Leicester
City Council

**MEETING OF THE OVERVIEW SELECT COMMITTEE**

**DATE:** **THURSDAY, 30 JANUARY 2025**
**TIME:** **5:30 pm**
**PLACE:** **Meeting Room G.02, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ**

**Members of the Committee**

Councillor Cassidy (Chair)

Councillors Adatia, Batool, Dawood, Kitterick, March, O'Neill, Osman, Pickering, Porter, Rae Bhatia 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:***

***Julie Bryant and Ed Brown (Governance Services)***
*e-mail: edmund.brown@leicester.gov.uk*
*Leicester City Council, 115 Charles Street, Leicester, LE1 1FZ*

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## Further information

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

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# PUBLIC SESSION

# AGENDA

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**1. WELCOME AND APOLOGIES FOR ABSENCE**

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

**2. DECLARATIONS OF INTEREST**

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

**3. CHAIR'S ANNOUNCEMENTS**

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

**4. MINUTES OF THE PREVIOUS MEETING** **Appendix A**

The minutes of the meeting of the Overview Select Committee held on Thursday 12th December have been circulated, and Members will be asked to confirm them as a correct record.

**5. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING**

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

**6. QUESTIONS, REPRESENTATION AND STATEMENTS OF CASE**

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

**7. PETITIONS**

The Monitoring Officer to report on any petitions received.

**8. TRACKING OF PETITIONS - MONITORING REPORT** **Appendix B**

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

**9. QUESTIONS FOR THE CITY MAYOR**

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

**10. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2025/26** **Appendix C**

The Director of Housing Submits a report setting out the City Mayor's proposed Housing Revenue Account (HRA) budget for 2025/26 prior to it being considered at Full Council on 19th February 2025.

A minute extract from the meeting of the Housing Scrutiny Commission on 7th January 2025 is at Appendix H.

The Overview Select Committee is recommended to make any comments on the report.

**11. CAPITAL PROGRAMME 2025/26** **Appendix D**

The Director of Finance submits the Draft Capital Programme 2025/26 which will be considered by Council on 19th February 2024.

The draft minute extracts detailing the respective Scrutiny Commissions' discussion on the Draft Revenue Budget report are attached:

Economic Development, Transport and Climate Emergency – 8th January 2025
Adult Social Care – 9th January 2025
Children, Young People and Education – 14th January 2025
Culture and Neighbourhoods – 15th January 2025
Public Health & Health Integration – 21st January 2025

The Overview Select Committee is recommended to consider the report and the comments made by the Scrutiny Commissions, and to pass its comments on these to the meeting of Council for consideration.

Scrutiny Commission Minute Extracts refer to both Capital Programme and Revenue Budget.

**12. REVENUE BUDGET 2025/26** **Appendix E**

The Director of Finance submits the Draft Revenue Budget 2025/26 which will be considered by Council on 19th February 2025.

The Overview Select Committee is recommended to consider the report and the comments made by the Scrutiny Commissions, and to pass its comments on these to the meeting of Council for consideration.

Addendum to follow.

**13. TREASURY AND INVESTMENT STRATEGY** **Appendix F**

The Director of Finance Submits a report proposing a Treasury Policy framework, a Treasury Management Strategy for the governance of the Authority's borrowing and cash balances during 2025/26 and the Investment Strategy defining the Authority's approach to making and holding investments, other than those made for normal treasury management purposes.

The Overview Select Committee is recommended to note the report and make comments to the Director of Finance and the Executive as they wish, prior to Council consideration.

**14. OVERVIEW SELECT COMMITTEE WORK PROGRAMME** **Appendix G**

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

**15. ANY OTHER URGENT BUSINESS**

Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 12 DECEMBER 2024 at 5:30 pm

P R E S E N T:

Councillor Cassidy - Chair

Councillor Adatia
Councillor Dawood
Councillor March
Councillor Pickering
Councillor Waddington
Councillor Batool
Councillor Kitterick
Osman
Councillor Porter
Councillor Westley

In Attendance

City Mayor – Sir Peter Soulsby
Deputy City Mayor – Councillor Russell
Deputy City Mayor – Councillor Cutkelvin
Assistant City Mayor – Councillor Sood (Online)
Assistant City Mayor – Councillor Whittle (Online)
Youth Representative – Mario Duda

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**70. WELCOME AND APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor O'Neill and Councillor Rae Bhatia with Councillor Westley attending as substitute for Councillor Rae Bhatia.

**71. DECLARATIONS OF INTEREST**

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

Councillor March declared an interest in the Council Tax Support Scheme item and agreed to leave the meeting for that item.

**72. CHAIR'S ANNOUNCEMENTS**

The Chair advised that the informal scrutiny on Workforce Representation would need to be reconsidered due to increased OSC membership. It was suggested that a meeting would take place in the New Year.

Members were reminded to submit questions to The City Mayor in advance where possible to ease the flow of the meeting and allow for considered responses.

The Chair informed that agenda was substantial so a break could be available if required.

## 73. MINUTES OF THE PREVIOUS MEETING

Councillor Porter asked for an amendment to be made to the minutes of the previous OSC meeting held on 26th September 2024. The minutes had reflected a request for a Customer Services item to come to scrutiny. It had been recorded that The City Mayor asked for this item when it had been Councillor Dempster who made the request. This was noted and Governance Services staff provided a timescale for the item to come to scrutiny.

AGREED:

> That the minutes of the meeting held on 26 September 2024 be confirmed as a correct record.

## 74. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

No queries were made in respect of progress on actions agreed at the previous meeting.

## 75. QUESTIONS, REPRESENTATION AND STATEMENTS OF CASE

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

## 76. PETITIONS

The Monitoring Officer reported that no petitions had been received.

## 77. TRACKING OF PETITIONS - MONITORING REPORT

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

AGREED:

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

## 78. QUESTIONS FOR THE CITY MAYOR

The Chair invited members to raise questions for The City Mayor.

- The attending Youth Representative commented on discussions with peers and asked for information on how the City Mayor and Executive were looking to engage with the City's young people. The City Mayor welcomed this question and advised that he and his colleagues had visited schools over the years and sought to continue this engagement where invites were received.
- It was asked as to whether the City Mayor or representatives could attend a joint visit to Castle Mead Academy. This was received positively by the City Mayor.
- A question was raised referencing the Lothbury Property Trust Fund and Haymarket Consortium and the subsequent communications to local residents. The City Mayor advised that investment decisions were made by the relevant professionals. Further communications to residents were not deemed to be necessary at that point.
- Figures for home schooling within the city were requested and it was clarified that this question was in line with the current national news events. The City Mayor advised that home schooling statistics would be circulated to the commission. He discussed how this case highlighted problems with the national system disabling traceability when children were taken out of mainstream schooling. Further discussions would need to take place together with communicating with central government.

## 79. HOMELESSNESS SERVICES UPDATE

The Director of Housing submitted a report providing an update on homelessness in the city and progress in relation to the delivery of the Full Council Decision on the 21st March 2024 to invest £45m into additional Homelessness accommodation and services.

The Deputy City Mayor for Housing, Economy, and Neighbourhoods introduced the item and noted that:

- The housing crises and subsequent increasing financial pressure, particularly concerning temporary accommodation, was highlighted as being a main contributing factor for Local Authorities facing a Section 114.
- A decision had been taken in March 2024 at Full Council to invest £45m into accommodation and support services. The focus was on prevention of homelessness and also providing better types of accommodation.
- Homelessness figures had peaked in May 2024 with record numbers of homeless people being placed in hotels and Bed and Breakfast establishments, but this had reduced by 50% since that peak.

The Director of Housing gave an overview of the report which gave an update on homelessness in the City and progress in relation to the delivery of the Full Council Decision on the 21st March 2024 to invest £45m into additional Homelessness accommodation and services.

The following was noted:

- The National picture of homelessness showed that there had been a rapid rise in the number of rough sleepers, a big rise in those approaching homelessness services and a sharp rise in the numbers of people being placed in temporary accommodation.
- The increased staffing levels had lead to a reduction in case loads and more proactive approaches to prevent homelessness.
- Leicester's performance compared favourably to the national average with an increase to a 67% prevention rate, the national figure was 51%.
- At the beginning of November 2024, the council had committed £22.5M of the £45m secured and there had been a total of 181 new purchases of temporary accommodation units. At the time of the OSC meeting, the Council had now committed just over £30m and secured the 225 properties.
- There was ongoing partnership work across the city.
- The Council remained on target to deliver the target of over 1500 new permanent affordable homes.
- Significant works were ongoing to deliver the action plan.
- As of 5th November 2024, there were 517 families in temporary accommodation, this was a 30% reduction from the June 2024 peak.
- The number of families in bed and breakfast had reduced by almost 50% since June 2024.
- The average length of stay in bed and breakfasts still breeched the law but had reduced by 50% to less than 90 days.
- The Full Council decision of March was forecast to save the Local Authority £6m that financial year, £27m next year and £45m in 26/27
- Based on projected figures, it is expected that there will not be any single people in bed and breakfast by early 2025. Families in temporary accommodation should reduce to 288 families by August 2026.
- Looking forward though, it was clear that there was a need for more accommodation across the City.
- Further capital proposals had been included in the HRA housing and revenue budget.
- It was expected that the budget would include a significant capital injection to include more permanent housing.
- The Local Authority was also exploring further avenues to deliver affordable housing with Homes England and other sources.

The Commission were invited to ask questions and make comments for the officers to respond. Key points included:

- Figures presented were not based on a redefinition of terms.
- The average length of stay in temporary accommodation was 90 days. Individual circumstances differed.
- 225 temporary accommodation units had now been secured. 91 of these were for families or singles. 134 were for singles and were not yet lived in. There were quite a significant number waiting for final legal completion.
- Figures on non-vulnerable singles would be circulated to members following the meeting.
- Homes Not Hostels aimed to find appropriate temporary properties for people in their current area. This meant that they were less likely to have to change Doctor's Surgeries so continuity of health care could continue.
- The longest accommodated resident at The Dawn Centre remained due to them wishing to stay at the centre, but this was not usual practice. The centre was an assessment centre and was not intended for use as long term accommodation.
- Void numbers were below the national average and were below 2%.
- Work was on going with mental health service to look at how matters could improve with appropriate referrals within temporary housing.
- There had been notable success during the pandemic with taking people into temporary accommodation. Many had moved to permanent accommodation but sadly some of these had failed and some people had ended back on the street and with Homelessness services. Moving forward, the Local Authority looked to provide additional support services to prevent this cycle by providing more Supported Housing.
- Infrastructure projects were ongoing for Ashton Green.
- The works at Southfields Drive had been impacted by many factors including Brexit, inflation and issues within the construction trade as a whole.
- Announced borrowing did not necessarily mean borrowing from schemes, it could come from the Local Authority cash balances. Reserves and cash balances were not the same pot of money.
- The Government Works Loans Board was the government's central body for borrowing money from.
- The Chair felt additional clarification on borrowing would be useful outside of the meeting.
- Accommodation was always assessed on suitability and the Local Authority aspired to meet with national space standards. There is not a set space standard for temporary accommodation, many authorities did not meet with this standard.
- The Bridge and Help the Homeless were two local organisations linked with the Local Authority.
- For the 350 temporary accommodation homes, the aim was for continual occupancy with new tenants moving in quickly after previous tenants had moved out to a more permanent Housing solution.
- The Council was able to secure a percentage of housing benefits

against temporary accommodation, and the difference was not charged to those in temporary accommodation.

