



Leicester
City Council

MEETING OF THE HOUSING SCRUTINY COMMISSION

DATE: TUESDAY, 7 JANUARY 2025

TIME: 5:30 pm

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

Members of the Committee

Councillor O'Neill (Chair)

Councillor Zaman (Vice-Chair)

Councillors Bajaj, Gopal, Gregg, Halford, Modhwadia and Waddington

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

For Monitoring Officer

Officer contacts:

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

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If you have any queries about any of the above or the business to be discussed, please contact: **Georgia Humby, Governance Services and Kirsty Wootton, Governance Services on Kirsty.Wootton@leicester.gov.uk**. Alternatively, email committees@leicester.gov.uk, or call in at City Hall.

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PUBLIC SESSION

AGENDA

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1. WELCOME AND APOLOGIES FOR ABSENCE

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

2. DECLARATIONS OF INTERESTS

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

3. MINUTES OF PREVIOUS MEETING

Appendix A

The minutes of the meeting of the held on 12 November 2024 have been circulated, and Members will be asked to confirm them as a correct record.

4. CHAIRS ANNOUNCEMENTS

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

5. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

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

6. PETITIONS

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

7. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2025/26 **Appendix B**

The Director of Housing submits a report detailing the proposed Housing Revenue Account (HRA) budget for 2025/26.

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

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

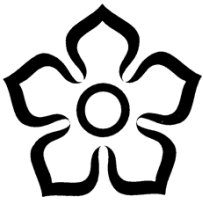
9. DISTRICT SERVICES **Appendix D**

The Director of Housing submits a report to provide an overview of the Tenancy Management Service, the support it provides and its performance as a social housing landlord to Leicester City Council tenants.

10. WORK PROGRAMME **Appendix E**

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

11. ANY OTHER URGENT BUSINESS



Leicester
City Council

Item 3

Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: TUESDAY, 12 NOVEMBER 2024 at 5:30 pm

P R E S E N T:

Councillor O'Neill - Chair

Councillor Adatia
Councillor Gopal
Councillor Waddington

Councillor Bajaj
Councillor Halford

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97. Welcome and Apologies for Absence

Apologies for absence were received from Councillor Modhwadia, Councillor Gregg and Councillor Zaman. Councillor Adatia attended as substitute for Councillor Modhwadia.

98. Declarations of Interests

The Chair asked members of the commission to declare any interests for which there were none.

99. Minutes of the Previous Meeting

The Chair highlighted that the minutes for the meeting on 27 August 2024 were included within the papers and asked members for comments.

Agreed:

It was agreed that the minutes of the meeting held on 27 August 2024 were a true and accurate record.

100. Chairs Announcements

The Chair thanked officers for the site visits that have occurred and reiterated the invitation for Members to attend future site visits once arranged.

101. Questions, Representations and Statements of Case

It was noted that none had been received.

102. Petitions

It was noted that none had been received.

103. Homelessness and Complex Needs Inquiry Day Findings

The Chair submitted the report and Councillor Sahu from the Public Health and Health Integration Scrutiny Commission attended for this item. It was noted that:

- The inquiry day took place on 3rd October. It started at 9am and finished at 5pm providing a full day to consider the homelessness and complex needs in the city from a joint perspective of housing and health.
- The focus was on substance misuse and homelessness and the task group appreciated that there are many complex aspects to it.
- The variety of organisations who attended provided a great deal of insight.
- Some issues with miscommunications were identified in the pathways used by different organisations so the inquiry day allowed these to be addressed.
- Concerns were raised around the rough sleeper funding which was due to end and questions asked around what funding would look like in the future.
- The Police were not in attendance, but it was highlighted that there was interest in their perspective on the issue and whether this could be arranged.
- Overall, good services and provision were identified in the city for those who are homeless.
- The inquiry day identified further work was needed on families and homelessness in the city and pathways for those leaving prison.
- There has been limited housing stock in the city and the needs of the homeless population needs to be considered to support them so they may build a positive tenancy.
- The receipts from the Right to Buy scheme are needed by the council for tackling the housing crisis.

The Director of Housing thanked the task group and presented an update on the recommendations made in the report. It was noted that:

- Homelessness has been a hot topic due to the pressures involved. Tighter integration between housing and health has been pushed to address the complexities around homelessness so the task group

was a positive move towards this.

- There has been a proposed step up in relations and support to the families that are in temporary accommodation. Public Health and Housing have aimed to complete a piece of work on families in temporary accommodation.
- Work has already begun considering the pathway from prison and how this can be strengthened.
- 'Help Beyond Housing' has been working closely with health partners as part of a city-wide group. There are currently 67 cases where intensive floating support has been provided and 9 trainer accommodation units in the ZIP building. How this has worked will be reported to make the case for further funding.
- Contractors have progressed work rapidly at the Dawn Centre with a clear plan of delivery for the next few months. Partners are included in ongoing discussions in this period as the internal structure is shaped and services are explored for the centre. This will continue to be reviewed once the site is live.
- There has been further guidance issued to all staff on the subject of families and mental health support.
- The service has taken on board the recommendation around partner agencies referring individuals for support to prevent rough sleeping.
- The Director of Housing has met with national homelessness advisors and reiterated that all existing and further funding is required to strengthen services. Positively, £234,000 of additional funding has been given for winter support.
- The recent budget announcements by Government have stated significant change to the discounts for the Right to Buy scheme, although this will not take effect immediately. It has meant there has been a rush of applications for the purchase of properties.
- New council housing sites have been identified and new council housing will be built. There has also been proactive work with other teams to identify redundant council assets that could be brought into use.
- An extensive acquisitions programme has been ongoing.
- Budget reports have been scheduled for December at OSC and January at this commission.
- 125 leases have been requested but these have been difficult to get over the line.
- Prompt sheets have been put in place for staff to ensure partner agencies are informed to further support joint working and communications.
- The Joint Specific Needs Assessment has been embedded in the homelessness strategy.

In response to questions and comments from Members, it was noted that:

- The inquiry day was a successful scrutiny model and should be considered for other topics moving forward.
- Families and homelessness had been a strong theme from the inquiry day.

- The ZIP building transformation has been done well and the support model that has been on offer in it looks good. This type of tenancy has not been considered for more complex cases though as they would need higher levels of support and intervention.
- The deadline for applications for the Right to Buy at the previous rates was 21st November 2024. The scheme is not ending but the cap has been reduced. Tenants are still entitled to exercise the right to buy.
- The engagement and work seen during the inquiry day and after demonstrates the commitment of those working in this area.
- Concerns were raised that it is impossible to live a normal, stable family life in bed and breakfast or temporary accommodation. The numbers of families in this type of accommodation has reduced though.
- On 5th November 2024, 517 families were in temporary accommodation. 143 families were in bed and breakfast accommodation with the rest in more suitable accommodation. The average length of stay has reduced to just under 90 days however work has been continuing to reduce this further.
- Out of hours support has been available for tenancy issues on 0116 254 9439.
- The homelessness emergency number 0116 221 2770 goes to the Dawn Centre. If a situation has been seen as critical, a district manager can be asked for. The importance of seeing and assessing an individual will be reiterated to staff.
- The council has aimed to provide consistent accommodation to those in temporary accommodation but sometimes the hotels have made changes to bookings. This has been negated where possible by making block bookings and bringing forward temporary accommodation models.
- Most temporary accommodations offered are in the city centre but if unable to accommodate this can sometimes be further afield. For children, employment etc, it is endeavoured to maintain the locality.
- The rough sleeper count was due to take place and Members were invited to attend the count.
- It has been positive seeing trauma informed approaches being used. It has been important to recognise that the individuals have needed consistency. There is not a universal approach that will work as often there are many layers of disadvantage involved.
- When weather is milder, the accommodation offer has not always been taken up. During winter, more accommodation has been provided to bring people off the streets as quickly as possible. VCS organisations have helped to facilitate this. They have also helped to build trust with individuals and take the opportunity to work with them where possible.
- Homeless Charter leaflet to be shared with Members.

Agreed:

Members thanked all involved for their work and the Commission endorsed the report.

104. Selective Licensing

The Team Manager of Private Sector Housing and Area Environmental Health presented the item, and it was noted that:

- The scheme was introduced in October 2022.
- The areas of the city which had been selected for the selective licensing scheme were based on data showing which areas had poor housing conditions, significant levels of private rentals and rapid turnover.
- Any rented properties in the areas identified had to apply for selective licensing. This meant submitting and paying for a licence to ensure the property was suitable and safe for tenants.
- 6 major metrics have been used to track progress. As of September 2024, there had been a shortfall in applications to reach the 85% target. There has been work to address this.
- The scheme has just entered year 3 of the 5 years.
- There were discounts initially for landlords, but this ended in spring 2024. The discounts created a flurry of activity but this slowed down. This meant the project has moved into the enforcement stage where the team has gone out to find the properties.
- Applications have still been received that are not completed correctly so work has been done to help landlords with this.
- A significant number of properties that have been inspected had at least 1 hazard.
- Encouragingly, there were 1124 properties without any hazards.
- The inspection covered 29 different categories of hazards.
- Different initiatives have been introduced to see which are most effective for encouraging applications.
- Following an inspection, landlords have been given the opportunity to correct the problems identified. An improvement notice has been served only if landlords fail to correct the problems. Only 10 improvement notices have been issued.
- Focused work has been done with the police to serve 19 prohibition orders.
- Prohibition orders have also been served where properties or rooms are not suitable for use or are uninhabitable.
- 16 investigations are still ongoing with evidence being gathered. Following this process the landlord is invited for an interview under caution. Some investigations have no further action, but it can be that a civil penalty up to £30,000 is issued or a prosecution is required.
- Areas in the city that have been under the selective licensing scheme include Spinney, Stonegate, Fosse, Westcotes, Braunstone Park & Rowley Fields and Saffron.

In response to questions and comments from Members, it was noted that:

- In year 4 of the scheme, it will be reviewed to assess the impact it has had and then it will be decided how the scheme will look moving forward. This could change based on government changes to legislation such as the Renters Rights Bill.
- The scheme has been self-funding. The licensing fee has been £1290 with no discounts. There was an 18-month opportunity to have a discounted rate.
- This scheme has not considered rental costs, but other measures outside of selective licensing have done this.
- This scheme has helped to address the power balance between landlords and tenants where tenants have been fearful of reporting concerns. This scheme has allowed the council to access properties that otherwise they would have no right to enter as private rentals.

Agreed:

The Commission noted the report.

105. Housing Safety

The Head of Service presented the report, and it was noted that:

- It was an update for the 4 high risk buildings in the city.
- Post Grenfell, building safety is regulated by the Building Safety Regulator and a building safety case must be submitted.
- The report provided an overview of what a case looks like with information on the blocks and different risks and aspects of the building.
- There are plans that show the compartmentalisation that has maintained the 30-minute fire protection that is a large aspect of fire safety in the high risk buildings.
- A significant change has been that a responsible person must be named for the building safety regulator since Grenfell. A list of responsible individuals in Leicester City Council has been available.
- The responsible person has responsibility for making any changes required following risk assessments.
- Further work has been ongoing to reduce risk in the buildings such as talking to tenants and inhabitants to ensure they are informed, tenant fire safety workshops and permit to work contracts for contractors.
- A structural survey was carried out that was positive but recommended further structural testing.
- All flats have adequate compartmentation, and this has been assessed.
- There have been annual consultations with tenants to update fire safety notices.
- Risk in communal spaces has been highlighted.
- A property information box that has contained all the building plans and relevant information has been made available.
- There was no gas or cladding which has meant no remedial work since

Grenfell on these issues.

- The blocks have fire dampers to help prevent the spread of fire.
- There are passive fire protection practises in place that also help maintain fire safety.
- The tenant profiles are reviewed to ensure the emergency strategy for the block is appropriate.
- There has been a resident engagement strategy in place as Grenfell residents had felt they were not listened to. Consulting with residents has allowed them to voice their expectations and there is a dedicated email for this purpose.
- The system used has been upgraded so that all information will be kept in one place.
- The building case is to be updated on an annual basis to make sure all changes are completed and the building safety regulator has been updated.
- Fire information and safety has been taken very seriously and it was hoped that the report has reflected this.

In response to questions and comments from Members, it was noted that:

- The report reassured Members, especially around the needs of more vulnerable tenants.
- There have been active tenants that feed back to the service and the team has an office in one of the blocks so there have not been any issues of communication but anyone who would like to advocate for tenants would be supported and an engagement strategy is being worked on.
- Most tenants have preferred to be contacted by email.
- 6 months has been the average for fire checks, but this has differed across different accommodation.

Agreed:

The Commission noted the report.

106. Work Programme

The Chair noted the work programme and asked that any suggestions be shared with officers.

107. Any Other Urgent Business

There being no further business, the meeting closed at 19.26.



Housing Revenue Account Budget (including Capital Programme) 2025/26

Lead Member Briefing: 18th November 2024

City Mayor Briefing: 28th November 2024

Lead Member Briefing: 16th / 23rd December 2024

Housing Scrutiny Commission: 7th January 2025

Overview Select Committee: 30th January 2025

Full Council: 19th February 2025

Assistant Mayor for Housing & Neighbourhoods: Cllr. Elly Cutkelvin

Lead director: Chris Burgin

Useful information

- Ward(s) affected: All
- Report authors: Chris Burgin, Director of Housing &
Stuart McAvoy, Head of Finance

1. Purpose

- 1.1 The purpose of this report is for Full Council to consider and approve the City Mayor's proposed Housing Revenue Account (HRA) budget for 2025/26.

2. Summary

- 2.1 Throughout the changing financial landscape since self-financing was introduced in 2012, the HRA has consistently delivered balanced budgets. This report proposes a balanced budget against a difficult financial backdrop for local authorities, with additional pressure arising from housing regulation changes, and the erosion of income from the continuing loss of stock through Right to Buy (RTB).
- 2.2 The maximum rent increase that can be applied for HRA tenants in 2025/26 is 2.7%, this being CPI+1% as at September 2024. This report details the continued inflationary pressures being faced by the service and, therefore, proposes a core rent increase in line with the maximum rate permitted. Applying a rent increase below 2.7% would lead to a budget shortfall, and further work would be required to bridge this gap; if, for example, a 1.5% increase was to be applied then this would lead to a £1.1m shortfall in the budget.
- 2.3 The proposals within this report are for the charges to tenants and leaseholders (homeowners) for services they receive to be representative of the underlying cost of the service being provided. The installation of heat meters for those tenants and homeowners connected to the District Heating network has enabled people to pay the direct cost of what they consume; this report seeks approval of the unit rate per kWh charge, along with the standing charge. For those tenants without heat meters there is the continued need to apply a fixed charge which is not directly linked to usage.
- 2.4 Continued investment has taken place to replace properties lost through RTB, through an expanding programme of energy efficient new build housing and by acquiring properties on the open market. This helps to sustain the future finances of the HRA, and further investment is proposed within this report. There is a comprehensive capital maintenance programme in place to ensure that homes are properly maintained, and this is supplemented with investment into the wider estate. The proposals in this report support the continuation of this approach.
- 2.5 Consultation on the proposals within this report [will] have taken place with the tenants and leaseholders, the Housing Scrutiny Commission, and the Overview Select Committee.

3. Recommendations

3.1 Full Council is recommended to:

- i) Note the comments from the tenants and leaseholders at Appendix G, the Housing Scrutiny Commission at Appendix H, and the Overview Select Commission at Appendix I;
- ii) Approve the Housing Revenue budget;
- iii) Approve a Capital budget for 2025/26 of £40.96m including £10.96m investment in Council Housing stock;
- iv) Approve rent changes for tenants for 2025/26 as follows:
 - 2.7% increase to core rent;
 - 2.7% increase to garage rent.
 - 2.7% increase for Hostel rent and service charges;
 - 4% increase for Gypsy and Traveller plot rent;
- v) Approve service charge changes for tenants and leaseholders for 2025/26 as follows:
 - A reduction in the charges for District Heating as set out in section 4.6.3, including a 25% reduction in the variable charge for metered heat and a 26% reduction in the fixed metered charges;
 - reducing the charge for waylighting by 9.1%;
 - applying increases to all other service charges of 1.7%, in line with CPI.
- vi) Agree to delegate to the City Mayor the authority to vary service charges by the extent to which this represents a change to the cost of providing those services.
- vii) Note the equality impact assessment of the proposed revenue and capital reductions required to present a balanced budget, at Appendix J;
- viii) Note that the scheme of virement (included within the General Fund Revenue Budget report which is also on your agenda) applies also to the HRA budget with total expenditure and total income acting as budget ceilings for this purpose;
- ix) 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;
- x) 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;
- xi) As in previous years, delegate to the City Mayor:
 - Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
 - Authority to reduce or delete any capital scheme, subject to a maximum reduction of 20% of scheme value for “immediate starts”; and
 - Authority to transfer any “policy provision” to the “immediate starts” category.
- xii) 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;
- xiii) Note that the capital strategy in the Capital Budget report applies also to the HRA.

4. Report

- 4.1 The overall aim of Leicester City Council's Housing Division is to provide a decent home within the reach of every citizen of Leicester. This underpins the priorities for the HRA budget.
- 4.2 The HRA operates in a self-financing environment. Spending priorities are made in the context of needing to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £271m. The HRA budget is set by modelling expected levels of income and expenditure.
- 4.3 This report identifies the pressures facing the HRA in 2025/26 (most of which are unavoidable) followed by measures which would be required to set a balanced budget. These include proposals for increases to rent and service charges and savings from efficiency measures.

4.4 Revenue Cost Pressures

- 4.4.1 In recent years the primary external pressure on the HRA has been a loss of income from Right to Buy sales. Whilst this is expected to continue along with some inflationary pressures, regulatory changes also feature as a key challenge. Table 1, below, summarises the known pressures and budget growth requirements within the HRA:

Table 1: Revenue Cost Pressures	2025/26 £000
Right to Buy Sales	1,339
Pay Inflation	1,181
Regulatory costs	781
Staffing growth	607
Running Cost Inflation	577
EICRs	500
Other Pressures	400
Total Cost Pressures	5,385

4.4.2 Right to Buy

Sales of properties through Right to Buy can currently give discounts to tenants of up to 70% of the property value, with the maximum discount in Leicester currently at £102,400 (compared with £24,000 10 years ago). The Chancellor, in her October 2024 budget, announced prospective changes to the scheme which would restrict eligibility and reduce the levels of discount. In anticipation of this, there has been an increase in the number of tenants applying to exercise their right to buy. As a result, an increase in sales is predicted, leading to a consequential loss of income of £1.3m. Whilst a reduction in dwelling stock should lead to reductions in associated expenditure on managing and repairing those properties, the economies of scale that come from managing a large portfolio are gradually being eroded. Longer term, changes to RTB eligibility and discount levels should help lead to a more financially sustainable HRA.

