agency. Over time this should boost the number of social workers directly employed by the Council. Leicester has also been successful in recruiting qualified social workers internationally with ten having been recruited from South Africa and Zimbabwe and having started work in Leicester and a further five due to join the authority Spring 2025. Changes announced by the DfE to the provision of Family Help teams for children in need may also change the skill mix in teams and reduce the numbers of social workers required. All of these measures should help with financial management and limit costs.
9. The number of young people with special educational needs and disabilities requiring an assessment or provision through an Education, Health and Care Plan has

continued to grow. This has placed pressure on the High Needs Block of the Designated Schools Grant which is now running both in-year and cumulative deficits. It also places pressure on those services for which the Council is responsible for delivering through its own revenue funding. There is a particular growth in the need for transport to and from education setting. The local authority must fund this for those of statutory school age and is currently consulting on changes to the provision of transport to those over the age of 16 which historically cost the authority around £4million per year. This is unlikely to create any significant saving due to the growth in need for the statutory transport provision for school age children with SEND.

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

### 5.1 Financial implications

This report sets out the significant work being done in 2024/25 to control costs within children's social care. The cost of average placements has reduced but there is pressure in other areas such as transport and agency social workers. Progress against plans is monitored by the leadership of the directorate. Cost mitigation work will continue into future years where we expect to make savings in the cost of children's care of £2.4m in 2025/26 and £1.4m in 2026/27.

Signed: Mohammed Irfan, Head of Finance

Dated: 20<sup>th</sup> December 2024

### 5.2 Legal implications

There are no direct legal implications arising from this report.

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

Dated: 22<sup>nd</sup> December 2024

### 5.3 Equalities implications

There are no direct equality implications arising from this report. However, equality considerations need to be embedded in the services being provided across Children's Services as cited in the report. It is recommended that Equality Impact Assessments are carried out as appropriate, e.g. when reviewing how services are being delivered, implementing revised/new strategies which will have an impact on children and their families/carers.

Signed: Sukhi Biring, Equalities Officer

Dated: 24 December 2024

### 5.4 Climate Emergency implications

There are no climate emergency implications directly associated with this report. More widely, it should be noted that service delivery generally contributes to the council's carbon footprint through the consumption and use of energy, materials and services. As such, the development of cost mitigation proposals should include consideration of opportunities to achieve carbon reductions, as relevant and appropriate, which could themselves provide



further financial benefits through reduced consumption.

Potential measures could include opportunities to encourage the use of sustainable and active travel options, using buildings and materials efficiently and following the council's sustainable procurement guidance, as appropriate and relevant to the service.

Signed: Aidan Davis, Sustainability Officer

Dated: 2<sup>nd</sup> January 2025

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

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

**7. Summary of appendices:**

**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)?**

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



# 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

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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>	<b>2010/11</b> £m	<b>2020/21</b> £m	<b>2024/25</b> £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
<b>TOTAL</b>	<b>358.0</b>	<b>316.0</b>	<b>464.0</b>

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

\*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)
<b>Budget gap</b>	<b>61.0</b>	<b>90.4</b>	<b>111.9</b>

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 30<sup>th</sup> 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)
<b>Equals Recurring Budget Gap</b>	<b>46.7</b>	<b>66.4</b>	<b>89.9</b>

Revised projections of reserves are:

	2025/26 £m	2026/27 £m	2027/28 £m
<b>At the beginning of the year</b>	<b>53.5</b>	<b>123.1</b>	<b>56.7</b>
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)
<b>At the end of the year</b>	<b>123.1</b>	<b>56.7</b>	<b>26.8</b>

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):

	<b>2025/26 £m</b>
<b>Expenditure:</b>	
Net service budget (before savings)	447.5
Less savings and cost constraint (see para. 10.4)	(50.9)
<b>Net service budget</b>	<b>396.6</b>
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
<b>Expenditure total</b>	<b>433.9</b>
<b>Income:</b>	
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
<b>Income total</b>	<b>387.2</b>
<b>Recurring budget gap</b>	<b>46.7</b>

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

- 7.1 By law, the Council's role in budget setting is to determine:
- (a) The level of council tax;
  - (b) The limits on the amount the City Mayor is entitled to spend on any service ("budget ceilings") - 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:

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

- 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	
<b>TOTAL</b>	<b>198.3</b>	<b>179.6</b>	<b>18.7</b>

- 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
<b>TOTAL</b>	<b>115.6</b>	<b>119.2</b>

- 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
<b>TOTAL SAVINGS</b>	<b>12.9</b>	<b>21.0</b>	<b>22.8</b>

\*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 10<sup>th</sup> 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
<b>TOTAL</b>	<b>10.7</b>	<b>18.8</b>	<b>20.4</b>

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 £m	2026/27 £m	2027/28 £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
<b>TOTAL</b>	<b>50.9</b>	<b>79.0</b>	<b>98.9</b>

## 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 30<sup>th</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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
<b>Total</b>	<b>132,696</b>		

- 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:
<b>Age</b>  95	<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>
<b>Disability</b>	<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>
<b>Gender Reassignment</b>	<p>No disproportionate impact is attributable specifically to this characteristic.</p>		

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<b>Pregnancy &amp; Maternity</b>	No disproportionate impact is attributable specifically to this characteristic (although see below for childcare costs; and the impacts on lone parents).		
<b>Race</b>	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.
<b>Religion or Belief</b>	No disproportionate impact is attributable specifically to this characteristic.		
<b>Sex</b>	Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents, 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.
<b>Sexual Orientation</b>	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 28<sup>th</sup> 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).