- Regarding disparity in terms of acquisition, there was a significant number of single dwellings. It was now necessary to focus and obtain more family units.
- Regarding temporary accommodation with disabled access, there were adjustments that could be made, but permanent solutions were more likely to be supplied.
- For recruitment, the Local Authority was currently at full staffing level for the Homelessness sector and this had been a critical feature regarding homelessness prevention.
- With some members stating there was a need for more social housing, the Local Authority would continue to explore all opportunities. There was currently a Government consultation on the Right to Buy scheme.
- New blocks of flats designed for temporary accommodation would have concierges and wrap around support facilities would be available, the Local Authority was currently looking to procure a contract which would facilitate this. CCTV would be fitted, and proactive arrangements would be in place to ensure the mental and physical wellbeing of tenants.
- Breakdown figures on asylum seekers in families and singles could be provided
- A request was made to undertake Councillor briefing to aid understanding of the issue around homelessness.
- Numbers on people who moved from temporary accommodation into private accommodation due to a lack of suitable council housing would be provided.
- Numbers on people who moved from temporary accommodation into private accommodation due to a lack of suitable council housing would be provided.
- Further information on Greyfield sites would be produced.
- It was clarified that an application for housing assistance could be made from anywhere within the country. However, there was legal criteria in regards to homelessness. Generally if the applicant had an association with a particular area, they would normally be required to make the application there. Factors, would be taken into consideration, such as how long the person had lived or worked in the area.
- Regarding the sale of council properties, between 1000 and 1500 council housing units had been sold in the last 5 years.

AGREED

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


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## 80. COUNCIL TAX SUPPORT SCHEME

*Due to an interest declared, Councillor March left the meeting prior to this item being considered.*

The Director of Finance submitted a report providing an overview of the proposed simplified “banded” council tax support scheme and the consultation results.

The Strategic Policy Lead presented the attached slides outlining the issues with the previous scheme and informing members of how the new scheme would work.

The Committee were asked to comment and note this report and presentation prior to a decision being made on the scheme at Full Council on 16th January.

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

- Concern was raised that it was difficult to express an opinion without fully knowing what alternative schemes would entail.
- It was explained that the reason it needed to go to Full Council on 16th Jan was because the tax base needed to be set and the bill would need to be calculated before the scheme was rolled out.
- It was suggested that under the current scheme, people were accruing debt, which put the Council and households in an untenable position.
- Alternative schemes could not deviate too much from what was consulted on as there would be a legal risk.
- The deadline for the implementation of the second week of March was a statutory deadline for the Local Authority to confirm a scheme for the following year. Once a base was set, the only alternative would be to revert to the current scheme.
- As tax bases would be affected, it would be necessary to inform the police and fire service by the end of January 2025.
- The current scheme had been made unworkable by the introduction of Universal Credit due to the flux in payments.
- Legislation dictated that the consultation was relevant to the time period that this was done in.
- If a re-consultation was conducted next year, it would mean that there was a round of 4-6 months of people getting billed.
- Two briefings for members would be held on 16th December to help them understand the scheme.
- In response to the concern raised, it was suggested that a paper be sent to members before Full Council detailing the scheme including details of alternative schemes. Also that further briefings be offered in the new

year in addition to those on 16th December, and the possibility of recording these sessions be considered.

- Concern was raised that some residents would miss out on support under the proposed scheme.
- In response to concern raised about public support for the scheme, it was clarified that 'Don't Know' was not classified he same as 'No', and if there was a judicial review, they would take the same view.
- Concern was raised about difficulty in understanding the report and the new scheme.

AGREED

1) That comments made by members of this commission to be taken into account by the lead officers.
2) That a paper be sent to members before Full Council detailing the scheme including details of alternative schemes.
3) That further briefings be offered in the new year in addition to those on 16th December, and the possibility of recording these sessions be considered.

*Councillor Batool left the meeting following the consideration of this item.*

## 81. EXECUTIVE DECISION - REVENUE BUDGET MONITORING APRIL-SEPTEMBER 2024/25

The Director of Finance submitted a second report in the monitoring cycle for 2024/25 and updates the forecasts presented to this committee in September.

No questions or comments were made.

AGREED

That the report be noted.

## 82. CAPITAL BUDGET MONITORING APRIL-SEPTEMBER 2024/25

The Director of Finance submitted a report providing the position of the capital programme at the end of September 2024 (Period 6).

Members were invited to ask questions and make comments.

A question was raised as to whether the Council was still paying to light empty buildings. This would be looked into.

AGREED

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

**83. INCOME COLLECTION APRIL-SEPTEMBER 2024**

The Director of Finance submitted a report detailing progress made in collecting debts raised by the Council during the first six months of 2024-25 together with
debts outstanding and brought forward from the previous year. It also set out details of debts written off under delegated authority that it had not been possible to collect after reasonable effort and expense.

No questions or comments were made.

AGREED

That the report be noted.

**84. MID-YEAR REVIEW OF TREASURY MANAGEMENT ACTIVITIES 2024/25**

AGREED:

That the press and public be excluded during consideration of the following reports in accordance with by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information.

**Paragraph 3**
Information relating to the financial or business affairs of any particular person (including the Authority holding that information.

*Exempt minute circulated to Councillors separately.*

**85. OVERVIEW SELECT COMMITTEE WORK PROGRAMME**

The Committee was asked to consider the current work programme and to make comments and/or amendments as it considered necessary.

AGREED:

That the current work programme be noted.

## 86. ANY OTHER URGENT BUSINESS

The Chair thanked the Director of Finance and other officers.

There being no other items of urgent business, the meeting closed at 8:40pm


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# COUNCIL TAX SUPPORT SCHEME FOR 2025/26

OVERVIEW SELECT COMMITTEE

12 DECEMBER 2024

Minute Item 80

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# CONTENTS

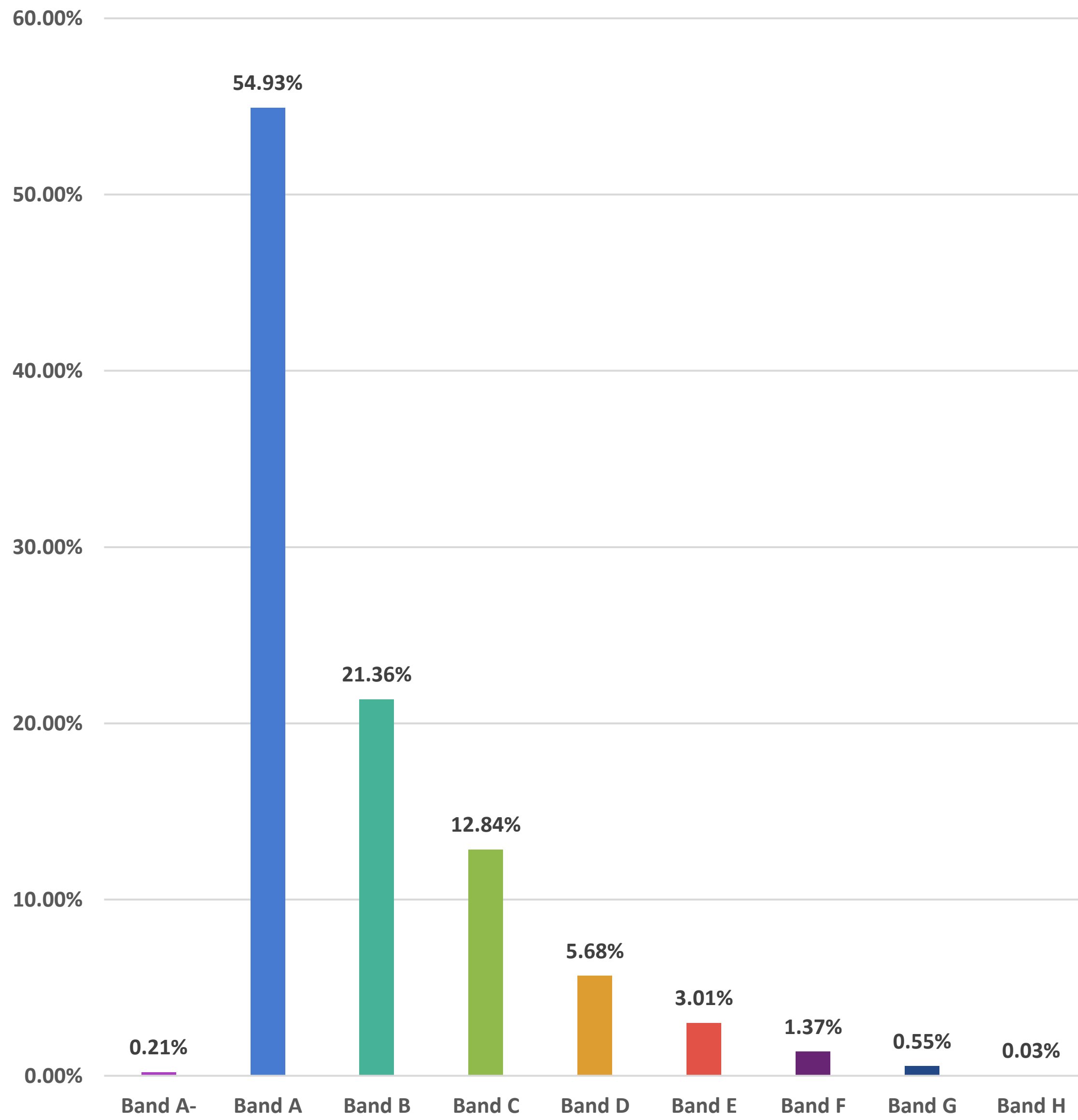
# *COUNCIL TAX SUPPORT: A BACKGROUND*

- Before 2013, government subsidized **Council Tax Benefit** – up to 100% support for low-income households
- From April 2013, replaced by **Council Tax Support** – unchanged for pension-age but 20% less funding for local authorities to design a scheme for working-age households.
- Since 2013 we have been one of the only Councils to fund a supplementary **Council Tax Discretionary Relief** scheme with a budget of **£500,000** p.a. to support the most vulnerable households (nearly 2,000 last year)
- Alongside this scheme, these households are also considered for eligibility for additional support with **Discretionary Housing Payments** and/or **Household Support Fund** assistance.
- During 2024/25 we are also allocating an additional **£400,000** of **Household Support Fund** monies to financially vulnerable households prior to migration to any new scheme.