4.4.3 Pay Inflation

An assumed pay award for 2025/26 of 2.5% has been built into this budget resulting in an increase in pay costs of £0.5m. There are also adjustments relating to the changes to the employer's national insurance thresholds announced in the Chancellor's October 2024 budget, which increases the pressure by £0.7m.

4.4.4 Regulatory costs

There has been an amendment to Housing Regulations which will take effect in 2025/26. A main component of this is an update to the measures required for both tenancy and district management, with significant staffing resources to fulfil this requirement. £0.7m has been allocated to fund 10 new staff members to manage the increased workload, enhance tenancy engagement arrangements and complete face-to-face satisfaction surveys. A further £70k will be invested into conduct and competency to ensure professional qualifications are obtained for all Housing staff in managerial positions, as required by the updated regulations.

4.4.5 Staffing growth

There are three areas for targeted staff growth in 2025/26. Firstly, 10 craft apprentices and a supervisor are going to be sought at a cost of £280k to assist with ongoing maintenance and refurbishment works, where there are current vacancies and recruitment challenges. Secondly, there is a need to obtain 3 Quality Control Engineers, at an annual cost of £160k, to complete audits on current repair work, conduct quality control inspections and oversee health and safety matters. These are important roles to verify the council's ongoing compliance with industry regulations. There will also be £170k invested into Technical Services to obtain extra Housing professionals to support other areas of compliance and asset management work.

4.4.6 Running Cost Inflation

Inflation affects almost all areas of HRA running costs and is largely unavoidable. Contracts are reviewed as required to ensure that best value is being obtained, but the HRA is subject to wider market forces over which it has little influence. For 2025/26, materials and contractor inflation are forecast to be £0.3m higher. Services which are provided to the HRA by other parts of the council are also subject to inflation pressures, and these costs are then passed on to the HRA, adding a further £0.3m.

4.4.7 Electrical Installation Condition Reports (EICR)

An investment of £0.5m is being made to support the requirement for EICRs now to be undertaken every 5 years also set out in the new Regulations. The majority of this will be funding external contractors to complete the work, however there is also internal investment planned to fund extra resource and training for more of this work to be completed in-house.

4.4.8 Other Pressures

Additional grounds maintenance of £0.3m is to be conducted in 2025/26 which will include works such as weed spraying, maintenance of grass and hedging and general estates maintenance. This will help the council's compliance with the tenancy standard as well as offering a positive improvement to local residents who will see benefit from better presented and maintained public spaces.

The Council previously provided a discount on Council Tax for the first 30 days of properties being void. The removal of this discount will come at a cost of £0.1m to the HRA.

4.5 Rent

4.5.1 The primary source of income into the HRA is from the rent charged to tenants. Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and the maximum increase from one year to the next. Whilst the stated aim has been to provide medium-term assurance on a consistent methodology, in practice this has fluctuated. Social rent increases of up to 2.7% are permitted, reflecting CPI+1% as at September 2024. The government has announced plans for a long-term rent settlement permitting increases to rents of CPI +1% for the next 10 years.

4.5.2 Given the scale of the pressures outlined in section 4.4 of this report, the proposal is to seek approval to apply a rent increase of 2.7%. To apply a rent increase of anything less than this would necessitate either a scaling back of the capital programme, a draw on limited reserves, or revenue service cuts. A rent increase below 2.7% would lead to a loss of income of £875k for each 1% in 2025/26, and £10.6m over a 10-year period. Importantly, there would be no opportunity to recover this reduction to the base level income by applying a higher rental increase in future years (other than when properties are re-let). This level of increase will also apply to hostels, where all individuals staying at the Dawn centre are eligible for Housing Benefit.

4.5.3 Gypsy & Traveller Plot Rent

Whilst the Gypsy and Traveller sites sit outside the Housing Revenue Account, it is still necessary to set the annual rent for these plots and this is typically incorporated within this report. It is proposed that a 4% rental increase be applied for 2025/26, in line with the combined effect of CPI and wage inflation.

4.5.4 Garage Rent

Whilst garage rents are set separately to dwelling rents it is proposed to increase these by 2.7%, in line with core rent.

4.6 Service Charges

4.6.1 Service charges should be set with the intention of recovering the full cost of providing the service. To ensure parity with costs, it is proposed that a 1.7% increase is applied in 2025/26 in line with inflation (CPI), other than for waylighting and district heating.

4.6.2 A limited number of service charges relate entirely to energy costs. Waylighting charges are levied to cover the cost of electricity incurred, which the Council purchases in advance. The charge in 2024/25 fell by 10.1% on the back of a fall in the purchase price; the cost in 2025/26 is projected to fall by a further 9.1%, forming the basis of the proposed charge for the year.

4.6.3 District Heating

Approximately 1,900 tenants and 1,000 homeowners are supplied heating and hot water through the District Heating scheme. Charges are raised on 2 separate bases: those which have a heat meter installed and those which do not.

Properties With a Heat Meter

The charges for properties with a heat meter are separated into fixed charges (which are payable regardless of usage) and a variable charge for the heat actually consumed.

The forecast underlying cost of gas for 2025/26 is significantly lower and this is reflected in the proposed charges set out in the table below:

	24/25 Annual Charge for Tenants	25/26 Annual Charge for Tenants
Fixed Charges	£193	£140
Billing & Collection	£75	£75
Fusion Fee on Billing & Collection	£3	£3
VAT on the above (@5%)	£13.57	£11
Total Fixed Charges	£284.90	£228.80
Weekly Charge (over 50 weeks)	£5.70	£4.58

Variable Charge pKWh of Heat	8.42p	6.30p
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It is important to note that the forecast price of gas is subject to change and will crystallise as the year progresses; there may be a need to revise these charges during the financial year.

Properties With No Heat Meter Installed

Where there is no way of charging based on actual heat consumption, fixed charges are applied. Due to the high price of gas through 2024/25 properties without heat meters had their average annual charge capped at £1,460, with the HRA picking up the cost of this subsidy for tenants.

The reduction in the forecast price of gas means that the full cost charges for tenants and leaseholders in 2025/26 will be over 26% below the capped level for 2024/25. The proposed charges are set out below:

	2024/25 Annual Charge	2025/26 Annual Charge
1 bed	£1,188	£885
2 bed	£1,646	£1,226
3 bed	£2,071	£1,543
4 bed	£2,512	£1,871
Other	£631	£470
Avge	£1,460	£1,087
Average Weekly Charge (50 weeks)	£29.20	£21.75

4.7 Revenue Savings

4.7.1 The proposals within this report meet the identified budget pressure of £5.39m in 2025/26. The proposed changes to rent and service charges at section 4.5 and 4.6 would result in additional income of £3m. Table 2, below, summarises the additional income and proposed savings to deliver a balanced budget:

Table 2: Additional Income & Reductions in Expenditure	2025/26 £000
Dwelling Rent & Service Charges	(2,984)
Rent From Supply of New Housing	(1,402)
Interest & Debt	(553)
Capital Expenditure Financed from Revenue	(300)
Staffing & Running Costs	(146)
Total Savings	(5,385)

4.7.2 Rental Income from Supply of New Housing

The HRA has embarked on an extensive programme of acquiring properties on the open market to increase the number of homes available at an affordable rent. In addition, a programme of building new properties on Council-owned land is underway. Additional rental income will accrue of £1.4m in 2025/26 as a result of this programme.

4.7.3 Interest & Debt

Over the lifespan of the assets, HRA finances are improved through the building and acquisition of properties for affordable rent. This new supply relies on prudential borrowing, on which interest must be paid, and interest charges are expected to increase by £0.23m in 2025/26. However, the HRA also holds cash balances on which it earns interest and increased balances will result in an extra £0.78m being earned in interest.

4.7.4 Capital Expenditure Financed from Revenue

The default source of funding for the maintenance aspects of the HRA capital programme (i.e. excluding affordable housing) is from revenue resources, which in 2024/25 amounted to £10.86m. In 2025/26 the figure reduces to £10.56m, releasing resources and therefore representing a revenue saving. The detail of changes to specific schemes is within section 4.8, below.

4.7.5 Staffing & Running Costs

There are structural underspends within the budget for Neighbourhood Improvement Operatives such that £59k in savings can be released. The budget for fuel costs within fleet has consistently underspent and £76k of budget can be released as a result, alongside £11k of building savings.

4.7.6 In summary, the proposals outlined in this report will meet the amount required to balance the revenue budget for 2025/26. Appendix A shows a high-level breakdown of the proposed HRA revenue budgets for the year.

4.8 **Capital Expenditure**

4.8.1 The proposed 2025/26 capital programme (excluding budgets slipped from previous years) is £40.96m, with £30m of this relating to the Affordable Housing programme of building and buying properties.

4.8.2 Appendix E outlines the way in which capital works are identified as being required in council dwellings. Appendix F provides wider details of the priorities which direct HRA expenditure, including achievements throughout the last year.

4.8.3 Appendix B shows the proposed capital programme for 2025/26. The following changes to the capital programme are proposed:

4.8.4 Affordable Housing – Acquisitions & New Build

Over £215m has been added to the capital programme since November 2019 to support the programme of new build and property acquisitions. This helps to sustain the medium and long-term position of the HRA by replacing properties lost under Right to Buy, and this report seeks to add a further £30m to the programme. This will be financed using 'Allowable Debt' (a reserve which is the product of RTB sales) and Prudential Borrowing. Further additions to the programme are expected to take place as government grant funding for affordable housing is released throughout the year. In particular, this is expected to focus on accommodation for homeless people and for refugees which will help to alleviate pressure on temporary accommodation costs within the General Fund.

4.8.5 Kitchens & Bathrooms

The Kitchen and Bathrooms programme is ongoing with 333 refurbishments anticipated to be completed for 2024/25. For 2025/26 the annual budget will be £2.4m, which will fund a further 333 installations.

4.8.6 Boilers

A further investment of £2m has been included to fund boiler replacements. This is a reduction from the £2.5m budget in 2024/25 due to a reduced reliance on external contractors and more in house installation work being completed. We aim to replace 784 boilers during 2024/25, and a further 760 in 2025/26

4.8.7 Re-Wiring

A continuation of the re-wiring budget at the same level as for 2024/25 will help to support full/partial re-wiring at 450 properties across the city.

4.8.8 Re-Roofing, Soffits & Facias

The investment in re-roofing will increase by £0.5m to facilitate a greater number of roof replacements. This will help to address the increase in responsive repairs over the last year. During 2024/25 we aim to have replaced roofs at 30 properties and 70 during 2025/26.

4.8.9 District Heating

The HRA incurs costs in maintaining the secondary network of district heating. The £0.5m cost of this important work in 2025/26 is not passed on to tenants.

4.8.10 Communal & Environmental Works

This report proposes the continuation of this important work with a further £0.2m budget. Examples of the type of work this has funded over the last year include:

- The replacement of planters and installation of additional bollards on Hockley Farm Road
- Installation of metal gates on Flora Street
- Grounds maintenance work around Portmore Close
- Improvements to the front of communal blocks along Thurncourt Road, Flamborough Road and Thurncourt Gardens

4.8.11 Communal flat improvement programme

£0.2m has been added to the capital programme for improvements to communal flats for 2025/26. This is to replace external cladding which has become dated with more efficient materials which will also be easier to maintain. This will be financed from revenue underspends arising in 2024/25.

4.8.12 Loft insulation

The project funding has increased by £50k for 2025/26 to increase the number of loft top ups. This is required to improve energy efficiency as well as ensuring that insulation meets current standards.

4.8.13 Door entry replacements

£250k has been added to fund the replacement of various door entry systems. Many of these systems are dated and due to their age are becoming very expensive to repair. This programme is required to ensure the systems are kept up to standard.

4.8.14 St Matthews Estate Balcony/Walkway Work

A further £0.2m is being added to the capital programme towards balcony/walkway work across the St Matthews Estate, including balconies and walkways. This will be financed from revenue underspends arising in 2024/25.

4.8.15 The financing of the proposed capital programme is shown in the table below:

Table 3: Financing of HRA Capital Programme	2024/25 £000	2025/26 £000
Funded From Revenue	10,860	10,560
Funded From Reserves	0	0
Funded From 2024/25 Revenue Underspends	0	400
Funded From Right to Buy Receipts (incl. Allowable Debt)	7,500	12,000
Funded from Borrowing	7,500	18,000
	25,860	40,960

4.9 **HRA Reserves**

4.9.1 Drawing down on reserves in an attempt to avoid the need to make savings is only viable as a short-term approach to meeting any budget shortfall. Reserves are better utilised in meeting one-off costs, to support the delivery of long-term efficiencies and providing cover for major repairs. In keeping with this approach, no reserves are proposed to be used to balance the budget for 2025/26, other than revenue underspends to finance the balcony/walkway work on the St. Matthews Estate and Communal Flat improvements.

4.9.2 Projections of the HRA reserve position at the end of 2024/25 indicate that there will be only limited unallocated reserves, in the region of £0.7m. This is a very small sum, particularly given the short and medium-term financial risks facing the HRA, including the potential for future rent restrictions and the continuing impact of higher interest rates.

Forecast Opening Reserves Balance as at 1 st April 2025	£20.8m
Amount held to cover minimum working balances	£5.0m
Amount held to finance prior years' capital approvals (including policy provisions)	£9.7m
Earmarked for future anticipated calls on reserves	£5.4m
Forecast Unallocated Reserves Balance as at 31st March 2026	£0.7m

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 This report is exclusively concerned with financial issues.

Amy Oliver, Director of Finance

5.2 Legal implications

5.2.1 The Council is obliged to set a budget for an accounting year that will not show a deficit (s.76 Local Government and Housing Act 1989).

5.2.2 The Council is also required to ring-fence the HRA to ensure that only monies received and spent for obligations and powers under the Housing Act 1985 can be paid into and out of the HRA (s.75 and Schedule 4 Local Government and Housing Act 1989).

Jeremy Rainbow, Principal Lawyer (Litigation)

5.3 Equalities implications

5.3.1 When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

5.3.2 Protected groups under the Equality Act 2010 are age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.

5.3.3 The report recommendations with regards to increases in rent is likely to have a negative impact on people from across a range of protected characteristics by impact on household budgets. However, the work being carried out from income raised by the rent increases will lead to positive equality impacts, particularly on increased space and adaptations being made to homes.

5.3.4 An Equality Impact Assessment has been carried out and will continue to be updated as consultation continues to reflect information that is collated.

Equalities Officer, Surinder Singh Ext 37 4148

5.4 Climate Change and Carbon Reduction implications

5.4.1 Housing is responsible for around a third of Leicester's overall carbon emissions. Following the city council's declaration of a Climate Emergency in 2019 and its aim to achieve net zero carbon emissions for the city and council addressing these emissions is vital to meeting our ambition, particularly through the council's own housing where it has the highest level of influence and control.

5.4.2 Opportunities to reduce the energy use and carbon emissions of properties should be identified and implemented wherever possible. In the case of newly built or purchased dwellings this means meeting a high standard of energy efficiency and providing low carbon heating and hot water systems, as provided in climate change implications for relevant reports. Additionally, the programme of maintenance for existing housing properties should provide opportunities to improve their energy efficiency, which should be investigated where practical. Improving energy efficiency should also help to ensure that housing reaches a high standard, reduce energy bills for tenants and help to limit maintenance costs.

5.4.3 Further detail of actions being undertaken to improve energy efficiency are noted in the report and within Appendix F as part of 'Priority three – Sustainable Leicester', including the construction of new energy efficient council homes, the installation of energy efficiency measures including insulation, LED lighting and upgraded heating in properties and heat metering for properties on the district heating network.

Aidan Davis, Sustainability Officer, Ext 37 2284
15 November 2024

6. Background information and other papers:

None

7. Summary of appendices:

Appendix A: Proposed HRA Revenue Budget 2025/26

Appendix B: Proposed HRA Capital Programme 2025/26

Appendix C: Other Service Charges and Payments 2025/26

Appendix D: Leicester Average Rents Comparison

Appendix E: Planning Capital Works in Council Dwellings

Appendix F: How Priorities Are Assessed for HRA Expenditure

Appendix G: Feedback from Consultation with Tenants' and Leaseholders' Forum

Appendix H: Minutes of the Housing Scrutiny Commission

Appendix I: Minutes of OSC

Appendix J: Equality Impact Assessment (EIA)

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

No

9. Is this a "key decision"?

No

**Proposed HRA Revenue Budget
2025/26**

	- 2025/26 -			Proposed 2025/26 Budget £000
	2024/25 Current Budget £000	2025/26 Budget Pressures £000	2025/26 Savings & Reductions £000	
Income				
Dwelling & Non-Dwelling Rent	(87,606)	1,339	(4,452)	(90,719)
Service Charges	(12,968)	0	66	(12,902)
Total Income	(100,574)	1,339	(4,386)	(103,621)
Expenditure				
Management & Landlord Services	32,737	1,640	(59)	34,318
Repairs & Maintenance	31,441	1,513	(87)	32,867
Interest on Borrowing	13,666	0	(553)	13,113
Charges for Support Services	5,604	536	0	6,140
Contribution to GF Services	6,266	357	0	6,623
	89,714	4,046	(699)	93,061
Capital Funded From Revenue	10,860	0	(300)	10,560
(Surplus) / Deficit Before Reserves	0	5,385	(5,385)	0
Funding From Reserves	0			0
Contributions To Reserves	0			0
(Surplus) / Deficit	0	5,385	(5,385)	0

HRA Capital Programme 2025/26

The table below shows the 2024/25 capital programme approved in February 2024 (excluding budgets slipped from previous years' programmes), and the proposed programme for 2025/26. All of the schemes listed for 2025/26 are immediate starts.