	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
<b>Expenditure:</b>			
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
<b>Net service budget</b>	<b>396.6</b>	<b>414.7</b>	<b>441.9</b>
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
<b>Expenditure total</b>	<b>433.9</b>	<b>466.5</b>	<b>503.4</b>
<b>Income:</b>			
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
<b>Income total</b>	<b>387.2</b>	<b>400.1</b>	<b>413.5</b>
<b>Recurring budget gap</b>	<b>(46.7)</b>	<b>(66.4)</b>	<b>(89.9)</b>

<b>Reserves:</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
<b>Balance forecast on 1<sup>st</sup> April</b>	<b>53.5</b>	<b>123.1</b>	<b>56.7</b>
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		
<b>Balance forecast on 31<sup>st</sup> March</b>	<b>123.1</b>	<b>56.7</b>	<b>26.7</b>

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## 2. Assumptions and Risks

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

<b>Spending</b>	<b>Assumptions – central scenario</b>	<b>Risks</b>
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.

<b>Income</b>	<b>Assumptions – central scenario</b>	<b>Risks</b>
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
<b>TOTAL</b>	<b>58.0</b>	

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.



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# 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

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## Useful information

- Ward(s) affected: All
- Report author: Kirsty Cowell
- Author contact details: [kirsty.cowell@leicester.gov.uk](mailto: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>
<b><u>Proposed Programme</u></b>	
<b><u>Schemes – Summarised by Theme</u></b>	
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
<b>Total New Schemes</b>	<b>34.3</b>
 <b><u>Funding</u></b>	
Unringfenced Resources	32.4
Monies ringfenced to Schemes	1.9
<b>Total Resources</b>	<b>34.3</b>

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
<b>Total</b>	<b>75.6</b>

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:

	<b>Current Remaining Budget</b>	<b>Minus Proposed Saving</b>	<b>Amount remaining after saving</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
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
<b>TOTAL</b>	<b>47.5</b>	<b>(13.4)</b>	<b>34.1</b>

#### 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 tCO<sub>2</sub>e 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**

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

**Grant Funded Schemes**

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

*Key to Scheme Types : WP = Work Programme*

**Summary of Ringfenced Funding**

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

\* For 2026/27 budget

**Own Buildings**

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

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

**Routine Works**

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

*Key to Scheme Types : WP = Work Programme*

**Invest to Save Schemes**

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



**Feasibilities and Other Schemes**

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

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

<b>GRAND TOTAL – ALL SCHEMES</b>	<b>32,445</b>	<b>1,861</b>	<b>34,306</b>
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**Operational Estate Maintenance Capital Programme**

<b>Description</b>	<b>Amount £000's</b>
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
<b>TOTAL</b>	<b>1,970</b>

**Proposed Highways Maintenance Capital Programme**

<b>Description</b>	<b>Amount £000's</b>
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
<b>TOTAL</b>	<b>3,262</b>

**Children's Capital Improvement Programme\***

<b>Description</b>	<b>Amount £000's</b>
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
<b>TOTAL</b>	<b>6,000</b>

\*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.

<b>Department / Division</b>	<b>2024/25 Estimate £m</b>	<b>2025/26 &amp; Beyond Estimate £m</b>
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
<b>Total General Fund</b>	<b>135.9</b>	<b>136.5</b>
Housing Revenue Account	46.7	178.3
<b>Total</b>	<b>182.6</b>	<b>314.8</b>

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

<b>Component for Replacement</b>	<b>Leicester's Replacement Condition Criteria</b>	<b>Decent Homes Standard: Maximum Age</b>
Bathroom	All properties to have a bathroom for life by 2036	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:-

	<b>2024/25 Estimate £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
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.