# *WHO PAYS COUNCIL TAX?*

- 132,000 households pay council tax.
- Most properties (77%) are in Band A (£1,528) or B (£1,783).
- The average bill after exemptions, discounts and Council Tax Support is £1,417.
- The total due in 2024/25 is £187m.
- Low-income households can receive Council Tax Support. The total awarded is £26.9m.

# PROPERTIES IN LEICESTER BY BAND



# WHO RECEIVES HELP TO PAY THEIR BILL?

28,100 households receive Council Tax Support:

- 10,400 are pensioner households. They receive support of up to 100% of their tax. This scheme is set by the Government, and we cannot change it.
- 17,700 are working age households. They receive up to 80% of their tax. We are responsible for this scheme.
- The changes we are proposing only affect the working age scheme.

# WHAT IS OUR CURRENT COUNCIL TAX SUPPORT SCHEME?

It is a means-tested discount to council tax bills.

It was introduced in April 2013 and has not changed since before Universal Credit was introduced.

We consider each claimant's income and needs, as well as who lives in his/her household.

Over 90% of households who receive support live in band A or band B properties .

# *WHY MIGHT A HOUSEHOLD RECEIVE NO, OR REDUCED COUNCIL TAX SUPPORT?*

These are some reasons households would receive less than the maximum (currently 80%):

- Someone with more than £6,000 in capital and savings.
- Someone entitled to less than £4.65 per week (less than 14-20% of their bill)

NO SUPPORT

- Someone whose household income is higher than their calculated needs.
- Someone with additional adults living in the household, particularly if they earn money.
- Someone in a Band C or higher property – awards are capped at Band B.

REDUCED SUPPORT

# *WHY DO WE WANT TO CHANGE THE SCHEME?*

- It is complex both for residents and staff, particularly following the introduction of Universal Credit.
- Entitlement is recalculated regularly, leading to multiple tax bills showing different discounts, making it difficult for households to budget.
- The scheme is not targeted towards the most vulnerable, who are least able to find work.
- The Council's financial position means we need to find ways to save money. The scheme is costly to administer and inflexible when consider savings opportunities.

# CASE STUDY 1: HOW SMALL CHANGES IMPACT COUNCIL TAX SUPPORT

- Single adult, Band A property – average 16 hours work per week + Universal Credit. £673 for the year, 10 x instalments of £67.
- Resident's bill is ultimately recalculated in total **9 times in 9 months** – each causes a new bill and reset payment plan, legal limit for next payment date is 14 days later to allow for the new bill to be received before it falls due – this means that previously set payment dates are missed
- Nov '23, income increased by **£9.67** – remaining instalments increased by **£65**
- by Jan '24 **£362.45** is due for the final instalment – despite the resident having not missed a payment or failed to report a change, and their income having changed by no more than £30 per week.
- In this case we were able to make a special payment arrangement and extend payments to 12 months – but many pay by 12 months as default – this is **by no means an extreme example!**

Proposed scheme, would be better off – 10 x instalments of £57 and <u>no changes</u>.

## Current scheme

| CT bill | CT liability outstanding | CT instalment | Monthly income | % of monthly income required |
|---|---|---|---|---|
| April | £673.20 | £70.20 | £676.20 | 10.4% |
| May | £673.20 | £67 | £676.20 | 9.9% |
| June | £611.70 | £79.70 | £682.95 | 11.7% |
| July | £656.56 | £92.56 | £737.03 | 12.6% |
| August | £881.39 | £224.83 | £862.80 | 26.1% |
| September | £603.44 | £119.44 | £737.03 | 16.2% |
| October | £484 | £121.00 | £737.03 | 16.4% |
| November | £363 | £121.00 | £737.03 | 16.4% |
| December | £372.27 | £186.27 | £746.70 | 24.9% |
| January | £362.45 | £362.45 | £737.03 | 49.2% |



## Proposed scheme

| CT bill | CT liability outstanding | CT instalment | Monthly income | % of monthly income required |
|---|---|---|---|---|
| April | £573.13 | £57.34 | £676.20 | 8.5% |
| May | £515.79 | £57.31 | £676.20 | 8.5% |
| June | £458.48 | £57.31 | £682.95 | 8.4% |
| July | £401.17 | £57.31 | £737.03 | 7.8% |
| August | £343.86 | £57.31 | £862.80 | 6.6% |
| September | £286.55 | £57.31 | £737.03 | 7.8% |
| October | £229.24 | £57.31 | £737.03 | 7.8% |
| November | £171.93 | £57.31 | £737.03 | 7.7% |
| December | £114.62 | £57.31 | £746.70 | 7.8% |
| January | £57.31 | £57.31 | £737.03 | 7.8% |

# *OUR PROPOSAL*

- The calculation will be **simplified**, with household income put into **income bands**. This means small changes will no longer trigger a recalculation.
- Fewer incomes will be disregarded, which the new bands will be increased to reflect. This also means fewer changes to entitlement.
- Child Benefit income will continue to be disregarded. Childcare costs will continue to be taken into account.
- Universal credit income for housing costs and Housing Benefit will continue to be disregarded.
- Disability income will be disregarded to the extent that it is received by more than one household member.
- **Vulnerable** households will receive a maximum discount of **100%** of a **Band C** property tax. One in five households will be considered "vulnerable".
- Other households will receive a maximum discount of **75%** of a **band B** property, reduced from 80%.
- The calculation of deductions for **additional adults** in a household will be simplified.
- The capital limit of £6,000 will be unaffected.

# *WHICH HOUSEHOLDS ARE CONSIDERED "VULNERABLE"?*

Those receiving at least one of:

- Middle or Higher Rate Care component of the Disability Living Allowance
- Enhanced Rate Daily Living Component of Personal Independence Payments
- Carers' Allowance or the Carer's Element of Universal Credit
- Income-related Employment & Support Allowance
- Support Component of contribution-based Employment & Support Allowance
- UC with a Limited Capability for Work or Limited Capability for Work Related Activity Element
- Households where a dependent child or young person is in receipt of a disability benefit.

# OUR PROPOSED SCHEME – INCOME BANDS

| | | Vulnerable | | | | Other | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Income Band** | Discount | Single Person | Couple with no children | Couple or Lone Parent with one child/young person | Couple or Lone Parent with two or more children/young persons | Single Person | Couple with no children | Couple or Lone Parent with one child/young person | Couple or Lone Parent with two or more children/young persons |
| **Weekly Net Income (after tax and N.I.)** | | | | | | | | | |
| **1** | 100% | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £225 | N/A | N/A | N/A | N/A |
| **2** | 75% | £150 to £225 | £150 to £225 | £150 to £300 | £225 to £375 | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £225 |
| **3** | 50% | £225 to £300 | £225 to £300 | £300 to £450 | £375 to £450 | £150 to £225 | £150 to £225 | £150 to £300 | £225 to £375 |
| **4** | 25% | £300 to £375 | £300 to £375 | £450 to £525 | £450 to £525 | £225 to £300 | £225 to £300 | £300 to £450 | £375 to £450 |
| **5** | 0% | £375+ | £375+ | £525+ | £525+ | £300+ | £300+ | £450+ | £450+ |

# HOW DOES THIS IMPACT HOUSEHOLDS?

Setting the bands in this way would lead to:

- 4,200 households would pay less council tax (primarily the vulnerable group) by an average of £4.80 per week;
- 13,500 households would pay more, including 1,900 who would cease to receive support. These households lose an average of £6.25 per week.

This would be the average impact over the year - with less changes households would still be more likely to find it easier to budget month by month.

We will also mitigate any negative impact through:

- We will promote the Council Tax Discretionary Relief Fund and increase funding from £0.5m to £0.75m for two years.
- We will explore support which can be offered from the Household Support Fund (while it lasts)

# CASE STUDY 2 – SINGLE VULNERABLE PERSON

- Resident in a band A property has an assessable income of **£138.20 per week**, including Employment & Support Allowance.
- Receives support of 100% of their Council Tax (**increased** from 80% under the current scheme)
- No income changes, so currently pays 10 x instalments of £23.



| **HOUSEHOLD INCOME (weekly):** | |
|---|---|
| Employment & Support Allowance | £90.50 |
| E&SA Support Component | £47.70 |
| Housing Benefit (disregarded) | £90 |
| Council Tax Support (disregarded) | £17.63 |
| **Total (including disregarded):** | **£245.83** |

| | **Council Tax Support** | | **Council Tax to pay** | |
|---|---|---|---|---|
| | Weekly | Annually | Weekly | Annually |
| **Current scheme** | £17.63 | £917 | £4.41 | £229.26 |
| **Proposed scheme** | £22.04 | £1,146.26 | £0 | £0 |
| **Better / worse off** | | | **+£4.41** | **+£229.26** |

# *CASE STUDY 3 – SINGLE VULNERABLE PERSON, ADDITIONAL ADULT WITH EARNINGS IN HOUSEHOLD*



- Resident has an assessable income of **£224 per week** including Personal Independence Payments (enhanced, daily living)
- Maximum support would be 100% of their council tax, but this reduces to 75% due to income.
- The additional adult further reduces support to 55% of tax
- Support **increases** from 40% of tax under the current scheme

| **HOUSEHOLD INCOME (weekly):** | |
|---|---|
| Personal Independence Payments | £108.55 |
| Earned income (after tax/N.I.) | £115.45 |
| UC Housing Costs (disregarded) | £115 |
| Council Tax Support (disregarded) | £11.76 |
| Non-dependant income | £220 |
| **Total: (including disregarded)** | **£570.76** |

| | **Council Tax Support** | | **Council Tax to pay** | |
|---|---|---|---|---|
| | Weekly | Annually | Weekly | Annually |
| **Current scheme** | £8.82 | £458.50 | £13.23 | £687.75 |
| **Proposed scheme** | £12.12 | £630.44 | £9.92 | £515.82 |
| **Better / worse off** | | | **+£3.31** | **+£171.93** |

## Current scheme

| CT bill | CT liability outstanding | CT instalment | Monthly income | % of monthly income required |
|---|---|---|---|---|
| April | £687.75 | £68.82 | £1924 | 3.6% |
| May | £687.75 | £68.77 | £1924 | 3.6% |
| June | £672.59 | £91.70 | £1953 | 4.7% |
| July | £747.50 | £143.41 | £1934 | 7.4% |
| August | £1,037.82 | £142.92 | £2104 | 6.8% |
| September | £734.05 | £299.72 | £1853 | 16.2% |
| October | £607.62 | £159.25 | £1910 | 8.3% |
| November | £469.86 | £161.33 | £1989 | 8.1% |
| December | £483.27 | £248.36 | £1996 | 12.4% |
| January | £483.27 | £483.27 | £1996 | 24.2% |