	24/25 Capital Programme £000	25/26 Capital Programme Additions £000
Kitchens & Bathrooms	2,800	2,400
Boilers	2,500	2,000
Re-wiring	1,610	1,610
Re-roofing	1,000	1,500
Soffits & Facia	150	150
Windows and Doors	50	50
District Heating Maintenance	500	500
Communal Improvements & Environmental Works	200	200
Communal Flat Improvement Programme	0	200
Disabled Adaptations	1,200	1,200
Fire Risk Works	500	500
Safety Works including Targeted Alarms	100	100
Loft Insulation	50	100
Affordable Housing - Acquisitions & New Build	15,000	30,000
St Matthews Balcony/walkway Estate Work	200	200
Door entry replacements	0	250
Total Capital Programme	25,860	40,960

Other Service Charges and Payments

It is proposed that the payments and charges shown in the table be as follows:

Service Charge	Details of Charges
Replacement Rent Swipe Cards	The charge for a replacement swipe card is £5.00.
Pre-sale questionnaires from solicitors and mortgage providers	Housing Services receive a large number of requests from mortgage providers and solicitors for information in connection with property type / condition and tenancy history. A charge is levied to recover the cost to the council of providing this information. The charge for this is £125 (Note that requests in connection with tenants' statutory rights under Right to Buy legislation are excluded from this charge).
Security Fob Replacements	Where tenants and leaseholders require a replacement security fob these are charged at £10 each.

Payments	Details of Payments																																
Disturbance Allowance	<p>Disturbance allowances are paid when a full property electrical rewire is carried out to an occupied LCC-owned property. A disturbance allowance can also be paid where it is necessary to undertake major works in an occupied property. The disturbance allowances are as follows:</p> <table style="margin-left: 40px;"> <tr> <td>Bedsit £130</td> <td>4-Bed £230</td> </tr> <tr> <td>1-Bed £155</td> <td>5-Bed £255</td> </tr> <tr> <td>2-Bed £180</td> <td>6-Bed £280</td> </tr> <tr> <td>3-Bed £205</td> <td>7-Bed £305</td> </tr> </table>	Bedsit £130	4-Bed £230	1-Bed £155	5-Bed £255	2-Bed £180	6-Bed £280	3-Bed £205	7-Bed £305																								
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1-Bed £155	5-Bed £255																																
2-Bed £180	6-Bed £280																																
3-Bed £205	7-Bed £305																																
Decorating Allowances	<p>Decorating allowances are paid to new tenants based on the condition of the property on a per room basis. The allowances are paid through a voucher scheme with a major DIY chain. Current allowances are set out below:</p> <table style="margin-left: 40px;"> <tr> <td>Bathroom</td> <td>£45.00</td> <td>Halls (flats/bungalows)</td> <td>£45.00</td> </tr> <tr> <td>Kitchen</td> <td>£56.25</td> <td>Hall/Stairs/Landing</td> <td>£78.75</td> </tr> <tr> <td>Lounge</td> <td>£67.50</td> <td>Large Bedroom</td> <td>£67.50</td> </tr> <tr> <td>Dining Room</td> <td>£67.50</td> <td>Middle Bedroom</td> <td>£56.25</td> </tr> <tr> <td>WC (where separate)</td> <td>£22.50</td> <td>Small Bedroom</td> <td>£36.00</td> </tr> </table> <p>The amount payable is capped as follows:</p> <table style="margin-left: 40px;"> <tr> <td>3+ bed house / maisonette</td> <td>£300</td> </tr> <tr> <td>3+ bed bungalow / flat</td> <td>£250</td> </tr> <tr> <td>2 bed house / maisonette</td> <td>£250</td> </tr> <tr> <td>2 bed flat / bungalow</td> <td>£200</td> </tr> <tr> <td>1 bed flat / bungalow</td> <td>£150</td> </tr> <tr> <td>Bedsit</td> <td>£100</td> </tr> </table>	Bathroom	£45.00	Halls (flats/bungalows)	£45.00	Kitchen	£56.25	Hall/Stairs/Landing	£78.75	Lounge	£67.50	Large Bedroom	£67.50	Dining Room	£67.50	Middle Bedroom	£56.25	WC (where separate)	£22.50	Small Bedroom	£36.00	3+ bed house / maisonette	£300	3+ bed bungalow / flat	£250	2 bed house / maisonette	£250	2 bed flat / bungalow	£200	1 bed flat / bungalow	£150	Bedsit	£100
Bathroom	£45.00	Halls (flats/bungalows)	£45.00																														
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Bedsit	£100																																

Average Rents Comparison

The table below compares the rent levels for different types of property in the HRA with rents for similar sized properties across the city.

Property type	LCC HRA 2024/25	LCC Formula Rent 2024/25	Housing Association 2024 (gross social rent)	Private Sector (LHA rate) 2024	Private Sector (city wide) Sept 2024
	£	£	£	£	£
Room only	-	-	-	91	-
Bedsit (studio)	74.62	77.44	95.05		149.54
1 bed	78.70	83.52	100.63	124.27	
2 bed	92.77	95.69	101.71	149.59	187.62
3 bed	103.98	106.76	106.47	178.36	219.00
4 bed	119.19	117.59	127.10		
5 bed	128.42	128.86	130.91	241.64	310.62
6 bed	138.77	138.31	148.05		

Planning Capital Works in Council Dwellings

Each defined element within a council property is upgraded or renewed in line with good practice, legislative requirements and the changing needs and expectations of our tenants. The table below identifies some of the main criteria for planning major works in council dwellings:

Component for replacement	Leicester's replacement condition criteria	Decent Homes Standard minimum age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central heating boiler	Based on assessed condition from annual service	15 years (future life expectancy of boilers is expected to be on average 12 years)
Chimney	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	50 years
Windows and Doors	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	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 for the Stock Condition Survey / Housing Health and Safety Rating System	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	80 years
Wall structure	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	60 years

Asset data for all HRA stock is held on the Northgate IT system. This includes the age, construction type, number of bedrooms, type and age of boiler, the last time the lighting and heating circuits were rewired etc. Condition survey data is also held for certain external elements such as roofs and chimneys, external paths, windows and doors etc.

The proposed capital budget for 2024/25 is not purely based on life cycle and condition survey data; major elements are pre-inspected before they are added to the programme and the repairs history for the property is checked. For example, all roofs are pre-inspected before the order is sent to the contractor. Likewise, all electrical

installations are tested at 30 years and a decision is made whether to carry out a full rewire or part upgrade of the circuits. Properties are not added to the kitchen programme if they have had major repair work carried out in the previous 5 years.

Requests for additions to the capital programme are also received from the Repairs Team if an element requires replacement rather than repair. For example, a roof repair may result in the property being added to the programme.

Some works are reactive such as Disabled Adaptations. There is a joint working protocol between Housing and Adult Social Care, which allocates priority points to each case.

How Priorities are Assessed for HRA Expenditure

The overall aim of Leicester City Council's Housing Division is to provide a decent home within the reach of every citizen of Leicester. Under this aim the priorities for the Housing Revenue Account Budget are:

- Providing Decent Homes
- Making our communities and neighbourhoods places where people want to live and keeping in touch with our tenants
- Making Leicester a low carbon city by improving the energy efficiency of homes
- Providing appropriate housing to match people's changing needs
- Making Leicester a place to do business by creating jobs and supporting the local economy

This appendix sets out how we are meeting these priorities and the plans for investment in our 19,340 (October 2024) council homes and their neighbourhoods.

Priority one – Providing Decent Homes

Just over 1 in 7 homes in Leicester is a council house, flat, maisonette or bungalow. 14% of all homes in the city are council homes. It is crucially important that we look after these assets, not just for current tenants, but for those who will live in them for many years to come. When we plan the Housing Capital Programme, we must consider what investment will be needed over at least the next 40 years, not just the next three or four years. We must ensure we do not let the programmes for essential items with long life spans fall behind, for example roofs, boilers, re-wiring, kitchens, and bathrooms.

The Government's Decent Homes target was met in 2011/12. However, to meet the standard on an on-going basis further investment for major works is required. Major works are planned for all council housing following an assessment of condition, age, tenant priorities and other criteria set as part of the Decent Homes Standard. We have a bespoke software package that enables us to analyse stock condition and plan major work accordingly when it is required. To ensure we have accurate information in relation to our properties we are planning to undertake a stock condition survey, visiting all properties to carry out this assessment.

The Government's current definition of a Decent Home was set in 2006. A Decent Home must meet the following four criteria:

- It meets the current statutory minimum standard for housing.
- It is in reasonable repair.
- It has reasonably modern facilities and services; and
- It provides a reasonable degree of thermal comfort.

As well as achieving the Decent Homes Standard, we also address tenants' priorities. The majority of tenants see improvements made within their home as a priority and the priority elements for improvements are kitchens and bathrooms.

Below are some of the main criteria used to plan major works in Council properties:

Component for replacement	Leicester's replacement condition criteria	Decent Homes Standard minimum age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central heating boiler	Based on assessed condition from annual service	15 years (future life expectancy of boilers is expected to be on average 12 years)
Chimney	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	50 years
Windows and doors	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	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 from the Stock Condition Survey / Housing Health and Safety Rating System	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	80 years
Wall structure	Based on assessed condition from the Stock Condition Survey / Housing Health and Safety Rating System	60 years

The table below shows the key Capital Programme work being carried out during 2024 / 25 and our proposals for 2025 / 26.

Programmed element	Achievements and proposals
Kitchens and bathrooms	We expect to have installed 330 kitchens / bathrooms in 2024/25. During 2025/2026 we are expecting to install a further 330. As at the 1 st April 2024, 83% of all council properties have had either a Leicester Standard kitchen or bathroom.
Rewiring	We expect to have rewired 500 homes in 2024/25 and a further 450 during 2025/26
Central heating boilers	Investment is calculated to replace boilers every 15 years based on condition data from the annual gas service. We expect to have replaced 784 boilers in 2024/25 and a further 760 in 2025/26.
Roofing and chimneys	We expect to have installed 30 new roofs in 2024/25 and a further 70 in 2025/26
Central heating systems	We have 69 properties without any form of central heating. In these cases, tenants have refused to have central heating installed. Provision is made in the programme to install central heating on tenant request or when these properties become vacant
Windows and doors	Excluding properties in Conservation Areas where there are often restrictions on the use of UPVC, we have 41 properties that do not have UPVC double glazed windows. In these cases, tenants have refused our previous offers of installing double glazing. Provision is made in the programme to install windows / doors on tenant request or when these properties become vacant. Future investment will be targeted at installing secondary glazing to properties in Conservation Areas.
Structural works	Investment is required to address any structural works identified each year. As well as dealing with structural problems, such as subsidence, issues such as woodwork treatment and failed damp proof courses are also dealt with when identified.
Soffits, fascias, guttering	By replacing these items with UPVC, it will help to reduce long term maintenance costs. During 2024/25, we anticipate installing UPVC soffits, fascia's and gutters to 70 properties, and a further 120 properties in 2025/26.
Condensation and damp works	Investment is required to target those properties that have been identified as being more susceptible to condensation related problems because of their construction type or location. In 2024/25, we expect to complete work on 982 properties and a further 950 in 2025/26. Advice to tenants is also important as their actions can alleviate condensation problems, for example opening windows when cooking. Work has started to develop a formal policy around tackling damp and mould in our properties.
Safety and fire risk work	Investment is required to implement the planned programme of fire safety measures, as agreed with the Fire Service

The Building Safety Act came into force in April 2022. The Act is a significant piece of legislation that overhauls the way residential buildings are constructed and maintained. The Act is principally concerned with improving safety in higher risk buildings (those at least 18 metres in height or those that have at least 7 storeys). We have a Building Safety Manager who is responsible for overseeing work in relation to Building Safety. We are also investing in a new IT module to improve our management of work related to fire safety.

The Government intends to review the Decent Homes Standard. We are currently waiting for further information on proposals. It is anticipated that changes to the Decent Homes Standard will result from this review, particularly new standards in relation to communal areas around homes and meeting zero carbon targets.

It is crucial that we continue to repair and maintain homes. Responsive repairs are those reported by tenants when something breaks or stops working in their home, which we are responsible for fixing. During 2023 / 24 89,070 responsive repairs were completed compared to 83,274 in 2022 / 23. To make sure that the most serious repairs are dealt with first, we have 3 levels of repair priority. During 2023/24 we completed 92.8% of emergency repairs within our 24 hours target. For other repairs we completed 75.1% of these on our first visit. Sometimes we are unable to complete repairs when we first visit if tenants are not at home for their appointment or we need to order in specific parts to complete the work.

We have been implementing an action plan to reduce the length of time homes are vacant to ensure that new tenants are rehoused into suitable accommodation as quickly as possible, and loss of income is minimised. During 2023 / 24 the average time to repair all vacant properties was 184 days, 6 days less than the previous year. Increasingly major works need to be carried out on our vacant properties to ensure the safety of our new tenants. This work can include asbestos removal, the fitting of new kitchens or bathrooms, rewires, boilers replacements and specialist cleaning, which increases the time properties are vacant. At the end of September 2023, we were carrying out work on 379 vacant properties; at the start of October 2024 this number had reduced to 324 properties.

Priority two – Making our communities and neighbourhoods places where people want to live and keeping in touch with our tenants.

Key to the delivery of all our services in our neighbourhoods is our income collection. Despite significant challenges brought about by the Cost of Living crisis, the Income Management Team have worked hard to support tenants in paying their rent, ensuring 98.54% of rent was collected in 2023 / 24. The high rate of income collection enables us to continue delivering high quality services.

Providing decent homes is not just about 'bricks and mortar', it can also lead to improvements in educational achievement and health, help tackle poverty and reduce crime. Creating sustainable communities is also more than housing, it means cleaner, safer, greener neighbourhoods in which people have confidence and pride.

The environmental works and communal areas fund helps deliver significant environmental improvements on estates, such as landscaping, new security measures, community facilities, pocket parks, fencing and communal area improvements. Tenants and ward councillors help decide where this money should be spent, based on their local needs and priorities. These schemes have made significant contributions to improving the overall image, appearance, and general quality of life within our estates.

In 2024/25 the £200k environmental and communal works budget was shared across the city in all neighbourhood housing areas. Examples of the work taking place this year includes:

- The replacement of planters and installation of additional bollards on Hockley Farm Road
- Installation of metal gates on Flora Street
- Grounds maintenance work around Portmore Close
- Improvements to the front of communal blocks along Thurncourt Road, Flamborough Road and Thurncourt Gardens

In addition to this two of our neighbourhoods, St Matthews and St Peters, had been identified as needing investment to improve the quality of their shared spaces and the lived experience of their communities. A Public Realm Programme was developed, providing £5m to create neighbourhoods that people can enjoy and feel safe in. We have worked closely with the local communities, to identify and design improvements for both areas, including open spaces, parking, lighting, road safety and the local environment. We enlisted a Green Team that focused on sprucing up both estates and has made a real impact on improving the appearance of the estates as well as addressing problems such as litter and pests.

The Neighbourhood Improvement Scheme carries out painting, clearing of alleyways, removal of graffiti and other works to improve the look of the local environment.

The Housing Division works closely with the Probation Service through the Community Payback scheme, undertaking tasks such as litter picking, painting, and tidying up the green areas in our estates.

District Managers attend ward community meetings and other local forums where concerns about anti-social behaviour are often raised. We work closely with the police and are involved in the local Joint Action Groups.

We respond vigorously to reports of anti-social behaviour and increasingly, we have seen more complex anti-social behaviour cases. The Council has a specialist team that investigates and resolves these issues. The team has close links with housing officers and the police. Where it is determined that tenants have caused anti-social behaviour, we will deal with this as a breach of tenancy conditions. We also offer security packages to tenants who are victims of anti-social behaviour, such as secure letter boxes and alarms, to help them feel safe in their homes whilst reports are investigated.

We continue to provide our housing management service with local teams so that our staff know the neighbourhoods and communities in which they work. Housing Officers are out and about on their 'patches' and our craft repairs workforce is fully mobile.

Housing office services are provided in shared Council buildings within local communities. The Customer Support service runs a telephone advice line during working hours where tenants can report emergency repairs and tenancy issues. Out of hours emergency calls are taken by an external provider.

Tenants now report their non-emergency repairs through Housing Online. At the start of October 2024, 11,980 (just over 60%) tenants have registered to access services via Housing Online.

We appreciate that some tenants may have difficulty initially signing up to the Housing Online service and reporting a repair for the first time. To address this, we have a dedicated Housing Online Support telephone line where officers will help set up online accounts and give guidance on how to report repairs.

We also understand there will be a small proportion of our tenants who are digitally excluded and will not be able to use the online service, perhaps because they do not have access to IT devices or Wi-Fi, a disability or a lack of skills or confidence to use this service. Where we identify that this is the case, we flag this on our systems and the tenant can continue to report their repairs to the Customer Support telephone line. No tenant will be left in the position where that they cannot report a repair. At the start of October 2024, we have assessed 2,522 tenants as being digitally excluded, who will continue to report their non-emergency repairs through the Customer Support telephone service.

In 2023/24 we worked with the Adult Education Service to run courses on our estates to help tenants develop their IT skills, and in particular learn how to report repairs through Housing Online.

During 2025/26 we will be rolling out the Housing Online service to enable the reporting of communal repairs, to enable leaseholders to report their repairs online and increase the opportunity to raise tenancy management queries.

Our current engagement structure enables tenants and leaseholders to be involved in a range of activities, such as:

- The Tenants' and Leaseholders' Forum
- Local tenant and resident associations
- Estate inspections
- Responding to surveys, for example through our annual survey and following the completion of a repair
- Having your say on proposed improvements to estates

Examples of involvement activities that took place in 2023 / 24 include:

- Supporting local tenant and resident associations

- Working with tenants in the Aikman Avenue area of New Parks to set up the Crayburn House Tenants' Association.
- Consultation with 350 households when developing a Building Safety Resident Engagement Strategy for our 5 high rise buildings in the city.
- Local consultation activities to identify projects to be undertaken through our £200k environment and communal area improvement fund.
- Consulting the Tenants' and Leaseholders Forum on the proposed changes to rents, service charges and how we intend to spend our money during 2024 / 25.
- Tenants and leaseholders have been involved in the development and implementation of plans to fit meters in properties with district heating
- Engaging with tenants who are in rent arrears to receive feedback on the services they receive
- Giving us compliments when we have done something well
- Surveying households to receive feedback on recent repairs completed

To address the needs of people living in our 1,788 (April 2024) leasehold properties we have a Leaseholders Liaison Team who are responsible for responding to Council leaseholder queries and improving services to meet their needs. Regular Leaseholder Forums take place to allow leaseholders to discuss particular issues affecting this tenure type and to put forward suggestions for improvement.