**Children, Young People and Education Scrutiny Commission (CYPE)  
Work Programme 2024 – 2025**

Meeting Date	Item	Recommendations / Actions	Progress
19 June 2024	<p><b>Questions, Representations and Statements of case.</b></p> <p><b>Introduction to CYPE Scrutiny Commission including new Directors.</b></p> <p><b>Terms of Reference</b></p> <p><b>Education Performance Report.</b></p> <p><b>Children Seeking Safety</b></p> <p><b>Post-16 SEND Home-to-School Travel - Update</b></p>	<p>Set up session to help members understand the issues surrounding community asset transfer.</p> <p>Briefing to be given on finance and resources in CYPE.</p> <p>Staff turnover figures to be provided.</p> <p>Updated briefing on CYPE to come to Commission once more is known after General Election - to include information on finance and resource and the workforce.</p> <p>Influence on deprivation on performance to be investigated, particularly with regard to white children and those eligible for free school meals.</p> <p>Regional director from DfE to be invited to the Commission to inform on academy schools in the area.</p> <p>Monitor the emergence of a national plan.</p> <p>Report to come to the Commission on Childrens Centres and Children's Services.</p> <p>Commission to be kept informed of developments regarding Children Seeking Safety.</p> <p>Consultation to be shared with Commission in advance. (via email rather than at a meeting due to schedule)</p>	<p>To be shared in a later paper with scrutiny</p> <p>To be shared in a later paper with scrutiny</p> <p>To be shared in a later paper with scrutiny</p> <p>No national plan announced to date</p> <p>Will be shared when available.</p>

Meeting Date	Item	Recommendations / Actions	Progress
20 August 2024	<b>Family Hubs and Children's Centres</b>	Mapping for Change to be added as an item to the Work Plan. To come to the Commission once the final report was reviewed.	
	<b>Use of Capital Programme in Schools</b>	Added value to be included in future reports.	
	<b>Youth Justice Plan Refresh 2024/25</b>	Plan to be sent to Schools.  Engagement Strategy to be shared with Councillors, and offer made to Councillors to attend meetings on participation of young people in the service.	
	<b>Adventure Playgrounds Update</b>	Update report on the situation regarding Adventure Playgrounds to come to the Commission after September.  Cllr Russell and Chair and Vice-Chair to discuss possible engagement with play associations to get progress updates.	

Meeting Date	Item	Recommendations / Actions	Progress
29 October 2024	<b>DSG high-needs block recovery plan</b>	<p>Information to be provided on how long people are having to wait for EHCPs and suitable placements.</p> <p>Report to be brought on sufficiency in Mainstream and Special Schools.</p> <p>Case study to be brought to the Commission.</p> <p>Report on tribunals to be brought to commission, including the number of cases, and costs, including costs of external consultants in tribunals to be ascertained.</p>	Shared with Members.
	<b>Adventure Playground Update</b>		
	<b>Safeguarding Children Partnership Annual Report</b>	Terms of Reference of the task and finish group to develop learning and training around the role of immigration status, culture, faith, and parenting in safeguarding children to be circulated to members.	
	<b>Workload and Resources</b>	Benchmarking information to be shared with Members	

Meeting Date	Item	Recommendations / Actions	Progress
14 January 2025	<p>Update on Youth Summit</p> <p>Update on Children from Abroad Seeking Safety</p> <p>Update from Impower</p> <p>Children's Services: Cost Mitigation Programme Overview</p> <p>Draft General Revenue Budget</p> <p>Draft Capital Programme 2025/26</p>	<p>Requested following discussion about costs/appropriateness of placements during scrutiny of the Revenue Budget.</p>	
25 February 2025	<p>LADO Annual Report</p> <p>Sufficiency Strategy</p> <p>HNB Tribunal Report</p> <p>HNB Case Study</p> <p>HNB Sufficiency in Mainstream and Special Schools</p>	<p>To include provision of Care Packages/Residential Accommodation for CLA – Council provision and the private sector.</p> <p>To include information on the number of cases, and costs, including costs of external consultants.</p> <p>May need to be exempt or redacted if it includes personal information.</p>	

Meeting Date	Item	Recommendations / Actions	Progress
8 April 2025	<p>Adventure playgrounds – final update</p> <p>High Needs Block – Impact of workstreams</p>		

#### Forward Plan Items (suggested)

Topic	Detail	Proposed Date
Academies – Performance Report		
Needs Assessment in Relation to Families in the City		
Children not in state-maintained schools e.g.: Academies, Independent, Faith schools		
Multi-Academy Trusts - Overview		
Post-16 SEND Home-to-School transport		
Update from local DfE Officer		
Fostering Annual Report	To include costs relating to Customer Relationship management tool, the Ofsted thematic report, information on family finding events and more detail on advertising techniques for recruitment.	

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Fostering Community Champions update	Deferred from 26 March 2024	
Corporate Parenting Update	Annual report.	
Fostering Service – Marketing Strategy		
SEN support and funding		
Pupil Place Planning (Primary and Secondary)		
Early Years Childcare Sufficiency Report		
Youth Services - overview		
Children in Care Council/Care Leavers		
School Holiday Activity and Food Provision		
Education Govt reports e.g.: white paper / green paper		
Ofsted Inspection reports		
Children’s Social Care – Recruitment Issues		
Mental Health impacts on children	Likely to be examined jointly with other commissions	
Informal Scrutiny on DSG High Needs Block	To commence following the full report to the Commission.	
Leicester Children’s Services – Self Evaluation		
Covid impact and response to early childhood development		