## Proposed scheme

| CT bill | CT liability outstanding | CT instalment | Monthly income | % of monthly income required |
|---|---|---|---|---|
| April | £515.82 | £51.60 | £1924 | 2.7% |
| May | £464.22 | £51.58 | £1924 | 2.7% |
| June | £412.64 | £51.58 | £1953 | 2.6% |
| July | £361.06 | £51.58 | £1934 | 2.7% |
| August | £481.41 | £80.24 | £2104 | 3.8% |
| September | £315.21 | £63.05 | £1853 | 3.4% |
| October | £252.16 | £63.04 | £1910 | 3.3% |
| November | £189.12 | £63.04 | £1989 | 3.3% |
| December | £126.08 | £63.04 | £1996 | 3.3% |
| January | £105.09 | £63.04 | £1996 | 3.3% |

# CASE STUDY 4 – TWO CHILD FAMILY, NOT VULNERABLE

- Resident and partner in a band A property have an assesable income of **£370 per week**.
- Child benefit is disregarded from the calculation of income
- Receives support of 50% of their council tax bill.
- Support **decreases** from 80% under the current scheme)
- This household would be proactively targetted with council tax discretionary relief and other available discretionary support.

| **HOUSEHOLD INCOME (weekly):** | |
|---|---|
| Earned income (after tax/N.I.) | £250 |
| UC Personal Allowance | £120 |
| Child Benefit (disregarded) | £42.55 |
| UC Housing Costs (disregarded) | £178.36 |
| Council Tax Support (disregarded) | £23.51 |
| CTDR (disregarded) | £5.88 |
| DHPs (disregarded) | £16.64 |
| **Total: (including disregarded)** | **£636.94** |

| | **Council Tax Support** | | **Council Tax to pay** | |
|---|---|---|---|---|
| | Weekly | Annually | Weekly | Annually |
| **Current scheme** | £23.51 | £1,222.67 | £5.88 | £305.67 |
| **Proposed scheme** | £14.70 | £764.17 | £14.70 | £764.17 |
| **Better / worse off (average)** | | | **-£8.82** | **-£458.50** |

## Current scheme

| CT bill | CT liability outstanding | CT instalment | Monthly income | % of monthly income required |
|---|---|---|---|---|
| April | £305.67 | £30.63 | £1,603 | 1.9% |
| May | £305.67 | £30.56 | £1,603 | 1.9% |
| June | £275.60 | £35.07 | £1,580 | 2.1% |
| July | £294.66 | £40.73 | £1,720 | 2.6% |
| August | £394.01 | £98.93 | £1,550 | 5.8% |
| September | £268.70 | £52.55 | £1,580 | 3.4% |
| October | £214.66 | £53.24 | £1,590 | 3.3% |
| November | £160.36 | £53.24 | £1,600 | 3.3% |
| December | £163.80 | £81.96 | £1,501 | 5.1% |
| January | £159.48 | £159.48 | £1,501 | 10.2% |



## Proposed scheme

| CT bill | CT liability outstanding | CT instalment | Monthly income | % of monthly income required |
|---|---|---|---|---|
| April | £764.17 | £76.42 | £1,603 | 4.8% |
| May | £687.75 | £76.42 | £1,603 | 4.8% |
| June | £611.33 | £76.42 | £1,580 | 4.8% |
| July | £936.18 | £133.74 | £1,720 | 7.8% |
| August | £401.22 | £66.87 | £1,550 | 4.3% |
| September | £334.35 | £66.87 | £1,580 | 4.2% |
| October | £267.48 | £66.87 | £1,590 | 4.2% |
| November | £200.61 | £66.87 | £1,600 | 4.2% |
| December | £133.74 | £66.87 | £1,501 | 4.5% |
| January | £66.87 | £66.87 | £1,501 | 4.5% |

# SAVINGS

Although cost savings are not the main objective of the consultation, we are proposing that a larger proportion of our Council Tax receipts are retained to protect essential spending.



As the bands are currently set, our proposal would save the Council £2.4m in expenditure.

A further £0.4m would be achieved in efficiency saving from reduced administration.

The Fire & Police services will also save £0.4m.

# CONSULTATION FEEDBACK

- 280 responses from public, no objections from preceptors, Fire Service wrote in support.
- Proposal supported in all elements – 71% support banded income scheme concept.
- Support strongest for separate scheme for vulnerable households (87%) and disregarding War Pensions (92%)
- Support weakest as to whether the income bands are fair (61%) and simplifying non-dependant deductions (63%)

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# ALTERNATIVE MODELS

There are three effective methods for amending the banded scheme, presented here with advantages and disadvantages –

- ➔ **Adding more bands** (the percentage ‘steps’ based on income),
- ➔ **Adding more categories** (the columns based on household composition),
- ➔ **Adding more income disregards** (in addition to child benefit etc).

We do not recommend other alternative changes:

- ➔ **Expanding income allowances** (for example, adding £50 or £100 to each existing band) – this would open the scheme to an unknown number of households who currently do not qualify.
- ➔ **Changing only one band,** for example increasing just the 75% maximum band to 80%. This would be potentially unfair as a ‘lopsided’ scheme leading to a 30% drop in award when transitioning to a ‘Band 3’ income.
- ➔ **Reverting to the previous scheme with a higher minimum payment, or any other new method of calculation** – this would require a new consultation.

# *OPTION 1: ADDING MORE BANDS*

**ADVANTAGES:**

- could allow retaining maximum 80% award
- 'fairer' in some circumstances due to less severe 'cliff edge' changes in award

**DISADVANTAGES:**

- cost implications
- more frequent changes in entitlement throughout the year.

*Example: 100/80/60/40/20% instead of 100/75/50/25%*

| | | Vulnerable | | | | Other | | | |
|---|---|---|---|---|---|---|---|---|---|
| Income Band | Discount | Single Person | Couple with no children | Couple or Lone Parent with one child/young person | Couple or Lone Parent with two or more children/young persons | Single Person | Couple with no children | Couple or Lone Parent with one child/young person | Couple or Lone Parent with two or more children/young persons |
| Weekly Net Income (after tax and N.I.) | | | | | | | | | |
| 1 | 100% | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £225 | N/A | N/A | N/A | N/A |
| 2 | 80% | £150 to £225 | £150 to £225 | £150 to £275 | £225 to £300 | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £225 |
| 3 | 60% | £225 to £275 | £225 to £275 | £275 to £375 | £300 to £375 | £150 to £225 | £150 to £225 | £150 to £275 | £225 to £300 |
| 4 | 40% | £275 to £325 | £275 to £325 | £375 to £450 | £375 to £450 | £225 to £275 | £225 to £275 | £275 to £375 | £300 to £375 |
| 5 | 20% | £325 to £375 | £325 to £375 | £450 – £525 | £450 – £525 | £275 to £325 | £275 to £325 | £375 to £450 | £375 to £450 |

**FINANCIAL IMPACT:**

Reduce savings by **£930k (including administration)**

948 less households without entitlement **(compared to proposed scheme)**

# OPTION 2: ADDING MORE CATEGORIES

**ADVANTAGES:**

- arguably fairer
- offers more to address child poverty

**DISADVANTAGES:**

- potentially significant cost implications depending on bands set



| | | Vulnerable | | | | | Other | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income Band** | Discount | Single Person | Couple with no children | Couple or Lone Parent with one child/young person | Couple or Lone Parent with two or more children/young persons | Couple/Lone Parent with three or more children/young persons | Single Person | Couple with no children | Couple or Lone Parent with one child/young person | Couple or Lone Parent with two or more children/young persons | Couple/Lone Parent with three or more children/young persons |
| **Weekly Net Income (after tax and N.I.)** | | | | | | | | | | | |
| **1** | 100% | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £200 | £0 to £250 | N/A | N/A | N/A | N/A | N/A |
| **2** | 75% | £150 to £225 | £150 to £225 | £150 to £300 | £200 to £350 | £250 to £400 | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £200 | £0 to £250 |
| **3** | 50% | £225 to £300 | £225 to £300 | £300 to £375 | £350 to £400 | £400 to £450 | £150 to £225 | £150 to £225 | £150 to £300 | £200 to £350 | £250 to £400 |
| **4** | 25% | £300 to £375 | £300 to £375 | £375 to £450 | £400 to £500 | £450 to £550 | £225 to £300 | £225 to £300 | £300 to £375 | £350 to £400 | £400 to £450 |
| **5** | 0% | £375+ | £375+ | £450+ | £500+ | £550+ | £300+ | £300+ | £375+ | £400+ | £450+ |

**FINANCIAL IMPACT:**

Reduce savings by **£350k**

194 less households without entitlement **(compared to proposed scheme)**

# *OPTION 3: DISREGARDING OTHER INCOMES*

**ADVANTAGES:**

- Arguably fairer

**DISADVANTAGES:**

- cost implications
- Adds to scheme complexity
- Does not directly help families

We could consider:

- Disregard income from Disability Living Allowance, Personal Independence Payments
- Disregard income from Carers Allowance, Attendance Allowance
- Allow ‘passporting’ (automatic maximum entitlement) to recipients of JobSeekers allowance (income-based), Income Support, Employment & Support Allowance (income-related)
- Reintroduce earnings disregard (First £10 of earnings, £25 for lone parents)

**FINANCIAL IMPACT**

Reduce savings by **£1.38m (including administration)**

885 less households without entitlement **(compared to proposed scheme)**

# TIMETABLE

| | |
|---|---|
| **Publication of draft scheme** | **27th September 2024** |
| **Consultation with public** | 30th September – 10th November |
| **Consultation analysis** | 11th November – 29th November |
| **Council decision** | 16th January 2025 |
| **New scheme live as part of council tax billing 2025/26** | 1st April 2025 |

## *WHAT THE CHANGES DO <u>NOT</u> AFFECT?*

- Council Tax Support available to people of pension age.
- The 25 per cent single person's council tax discount
- Tax exemptions for people who are severely mentally impaired and live on their own
- Discounts for care leavers

# *WHAT OTHER FINANCIAL HELP IS THERE?*

**Council tax Discretionary Relief (£500k, increasing to £750k)**

- Leicester is one of only a few councils who offer this additional financial support
- Will be promoted to affected households

**Discretionary Housing Payments (£650k):**

- Supports tenants' rents

**Community Support Grant (£270k):**

- Crisis awards (food and fuel)

**Household Support Fund:**

- Further £3.4m to April 25
- Can be used to provide targeted Council Tax support
- Budget for 25/26 TBC

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# *ANY QUESTIONS?*

# Tracking of Petitions – Monitoring Report

Overview Select Committee

Date of meeting: 30th January 2025

Lead officer: Jessica Skidmore

**Useful information**

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

## 1. Purpose of the Report

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

## 2. Recommendations

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

## 3. Detailed report

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

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

- **Red** – denotes those petitions for which a pro-forma has not been completed within three months of being referred to the Divisional Director.

- **Petition Process Complete** - denotes petitions for which a response pro-forma has sent to the relevant Scrutiny Commission Chair for comment, subsequently endorsed by the Lead Executive Member and the Lead Petitioner and Ward Members informed of the response to the petition.

- **Green** – denotes petitions for which officers have proposed a recommendation in response to a petition, and a response pro-forma has been sent to the relevant Scrutiny Commission Chair for comment, before being endorsed by the Lead Executive Member.