Although we have involvement and engagement opportunities in place, we know this is an area we want to improve and develop. During September 2024 we held 6 engagement events across the city, where we invited tenants to come along and tell us how they want to be involved and how they want us to communicate with them. Over 180 tenants attended these events and gave us their views. This work is being built upon in 2025 and further consultation will take place to develop a Tenant Engagement and Communication Strategy, with new opportunities put in place for tenants to be involved.

Priority three – Making Leicester a low carbon city by improving the energy efficiency of homes.

Leicester City Council has set an ambition to reach net zero carbon emissions by 2030, with housing a key area for action, as it is responsible for around a third of emissions within the city. This will build upon previous work within Housing, which has already delivered significant reductions in emissions, including Housing Capital Programme initiatives reducing CO₂ emissions from council houses by 58,523 tonnes between 2005 and March 2017.

We have been working towards improving the environmental impact of our homes for many years and during this time we have significantly reduced the CO₂ emissions from our homes. This has been achieved by double glazed window replacements, new central heating installations, new energy efficient boilers, internal and external wall schemes and loft top up insulation works. We have also fitted solar panels. Some specific examples of work we undertook in 2023 / 24 are:

- All replacement boilers fitted had an A grade energy efficiency rating

- Installed loft insulation in 54 properties.
- Started a programme of fitting meters into our properties connected to the District Heating network to enable tenants to better control their energy use and save money on these bills.
- The homes being built as part of our current housebuilding programme have been designed to maximise energy efficiency.
- The fitting of LED lighting in communal areas

We are committed to ensuring that all new housing developments meet the Future Homes Standard 2025. By integrating this standard, we will ensure that new homes in Leicester are built with the highest levels of energy efficiency, reduced carbon emissions, and no reliance on fossil fuels. This commitment aligns with our broader goals for sustainability and carbon neutrality, contributing to a greener future for the city and ensuring that new homes are resilient and environmentally responsible.

Priority four – Providing appropriate housing to match people’s changing needs

The latest Housing Needs Assessment (Leicester City Local Housing Need Assessment & Update Addendum, 2022) identified that Leicester’s net affordable housing need is 1,117 additional affordable housing homes per year. Of that total, there is a need for an extra 970 per year affordable rental properties in Leicester (over the period 2020-36) for those who cannot afford to rent, plus 147 Affordable Home Ownership dwellings per year for those who aspire to own.

Between 2019 and 2024 1,081 new affordable homes were made available through new build, conversions and acquisitions. This equates to an average of 216 completions a year, well below what has been determined to be needed in the Housing Needs Assessment.

Issues affecting our ability to provide new affordable housing include:

- The lack of available and viable sites for residential development
- Poor and/or negligible success in securing new affordable housing supply via planning gain. Historically, a proportion of our new supply of affordable housing had been delivered via planning gain (Section 106 contributions). For a period now, the proportion and number of applicable planning consents which include planning gain affordable housing has been negligible.
- The delays to the new Local Plan process have resulted in delays in confirming potential future development sites
- Significant increases in actual and projected costs and inflation associated with housing development. This has been coupled with a shortage of construction labour and skills, significant shortage of materials and financial uncertainties.

Right to Buy sales reduce the number of council homes available at an affordable rent. In 2022 / 23 we lost 329 homes through Right to Buy sales and a further 205 homes in 2023 / 24.

On 1 April 2024, 6,682 households were on our Housing Register for re-housing. Of these 3,876 households needed re-housing due to their current overcrowded

situation. This is the most common reason for households joining the Housing Register and accounts for 58% of all households on the register. We have undertaken work to reduce the number of people experiencing overcrowding, this includes:

- The introduction of a new Band 1 award on our Housing Register for those experiencing critical overcrowding. As a result of this there are now less critically overcrowded households on the Housing Register. In 2023 / 24, 72 households were re-housed as a result of this change.
- We have introduced a scheme called Easy Move, which provides incentives for tenants whose homes are too big for them. This enables them to downsize to something smaller and more affordable, through a mutual exchange. This releases properties for larger households to move into. In 2023 / 24, 18 households used the Easy Move service.

To continue our work in this area we are developing an Overcrowding Reduction Strategy.

Demand for Housing is very high in Leicester, but it is also a city with a relatively low average household income. For many, renting from the council or a housing association is the only hope of a decent and settled home.

In order to meet housing need, there is now an active programme of housing development through the Housing Revenue Account. In 2023 / 24 we built 12 new affordable homes and acquired 139 other properties. This work is continuing in 2024 / 25 and beyond.

Vacant Council properties are advertised through Leicester HomeChoice. In 2023 / 24, 669 households became new Council tenants.

We subscribe to the national Home Swapper Scheme that enables tenants to identify mutual exchanges. This is particularly important for those tenants who want to move but have a low priority on the Housing Register.

It is important to us that our properties are accessible. This means tenants can remain independent and occupy their own home for as long as possible. It is also essential that we have a supply of accessible homes for those who might need them in future.

Adaptations in tenant's homes are undertaken following an occupational therapy assessment of need. Council tenants do not have to pay for the adaptations that are recommended by an Occupational Therapist. They will be carried out if they are necessary and appropriate, reasonable and practical. If these criteria are not met, alternative solutions may be proposed.

We keep a record of which properties have been adapted so we can allocate them to households on the Housing Register who need the adaptation, when the property becomes vacant. We have 2,292 homes that have been adapted in some way, of which 133 have been adapted for wheelchair users.

Each year the Capital Programme funds the adaptations of tenants' existing homes where Adult Social Care and Children's Services identify the current tenant or family members need those adaptations. In 2023/24 we carried out:

- 420 minor adaptations in our properties, such as the fitting of handrails and ramps
- 133 major adaptations, such as the fitting of level access showers and stair lifts.

We are in the process of developing an Adaptations Strategy to tackle the current lack of suitable adapted housing available to help tenants to live well.

As well as providing homes, it is also important that we provide support to our tenants to maintain their tenancies. We have a Sensitive Lets and Tenancy Support Procedure which helps to identify suitable housing for tenants who are vulnerable and have complex needs. This is to ensure tenants have the right support in place as soon as they move into their new home.

We also have an 'enhanced letting standard' for new tenants who are leaving care or who have been homeless. Eligible new tenants coming through the 'leaving care' and 'homeless' pathways into our properties benefit from the higher letting standard, which provides a fully decorated property and will help to support these people on their journey towards independent living.

The Supporting Tenants and Residents (STAR) service provides one-to-one support to council tenants who might otherwise lose their homes. Priority is given to support those who have been previously homeless and those who have other problems which means they are not coping or complying with tenancy conditions. The service also works closely with Children's Services to help looked after children, foster families, children leaving care and other vulnerable families. During 2023 / 24, there were just 7 evictions for rent arrears and no evictions for antisocial behaviour. We have a low eviction rate compared to other authorities, due to the comprehensive support and income collection work we undertake with tenants.

In 2023 / 24 the Income Management Team helped 572 vulnerable households to access the Government's Housing Support Fund. This was money allocated to help people during the Cost-of-Living crisis. On average households received over £800 from this fund. In addition to this the Income Management Team supported tenants to apply for Discretionary Housing Payments. A total £201,403 was paid in awards for all qualifying council tenants.

As part of the Council's response to the invasion of Ukraine, a team within STAR continues to operate to support Ukrainian Refugees to help them settle into their new homes and provide assistance with pathways to employment. The STAR service also includes the STAR AMAL team who provide support for Syrian refugees as part of the Government's resettlement programme.

Housing Officers undertake a programme of Welfare Visits to tenants who may be vulnerable. This contact is an opportunity for us to check whether the tenant is coping in their home and, where appropriate, we signpost or refer people to support

services. This is a preventative measure to help sustain tenancies, ensure people are safe and well, and enables us to act before a crisis point is reached.

Our Tenancy Management and Homeless Services have been successful in bidding for funding from Public Health England to address substance misuse. This award allows us to fund a team of 7 housing related support workers for three years, and provides additional support to tenants with drug and alcohol dependency issues. The team provides floating support to tenants in their own home to help sustain tenancies and help people engage with treatment services to aid their recovery.

Some people may not have all the skills needed to manage a new tenancy. To help address this need, we have created 11 “trainer accommodation” units in the ZIP building. This provides people with 12 months accommodation in a supported environment. The support includes providing assistance with tasks, such as budgeting, maintaining a home, shopping and cooking, accessing community services, training and education, and keeping healthy. The aim of the project is to give people the skills and knowledge to be able to manage a home when a longer-term council tenancy is granted and to support the sustainment of their new home.

In 2022/23, 94.7% of Council tenancies were sustained. This means that 94.7% of people who became new tenants in 2022 / 23 remained in their tenancy 12 months later. During 2023 / 24, the STAR service provided longer term support to 439 households and provided short term support to a further 236 households.

Priority five – Making Leicester a place to do business, by creating jobs and supporting the local economy

The Housing Division makes a significant contribution to the local economy. The Housing Division employs a workforce of just over 1,000 people, funded through the Housing Revenue Account. Additional employment is created with local firms through the procured contracts that the Housing Division has to undertake certain types of work for the Division.

The Housing Division continues to provide craft apprenticeship opportunities each year and has the largest programme in the Council. A number of existing posts this year have been converted into apprenticeship posts within Housing, creating even more of these opportunities in the city.

Housing’s Neighbourhood Improvement Scheme continues to help the long-term unemployed by giving pre-employment training and a period of 6- or 12-months’ work experience.

Work experience is also offered to school students, graduates, and ex-offenders. We are working to deliver improved job opportunities for those facing homelessness. We have worked with partner organisations St Mungo’s and BEAM (charities that support people experiencing homelessness) to develop their skills as a step into work.

Regulator of Social Housing Consumer Standards

The Grenfell Tower tragedy in 2017 exposed critical deficiencies in building safety and regulatory oversight, revealing how inadequate safety measures and poor housing conditions can result in catastrophic outcomes. In response, the Social Housing (Regulation) Act 2023 was introduced with the aim of preventing such tragedies in the future, by enhancing safety standards and ensuring greater accountability among housing providers.

In April 2024, as part of the Social Housing (Regulation) Act 2023, the Regulator for Social Housing brought in new Consumer Standards that all social landlords are required to meet. The four standards now in place are:

Quality and Safety Standard: Social Housing providers must ensure that homes meet the Decent Homes Standard, and all health and safety assessments have been undertaken. These include areas such as gas, electrical, water, lift and fire safety checks.

Transparency, Influence and Accountability Standard: Ensures that tenants have opportunities to be involved in the decision-making processes in relation to the management of their home and area in which they live. This Standard also places requirements on landlords to listen to tenants', so their voices are heard and that complaints are dealt with effectively.

Tenancy Standard: Requirements are placed on landlords to ensure properties are let fairly and transparently, tenants are supported to remain in their homes and support is available for those who wish to move through a mutual exchange.

Neighbourhood and Community Standard: Addresses the management of communal areas and the role of housing providers play in fostering safe, sustainable communities. This includes tackling anti-social behaviour and promoting neighbourhood wellbeing.

These standards aim to enhance the quality of social housing and services provided, to ensure that residents live in safe, well-managed environments that meet their needs.

The Regulator now monitors compliance with these standards through regular assessments and inspections. Housing providers are also expected to report on their performance and make necessary improvements where standards are not met.

The Housing Division has undertaken a lot of work over the last 12 months to prepare for the implementation of the new standards and methods of regulation. At the start of the year Managers were involved in workshops to enable us to self-assess ourselves against the new Standards. This information, along with the analysis of our performance results, was used to determine where we met the standards and where further work was required to meet these. It is clear from the self-assessment that we do a huge amount of good work across the Division and in some areas go beyond the requirements set out in the Regulatory standards.

Key themes coming out of this work are the need to strengthen our tenant engagement activities and communication to tenants, also to improve the quality of data that we

hold to provide greater insight into the condition of our properties and the needs of our tenants, and also work to improve our complaint handling processes.

From the self-assessment, we have developed an action plan of tasks we need to complete to ensure we meet all our regulatory requirements. We have appointed senior members from our Head of Services team to lead on the actions under each of the Consumer Standards.

Feedback from consultation with Tenants' and Leaseholders'

Housing Revenue Account Budget 2025/26

Tenant and leaseholder consultation feedback

A consultation exercise on the Housing Revenue Account (HRA) budget proposals took place with tenants and leaseholders between the 6th and the 20th December 2024.

This consultation exercise took the format of an online survey. Tenants and leaseholders were also able to provide their feedback at face-to-face drop-in sessions at 4 locations across the city. Drop-in sessions took place at the Brite Centre and St Matthews Community Centre on the 12th December 2024. A further 2 were held at Pork Pie Library and Thurnby Lodge Community Centre on the 13th December 2024. Officers recorded the responses at these sessions onto the online consultation portal.

In total 545 tenants and leaseholders responded to the consultation. Of these:

- 488 (89.4%) were from tenants
- 50 (9.17%) were from leaseholders
- 6 (1.28%) were from non-tenants and leaseholders

A series of questions were asked in relation to the HRA budget proposals for 2025/26 and the feedback to these were:

Question 1a

What is your opinion of our proposal to increase council home and temporary accommodation rents by 2.7% to ensure services and our improvement programmes are maintained?

530 people responded to this question 252 (46.23%) supported the proposals or supported them with some concerns. 236 (43.3%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	113	20.73%
Support, but with some concerns	139	25.50%
Do not support	236	43.30%
Don't know	51	9.36%
Not answered	6	1.10%

Question 1b

If you have said you do not support the proposal or you support the proposal with some concerns, please state why.

322 people provided comments to this question. Where these related to the proposed rent increase some people specifically raised concerns about being about to afford to pay the additional rent. However, more people raised concerns that the proposal added to the general pressure being felt by the Cost-of-Living crisis, and the fact that all bills and expenditure were increasing, but incomes were not rising at the same levels.

Question 1c

What impact do you feel the proposals to increase council home rents may have on you, your family or the wider community?

There were 353 responses to this question. Where these related to the potential impact the proposed rent increase may have, 50 people stated it would have little or no impact. 230 people said it could lead to further financial hardship, poverty and debt, linked to the rising cost of living. Other comments received in relation to the impact of the proposed rent increase was the potential increase in homelessness (16 people), pressure on existing services or reduced services (23 people), but 4 people said the proposal could maintain or improve services.

In terms of groups of people who may be impacted upon most, the biggest concerns were for working people (23 people), people with a disability, particularly mental health (22) and families (23 People). Other groups mentioned were older people (8 people), single parents (6 people) and carers (2 people).

Question 2a

What is your opinion of our proposals for service charges to ensure these continue to be provided?

There were 527 responses to this question. 216 (39.63%) supported the proposals or supported them with some concerns. 160 (29.26%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	133	24.40%
Support, but with some concerns	83	15.23%
Do not support	160	29.36%
Don't know	151	27.71%
Not answered	18	3.30%

Question 2b

If you do not support the proposal or you support the proposal with some concerns, please state why.

There were 173 responses to this question. Where these related to concerns about the service charge proposals, feedback received was similar to responses received for the rent proposals. That is, people had concerns about affordability issues, along with other day to day living costs increasing

too. Where specific service charges were mentioned the highest number of concerns were raised about communal cleaning charges (31 people) and door entry system charges (28 people).

Question 2c

What impact do you feel the service charge proposals may have on you, your family or the wider community?

There were 167 responses to this question. Where these related to the potential impact the service charge proposals may have, 17 people stated it would have little or no impact. 82 people said it could lead to further financial hardship, poverty and debt, linked to the rising cost of living. In terms of groups of people who may be impacted upon most, the biggest concerns were for people with a disability, particularly in relation to the stress / mental health issues caused by financial difficulties, 10 people raised these concerns. Other groups mentioned where the impact could be felt most were families (4 people), older people (3 people) and single parents (1 person)

Question 3a

What is your opinion of our proposals to reduce District Heating charges to reflect the predicted reduction in gas prices in 2025/26?

There were 521 responses to this part of the question. 250 (45.87%) supported the proposals or supported them with some concerns. 83 (15.23%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	193	35.41%
Support, but with some concerns	57	10.46%
Do not support	83	15.23%
Don't know	188	34.50%
Not answered	24	4.40%

Question 3b

If you do not support the proposal or you support the proposal with some concerns, please state why.

There were 114 responses to this question. 24 people stated the proposal to reduce district heating charges was positive. However, despite the proposed reduction in charges 36 people commented on affordability issues related to paying this reduced charge, with comments made generally about rising energy costs and other household bills.

Question 3c

What impact do you feel the district heating change proposals may have on you, your family or the wider community?

There were 104 responses to this question. 32 people said the proposal would have a positive impact for tenants and leaseholders on the district heating scheme, by having to pay less for this service. A further 8 people said it would have little or no impact. Despite the proposal to reduce district heating charges 52 people stated the amount they would still need to pay was too high and could create further financial hardship for some people. Generally, these comments were made in the context of rising costs elsewhere in their day-to-day expenditure.

Few people commented on whether the proposal would impact more on particular groups. Those that were commented upon were generally in relation to the positive impact of paying less, for people with a disability (12 people), families and single parents (6 people) and older people (4 people).

Question 4a

What is your opinion of our proposals to increase Gypsy and Traveller plot rents by 4% to enable us to continue providing services to these households?

There were 517 responses to this part of the question. 325 (48.59%) supported the proposals or supported them with some concerns. 73 (13.39%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	288	41.83%
Support, but with some concerns	37	6.79%
Do not support	73	13.39%
Don't know	179	32.84%
Not answered	28	5.14%

Question 4b

If you do not support the proposal or you support the proposal with some concerns, please tell us why.