- **Amber** – denotes petitions which are progressing within the prescribed timescales, or have provided clear reasoning for why the three-month deadline for completing the response pro-forma has elapsed.

In addition, all Divisional Directors have been asked to ensure that details of **all** petitions received direct into the Council (not just those formally accepted via a Council Meeting or similar) are passed to the Monitoring Officer for logging and inclusion on this monitoring schedule.

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

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

### 7. Background Papers – Local Government Act 1972

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

### 8. Summary of appendices:

Appendix 1 – Table of Current petitions.

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

No

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

No

Appendix B

| Date Petition referred to Divisional Director | Received From | Subject | Type - Cncr (C) Public (P) | No. of Sig | Ward | Lead Divisional Director | Current Position | Current Status |
|---|---|---|---|---|---|---|---|---|
| 11/04/2024 | Cllr Dave | Peebles Way | (c) | 45 | Rushey Mead | Sean Atterbury | Petition is in the last stages of being finalised and would be sent out for sign off in due course. | AMBER |
| 17/06/2024 | Marcia Stewart | Oakland Avenue | (p) | 137 | Rushey Mead | Andrew L Smith | Work is underway with the lead officers and the pro-forma is expected to be finalised at the end of September. | AMBER |
| 15/07/2024 | Felicity Larson | Allotment Bonfires | (p) | 24 | Braunstone Park and Rowley Fields | Sean Atterbury | Petition sent to lead executive member for sign off and finalisation | AMBER |
| 31/10/2024 | G Yusuf | St Peter's Car Park | (p) | 108 | Wycliffe | Andrew L Smith | Petition sent to Lead Director | AMBER |
| 11/10/2024 | Yahya Mulla | Residential Parking on Prestwold Road | (p) | 17 | North Evington | Andrew L Smith | Petition sent to Lead Director | COMPLETE |
| 24/11/2024 | Singh Dhesi | Barnes Close | (p) | 44 | Rushey Mead | Andrew L Smith | This petition was presented at Full Council in November | GREEN |
| 14/11/2024 | Alison Simpson | Residential Parking on Ripon Street | (p) | 28 | Stoneygate | Andrew L Smith | Petition sent to Lead Director | COMPLETE |
| 06/12/2024 | Lucas Mouat | Renovate Basketball Court in Victoria Park | (P) | 21 | Castle | Sean Atterbury | Petition sent to Lead Director | GREEN |

Appendix C

Leicester City Council

# 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 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 <u>Right to Buy</u>
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** |

It is important to note that the forecast price of gas is subject to change and will crystalise 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 205/26.

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 1st 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

**Appendix A**

## Proposed HRA Revenue Budget 2025/26

| | | - 2025/26 - | | |
|---|---|---|---|---|
| | 2024/25 Current Budget £000 | 2025/26 Budget Pressures £000 | 2025/26 Savings & Reductions £000 | Proposed 2025/26 Budget £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** |

**Appendix B**

# 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** |

**Appendix C**

# 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 | 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:<br><br>Bedsit £130    4-Bed £230<br>1-Bed £155    5-Bed £255<br>2-Bed £180    6-Bed £280<br>3-Bed £205    7-Bed £305 |
| Decorating Allowances | 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:<br><br>Bathroom £45.00    Halls (flats/bungalows) £45.00<br>Kitchen £56.25    Hall/Stairs/Landing £78.75<br>Lounge £67.50    Large Bedroom £67.50<br>Dining Room £67.50    Middle Bedroom £56.25<br>WC (where separate) £22.50    Small Bedroom £36.00<br><br>The amount payable is capped as follows:<br>3+ bed house / maisonette £300<br>3+ bed bungalow / flat £250<br>2 bed house / maisonette £250<br>2 bed flat / bungalow £200<br>1 bed flat / bungalow £150<br>Bedsit £100 |

**Appendix D**

## 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.

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

**Appendix E**

# 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.

**Appendix F**

# 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 1st 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 bought 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 effecting 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 $CO_2$ 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 insultation 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 Governments 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 bought 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.

**Appendix G**

## 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 | 8.44% |
| Not Answered | 13 | 2.39% |

Disability

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| 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

## 7. HOUSING REVENUE ACCOUNT BUDGET DRAFT (INCLUDING CAPITAL PROGRAMME) 2025/26

The Director of Housing introduced the item, and it was noted that:

- Positively it was a balanced budget.
- The suggested rent increase was the maximum of 2.7% which equated to an average increase of £2.49 per week. Any increase below this level would create a shortfall in the budget meaning cuts would have to be made to the budget.
- Gypsy and traveller rent increase is higher as this has to fund itself.
- The service charges are only covering the cost of the services.
- The forecasted price of gas is significantly lower, so a fixed cost reduction has been proposed to reflect this for those on meters.
- Properties with no meter have had a proposed reduction of fixed charges by 26%.
- The capital budget included £30 million for new housing. Pg 22 of the agenda pack gives a full breakdown of this.
- A consultation with tenants occurred which utilised online resources and 2 days of face-to-face responses. This had a good response rate, and the majority of tenants supported all proposals. The outcome of those who supported the rent increase compared to those who did not was a close call however.

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

- There are 37 Gypsy and Traveller households split across 3 sites. The main site has 21 units. The rent increase is higher due to the account not sitting in the Housing and Revenue Account, meaning it needs to be self-funding. Any increase below 4% would mean it would not cover the costs incurred.

- The Gypsy and Traveller Team supports the community. Most of the households receive housing benefit, and this would cover the increase.
- There is a waiting list for the sites due to the quality of them and the support received by households on them.
- The service charge rise of 1.7% has increased in line with inflation to cover increased running costs. If the charge was not increased, it would mean a reduction in services offered.
- There have been some miscommunications by people not with the facts around meter installations. The meters aren't compulsory and if residents are not answering or say no, they are not installed. However, most residents are making significant savings when they have moved to a meter.
- Where savings have not been made or high use is identified, officers will investigate to establish why and provide advice and support to tenants and leaseholders to help address this.
- The move to meters has been a success and the topic may want to come to the commission. The biggest issue faced has been misinformation and communication.
- It is important to acknowledge that to reduce bills, it may mean changes are needed in behaviour.
- If there have been instances where meters have been thought to be faulty reported to Councillors, Councillors should take contact details so it can be addressed.
- It is important to highlight that the evidence has demonstrated that the vast majority of bills have reduced following the installation of a meter.
- The Income Management Team have demonstrated excellence in supporting tenants, maximising incomes and providing help in accessing services and schemes which can assist tenants.
- The team collected 99% of rent, with only 7 evictions last year. There were 5 evictions in the previous year. Although classed as evictions, there are often instances where the property has been abandoned opposed to an eviction.
- 60% of tenants are on housing benefit so the increase will be covered. 10% of tenants are on partial housing benefit so will also be covered. The team has been working closely with the other 30%.
- The £30 million will cover the cost of a mixture of new builds and acquisitions to provide more homes.
- There had been over 750 applications for Right to Buy since changes had been announced by Government before the scheme change. The service has had to estimate how many sales are likely to complete so it can be factored into the budget.
- Some Right to Buy receipts are unlikely to complete due to forms not being completed adequately.
- Due to the large number of applications, the time frame for responses is unclear but housing officers will find out more from the corporate team responsible if addresses are provided for individual cases by Councillors.
- The increased number received is likely to have a negative impact initially, however it is hoped because of the discount changes that there

will be a slowing in applications which may protect the budget moving forward.

- To protect the Housing Revenue Account, all Right to Buy's would have to cease.
- There has been a consultation ongoing by the Government on Right to Buy.
- Social housing demand means that both new builds and acquisitions have been required. The extent of new builds has been constrained by the industry surrounding house building.
- Alternative construction methods have been constantly reviewed and most suitable methods are considered on a site-by-site basis.
- Procuring contractors has been difficult for renovating accommodation. The procurement failed twice which has meant that alternative methods were considered. Proposals on a larger scheme have been taken forward following consultation with ward councillors that it was what was needed and wanted in the area and would have more success in attracting a contractor.

AGREED:

The Commission noted the report.

MINUTE EXTRACT

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

*To Follow*

**Appendix J**

# 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** ***(prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes)*** | 2$^{nd}$ January 2025 |
| **Decision maker** | Full Council |
| **Date decision taken** | 19$^{th}$ February 2025 |

| **EIA sign off on completion:** | **Signature** | **Date** |
|---|---|---|
| **Lead officer** | Helen McGarry | 02/01/2025 |
| **Equalities officer (has been consulted)** | S Biring/S Singh | 09/01/2025 |
| **Divisional director** | Chris Burgin | 10/01/2025 |

## 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:

<u>Pay inflation</u>

An assumed pay award for 2025/26 of 2.5% has been built into this budget resulting in an increase in pay costs of £0.8m. 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 £0.6m.

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 Governments 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 £1m. 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 addition £0.5m is required to support the completion of Electrical Installation Conditions 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.

<u>Other Pressures</u>

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 2025/265 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 Gipsy 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 areas in 2025/26.
- An increase to the budget for loft insultation from £50k in 2024/25 to £200k 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.
- An increase to the budget for balcony/walkway work on St Matthews, from £200k in 2024/25 to £400k in 2025/26

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 KHW 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)** |

| | | | |
|---|---|---|---|
| **Variable Charge pkWh of Heat** | **8.42** | **6.30** | **(2.12)** |

| | | | |
|---|---|---|---|
| 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)** |

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?

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**

<u>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?</u>

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**

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

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.

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**Question 4c**

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

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 | 8.44% |
| **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% |

<u>Religion and belief</u>

| 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% |



<u>Parent or carer</u>

| 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% |

## 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.



### 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



## 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

**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

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## 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 Mach 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 |

## 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%** |

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%** |

Appendix D

# 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:-

| | **£m** |
|---|---|
| **Proposed Programme** | |
| Schemes – Summarised by Theme | |
| 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** | **34.3** |
| **Funding** | |
| Unringfenced Resources | 32.4 |
| Monies ringfenced to Schemes | 1.9 |
| **Total Resources** | **34.3** |

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

| | **£m** |
|---|---|
| General Fund | 34.3 |
| Housing Revenue Account | 41.3 |
| **Total** | **75.6** |

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

1.11 The capital programme is split into two parts:-

a) Schemes which are "**immediate starts**", being schemes which directors have authority to commence once the council has approved the programme. These are fully described in this report;

b) Schemes which are "**policy provisions**", where the purpose of the funding is described but money will not be released until specific spending proposals have been approved by the Executive.

1.12 Immediate starts have been split into three categories:-

a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes will be monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);

b) **Work Programmes** – these consist of minor works or similar schemes where there is an allocation of money to be spent in a particular year;

c) **Provisions** – these are sums of money set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.

## 2. Recommended actions/decision

2.1 The Council is asked to:-

(a) Approve the release of the Capital Fund, a revenue reserve, to the Managed Reserve strategy of £90m. (see para 4.4)

(b) Approve the change in financing for the 2024/25 capital programme, to include prudential borrowing (see para 4.5)

(c) Approve reductions to the 2024/25 capital programme as described at paragraph 4.8.