There were 71 responses to this question. Where these related to concerns about the proposed increase to plot rents all comments raised (18 people) were about the ability of these households to pay the increased rent.

Question 4c

What impact do you feel the proposals to increase Gypsy and Traveller plot rents may have on you, your family or the wider community?

There were 61 responses to this question. As this proposal solely relates to plot rents this will only impact upon Gypsy and Traveler households. 11 people stated the impact could placing greater financial pressure onto households and affordability issues were raised. 5 people raised concerns that the impact

of this proposal and the increase in rent could force some households to move on from the sites they currently rent.

Question 5a

What is your opinion of our proposals to increase garage rents by 2.7% in line with the proposed increase of rent for council homes?

There were 506 responses to this part of the question. 217 (38.82%) supported the proposals or supported them with some concerns. 80 (14.68%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	178	32.66%
Support, but with some concerns	39	7.16%
Do not support	80	14.68%
Don't know	209	38.35%
Not answered	39	7.16%

Question 5b

If you do not support the proposal or you support the proposal with some concerns, please state why.

There were 67 responses to this question. Where these related to concerns about the proposed increase to garage rents, 14 responses raised concerns about the ability for some people to pay the increase charge. Generally, comments received were about the lack of parking in some areas of the city.

Question 5c

What impact do you feel the proposals to increase garage rents may have on you, your family or the wider community?

There were 63 responses to this question. 15 people stated there would be no or little impact. 13 people stated the proposed increase would add to the financial hardship of people renting garages. 4 responses stated this could lead to people giving up their garage, which in turn could cause greater pressure on street parking. General comments received were about the small size of garages and these no longer providing adequate space for modern day cars, which mean some are being used for the storage of belongings. There were no comments received as to whether the proposed garage rents would impact more on a particular group.

Question 6

As a Leicester City Council tenant or leaseholder, what are your priorities for how we spend the money?

There were 249 responses to this question. Where services are provided by the

Housing Revenue Account, by far the biggest priority stated was repairs, home improvements and modernisation of properties. This accounted for 51% of all responses. The table below provides the feedback on all the priorities stated by respondents.

Service area	Number of respondents	% of respondents
Repairs, improvements and modernisation of homes	127	51%
Upkeep of estates / grounds maintenance	35	14%
Security measures	21	8%
Upkeep of communal areas in blocks / communal cleaning	19	7.5%
Energy efficiency measures	16	6%
Tenancy support services	13	5%
Building new council homes	12	5%
Parking on estates	9	3.5%
Easy access to services	9	3.5%
Providing value for money	6	2%
Tackling anti-social behaviour	3	1%
Repairs and letting empty properties	2	0.5%

Background information of respondents:

Ethnicity

Option	Total	Percent
Asian or Asian British: Bangladeshi	9	1.65%
Asian or Asian British: Indian	79	14.5%
Asian or Asian British: Pakistani	11	2.02%
Asian or Asian British: Any other Asian background	15	2.75%
Black or Black British: African	40	7.34%
Black or Black British: Caribbean	12	2.2%

Black or Black British: Somali	6	1.10%
Black or Black British: Any other Black background	3	0.55%
Chinese	0	0%
Chinese: Any other Chinese background	2	0.37%
Dual/Multiple Heritage: White & Asian	3	0.55%
Dual/Multiple Heritage: White & Black African	2	0.37%
Dual/Multiple Heritage: White & Black Caribbean	7	1.28%
Dual/Multiple Heritage: Any other heritage background	1	0.18%
White: British	243	44.59%
White: European	11	2.02%
White: Irish	4	0.73%
White: Any other White background	4	0.73%
Other ethnic group: Gypsy/Romany/Irish Traveller	1	0.18%
Other ethnic group: Any other ethnic group	10	1.83%
Prefer not to say	65	11.93%
Not Answered	17	3.12%

Sex

Option	Total	Percent
Female	288	52.84%
Male	180	33.03%
Other	3	0.55%
Prefer not to say	56	10.28%
Not Answered	18	3.30%

Age

Option	Total	Percent
under 18	0	0%
18 - 25	8	1.47%
26 - 35	56	10.28%
36 - 45	123	22.57%
46 - 55	103	18.90%
56 - 65	123	22.57%
66+	73	13.39%
Prefer not to say	4	0.73%
Not Answered	13	2.39%

Disability

Option	Total	Percent
Yes	189	34.68%
No	267	48.99%
Prefer not to say	72	13.21%
Not Answered	17	3.12%

Sexual orientation

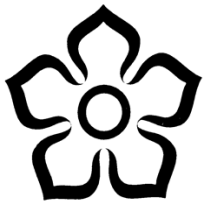
Option	Total	Percent
Bisexual	17	3.12%
Gay / lesbian	5	0.92%
Heterosexual / straight	360	66.06%
Prefer not to say	106	19.45%
Other	9	1.65%
Not Answered	48	8.81%

Religion and belief

Option	Total	Percent
Atheist	38	6.97%
Bahai	0	0%
Buddhist	3	0.55%
Christian	143	26.24%
Hindu	36	6.62%
Jain	0	0%
Jewish	0	0%
Muslim	89	16.33%
Sikh	9	1.63%
No religion	107	10.63%
Prefer not to say	80	14.68%
Other	12	2.20%
Not Answered	28	5.14%

Parent or carer

Option	Total	Percent
0-4 years	48	8.81%
5-10 years	89	16.33%
11-15 years	93	17.06%
16-17 years	48	8.81%
18+	102	18.72%
Not Answered	295	54.13%



Leicester
City Council

Appendix H

Minutes of the Meeting of the HOUSING SCRUTINY COMMISSION

TO FOLLOW



Leicester
City Council

Appendix I – OSC Minutes Extract

MINUTE EXTRACT

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

To Follow

Equality Impact Assessment (EIA)

Title of proposal	Housing Revenue Account Budget (including Capital Programme) 2025/26
Name of division/service	Housing
Name of lead officer completing this assessment	Helen McGarry, Programme Manager
Date EIA assessment commenced	12 th November 2024
Date EIA assessment completed (<i>prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes</i>)	TBC
Decision maker	Full Council
Date decision taken	19 th February 2025

EIA sign off on completion:	Signature	Date
Lead officer		
Equalities officer (has been consulted)		
Divisional director		

Please ensure the following:

- a) That the document is **understandable to a reader who has not read any other documents** and explains (on its own) how the Public Sector Equality Duty is met. This does not need to be lengthy but must be complete and based in evidence.
- b) That available support information and data is identified and where it can be found. Also be clear about highlighting gaps in existing data or evidence that you hold, and how you have sought to address these knowledge gaps.
- c) That the equality impacts are capable of aggregation with those of other EIAs to identify the cumulative impact of all service changes made by the council on different groups of people.
- d) That the equality impact assessment is started at an early stage in the decision-making process, so that it can be used to inform the consultation, engagement and the decision. It should not be a tick-box exercise. Equality impact assessment is an iterative process that should be revisited throughout the decision-making process. It can be used to assess several different options.
- e) Decision makers must be aware of their duty to pay ‘due regard’ to the Public Sector Equality Duty (see below) and ‘due regard’ must be paid before and at the time a decision is taken. Please see the Brown Principles on the equality intranet pages, for information on how to undertake a lawful decision-making process, from an equalities perspective. Please append the draft EIA and the final EIA to papers for decision makers (including leadership team meetings, lead member briefings, scrutiny meetings and executive meetings) and draw out the key points for their consideration. The Equalities Team provide equalities comments on reports.

1. Setting the context

Describe the proposal, the reasons it is being made, and the intended change or outcome. Will the needs of those who are currently using the service continue to be met?

The Housing Revenue Account (HRA) operates in a self-financing environment. This means the budget is set by the Council, within Government boundaries, taking into account expected levels of income and predictions on what needs to be spent. Spending priorities are made based on the need to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £271m.

There is a requirement that the proposed budget for 2025/26 is set as a balanced budget (money spent does not exceed the income received). However, there are a number of pressures (most of which are unavoidable) that are increasing the amount which must be spent. These pressures include:

Pay inflation

An assumed pay award for 2025/26 of 2.5% has been built into this budget resulting in an increase in pay costs of £0.5m. There are also adjustments relating to the changes to the employer's national insurance thresholds announced in the Chancellor's October 2024 budget, which increases the pressure by £0.7m.

Running Cost Inflation

Inflation affects almost all areas of HRA running costs and is largely unavoidable. For 2025/26, materials and contractor inflation are forecast to be £0.3m higher. Services which are provided to the HRA by other parts of the council are also subject to inflation pressures, and these costs are then passed on to the HRA, adding a further £0.3m in 2025/26.

Right to Buy

Council tenants have the Right to Buy their council home at a discount of up to 70% of the property value. Right to Buy sales puts pressure on the HRA because it means there is a loss of rental income from the properties sold. In the Government's October 2024 budget, proposals were announced to change the Right to Buy scheme in terms of reduced eligibility and discounts. As a result of these proposals an initial increase in sales is predicted before the new rules are in place, creating a further loss of income to the Housing Revenue Account of £1.3m. However, longer term changes to the scheme could see a reduction in Right to Buy sales and therefore a more financially sustainable Housing Revenue Account.

Regulatory costs

Recent changes to Housing Regulations mean additional staffing resources are required to fulfil our landlord responsibilities. It is therefore proposed that £0.7m is allocated within the budget to fund 10 new staff members to manage the increased workload and complete face-to-face satisfaction surveys. A further £70k will be invested to fund professional qualifications for Housing staff in managerial positions, as required by the new Housing Regulations.

Electrical Installation Condition Reports

An additional £0.5m is required to support the completion of Electrical Installation Condition Reports to ensure we meet our legal requirements in relation to electrical safety.

Staffing growth

It is proposed an additional 10 craft apprentices, and a supervisor are sought, at a cost of £280k, to assist with ongoing maintenance and refurbishment works, where there are current vacancies and recruitment challenges. There is also a need for 3 additional Quality Control Engineers, at an annual cost of £160k, whose roles will be to verify the council's ongoing compliance with industry regulations. It is also proposed that £170k is invested into Technical Services to obtain extra Housing professionals to support other areas of compliance and asset management work.

Other Pressures

It is proposed an additional £0.3m is added to the budget for grounds maintenance work on estates to ensure compliance with our Regulatory requirements and to improve the appearance on our estates.

The Council previously provided a discount on Council Tax for the first 30 days of properties being empty. The removal of this discount will come at a cost of £0.1m to the Housing Revenue Account when council homes are vacated, and work takes place before new tenants move in.

Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and maximum annual rent increases, which is currently CPI+1%. As at September 2024 this means the maximum permitted rent increase social landlords can implement is 2.7%.

Taking into account all the pressures being felt, the Housing Revenue Account Budget proposals for 2025/26 is recommending a 2.7% increase to Council tenant rents. It is reported that applying a rent increase less than 2.7% would either result in scaling back of the Capital Programme, a draw on limited reserves, or revenue service cuts.

As well as this proposed rent increase for 2025/26, the following recommendations are put forward:

- Service charges should be set with the intention of recovering the full cost of providing the service. It is proposed that a 1.7% increase is applied in line with inflation (CPI), other than for waylighting and district heating.
- Waylighting charges cover the cost of electricity incurred. It is predicted that these costs will fall during 2025/26, so it is therefore proposed a 9.1% reduction in these charges is applied.
- District heating charges (metered properties) – It is proposed that tenants and leaseholders on the district heating scheme, who have meters fitted in their homes, will have an annual charge of £228.80 applied for the provision of the service, a reduction from £284.91 in 2024/25. This covers fixed charges, billing and collection, and VAT. Through the fitting of meters in properties these tenants and leaseholders will be able to control the amount of energy they use in their property. It is proposed the variable charge p/kwh of heat will be £6.30, a reduction from £8.42 for 2024/25. The cost of energy use will be charged in addition to the fixed charges and will be dependent on the energy use of each household.

- District heating charges (non metered properties) - Where meters are not fitted in properties there is no way of charging based on actual energy consumption. It is therefore proposed that a combined annual cost charged (fixed costs for providing the service and energy use), will on average be £1,087 for 2025/26. This is a reduction from the average annual charge of £1,460 in 2024/25.
- A 2.7% increase in hostel rents and service charges, which aligns with inflation and estimated increases in pay for the delivery of services.
- A 2.7% increase in garage rents, in line with increases to core rents.
- Whilst the Gypsy and Traveller sites sit outside the Housing Revenue Account, it is proposed that a 4% rental increase be applied for plot rents, in line with the combined effect of CPI and wage inflation.

The following projects are those where it is proposed changes are made to the allocation of funding through the Capital Programme:

- Over £215m has been added to the capital programme since November 2019 to support the programme of new build and property acquisitions. It is proposed that a further £30m is added to the budget in 2025/26 for this purpose.
- Funding for the kitchens and bathrooms programme is reduced from £2.8m in 2024/5 to £2.4m in 2025/26.
- Investment for new boilers will reduce from £2.5m in 2024/25 to £2m in 2025/26 as a result of reduced reliance on external contractors doing this work.
- An in the budget for re-roofing from £1m in 2024/25 to £1.5m in 2025/26 to enable a greater number of roof replacements.
- £0.2m to be added to the Capital Programme for improvements to communal flat areas in 2025/26.
- An increase to the budget for loft insulation from £50k in 2024/25 to £100 in 2025/26 to improve the energy efficiency of more homes
- £250k to be added to the Capital Programme for door entry replacements, where these are dated and need extensive repairs.

The main service need of tenants is that they have a suitably sized, Decent Home, maintained through an effective repairs service with quality tenancy and estate management services. Current service user needs will continue to be met with the recommendations being made.

2. Equality implications/obligations

Which aims of the Public Sector Equality Duty (PSED) are likely be relevant to the proposal? In this question, consider both the current service and the proposed changes.

a. Eliminate unlawful discrimination, harassment and victimisation

- How does the proposal/service aim to remove barriers or disproportionate impacts for anyone with a particular protected characteristics compared with someone who does not share the same protected characteristics?
- Is this a relevant consideration? What issues could arise?

Some households may experience a rise in costs and therefore it will impact on their personal budgets and disposable income. This will impact on people across all protected characteristics. Support is in place through the Supporting Tenants and Residents service (STAR) and the Income Management Team for tenants and leaseholders to access services and manage their tenancy.

Some of the potential barriers may relate to:

- Customer access to information about the changes
- How information is communicated to users
- The ease of use of information provided
- Availability in different language formats
- Information provided on rights and /or entitlements
- Information on which agencies can help with money / debt advice (promotion of this to tenants and leaseholders)
- Physical access to services
- Monitoring of potential adverse impact on particular groups

b. Advance equality of opportunity between different groups

- Does the proposal/service advance equality of opportunity for people?
- Identify inequalities faced by those with specific protected characteristic(s).
- Is this a relevant consideration? What issues could arise?

The proposals continue to commit to the provision of Decent Homes to council tenants and equality of opportunity for people to have Decent Homes to live in, which includes carrying out adaptations for those with a disability. The standard of accommodation in council owned properties is higher than in some areas of the private sector.

c. Foster good relations between different groups

- Does the service contribute to good relations or to broader community cohesion objectives?
- How does it achieve this aim?
- Is this a relevant consideration? What issues could arise?

Maintaining properties and making improvements on estates creates an environment where people are satisfied with their homes they live in, and reducing the likelihood of anti-social behaviour and community tensions.

3. Who is affected?

Outline who could be affected, and how they could be affected by the proposal/service change. Include people who currently use the service and those who could benefit from, but do not currently access the service. Where possible include data to support this.

All tenants and leaseholders of Leicester City Council will be impacted upon by the proposals (just over 19,300 tenanted properties and just over 1,813 leasehold properties).

All Council tenants will be charged more rent. The current average rent for a Council property is £92.30 per week. The proposals will mean, on average, tenants will be charged an additional £2.49 per week. The additional amount tenants will actually have to pay is dependent on the number of bedrooms in their property. This weekly increase will range from £2.01 per week for a bedsit and £3.78 per week for a 7-bedroom property.

Tenants in receipt of full Housing Benefit or in receipt of full Universal Credit Housing costs will have the additional charges paid through their benefit entitlement. We know that this applies to approximately 65% of our tenants. Therefore, the proposed increased rent charges will depend on a tenants' financial situation and will impact upon approximately 35% of tenants who are in receipt of partial or no Housing Benefit or Universal Credit Housing Costs.

37 Gypsy and Traveller households, who rent pitches from the council will be impacted upon by the proposed 4% increase in charges for these. Those households in receipt of full Housing Benefit or those that receive Universal Housing Costs will have the increased charges paid through their benefit entitlement.

The 2.7% increase for hostel rents and service charges will impact on single people and couples who are homeless and currently in temporary accommodation in the Dawn Centre. All individuals staying in this accommodation are eligible for Housing Benefit or Universal Credit Housing Costs, so the increased charge will be paid through their benefit entitlement.

Service charges are paid in addition to rent where additional services are provided. Individual service charges for tenants and leaseholders vary due the additional services provided. Where service charges are in place tenants and leaseholders will need to pay an additional 1.7% for these, with the exception of waylighting, where they will benefit from a proposed 9.1% reduction in charges. The table below shows the financial impact of the proposed charges and the number of tenants impacted upon by each of these.

Tenant Service Charges	Approx. Number of Tenants	Current Average Weekly Charge	Proposed Increase	Proposed Weekly Charge	Annual Impact per Dwelling
Waylighting	6,290	£3.27	-9.10%	£2.97	-£15
Security	1,486	£5.94	1.70%	£6.04	£5
TV Receiving Service	5,536	£0.77	1.70%	£0.78	£1
Cleaning	4,058	£3.65	1.70%	£3.71	£3
Laundry	751	£1.53	1.70%	£1.56	£1
Furniture / White Goods	829	£2.07	1.70%	£2.10	£2
Sheltered Lounge	398	£2.83	1.70%	£2.88	£2
Energy Conservation Package	27	£2.37	1.70%	£2.41	£2
Access to Parking Spaces	11	£1.18	1.70%	£1.20	£1
Door Entry	4,071	£3.55	1.70%	£3.61	£3
Sheltered Warden	362	£4.72	tbc	tbc	tbc

The table below shows the financial impact of the proposed charges and the number of leaseholders impacted upon by each of these.

Leaseholder Service Charges	Approx. Number of Tenants	Current Average Weekly Charge	Proposed Increase	Proposed Weekly Charge	Annual Impact per Dwelling
Waylighting	1,525	£3.82	-9.10%	£3.47	-£17
Security	43	£7.71	1.70%	£7.84	£7
TV Receiving Service	1,594	£0.76	1.70%	£0.78	£1
Cleaning	874	£4.69	1.70%	£4.76	£4
Laundry	23	£1.08	1.70%	£1.10	£1
Admin Charges	1,794	£3.96	1.70%	£4.02	£3
Door Entry	1,059	£3.53	1.70%	£3.59	£3
Lifts	97	£2.61	1.70%	£2.65	£2

Approximately 1,900 tenants and an additional 1,000 other households are connected to the district heating scheme. These charges are not covered by Housing Benefit or Universal Credit Housing Costs, so all tenants and other households on the scheme will be impacted upon by the proposals. The Council is undertaking a programme to fit meters into properties served by district heating. This means households will have greater control of their energy usage and the costs associated with this, which could reduce. In November 2024 approximately 750 properties have had meters installed. This number will increase as the meter fitting programme progresses. The table below states how tenants and other households, with meters will benefit from reduced fixed costs during 2025/26. The table also provides information on how tenants and other households will benefit from lower variable charges per KWH of heat in 2025/26, providing specific examples of the potential savings for households in a 1 and 3-bedroom property, based on an assumed energy consumption level.

	24/25 Annual Charge for Tenants	25/26 Annual Charge for Tenants	Difference from 24/25 to 25/26
Fixed Charges	£193	£140	(£53)
Billing & Collection	£75	£75	£0
Fusion Fee on Billing & Collection	£3	£3	£0
VAT on the above (@5%)	£13.57	£11	(£3)
Total Fixed Charges	£284.90	£228.80	(£56)

Weekly Charge (over 50 weeks)	£5.70	£4.58	(£1.12)
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Variable Charge pkWh of Heat	8.42	6.30	(2.12)
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Annual Charge for 1-bed (assumed 8,000kWh)	£959	£733	(£226)
Annual Charge for 3-bed (assumed 12,000kWh)	£1,295	£985	(£311)

At the start of November 2024 approximately 2,300 tenants and other households on the district heating scheme do not have meters fitted to their home. This number will reduce as the meter fitting programme progresses. District heating charges to these households will include both fixed costs and costs for the use of energy. The proposed charges vary, dependant on the number of bedrooms in a property. The table below shows how the proposed reduction in charges will impact households in each bedroom category.

	2024/25 Annual Charge	2025/26 Annual Charge	Difference from 24/25 to 25/26
1 bed	£1,188	£885	(£303)
2 bed	£1,646	£1,226	(£420)
3 bed	£2,071	£1,543	(£528)
4 bed	£2,512	£1,871	(£641)
Other	£631	£470	(£161)
Avge	£1,460	£1,087	(£372)

Average Weekly Charge (50 weeks)	£29.20	£21.75	(£7.45)
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Council owned garages are rented out to members of the public generally, not just Council tenants. The charge is not covered by Housing Benefit or Universal Credit. We currently have 493 garages and parking spaces rented out, so the proposed 2.7% increase will impact upon these people. People renting Council garages will see an increase in charges from £11.82 per week to £12.14.

The above proposals will also impact households who become new tenants and new leaseholders in 2025/26. Also, new people accessing temporary accommodation, and renting a garage from the Council.

The Housing Capital Programme generally benefits all tenants and leaseholders in the city. Projects to improve individual properties are decided on their condition to meet health and safety regulations. The impact for tenants and leaseholders will generally be positive as properties and areas are improved.

The proposed additional Capital investment of £30m into the housebuilding and acquisitions programme will benefit vulnerable households on the Housing Register and in housing need.

4. Information used to inform the equality impact assessment

- What **data, research, or trend analysis** have you used?
- Describe how you have got your information and what it tells you
- Are there any gaps or limitations in the information you currently hold, and how you have sought to address this? E.g. proxy data, national trends, equality monitoring etc.

Tenant profiling information has been collected and analysed from the NEC IT system (See profiling information at the end of the EIA.) This includes information on ages, ethnic origin, disability, gender, sexuality and religion.

For tenants there are gaps in data in relation to gender re-assignment, marriage and civil partnership, pregnancy and maternity and sexual orientation.

We also have limited profiling information in relation to leaseholders.

For those tenants with protected characteristics commented upon in Section 6 below we know:

14,472 are of working age (18 – 65)

2007 have a disability

9884 have a white background and 5876 have other ethnic backgrounds

11,007 are female

43 are Gay (male) and 43 are Gay (female / lesbian)

5. Consultation

Have you undertaken consultation about the proposal with people who use the service or people affected, people who may potentially use the service and other stakeholders? What did they say about:

- What is important to them regarding the current service?
- How does (or could) the service meet their needs? How will they be affected by the proposal? What potential impacts did they identify because of their protected characteristic(s)?
- Did they identify any potential barriers they may face in accessing services/other opportunities that meet their needs?

It is proposed that an online consultation exercise takes place between the 6th and 20th December 2024 to seek feedback from tenants and leaseholders on the budget proposals. Tenants and leaseholders will be sent text and e mail messages to advise them of this. It is also proposed that 2 consultation events will take place during December 2024 at locations (to be determined) on our estates. This will provide tenants and leaseholders to provide feedback if they are unable to access the online consultation. Leaflets will be sent out to promote these events. The feedback from these consultation activities will be added to this equality impact assessment when received.

6. Potential Equality Impact

Based on your understanding of the service area, any specific evidence you may have on people who use the service and those who could potentially use the service and the findings of any consultation you have undertaken, use the table below to explain which individuals or community groups are likely to be affected by the proposal because of their protected characteristic(s). Describe what the impact is likely to be, how significant that impact is for individual or group well-being, and what mitigating actions can be taken to reduce or remove negative impacts. This could include indirect impacts, as well as direct impacts.

Looking at potential impacts from a different perspective, this section also asks you to consider whether any other particular groups, especially vulnerable groups, are likely to be affected by the proposal. List the relevant groups that may be affected, along with the likely impact, potential risks and mitigating actions that would reduce or remove any negative impacts. These groups do not have to be defined by their protected characteristic(s).

Protected characteristics

Impact of proposal:

Describe the likely impact of the proposal on people because of their protected characteristic and how they may be affected. Why is this protected characteristic relevant to the proposal? How does the protected characteristic determine/shape the potential impact of the proposal? This may also include **positive impacts** which support the aims of the Public Sector Equality Duty to advance equality of opportunity and foster good relations.

Risk of disproportionate negative impact:

How likely is it that people with this protected characteristic will be disproportionately negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?

Mitigating actions:

For disproportionate negative impacts on protected characteristic/s, what mitigating actions can be taken to reduce or remove the impact? You may also wish to include actions which support the positive aims of the Public Sector Equality Duty to advance equality of opportunity and to foster good relations. All actions identified here should also be included in the action plan at the end of this EIA.

a. Age

Indicate which age group/s is/ are most affected, either specify general age group (children, young people, working aged people or older people) or specific age bands.

What is the impact of the proposal on age?

With the Cost of Living Crisis earnings have not kept up with inflation over the last 12 months so working households are likely to already be facing pressures on household budgets. Younger people, and particularly children, are more likely to be in poverty before the current Cost of Living Crisis and this is likely to continued.

What is the risk of disproportionate negative impact on age?

Incomes continue to be squeezed through reducing real term wages for working age households and families with children.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs

b. Disability

A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities. If specific impairments are affected by the proposal, specify which these are. Our standard categories are on our equality monitoring form – physical impairment, sensory impairment, mental health condition, learning disability, long standing illness, or health condition.

What is the impact of the proposal on disability?

Disabled people are more likely to be in poverty. In addition, many disabled people are disproportionately affected by household fuel costs and may have limited opportunities to reduce usage.

The rent and service charge increases could have an impact on such household incomes.

Through the Affordable Housing Programme, people with a disability, who are waiting for re-housing on the Housing Register may be offered accommodation to meet their needs sooner.

Further erosion of the quality of life being experienced by disabled people.

What is the risk of disproportionate negative impact on disability?

Further erosion of the quality of life being experienced by disabled people.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs. However, it has not yet been announced as to whether this support will be provided by Government in 2024 / 25.

The programme in place to install meters in properties on the District Heating network, will give disabled households more control over their energy use and costs.

Where needed we will provide information in different formats to enable tenants with a disability to receive this.

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c. Gender reassignment

Indicate whether the proposal has potential impact on trans men or trans women, and if so, which group is affected. a trans person is someone who proposes to, starts, or has completed a process to change his or her gender. A person does not need to be under medical supervision to be protected.

What is the impact of the proposal on gender reassignment?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on gender reassignment?

Not applicable

What are the mitigating actions?

Not applicable

d. Marriage and civil partnership

Please note that the under the Public Sector Equality Duty this protected characteristic applies to the first general duty of the Act, eliminating unlawful discrimination, only. The focus within this is eliminating discrimination against people that are married or in a civil partnership with regard specifically to employment.

What is the impact of the proposal on marriage and civil partnership?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on marriage and civil partnership?

Not applicable

What are the mitigating actions?

Not applicable

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e. Pregnancy and maternity

Does the proposal treat someone unfairly because they're pregnant, breastfeeding or because they've recently given birth.

What is the impact of the proposal on pregnancy and maternity?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on pregnancy and maternity?

Not applicable

What are the mitigating actions?

Not applicable

f. Race

Race refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins. A racial group can be made up of two or more distinct racial groups, for example Black Britons, British Asians, British Sikhs, British Jews, Romany Gypsies and Irish Travellers.

What is the impact of the proposal on race?

Those from white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of benefits. Some ethnic minority people are also on low income and on benefits, this will include our Gypsy and Traveller tenants who rent pitches from the council.

A large proportion of properties in the centre area of the city are on the District Heating scheme. We know a higher proportion of people with a Black, Asian and other ethnic background live in this area, so they could be more impacted upon by the District Heating charge proposals.

What is the risk of disproportionate negative impact on race?

Household income being further squeezed through low wages and reducing levels of benefit income. There is a direct impact on Gypsy and Traveller families who may not be able to afford the proposed increased charges for pitch rents.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

Where required, interpretation and translation will be provided to remove barriers in accessing support.

The programme in place to install meters in properties on the District Heating network, will give households more control over their energy use and costs.

The City Council employs a Gypsy and Traveller Manager to manage our sites and provide support to people living on these. Communication about the proposed changes will take place. Gypsy and Travellers will be provided with specific support from this officer if they are facing financial difficulties.

g. Religion or belief

Religion refers to any religion, including a lack of religion. Belief refers to any religious or philosophical belief and includes a lack of belief. Generally, a belief should affect your life choices or the way you live for it to be included in the definition. This must be a belief and not just an opinion or viewpoint based on the present state of information available and;

- be about a weighty and substantial aspect of human life and behaviour.
- attain a certain level of cogency, seriousness, cohesion, and importance, and
- be worthy of respect in a democratic society, not incompatible with human dignity and not in conflict with fundamental rights of others. For example, Holocaust denial, or the belief in racial superiority are not protected.

Are your services sensitive to different religious requirements e.g., times a customer may want to access a service, religious days and festivals and dietary requirements

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What is the impact of the proposal on religion or belief?

No disproportionate impact is attributable specifically to this characteristic.

What is the risk of disproportionate negative impact on religion or belief?

Not applicable

What are the mitigating actions?

Not applicable

h. Sex

Indicate whether this has potential impact on either males or females.

What is the impact of the proposal on sex?

Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents, who are more likely to experience poverty

What is the risk of disproportionate negative impact on sex?

Incomes squeezed through low wages and reducing levels of benefit income. Increased risk for women as they are more likely to be lone parents.

What are the mitigating actions?

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. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

i. Sexual orientation

Indicate if there is a potential impact on people based on their sexual orientation. The Act protects heterosexual, gay, lesbian or bisexual people.

What is the impact of the proposal on sexual orientation?

Gay men and Lesbian women are more likely to be in poverty than heterosexual people, and trans people are even more likely to be in poverty and unemployed.

What is the risk of disproportionate negative impact on sexual orientation?

Household income being further squeezed through low wages and reducing levels of benefit income.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

7. Summary of protected characteristics

a. Summarise why the protected characteristics you have commented on, are relevant to the proposal?

All protected characteristics have been commented on because the budget proposals will impact upon all tenants and leaseholders.

b. Summarise why the protected characteristics you have not commented on, are not relevant to the proposal?

Not applicable

8. Armed Forces Covenant Duty

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.

When Leicester City Council exercises a relevant function, within the fields of healthcare, education, and housing services it must have due regard to the aims set out below:

a. The unique obligations of, and sacrifices made by, the Armed Forces

These include danger; geographical mobility; separation; Service law and rights; unfamiliarity with civilian life; hours of work; and stress.

b. The principle that it is desirable to remove disadvantages arising for Service people from membership, or former membership, of the Armed Forces

A disadvantage is when the level of access a member of the Armed Forces Community has to goods and services, or the support they receive, is comparatively lower than that of someone in a similar position who is not a member of the Armed Forces Community, and this difference arises from one (or more) of the unique obligations and sacrifices of Service life.

c. The principle that special provision for Service people may be justified by the effects on such people of membership, or former membership, of the Armed Forces

Special provision is the taking of actions that go beyond the support provided to reduce or remove disadvantage. Special provision may be justified by the effects of the unique obligations and sacrifices of Service life, especially for those that have sacrificed the most, such as the bereaved and the injured (whether that injury is physical or mental).

Does the service/issue under consideration fall within the scope of a function covered by the Duty (healthcare, education, housing)? Which aims of the Duty are likely be relevant to the proposal? In this question, consider both the current service and the proposed changes. Are members of the Armed Forces specifically disadvantaged or further disadvantaged by the proposal/service? Identify any mitigations including where appropriate possible special provision.

A local authority must consider the principles of the Covenant when carrying out specific housing-related functions, including:

- Processing homeless applications
- Allocating social housing properties
- Formulating tenancy and homelessness policies

All these policies will take on board impacts on the armed forces

9. Other groups

Other groups

Impact of proposal:

Describe the likely impact of the proposal on children in poverty or any other people who we may consider to be vulnerable, for example people who misuse substances, care leavers, people living in poverty, care experienced young people, carers, those who are digitally excluded. List any vulnerable groups likely to be affected. Will their needs continue to be met? What issues will affect their take up of services/other opportunities that meet their needs/address inequalities they face?

Risk of disproportionate negative impact:

How likely is it that this group of people will be negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?

Mitigating actions:

For negative impacts, what mitigating actions can be taken to reduce or remove this impact for this vulnerable group of people? These should be included in the action plan at the end of this EIA. You may also wish to use this section to identify opportunities for positive impacts.

a. Care Experienced People

This is someone who was looked after by children's services for a period of 13 weeks after the age of 14', but without any limit on age, recognising older people may still be impacted from care experience into later life.

What is the impact of the proposal on Care Experienced People?

No disproportionate impact is attributable specifically to Care Experienced People.

What is the risk of negative impact on Care Experienced People?

Not applicable

What are the mitigating actions?

Not applicable

b. Children in poverty**What is the impact of the proposal on children in poverty?**

Households with children living in poverty are likely to face difficulties generally, with the rising costs of living.

What is the risk of negative impact on children in poverty?

There is a risk that an increasing number of households with children living in poverty are unable to afford all essential items for day-to-day living.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs.

c. Other (describe)**What is the impact of the proposal on any other groups?**

Not known at present

What is the risk of negative impact on any other groups?

Not applicable

What are the mitigating actions?

Not applicable

10. Other sources of potential negative impacts

Are there any other potential negative impacts external to the service that could further disadvantage service users over the next three years that should be considered? For example, these could include:

- other proposed changes to council services that would affect the same group of service users;
- Government policies or proposed changes to current provision by public agencies (such as new benefit arrangements) that would negatively affect residents;
- external economic impacts such as an economic downturn.

The wider cost of living crisis and rise in energy bills has put additional financial pressure on all households and it is likely this will continue for the foreseeable future. During the Cost of Living crisis the Government has provided additional financial support for people on means-tested benefits. This is to help people on low incomes to pay for essential items linked to energy, water and food costs. The scheme has been extended until March 2025, but it is uncertain whether it will continue after this date.

11. Human rights implications

Are there any human rights implications which need to be considered and addressed (please see the list at the end of the template), if so, please outline the implications and how they will be addressed below:

No known impacts.

12. Monitoring impact

You will need to ensure that monitoring systems are established to check for impact on the protected characteristics and human rights after the decision has been implemented. Describe the systems which are set up to:

- monitor impact (positive and negative, intended and unintended) for different groups
- monitor barriers for different groups
- enable open feedback and suggestions from different communities
- ensure that the EIA action plan (below) is delivered.

If you want to undertake equality monitoring, please refer to our [equality monitoring guidance and templates](#).

Our IT system allows us to monitor tenants rent accounts, including district heating payments and see when accounts go into arrears. Our Income Management Team carries out this monitoring on a daily basis. Through this monitoring we will be able to identify any

increases in rent arrears, relating to the proposed increased charges and provide support to tenants to reduce these and maximise their income.

13. EIA action plan

Please list all the equality objectives, actions and targets that result from this assessment (continue on separate sheets as necessary). These now need to be included in the relevant service plan for mainstreaming and performance management purposes.