(d) Approve the capital programme, including the prudential borrowing for schemes as described in this report and summarised at Appendices 2 to 5, subject to any amendments proposed by the City Mayor;

(e) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;

(f) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;

(g) For the purposes of finance procedure rules:

- Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes.

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

(e) Delegate to the City Mayor:

- Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance and to borrow whilst remaining within the prudential limits for debt which are proposed in the treasury management strategy (elsewhere on your agenda);

- Authority to reduce or delete any capital scheme, subject to a maximum reduction of £10m; and

- Authority to transfer any "policy provision" to the "immediate starts" category.

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

(h) Approve the capital strategy at Appendix 6.

**3. Scrutiny / stakeholder engagement**

N/A

**4. Background and options with supporting evidence**

Amendments to 2024/25 Capital Programme

4.1 This report proposes to transfer the capital fund for use in the revenue strategy. We can do this because the capital fund is technically revenue money – how it has arisen is described below.

4.2 As members will be aware, capital resources are ringfenced. Capital grants and capital receipts can only be spent on capital schemes. Revenue monies can, however, be used to support the capital programme. In practice, making a regular contribution to capital from the revenue budget has not been affordable for a long time. We have, though, made one-off contributions over recent years, the most significant being government covid grants which were set aside to support post-pandemic recovery (these were approved following the capital outturn report for 2020/21). Other occasions have included one-off monies to support the Economic Action Plan in the period up to 2016/17.

4.3 As there is always slippage, and some resources are available before we need to spend them, financing presents us with a choice: what resources do we use and what do we carry forward to meet future commitments? In practice, **we deliberately use the most restricted resources first and carry forward the least restricted**, irrespective of why schemes were put in the programme in the first place. This means that, as revenue is the least restricted, the capital fund is always carried forward to fund slippage – the fund now probably comprises most of the revenue contributions approved over the past 14 years. It is important to recognise, though, that **these monies are fully committed to fund capital schemes members have already approved** and diverting them to the revenue budget has consequences: we will need to borrow to complete the programme. Nonetheless we have deliberately engineered a situation where we have flexibility when it is needed (as it is now).

4.4 The "capital fund" amounts to £103m. Decisions have already been taken to transfer "spare" money of £7m to support the revenue budget as part of the General Fund budget for 2024/25; and an estimated £4m is required to fund current committed costs which could arguably be considered revenue. It is now proposed that remaining £90m is transferred to support the budget.

4.5 This report also proposes reductions to the programme of £13m. This means that £77m will need to be borrowed to fund the remaining 2024/25 capital programme rather than the full £90m which is being transferred. This borrowing will inevitably make the budget gap worse but buys us time to pull the revenue budget into a more sustainable position. The impact is estimated to be an additional revenue cost of £5m per year by 2026/27. This report seeks the necessary change to the financing of the 2024/25 capital programme.

4.6 In addition, this and all future capital programmes are likely to require borrowing, which means every potential capital scheme will need to be considered for revenue affordability.

4.7 As stated above, it is proposed to reduce previously approved capital spending by £13m.

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

Proposed cuts are shown in the table below:

| | Current Remaining Budget (£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

4.9 The key focus of the 2025/26 capital programme is a limited one-year programme due to the resources constraints and its focus is to protect the revenue budget as far as possible.

4.10 The cost of Prudential Borrowing has been calculated for each scheme, and the total is included within the revenue budget report for 2025/26, and the Prudential Indicators included in the Treasury Report 2025/26 found elsewhere on the agenda.

4.11 The programme supports the Council's commitment to tackling the climate emergency, most obviously but not exclusively within the Transport Improvement Works, Operational Estate and Children's capital maintenance programmes.

Resources

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

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

a) £5.04m of general capital receipts. The delivery of receipts from Ashton Green disposals to fund the work to sell/develop by the end of 2025/26;

b) £13.68m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government (the figure for 2026/27 represents a first call on that year to enable school schemes to be planned);

c) £1.00m from the Transformation Fund (Earmarked Revenue Reserve)

d) £1.00m from the ICT Reserve (Earmarked Revenue Reserve)

e) £0.33m of resources brought forward from an insurance claim.

f) £13.27m of borrowing, with an annual revenue cost.

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

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

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

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

<u>Proposed Programme</u>

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

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

a) £6.00m has been provided to continue with the **Schools Capital Improvements Programme.** This is to add the 2026/27 element as the 2025/26 element was approved in the 2024/25 capital budget. The programme will include routine maintenance and spending and is prioritised to reflect asset condition and risk. This will be a two-year programme to allow for better forward planning. The proposed programme is shown at Appendix 5. Detailed schemes will be developed following consultation with schools.

b) £3.26m is provided as part of the continued **Highway Capital Maintenance Programme**. This is a rolling annual programme and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities. The proposed programme is shown at Appendix 4.

c) £2.56m is provided in 2025/26 to continue the rolling programme of works constituting the **Transport Improvement Programme**.

Some of the priority areas include:

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

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

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

a) £1.97m has been provided to support the annual **Operational Estate Capital Maintenance Programme** of works to properties that the Council occupies for its own use. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 3 but may vary to meet emerging operational requirements.

b) £1.36m is provided for the **Corporate Estate** to support the council's property portfolio. Including wall, steps & roof repairs, replacement windows. The council has a statutory responsibility to ensure business property is safe for our tenant and anybody else using the building. This will also ensure income is maintained for the revenue budget.

c) £1.00m has been provided for **Neighbourhood Services Transformation**. This focuses on the centralisation of key services to enable greater access for communities.

d) £3.79m has been provided to support the refurbishment of 86 **Leycroft Road Depot** project following fire damage, which will result in a centralised location for the parks depot.

e) £0.14m has been provided for **Evington Park Depot Staff Welfare Facilities**.

4.21 £4.34m is provided for Routine Works.

a) £3.01m has been made available for the annual **Fleet Replacement Programme.** Wherever possible, ultra-low emission vehicles (ULEVs) will be sought to support the Council's climate emergency response.

b) £0.40m has been provided for **Local Environmental Works** in wards. This scheme will focus on local neighbourhood issues including residential parking, local safety concerns, pedestrian routes, cycleways and community lighting to be delivered after consultation with ward members.

c) £0.15m is provided for **Grounds Maintenance Equipment** This scheme is to replace ageing machinery with up to date, energy efficient models as part of our annual replacement programme.

d) £0.30m is provided to continue the **Flood & Drainage** scheme into 2025/26. The programme supports the local flood risk management strategy and action plan, and the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency & Severn Trent Water.

e) £0.15m is provided for **Foster Care Capital Contribution Scheme** to support foster carers with alterations to their property to allow fostered children to remain living with their carers or to increase the capacity to look after more children**.**

f) £0.20m has been provided for the **Front Walls Replacement** Scheme and is a continuation of previous schemes. It involves the enclosure of small spaces in front of housing. Enveloping schemes can make a significant improvement to local neighbourhoods and enable occupiers to tend house fronts more effectively.

g) £0.08m has been provided for a **Historic Building Grant Programme**. This will provide match funding to city residents and organisations to support the repair of historic buildings and the reinstatement of lost original historic features.

h) £0.05m is included as part of the continued programme to refresh **Festival Decorations**.

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

a) £0.55m is provided for **KRIII Cafe**. Relocating the café within the building to allow additional access and to create a dedicated schools and education hire space. The relocation would allow the café to be open separately to the exhibition and allow additional income to be generated.

b) £0.45m **Street Cleaning equipment**. To provide additional efficient sweepers and street flushers and reduce travel and fuel costs to deliver litter and detritus statutory responsibilities.

c) £0.18m **Public Toilet Automatic Locking.** Installation of an automated system for toilets located on parks and highways in 23 locations.

d) £0.06m **Southgates Underpass Lighting**. To replace fluorescent lighting tubes with LED lighting strips.

e) £0.06m **Trees and Woodland Stump Grinder**. To replace the existing grinder and avoid the need to hire.

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

a) £5.04m **Strategic Sites**. To facilitate capital assets disposals, in particular Ashton Green.

b) £1.00m **Finance System Replacement**. To implement a system to replace the Council's existing legacy system. The finance system has come to the end of the contract, and we need to procure a system to ensure financial controls and ensure efficiency.

c) £0.7m is provided for Feasibility Studies. This will enable studies to be done, typically for potential developments not included elsewhere in the programme or which might attract grant support. For example, Gilroes Cemetery and depot modernisation.

<u>Proposed Programme – Policy Provisions</u>

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

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

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

Capital Strategy

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

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

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

5.1 Financial implications

| |
|---|
| This report is exclusively concerned with financial issues. |
| Signed: Kirsty Cowell |
| Dated: 21 November 2024 |

5.2 Legal implications

| |
|---|
| As the report is exclusively concerned with financial matters, there are no direct legal implications arising from the report. In accordance with the constitution, the capital programme is a matter that requires approval of full Council. The subsequent letting of contracts, acquisition and/or disposal of land etc all remain matters that are executive functions and therefore there will be the need to ensure such next steps have the correct authority in place prior to proceeding. There will be procurement and legal implications in respect of individual schemes and client officers should take early legal advice. |
| Signed: Kevin Carter, Head of Law - Commercial, Property & Planning |
| Dated: 22 November 2024 |

5.3 Equalities implications

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

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

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

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

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

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

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

Signed: Equalities Officer, Surinder Singh

Dated: 22 November 2024

<u>5.4 Climate Emergency implications</u>

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

There is not sufficient information within this report to provide specific details of climate change implications for individual projects, which may have significant implications and opportunities. Detailed climate emergency implications should therefore be produced for individual projects as and when plans are finalised, and engagement carried out with the council’s Sustainability service where necessary. At a high level, there are some general principles that should be followed during the planning, design and implementation of capital projects, as detailed below. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects.

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

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

Signed: Aidan Davis, Sustainability Officer, Ext 37 2284

Dated: 25 November 2024

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

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

## 6. Background information and other papers:

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

## 7. Summary of appendices:

| | |
|---|---|
| Appendix 1 | Capital Resources. |
| Appendix 2a | Grant Funded Schemes |
| Appendix 2b | Own Buildings |
| Appendix 2c | Routine Works |
| Appendix 2d | Invest to Save |
| Appendix 2e | Other & Feasibilities Schemes |
| Appendix 3 | Operational Estate Maintenance Capital Programme |
| Appendix 4 | Highways Maintenance Capital Programme |
| Appendix 5 | Children's Capital Improvement Programme |
| Appendix 6 | Capital Strategy 2025/26 |

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

No

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

No – it is a proposal to Council.