Equality Outcome	Action	Officer Responsible	Completion date
All tenant and leaseholders are able to pay their rent, service and district heating charges.	The service needs to ensure that they effectively communicate information about the increase in charges as well what advice and assistance is available to tenants, so they are able to access benefits and entitlements. Provide translated materials/options where required.	Chris Burgin – Director of Housing	Ongoing
Households have access to financial help and assistance if they find they are unable to pay for the additional charge	Referrals to the Income Management Team and financial support services in the city. accessing their services.	Natasha Pau – Income Collection Manager	Ongoing

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Human rights articles:

Part 1: The convention rights and freedoms

Article 2: Right to Life

Article 3: Right not to be tortured or treated in an inhuman or degrading way

Article 4: Right not to be subjected to slavery/forced labour

Article 5: Right to liberty and security

Article 6: Right to a fair trial

Article 7: No punishment without law

Article 8: Right to respect for private and family life

Article 9: Right to freedom of thought, conscience and religion

Article 10: Right to freedom of expression

Article 11: Right to freedom of assembly and association

Article 12: Right to marry

Article 14: Right not to be discriminated against

Part 2: First protocol

Article 1: Protection of property/peaceful enjoyment

Article 2: Right to education

Article 3: Right to free elections

Tenant profiling information – November 2024

Ethnicity

Ethnicity		Number of tenants	% of tenants
Asian	Arab	26	0.13%
Asian	Asian/Asian Brit of Other Asian Origin	575	2.97%
Asian	Asian/Asian British of Bangladeshi Origin	200	1.03%
Asian	Asian/Asian British of Chinese Origin	22	0.11%
Asian	Asian/Asian British of Indian Origin	1424	7.35%
Asian	Asian/Asian British of Pakistani Origin	262	1.35%
Black	Black/Black British of African Origin	1468	7.58%
Black	Black/Black British of Caribbean Origin	276	1.42%
Black	Black/Black British of Other Black Background	199	1.02%
Black	Black/Black British of Somali Origin	420	2.17%
Dual Heritage	Dual/Multi Heritage Asian and White	55	0.28%
Dual Heritage	Dual/Multi Heritage Black African and White	56	0.28%
Dual Heritage	Dual/Multi Heritage Black Caribbean and White	250	1.29%
Other	Any Other Ethnic Group	482	2.49%
Other	Any other Heritage Background	124	0.64%
Other	Other Ethnic Group Gypsy/Romany/Irish Traveller	37	0.19%
Prefer Not to Say	Prefer Not to Say	533	2.75%
Unknown / Not Recorded	Ethnicity Unknown	3064	15.83%
White	White British	8919	44.08%
White	White of European Origin	467	2.41%
White	White of Irish Origin	106	0.55%
White	White of Other White Background	392	2.03%

Total	19,357	100.00%
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Age

Age	Number of Tenants	% of tenants
0 – 17	18	0.09%
18 – 21	119	0.61%
22 – 30	1145	5.92%
31 – 40	3114	16.09%
41 – 50	4137	21.37%
51 – 60	4123	21.30%
61 – 65	1834	9.47%
66 - 74	2376	12.27%
75+	2044	10.56%
Not known	447	2.31%
Total	19,357	100%

Gender

Gender	Number of tenants	% of tenants
Female	11,007	56.86%
Male	8010	41.38%
Non binary	2	0.01%
Prefer to say	9	0.05%
Transgender	12	0.06%
Not known	317	1.64%
Total	19,357	100%

Religion or belief

Religion	Number of tenants	% of tenants
Not recorded	9,605	49.62%
Atheist	331	1.71%
Buddhist	16	0.08%
Christian	2428	12.54%
Hindu	429	2.21%
Jain	1	0.01%
Jewish	7	0.04%
Muslim	2387	12.33%
No religion	2724	14.07%
Other	313	1.62%
Prefer not to say	1007	5.20%
Sikh	109	0.56%
Total	19,357	100%

Sexual orientation

Sexual orientation	Number of tenants	% of tenants
Bisexual	176	0.91%
Gay (female / lesbian)	43	0.22%
Gay (male)	43	0.22%
Heterosexual	8003	41.34%
Other	183	0.95%
Prefer not to say	1276	6.59%
Not known	9633	49.76%
Total	19,357	100%

Disability

Disability	Number of tenants	% of tenants
Yes	2007	10.37%
No	17,261	89.17%
Not known	89	0.56%
Total	19,357	100%



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

DRAFT

Useful information

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

1. Purpose

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

2. Summary

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

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

3. **Recommendations**

3.1 Council is recommended to:

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

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

4. **Background**

4.1 The background to our financial predicament is:

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

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

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

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

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

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

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

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

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

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

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

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

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

*Prices updated using CPIH indices

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revised projections of reserves are:

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

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

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

6. 2025/26 Budget Overview

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

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

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

- 7.1 By law, the Council's role in budget setting is to determine:
- (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:

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

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

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

9.5 The savings delivery programme includes 4 workstreams:

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

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

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

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

9.6 Tightening operational control mechanisms include:

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

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

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

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

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

	£m
2024/25	17.1
2025/26	22.5

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

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

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

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

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

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

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

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

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

9.15 Action continues to take place to reduce placement costs:

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

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

	£m
2025/26	2.4
2026/27	1.4

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

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

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

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

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

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

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

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

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

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

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

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

Financial Services	0.4	0.9	1.1
TOTAL	10.7	18.8	20.4

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

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

11. **Corporately held Budgets and Provisions**

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

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

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

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

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

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

12. Resources

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

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

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

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

Business rates and core grant funding

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

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

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

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

Council tax

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

Other grants

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

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

Other corporate income

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

Collection Fund surplus / deficit

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

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

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

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

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

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

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

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

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

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

- 15.2 In accordance with section 149 of the Equality Act 2010, the Council must “have due regard”, when making decisions, to the need to meet the following aims of our Public Sector Equality Duty :-
- (a) eliminate unlawful discrimination;
 - (b) advance equality of opportunity between those who share a protected characteristic and those who do not;
 - (c) foster good relations between those who share a protected characteristic and those who do not.
- 15.3 Protected groups under the public sector equality duty are characterised by age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.
- 15.4 When making decisions, the Council (or decision maker, such as the City Mayor) must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact on those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.
- 15.5 The budget does not propose any service changes which will have an impact on residents. Where appropriate, an individual equalities impact assessment for any service changes will be undertaken when these decisions are developed.
- 15.6 The budget does recommend a proposed council tax increase for the city’s residents. The City Council’s proposed tax for 2025/26 is £2,020.85, an increase of just below 5% compared to 2024/25. As the recommended increase could have an impact on those required to pay it, an assessment has been carried out to inform decision makers of the potential equalities implications. This includes the potential impacts of alternative options.
- 15.7 A number of risks to the budget are addressed within this report (section 16 below). If these risks are not mitigated effectively, there could be a disproportionate impact on people with particular protected characteristics and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with particular protected characteristics, is required.
16. **Risk Assessment and Estimates**
- 16.1 Best practice requires me to identify any risks associated with the budget, and Section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.

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

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

17. Financial, Legal and Other Implications

17.1 Financial Implications

This report is exclusively concerned with financial issues.

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

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

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

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

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

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

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

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

17.3 **Climate Change Implications**

To follow

Budget Ceilings

[to follow]

DRAFT

Scheme of Virement

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

Budget Ceilings

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

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

Corporate Budgets

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

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

Earmarked Reserves

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

Other

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

Equality Impact Assessment

1. **Purpose**

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

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

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

3. **How are they affected?**

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

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

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

4. **Alternative options**

- 4.1 The realistic alternative to a 5% council tax increase would be a lower (or no) increase. A reduced tax increase would represent a permanent diminution of our income unless we hold a council tax referendum in a future year. In my view, such a referendum is unlikely to support a higher tax rise. It would also require more cuts to services in later years (on top of the substantial cost savings already required by the budget strategy).

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

5. **Mitigating actions**

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

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

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

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

7. **Armed Forces Covenant Duty**

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

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

Analysis of impact based on protected characteristic

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<p>Age</p> <p>114</p>	<p>Older people (pension age and older) are least affected by a potential increase in council tax and can access more generous (up to 100%) council tax relief. However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as older people are the primary service users of Adult Social Care.</p> <p>While employment rates remain high, earnings have not kept up with inflation in recent years so working families are likely to already be facing pressures on households' budgets. Younger people, and particularly children, were more likely to be in poverty before the current cost-of-living crisis and this is likely to have continued.</p>	<p>Working age households and families with children – incomes squeezed through reducing real-terms wages.</p>	<p>Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.</p>
<p>Disability</p>	<p>Disabled people are more likely to be in poverty. Many disabled people will be classed as vulnerable in the proposed new CTSS scheme and will therefore be protected from the impact of a council tax increase.</p> <p>However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as disabled people are more likely to be service users of Adult Social Care.</p>	<p>Further erode quality of life being experienced by disabled people.</p>	<p>The proposed new CTSS scheme has been designed to give additional support (up to 100%) to vulnerable households. It also allows support at the level of the band C tax, rather than band B as applies to non-vulnerable households.</p> <p>Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets.</p>
<p>Gender Reassignment</p>	<p>No disproportionate impact is attributable specifically to this characteristic.</p>		

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

MEDIUM TERM PROJECTIONS

1. Summary Forecasts

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

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

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

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

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2. Assumptions and Risks

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

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

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

Earmarked Reserves

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

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

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

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

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

Council Tax Premiums

[to follow – see para. 12.9]

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Flexible Use of Capital Receipts policy

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

The Plan

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

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

Capital Programme 2025/26

Decision to be taken by: Council

Decision to be taken on: 19 February 2025

Lead director: Amy Oliver, Director of Finance

Useful information

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

1. Summary

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

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

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

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

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

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

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

1.11 The capital programme is split into two parts:-

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

1.12 Immediate starts have been split into three categories:-

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

2. Recommended actions/decision

2.1 The Council is asked to:-

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

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

(e) Delegate to the City Mayor:

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

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

(h) Approve the capital strategy at Appendix 6.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

Amendments to 2024/25 Capital Programme

- 1.1 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.
- 1.2 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.

- 1.3 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).
- 1.4 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.
- 1.5 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.
- 1.6 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.
- 1.7 As stated above, it is proposed to reduce previously approved capital spending by £13m.
- 1.8 If capital cost is not reduced then the amount of borrowing would be more and would increase the amount of borrowing cost in the revenue budget. Any reductions in capital cost do not themselves result in more one-off money. The reason they are proposed is to facilitate release of the capital fund described in paragraph 4.4 and 4.5 above. Releasing the capital fund will mean money previously set aside to fund the capital programme is no longer available. To maintain the previously approved level of capital spending would require us to borrow: capital cuts reduce the borrowing required.

Proposed cuts are shown in the table below:

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

Key Policy Issues for the New Programme

- 1.9 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.
- 1.10 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.
- 1.11 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

- 1.12 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.

1.13 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.

1.14 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.

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

1.16 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.

1.17 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

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

1.19 £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.

1.20 £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**.

1.21 £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**.

1.22 £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.

1.23 £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

1.24 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.

- 1.25 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.
- 1.26 Where a scheme has the status of a policy provision, it is shown as such in the appendix.

Capital Strategy

- 1.27 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.
- 1.28 The proposed capital strategy is set out at Appendix 6.

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

5.1 Financial implications

This report is exclusively concerned with financial issues.

Signed: Kirsty Cowell

Dated: 21 November 2024

5.2 Legal implications

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

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

Dated: 22 November 2024

5.3 Equalities implications

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

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

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

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

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

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

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

Signed: Equalities Officer, Surinder Singh

Dated: 22 November 2024

5.4 Climate Emergency implications

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

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

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

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

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

Signed: Aidan Davis, Sustainability Officer, Ext 37 2284

Dated: 25 November 2024

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

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

6. Background information and other papers:

7. Summary of appendices:

Appendix 1 Capital Resources.

Appendix 2a Grant Funded Schemes

Appendix 2b Own Buildings

Appendix 2c Routine Works

Appendix 2d Invest to Save

Appendix 2e Other & Feasibilities Schemes

Appendix 3 Operational Estate Maintenance Capital Programme

Appendix 4 Highways Maintenance Capital Programme

Appendix 5 Children's Capital Improvement Programme

Appendix 6 Capital Strategy 2025/26

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

No

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

No – it is a proposal to Council.

Capital Resources

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

Grant Funded Schemes

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

Key to Scheme Types : WP = Work Programme

Summary of Ringfenced Funding

	{£000}
Disabled Facilities Grant	1,861
TOTAL RINGFENCED FUNDING	1,861

* For 2026/27 budget

Own Buildings

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

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

Routine Works

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

Key to Scheme Types : WP = Work Programme

Invest to Save Schemes

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

Feasibilities and Other Schemes

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

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

GRAND TOTAL – ALL SCHEMES

32,445	1,861	34,306
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Operational Estate Maintenance Capital Programme

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

Proposed Highways Maintenance Capital Programme

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

Children's Capital Improvement Programme*

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

*2026/27 budget

Capital Strategy 2025/26

1. Introduction

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

2. Capital Expenditure

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

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

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

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

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

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

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

3. **Financing Capital Expenditure**

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

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

(The table above excludes PFI schemes).

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

4. **Debt Repayment**

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

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

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

5. **Commercial Activity**

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

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

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

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

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

6. **Knowledge and Skills**

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

District Service Performance

Housing Scrutiny Commission

Date of meeting: [07/01/2025]

Lead director: Chris Burgin

Useful information

- Ward(s) affected: All
- Report author: Gurjit Kaur Minhas
- Author contact details: gurjit.minhas@leicester.gov.uk
- Report version number: V1

1. Summary

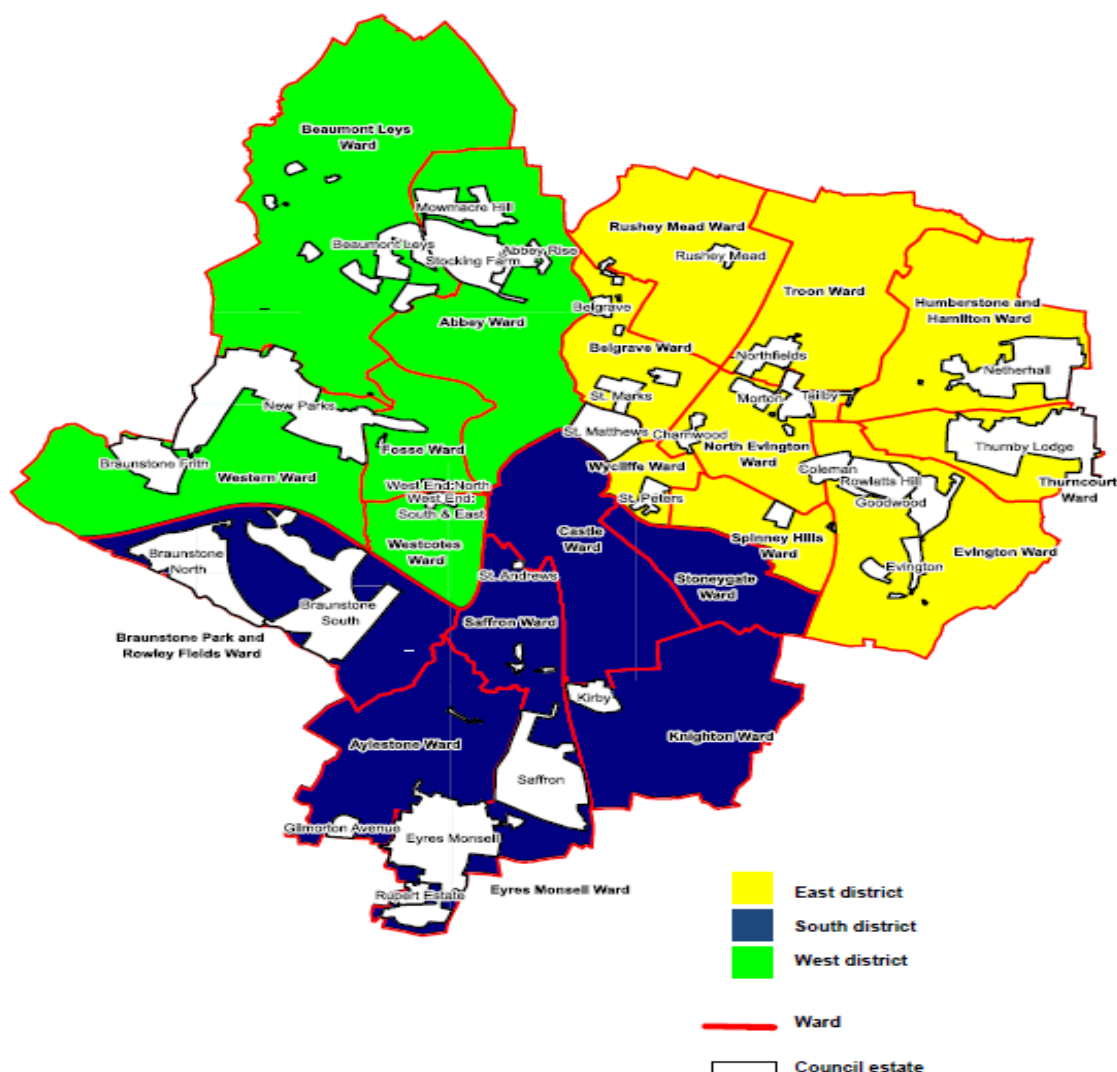
1.1 This report provides an overview of the Tenancy Management Service, the support it provides and its performance as a social housing landlord to Leicester City Council tenants.

2. Recommended actions/decision

2.1 To note and comment on the contents of the report.

3. Background and options with supporting evidence

3.1 The Tenancy Management service provides the landlord role to council tenants, there are just under 20,000 council owned properties in the city. The service operates on a geographical basis in the city, in three districts, East, South and West. Each district is managed by a District Manager.



3.2 The District Managers oversee tenancy management staff, which include housing officers and assistants to provide the landlord function to council tenants.

3.3 There is a small Leaseholders Liaison Team to support the 1800 leaseholders in the city and a Gypsy and Traveller Team managing our 3 permanent sites in the city.

3.4 The profile of tenants has changed significantly over recent years as the criteria for social housing tightens because of the housing crisis. We continue to re-house more people with multiple complex needs. To support our tenants who struggle to maintain their tenancy we have the in-house Supporting Tenants and Residents (STAR) service and the Help Beyond Housing Team.

3.5 The vision for the tenancy management service is set out as below:

Vision:

“A customer focused landlord service that enables and supports tenants to have successful tenancies and live safely adhering to their Conditions of Tenancy”.

3.6 An improvement plan for the service was developed in 2022 to implement the vision and listed the following priorities:

- **Live Well**
- **Specialist Support**
- **Customer Care**
- **Fire Safety and Communal Areas**
- **Better Estates**

3.7 The functions carried out by the service, broadly correspond to the priorities set out above, customer care is integral to delivering all functions.

3.8 In line with live well priority the tenancy management staff carry out:

- First visits
- Dealing with complaints and enquiries
- Welfare visits
- Domestic Abuse Cases
- Management case - where tenants need to relocate.
- Decants - which is a temporary relocation whilst repairs are carried out.
- Access to properties
- Condition of Tenancy breaches
- Mutual Exchanges
- Tenancy Changes
- Unlawful Occupiers
- Safeguarding and risk cases
- Emergency situations – flood /fire
- Out of Hours Service jointly with Repairs Service

3.9 In line with the specialist support priority:

- Tenancy Management staff manage sheltered accommodation.
- Tenancy management staff refer tenants who need support to appropriate services.
- STAR provide tenancy sustainment support to vulnerable tenants.
- Help Beyond Housing which is currently funded by the Department of Health provide intensive housing support to tenants who are dependent on drugs and alcohol and have multiple complex needs. The service is also now working on developing specialist supported housing for council tenants with these needs.

3.10 In line with the fire safety and communal work priority, tenancy management staff carry out:

- Fire inspections of communal areas in flatted accommodation
- Fire risk Assessment Reviews
- Personal Emergency Evacuation Plan
- Cleaning inspections

3.11 In line with the better estate's priority, staff carry out:

- Estate inspections
- Identify and implement estate improvements (Environmental Budget work)
- Cleaning inspections
- The Anti-Social Behaviour service is now delivered through Community Safety, although reports of incidents can still be made directly to housing officers.

3.12 The Social Housing Regulation Act 2023 has put the key landlord functions of social housing under a regulatory footing and introduced new consumer standards that the service must comply with.

4. Detailed report

Performance in Key areas:

4.1 Live Well

4.1.1 During 2023/24, Housing Officers have carrying out:

- **927** first visits. These visits are carried out to new tenants to ensure they have settled into their new property and understand how to access services. Referrals to support services are made if it is identified that tenants need support with any aspects of managing their tenancy or wellbeing.
- **1500** welfare checks. A welfare visit is conducted when there is some indication that a tenant maybe struggling to cope in their tenancy. There may be signs of self-neglect or other safeguarding issues, referrals can be made, by the Police, ASC or another service area within housing. The Housing Officer will visit and ensure referrals to appropriate support are made to assist the tenant to stabilise their tenancy and to help improve their health and wellbeing.
- Overall the service dealt with **13,416 calls** for service in 2023/24.

- The tenancy sustainment rate for 2023/24 was **95%** which is a real success and reflects the commitment of tenants themselves and services who provide support to them to help maintain their tenancies.

Next Steps:

4.1.2 A further focus on performance management to ensure key services are delivered in a timely manner. To work closely with the domestic abuse services to increase referrals to safe accommodation. We are working with Public Health to review the first visit paperwork to enable officers to pick up food poverty concerns and make appropriate referrals.

4.2 Specialist Support

4.2.1 We have **14** units of **Sheltered Housing Accommodation** across the City, and support approximately **400** tenancies within these units. Sheltered housing is communal housing for older people with staff based on site part time. Daily checks are carried out on those residents who wish to have them, and pendant alarms are provided to all residents.

4.2.2 Housing Officers will arrange to refer any tenant who is identified as requiring support in sheltered housing or in general needs housing to a range of support services to help them sustain and maintain their tenancy. A referral could be to Adult Social Care, Childrens, or to the in-house team STAR team.

4.2.3 The **STAR service** provides wrap around support; the service is committed to stabilising the tenancy to prevent homelessness by developing a personalised support plan with tenants. The service has 5 community teams supporting Leicester City Council tenants and has developed the service around trauma informed practice. This is a strength-based approach, which values the capacity, skills, knowledge, connections and potential in individuals and communities. The aim is to understand and respond to the impact of trauma on people's lives. It emphasises physical, psychological, and emotional safety for everyone, aiming to empower individuals to re-establish control of their lives. The service understands the importance of building trust with individuals, who have experienced trauma-so they feel safe enough to build effective relationships and move forward with their recovery. The STAR service understands that before we can support people to affect change in their behaviour, the basic needs of a home, food, warmth, income, security must be met. Over the last year the service has had:

- **743** referrals have been received from a range of agencies.
- **550** of the most vulnerable tenants with multiple disadvantage cases were supported during this period.
- **139** cases currently presenting with abuse suicide or self-harm.
- **75** hoarding cases.
- **282** households have been homeless within 2 years.
- **273** tenants referred were requiring mental health support.
- **230** vulnerable adults at risk of self-neglect
- **377** households require help with furniture and household items.
- **£300,957** income maximised on average per quarter.

Case Study 2024 Hoarding

The case involved a tenant with physical health issues, learning difficulties and hoarding behaviours. The tenant was at risk of losing their tenancy, a fire risk, risk of self-neglect and suicidal. Tenant was digitally excluded and had benefit sanctions. The case was referred by the housing officer to STAR, the housing related support worker spent time trying to engage with the tenant, several visits had to be made before the tenant engaged and felt they could trust the STAR worker. Through the intervention of the STAR worker, 24 home visits, 65 phone calls and 37 e-mails to other services. continual encouragement to de-clutter and ongoing support, the hoarding has reduced. Benefits have been re-instated, liaison with ASC has led to care and support being put in place, GP appointments made to access mental health support and applications to charities have helped to fund an orthopaedic bed. Now the property is close to standards the fire service has set, and they will continue to monitor on an annual basis.

4.2.4 **The STAR AMAL team** was set up in 2015 to resettle Syrian refugees through the government foreign aid funded Vulnerable Persons Resettlement Scheme. STAR AMAL has had specialist training, knowledge and specific experience of working with newly arrived refugees and has extensive experience of the practicalities of managing refugee families fleeing conflict and persecution. In 2021 the team began to provide support to Locally Employed Staff (LES), evacuated from Afghanistan, who had been supporting the coalition forces in Afghanistan. The STAR AMAL team works with over 15 Afghan families who were in the Leicester bridging hotel, who they have supported into settled accommodation around the country, including 10 in the city, including some council tenancies. The team has also been part of a successful bid to the Anti-Poverty fund to deliver a food poverty related project with Soft Touch to Afghan and Syrian families.

4.2.5 **The Homes for Ukraine Team** sits under the STAR umbrella and provides resettlement support to people fleeing the war from Ukraine who have come to Leicester. The team is made up of Ukrainian speaking support workers, and refugee support workers experienced in resettlement and safeguarding. The scheme is part of the nationally funded Homes for Ukraine project. Currently the team has supported **145** households in the city, some in their own accommodation, but mostly people living with sponsors in the city. The team complete DBS checks for sponsors, property inspections, home visits on arrival and administration of the welcome and thank you payments. Of the Ukrainian guests **95% are employed, 7% are volunteers, 20% in higher education, 15% engaged in ESOL.**

4.2.6 Through a successful funding application to the Department of Health a specialist drug and alcohol team has been set up within housing services called the **Help Beyond Housing** in July 2023. The team are working with some of most complex needs tenants who have a combination of drug, alcohol and mental health issues. Often coming from a background of entrenched rough sleeping, who are not coping in

tenancies. The team is providing intensive long term floating support to assist people back into recovery in partnership with Health and Drug and Alcohol Services in the city. The team are currently working with **67** cases. Due to the hard work of this team no tenants were found rough sleeping on this year's rough sleeping count. In 2023 we identified 5 tenants rough sleeping; these individuals have now all been helped to access appropriate accommodation or return to their tenancy.

4.2.7 We have purchased the Zip building which contains cluster flats, and the Help Beyond Housing Team have set up **9 units of Trainer Accommodation**. This will be for people who have little experience of living independently or have had previous tenancy breakdowns. It will be for people with low level to medium needs and the team will provide support and training to upskill people to be able to live independently before they are allocated an independent tenancy.

4.2.8 Right to Buy has resulted in many council tenants purchasing their properties or their leases if they live in flatted accommodation. A landlord and tenant relationship still exists with leaseholders; therefore, we have a **Leaseholder Liaison Team** who provide support to the **1800** leaseholders, we have in the city. Due to the changes announced in the Budget from 31st of October 2024, we expect to see a decline in Right to Buy sales. Maximum discounts to properties in the East Midlands are reducing from £107,000 to £28,000.

Next Steps:

4.2.9 The Department of Health funding has also been utilised to develop **Supported Housing** in the city for council tenants and a Supported Housing Manager is now in post. The aim is to develop supported housing units for our very complex tenants who are struggling and not coping in general needs housing. Intensive support will be attached to the accommodation, the cases placed in this accommodation will be people that are not sustaining independent living and therefore at constant risk of becoming homeless or making others homeless. These cases result in constant churn on our estates and an increased turnover of properties, which results in increased pressure on services and finances.

4.3 Customer Care

4.3.1 Conflict resolution and de-escalation training has been rolled out to housing staff to support them to deal with tenants who have complex needs in challenging situations.

4.3.2 The government introduced Regulatory Consumer Standards as part of the Social Housing Act 2023. We have a programme in place to ensure we are carrying out actions necessary to comply with the new standards and the legislation.

4.3.3 We have reviewed most of our tenancy management policies in line with the standards and responsibilities as set out in the legislation.

4.3.4 We currently run 3 well attended housing surgeries in St Peters, the Burns Flats and Thurnby Lodge Community Centre, where tenants can come to see their housing officer with any questions or concerns, they have about their tenancy or local estate. These surgeries have been run on an adhoc basis.

4.3.5 The housing service works closely with tenants' groups and representatives in St Matthews, St Peters, New Parks areas. Recently we helped residents set up a new group, called "We are the Burns Flats" on Aikman Avenue by refurbishing the community rooms for their use. This is now a thriving hub where tenants can drop in and can get support on a range of issues. Jo Randall a director of the New Parks Hub was instrumental in setting up the new group.



Next Steps

4.3.6 In a recent engagement exercise, tenants have told us they want to be able to speak to their housing officer in person and to access advice and assistance at a local level. The lead member for housing has been involved in this work and is supporting the creation of local pop-up offices. In March 2025 we will be piloting pop-up housing offices across the city in 6 locations on a weekly basis. We will advertise these, so tenants know where they can come to speak to housing staff. Offices will be held in a range of council buildings in localities where we have a high percentage of council housing.

4.4 Fire Safety and Communal Work

4.4.1 Fire safety inspections are carried out in all communal areas of flatted accommodation to ensure that all the fire safety equipment is in good working order and areas are free of obstacles to enable safe evacuation. In the last year **99%** of our Fire Inspections were carried out in time.

4.4.2 For all tenants who will need assistance to evacuate a building in case of an emergency, Personal Emergency Evacuation Plans (PEEPs) are drafted and shared with emergency services. We currently have over **300** in place to ensure we keep people safe.

4.4.3 Communal areas are regularly cleaned, and housing officers carry out checks to ensure that good standards are maintained, however it has been identified that

improvement to the standards of cleaning and monitoring arrangements are required.

Next Steps

4.4.4 We have been working with tenants in New Parks to improve cleaning in the Burns Flats area and we are now rolling out the good practice that has been adopted across the city. **£950k** is spent on cleaning housing communal areas every year, a review of cleaning charges will also take place in the coming year.

4.5 Better Estates

4.5.1 We have improved the process on how we deal with reports of pests so that the Repairs Service, the Pest Control Team, and Tenancy Management carry out joint working and ensure that vulnerable tenants are supported. The pest control team are called out to deal with rats, bedbugs, squirrels, and other pests. Housing fund a specialist bedbug team to stop infestations spreading. Last year the team dealt with **136** new cases of bed bugs which were treated successfully, this represents a downward trend in repeat visits.

4.5.2 Work is ongoing with the Grounds Maintenance Service to ensure that a consistent service is provided across the city on housing estates. Proposals to improve the service level agreements are being considered. At present 10 grass cuts are carried out on land, pruning of shrubs takes place once a year. The Neighbourhood improvement Team also carries out focused work on hotspots.

4.5.3 The Housing Division contribute over **£1,01m** towards the estate warden service. Teams work on housing estates across the city clearing rubbish, fly tipping and maintaining the estates to keep them tidy.

4.5.4 The Housing Division contribute **£1,16m** to the grounds maintenance service to look after housing areas across the city, this involves mowing all the grass on housing land, cutting back shrubs and maintaining greenery.

4.5.5 Neighbourhood Improvement Team helps to bring people back into employment, by offering 6 to 12-month work placements. The housing division invests **£235k** to provide this opportunity to 10 Neighbourhood Improvement Officers. The team works across the city carrying out work such as clearing communal garage sites, edging path and walkways, cutting back overgrown trees, hedges and bushes that can be a hazard in public areas. At the request of housing officers, the team will clear and tidy gardens of vulnerable tenants who are unable to do it themselves.

4.5.6 Anti- Social Behaviour on council estates is now investigated by the Community Safety Team. Within the Community Safety Service, a dedicated team, the Housing Anti- Social Behaviour Team (HASBU), has been set up to deal with council housing related ASB, the service can be accessed by phone, QR code and online. Tenants can also report ASB to their Housing Officer and this will be referred through to the new team. The Housing Regulator now requires us to report ASB per 1000 properties. **In 2023/24 we had 11.1 ASB cases per 1000 properties which included 0.6 hate crimes per 1000 properties.** There have been some resourcing issues with HASBU, however, over the last year, there has been some excellent joint work between housing, community safety and the police in hotspots in the city.

Housing officers have been able to provide support and reassurance to tenants and the HASBU team and Police have taken enforcement action.

4.5.7 The Environmental Budget was **£200k** this year, we have focused keeping estates tidy and maintenance work.

4.5.8 Work on the St Mathews and St Peters Public Realm project continues. Following the major improvements made in St Matthews, this year we have focused on improving managed parking in St Peters. We have demolished outdated garages and created over 50 parking spaces. A resident only parking scheme has been introduced, which has brought much needed controlled parking on this busy estate and has been welcomed by local people. One local resident said: “It is absolutely great, Lovely! Residents were struggling to find parking spaces but now it is better, I can park outside my home every day.”



Next Steps:

4.5.9 Due to the changing needs on housing estates and the change in inclement weather we are reviewing the grounds maintenance contract to include additional work required on the estates to keep them well maintained and safe.

4.6 Key Performance Indicators: Please note overall performance for the service is captured in the table below:

Performance Indicator	2021-22 Final Outturn	2022-23 Final Outturn	2023-24 Final Outturn
Percentage of fire inspections carried out on time	97.8%	95.1%	99.2%
Welfare Visits	1126	1515	1500
Percentage of new tenancies sustained for over a year	95.6%	96.3%	95.0%
Total number of ASB Cases	1,199	1,416	11.1 per 1000

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

5.1 Financial implications

There are no significant financial implications arising from this report.

Jade Draper – Principal Accountant
5th December 2024

5.2 Legal implications

There are no specific legal implications arising from this report, which is for information only.

Jeremy Rainbow – Principal Lawyer (Litigation)

5.3 Equalities implications

When making decisions, the Council must comply with the public sector equality duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not.

Protected characteristics under the public sector equality duty are age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.

There are no direct equality implications arising from this report as it provides an update on the Housing ASB Team and Tenancy Management District performance. Tenants will be from across a range of protected characteristics and equality considerations need to be taken into account as part of the ongoing work on the identified areas listed in the report. Any areas of concern need to be addressed and mitigating actions put in place as appropriate. It is considered best practice under Housing Regulatory Standards to provide tenants and customers with information that helps them understand their contractual obligations, and their rights as tenants, when engaging with people it is important that accessibility is considered.

5.4 Climate Emergency implications

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?

	House Builds & Acquisitions Update	The Commission requested a site visit be arranged.	Site visit arranged and Members invited.
	Environmental Budget & Public Realm Works 2024-25	The Commission noted the report.	
27 August 2024	Repairs & Maintenance performance report	Information to be shared with the Commission on the updated communication regarding damp and mould and options when assessing a property.	Information circulated.
	Homelessness Services update	The Commission requested the City Mayor write to new Ministers regarding the impact and requirement for additional funding for asylum cases.	
		The Commission requested officers speak with Leeds about their policy to not use B&B's as temporary accommodation.	Benchmarking undertaken and information provided to Members.
		Data to be provided on the impact of services on people rough sleeping or entrenched street lifestyles being successful in retaining tenancies.	Information circulated.
		Information to be shared on a snapshot of families residing in temporary accommodation for longer than 6 weeks.	Information circulated.
		Links to private rented sector team schemes to incentivise landlords to continue for tenancies to be sustained to be shared.	Information circulated.

	<p>Selective Licensing</p> <p>Housing Safety</p>	Members invited to attend rough sleeper count.	Sent to Members
7 January 2025	<p>Housing Revenue Account Budget Proposals 2025/26</p> <p>General Fund Budget Proposals 2025/26</p> <p>District Services</p>		
18 March 2025	<p><i>Suggested items tbc:</i></p> <p><i>Succession Policy</i></p> <p><i>Maintenance Charges update</i></p> <p><i>Tenant Involvement proposals</i></p> <p><i>Housing Crisis update</i></p>		
22 April 2024	<p><i>Suggested items tbc:</i></p> <p><i>Apprentice Programme & WIC</i></p> <p><i>Supported Housing proposals</i></p>		

Forward Plan Items (suggested)

Topic	Detail	Proposed Date
Adaptations Strategy	The Commission requested to be updated on development of an adaptations strategy. Further request that a report include the impact of adaptations to be discussed.	
Channel Shift Update		
Damp & Mould – PRS Online Portal	It was highlighted at meeting on 19 September 2023 that portal is in development and agreed to come back to update the Commission.	
Housing Allocations Policy		
Housing Capital Programme Update	The Commission requested that they receive regular updates on progress regarding new build developments.	
Housing Crisis Action Plan	The Commission requested to be kept updated on action plan.	
Housing Support		
Local Plan		
Migration Update		
Overcrowding Strategy Update		
Private Rented Sector Strategy Update		

Temporary Accommodation	The Commission requested to be kept updated on the utilisation of the £45m agreed at Council to increase temporary accommodation units.	
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