**Appendix 1**

## Capital Resources

| | 25/26 | 26/27 | Total |
|---|---|---|---|
| | *{£000}* | *{£000}* | *{£000}* |
| **Resources Brought Forward** | | | |
| Insurance Claim | 330 | 0 | **330** |
| **Total One Off Resources** | **330** | | **330** |
| **Capital Receipts** | | | |
| General Capital Receipts | 5,040 | 0 | **5,040** |
| **Total Receipts** | **5,040** | **0** | **5,040** |
| **Unringfenced Capital Grant** | | | |
| 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** |
| **Ringfenced resources** | | | |
| 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** |

Appendix 2a

# Grant Funded Schemes

| | Division | Scheme Type | Corporate Programme Funding | Ringfenced Funding | Total Approval |
|---|---|---|---|---|---|
| | | | *{£000}* | *{£000}* | *{£000}* |
| **Grant Funded Schemes** | | | | | |
| 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

**Appendix 2b**

## Own Buildings

| | Division | Scheme Type | Corporate Programme Funding | Ringfenced Funding | Total Approval |
|---|---|---|---|---|---|
| | | | *{£000}* | *{£000}* | *{£000}* |
| **Own Buildings** | | | | | |
| 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*

**Appendix 2c**

## Routine Works

| | Division | Scheme Type | Corporate Programme Funding | Ringfenced Funding | Total Approval |
|---|---|---|---|---|---|
| | | | *{£000}* | *{£000}* | *{£000}* |
| **Routine Works** | | | | | |
| 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*

**Appendix 2d**

## Invest to Save Schemes

| | Division | Scheme Type | Corporate Programme Funding | Ringfenced Funding | Total Approval |
|---|---|---|---|---|---|
| | | | *{£000}* | *{£000}* | *{£000}* |
| **Invest to Save Schemes** | | | | | |
| 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** |

**Appendix 2e**

## Feasibilities and Other Schemes

| | Division | Scheme Type | Corporate Programme Funding | Ringfenced Funding | Total Approval |
|---|---|---|---|---|---|
| | | | *{£000}* | *{£000}* | *{£000}* |
| **Feasibilities and Other Schemes** | | | | | |
| 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** |

**Appendix 3**

## 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** |

**Appendix 4**

## Proposed Highways Maintenance Capital Programme

| **Description** | **Amount £000's** |
|---|---|
| Principal Roads – <br>Narborough Road, Uppingham Road | 315 |
| Unclassified Neighbourhood Roads, Large Area Patching & Pothole Repairs – <br>Target large carriageway defect repairs to provide longer term repairs in readiness for surface dressing. | 1,422 |
| Footway Relays and Reconstructions – <br>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 – <br>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 – <br>Signalling Upgrades, Lamp Column Replacements, Illuminated Bollards and Sign Replacements. | 240 |
| DfT / Whole Government Accounting Lifecycle Asset Management Development Project – <br>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** |

**Appendix 5**

## 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

**Appendix 6**

## 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. **<u>Financing Capital Expenditure</u>**

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 <u>Council's</u> 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.

Leicester
City Council

Minutes of the Meeting of the
ECONOMIC DEVELOPMENT, TRANSPORT AND CLIMATE EMERGENCY SCRUTINY COMMISSION

Held: WEDNESDAY, 8 JANUARY 2025 at 5:30 pm

P R E S E N T:

Councillor Waddington - Chair

Councillor Bajaj
Councillor Osman
Councillor Singh Sangha
Councillor Batool
Councillor Rae Bhatia

In Attendance

Deputy City Mayor Councillor Cutkelvin
Assistant City Mayor Councillor Whittle

* * *   * *   * * *

**118. DRAFT REVENUE BUDGET 2025/26 AND DRAFT CAPITAL PROGRAMME 2025/26**

*As the reports on the Revenue Budget and Capital Programme were related, they were taken as one item.*

The Director of Finance submitted a report detailing the proposed Revenue Budget for 2025/26.

The Head of Finance (City Development & Neighbourhoods) gave an overview of the report, key points to note were as follows:

- The medium-term outlook was the most severe ever experienced. The Local Authority, along with many other authorities, would face increasing difficulties with budget balancing.
- The aim of the strategy was to balance budgets up to and including 2027/28.
- Some local authorities had already issued a Section 114 notice and, if successful, the budget strategy would avoid the same outcome for the next three years.
- The decade of austerity up to 2020 was an influencing factor, during this period services other than Social Care had to be reduced by 53%. This

had substantially reduced the scope to make further cuts.

- More recent cost pressures included Social Care and Homelessness, which were not matched by an increase in income.
- The Local Authority used one off monies to support budgets for this and last year.
- It was anticipated that there would be a new round of financial constraint following the Chancellor's Budget of October 2024. Central Government understood the position for local authorities and some funding for deprived localities was anticipated. However, funding for protected services, local authorities usually fall within this category, was expected to be cut in the period to 2028/29.
- There were five strands to the strategy:

Strand 1: To release one off monies of £110m to buy time. This included £20m from earmarked reserves and £90m previously set aside to fund the current Capital Programme. This left a gap in funding for already approved schemes. Borrowing would be required which would cost the local authority £5m pounds in interest and debt repayments annually.

Strand 2: Included proposed reductions of £13m in the approved Capital Programme to reduce the amount of borrowing required. The areas covered by this commission would include £1.3m reduction from not proceeding with the planned Malcom Arcade refurbishment. A £3.2m reduction by not committing to any further city centre improvement schemes under Connecting Leicester. A £5.9m reduction from policy provisions including strategic acquisitions and Highways & transport infrastructure.

Strand 3: Included the proposed sale of properties to secure an additional £60m. To use this for the budgets, permission is required from The Secretary of State.

Strand 4: Was to constrain growth in statutory services that are under Demand-led pressure. Much work on this had already been done, cost growth had been reduced by estimates of £99m per year.

Strand 5: Was to make ongoing savings to revenue budget of £20m per year.

- There was a saving target of £4m in the Planning, Development & Transportation Division and a savings target of £2.3m for Tourism, Culture & Inward Investment.

- Those savings would still leave an estimated gap of £90m in year 2027/28.

- The strategy did contain risk, for example if was difficult to predict what new pressures might occur within the Social Care system and with the housing crises.

The Director of Finance submitted a report detailing the proposed Capital Programme for 2025/26.

The Head of Finance (City Development & Neighbourhoods) presented the report.

Key points included:

- £3.26m was provided for the Highway Capital Maintenance Programme.
- £2.56m was provided for the Transport Improvement Programme.
- £0.40m was provided for Local Environmental Works in wards.
- £0.30m was provided for the Flood & Drainage scheme.
- £0.20m was provided for Front Walls Replacement.
- £0.08m was provided for the Historic Building Grant Programme.
- £0.06m was provided for Southgates Underpass Lighting under the Invest to Save programme.
- Approximately £5m had been allocated to facilitate Capital Assets disposal.

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

- The draft Local Government Finance Settlement had been received at the end of 2024. Indications were that this is slightly better than anticipated but that it did not fundamentally affect the strategy or the need for savings. A report would go to the Overview Select Committee with further details of the Settlement.
- Pressures mentioned in the previous budget report would have alluded primarily to Social Care and Homelessness, similarly to the current pressures faced.
- Pressures surrounding adult and children's social care were due primarily to the numbers presenting and levels of needs which required meeting. There were generally increasing numbers of people requiring support, with higher cost packages of care.
- In terms of Planning Development and Transportation, there would be a £4m budget reduction.
- There would be a budget reduction of £2.3m for Tourism, Culture & Inward Investment.
- Officers and the Executive were working through savings proposals across the board. These include opportunities to generate additional income alongside ways to be more efficient.
- In response to a query regarding Capital monies that had previously been allocated to the Leicester and Leicestershire Enterprise Partnership (LLEP), it was clarified that this money had been part of the Growing Places Fund, and whilst it is ring-fenced for economic development and prosperity, there had not yet been any agreement on

how this money would be spent. The Council was the accountable body for this money in terms of how it was to be spent across the functional economic area.

- In terms of asset disposal, these would be assets that were underperforming or were surplus to requirements, not assets used in the delivery of service. When considering assets for disposal, there was consideration of whether income was being generated, and the strategic potential for sites. This included land that may have been held historically but were no longer required. Existing established decision-making processes were in place for asset disposal, and these include assets above £500k being subject to public scrutiny through Executive decisions.
- It was requested that a list of assets under consideration be produced.

The Chair asked that the any points relevant be raised at the Overview Select Committee.

AGREED:

1) That the report be noted.
2) That comments made by members of this commission be taken into account by the lead officers.
3) That officers keep members informed on budget ceilings.
4) That the need for transparency on asset disposal be noted.
5) That the report be brought to Overview Select Committee prior to Full Council.

Leicester City Council

Minutes Extract

Held: THURSDAY, 9 JANUARY 2025 at 5:30 pm

P R E S E N T :

Councillor March (Chair)
Councillor Cole (Vice Chair)

Councillor Kaur Saini
Councillor O'Neill
Councillor Orton
Councillor Sahu
Councillor Singh Sangha

In Attendance

In Attendance Deputy City Mayor, Councillor Russell – Social Care, Health and Community Safety Kash Bhayani – Healthwatch

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**DRAFT GENERAL REVENUE BUDGET AND CAPITAL PROGRAMME 2025/26**

The Director of Finance submitted a report detailing the proposed Revenue Budget and Capital Programme for 2025/26.

The Head of Finance gave an overview of the report, key points to note were as follows:

- The medium-term financial outlook was one of the most severe the Council had faced. Like many authorities, Leicester City Council faces increasing difficulties in being able to balance the Council budget. Some authorities facing this position had been forced to issue a formal report under section 114 of the Local Government Finance Act 1988.
- Services, including social care, have had to make cost savings in previous years and cost pressures were not fully met by previous years' grants. Leicester City Council had been fortunate to have reserves to support the gap.
- Following the Chancellor's announcement in October, we expect more funding constraints. There may be modest additional funds available for deprived authorities, but funding for unprotected services is expected to be cut in real terms.

- The Council had already made substantial cost savings since 2010/11 during the decade of austerity. Those actions served to help the Council to balance the budget and our strategy, if successful, will remove concerns of a Section 114 notice for the next three years.

- The strategy to balance the budget up to and including 2027/28 comprises five strands:
    - Strand One – Releasing one off monies of £110m to buy time.
    - Strand Two – Reductions of £13m in the approved Capital Programme, which will reduce the borrowing required.
    - Strand Three – Embark on an ambitious programme to sell property, with the aim of securing an additional £60m of one-off funding.
    - Strand Four – Continue to take steps to constrain growth in demand-led statutory services such as Social Care Services and Homelessness.
    - Strand Five – Make ongoing savings to the revenue budget of £20m per year.

- If successful, the implementation of the strategy would result in a recurring budget gap of £46.7m in 2025/26 which rises to an estimated £90m in 2027/28 (before the use of one-off monies).
- The Council Tax Support Scheme will be considered by full Council on 16 January 2025.
- The next 3 years' budget is balanced (by using one-off monies) as presented in the report. With the strategy comes risks, which are noted at paragraph 16 of the report.

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

- The phenomenal work of the Adult Social Care team, moving to a strength-based approach through scrutiny and collaboration over the last 3 years had prevented the Council from facing a significantly worse situation.
- Specific details were not available yet on which properties would be sold. .
- Savings from the Council Tax Support Scheme had already been factored into the draft budget.
- The report did not include an Equality Impact Assessment for Care Leavers. Members requested this be included in the final budget report to full Council on 19 February 2025.
- The previously identified capital programme funding for a Supported Living scheme had been transferred to a policy provision, pending the identification of a new scheme.

AGREED:

1. That the Commission notes the report.

2. That the Director of Finance be asked to update the final version of the report to include an Equality Impact Assessment for Care Leavers.
3. That an update on supported living be presented at the next meeting.
4. That an update be provided to Members when further details are available about properties to be sold.

## CYPE Budget Minute Extract

**DRAFT GENERAL REVENUE BUDGET AND CAPITAL PROGRAMME 2025/26**

*As the reports on the Revenue Budget and Capital Programme were related, they were taken as one item.*

The Director of Finance submitted a draft report proposing the General Fund

Revenue Budget for 2025/26 and the Capital Programme for 2025/26.

Key points included:

- The medium-term financial outlook was the most severe ever known. The Council was in the same situation as many other local authorities who were facing difficulties balancing the financial budget, some of which had issued a Section 114 notice.
- The Council found itself in this position due to a period of austerity which had reduced the scope to make further savings.
- Recent cost pressures had not been matched by government funding. Additionally, cost pressures were affected by a high demand for social care and a rise in inflation.
- The Council were fortunate to have one-off monies available, however, following the Chancellor's national budget in October, more constraints were anticipated.
- The Government understood the situation that councils were in, however, it was thought that new funding would be modest and amount to a real-terms cut in 'unprotected services' including those provided by councils.
- The report showed action taken by the Council. The strategy was to balance the budget up to 2028. The strategy was based on forecasts and was aimed at maximising one-off resources.
- It was not expected that there would be any longer-term government plans until next year.
- Strand 1 of the Revenue Budget involved releasing one-off monies in order to buy time.
- Reductions in the Capital Programme involved spending less and raising funds selling property.
- The strategy was reliant on one-off money to get to the 2027/28 financial year, after which there would be a gap of £90m.
- With regard to the one-year Capital Programme, there was no certainty over government funding. The government would publish a spending review in spring.
- The Capital Programme was linked to getting to a stable revenue position.
- The budgets were balanced for the next three years. This was the best outlook at this point.

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

- In response to concern raised that the detailed financial information was not adequately broken down into divisions and service areas, it was explained that since the reports went to all commissions, they focussed on the overall position. Additionally, in terms of reports focussing on children's services, it was ensured that financial implications were set out as clearly as possible. The need for a breakdown would be fed back.
- In response to a query on Personal Transport Plan, it was suggested that a lot could be saved through Personal Transport Plans as they were significantly cheaper. It was aimed to promote this option to parents by showing them the benefits.
- In response to a query about the fleet, it was not thought that there were any significant issues with the fleet at this point. It was being considered as to whether new routes could be taken by the buses in the fleet.
- In response to a further question about Personal Transport Plans and the impact on parents, it was explained that the Council had regular involvement in the parent and carer forum with SEND children. It was noted that in some cases the plans worked due to flexibility and choice. However, whilst they often worked for parents who wanted control over their time, for others it could feel like a burden.
- In response to further points raised on Personal Transport Plans, it was clarified that a basic milage rate was provided and there could be negotiation beyond this around individual circumstances.
- Information would be sought as to whether the local safety schemes mentioned in the capital plan would include road safety schemes around schools.
- In response to a question regarding the big rise in capital expenditure on Children's Services from 2024/25 to 2025/26, it was explained that this was due to changes in government funding.

AGREED:

1) That the report be noted.
2) That comments made by members of this commission be taken into account by the lead officers.
3) That the report be brought to Overview Select Committee prior to Full Council.

Leicester
City Council

Minutes of the Meeting of the
CULTURE AND NEIGHBOURHOODS SCRUTINY COMMISSION

Held: WEDNESDAY, 15 JANUARY 2025 at 5:30 pm

P R E S E N T:

Councillor Dawood – Chair
Councillor Mohammed – Vice Chair

Councillor Aldred
Councillor Halford
Councillor Singh Johal
Councillor Chauhan
Councillor Haq

In Attendance
Deputy City Mayor – Councillor Cutkelvin
Assistant City Mayor – Councillor Dempster

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**106. DRAFT CAPITAL PROGRAMME 2025/26 AND DRAFT GENERAL REVENUE BUDGET 2025/26**

*As the reports on the Revenue Budget and Capital Programme were related, they were taken as one item.*

The Director of Finance submitted reports detailing the proposed Capital Programme for 2025/26 and the proposed Revenue Budget for 2025/26.

Key points included:

- The medium-term outlook was the most severe ever experienced. The Local Authority, along with many other authorities, would face increasing difficulties with budget balancing. Some local authorities had already issued a Section 114 notice and,
- The aim of the strategy was to balance budgets up to and including 2027/28; if successful, the budget strategy would avoid the same outcome for the next three years.
- The decade of austerity up to 2020 was an influencing factor, during this period services other than Social Care had to be reduced by 53% in real terms. This had substantially reduced the scope to make further cuts.
- There were also cost pressures which were not matched by an increase in income. These included Social Care, support for homeless households, and increased inflation.

- The Council were fortunate to have one-off monies available, however, following the Chancellor's national budget in October, more constraints were anticipated.
- The Government understood the situation that councils were in, however, it was thought that new funding would be modest and a cut in 'unprotected services' which usually include local authorities would be expected in the period to 2028/29.
- There were five strands to the strategy:
    - Strand 1 - To release one off monies of £110m to buy time. This included £20m from earmarked reserves and £90m previously set aside to fund the current Capital Programme. This left a gap in funding for already approved schemes. Borrowing of £90m would be required which would cost the local authority £5m pounds in interest and debt repayments. This would not usually be contemplated.
    - Strand 2 – Involves reductions of £13m from the approved Capital Programme to reduce the amount of borrowing required.
    - Strand 3 – The sale of property to secure an additional £60m. To use this for the budgets, permission is required from The Secretary Of State.
    - Strand 4 - To constrain growth in statutory services that are under demand-led pressure. Much work on this had already been done, cost growth had been reduced by estimates of £99m per year.
    - Strand 5 – To make ongoing savings to revenue budget of £20m per year.
- Savings required that were relevant to this Commission included £7.2m needed from Neighbourhoods and Environmental Services and £2.3m needed from Tourism, Culture and Inward Investment.
- The strategy was heavily reliant on one-off money to reach 2027/28, in which year a gap of £90m was expected.
- The strategy included risk as it was difficult to predict new pressures in social care or the housing crisis. Lots of one-off monies were being used, as such, an unexpected cost of £5m would result in the use of £15m of reserves being needed unless more cuts could be found. This was another reason why annual savings were important.
- Elements of the Capital Programme relevant to the Commission included:
    - £1m for Neighbourhood Services Transformation.
    - £140k for Staff Welfare Facilities at Evington Park Depot.
    - £150k for Grounds maintenance Equipment.
    - £80k as match funding for the Historic Building Grant Programme.
    - £50k for festival decorations.
    - Invest to Save Schemes, including £550k for the relocation of the King Richard III café, £445k for street cleaning equipment, £180k for the automatic locking of public toilets and £55k for the Trees and Woodlands Stump Grinder.

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

- In response to a question raised regarding savings for homelessness services, it was explained that investments had been approved by the Council to invest in properties to alleviate pressures. This included work done in the Housing Revenue Account (HRA) and grant funded schemes through which houses had been built and properties acquired. Projections were based on what would happen once the work was undertaken.
- Points made about the recommendation to delegate powers to the City Mayor to add/amend capital schemes by up to £10m, and the suggestion it be decreased so as to give the Council more of a say over how money was used would be fed back.
- Points made regarding flood drainage were better raised in a different forum.
- It was clarified that the Policy Provisions were pots of money set aside that required further decisions to be released. These were set aside with the anticipation that they may be required, but with further detail needed for their release. As such there are no specific schemes which have been cancelled by removing these provisions. A large sum was set aside for New Ways of Working; now that more settled accommodation arrangements are in place this is no longer required. Some money had also been set aside for strategic acquisitions that was no longer required.
- With regard to a question raised about Ultra Low Emission Vehicles (ULEV) it was clarified that these included some internal combustion engines such as diesel and hybrid and electric vehicles and were considered for use where appropriate, sustainable and affordable.

AGREED:

1) That the report be noted.
2) That comments made by members of this commission to be taken into account by the lead officers.
3) That points made on about the City Mayor’s Delegated powers, and the suggestion that the amounts the City Mayor has authority over be reduce so as to give the Council more of a say over how money was used be fed back.
4) That the report be brought to Overview Select Committee prior to Full Council.

*Deputy City Mayor Councillor Cutkelvin joined the meeting during the discussion of this item.*

Leicester
City Council

Minutes of the Meeting of the
PUBLIC HEALTH AND HEALTH INTEGRATION SCRUTINY COMMISSION

Held: TUESDAY, 21 JANUARY 2025 at 5:30 pm

P R E S E N T:

Councillor Pickering - Chair

Councillor Bonham
Councillor Clarke
Councillor Dempster
Councillor Haq
Councillor Russell
Councillor Sahu
Councillor Zaman

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In attendance:
Deputy City Mayor – Councillor Russell
Assistant City Mayor – Councillor Dempster

**103. GENERAL FUND BUDGET PROPOSALS 2025/26**

The Head of Finance presented the Revenue Budget 2025/26 and it was noted that:

- The budget had gone to each scrutiny commission, ahead of Full Council in February.
- The financial outlook faced by the council was the most severe we've known.
- Some authorities have issued Section 114 notices. The budget strategy has aimed to avoid this and ensure financial sustainability until at least 2027/28.
- Due to a decade of austerity, many services had already been cut so the scope for savings had been reduced dramatically.
- Modest funding had been provided by Government to help fund statutory services, but they have stated there is no magic wand to address local government funding.
- The details of the Public Health grant for 2025/26 had yet to be released.
- The council's financial strategy had 5 strands:

1. Releasing one-off funds totalling £110m to buy time.
2. Reducing the approved capital programme by £13m
3. Selling non-residential properties to secure an additional £60m.

4. Constraining growth in those statutory services under pressure.
5. Making ongoing savings of £20m per year in the revenue budget – these can be found in the agenda pack for each area but does not include Childrens, Adult Social Care or Public Health.

- There may be further pressures created, and with one-off savings being used it was essential that there would be ongoing savings.

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

- It was disappointing the Public Health figures are not available for this commission.
- It was important that other areas which may have an impact on aspects of Public Health had been considered such as budget proposals for the built environment or Adult Social Care.
- As part of this, health partners reassured Members that pathways had been considered so that provision would not change and ensure no gaps are created by changes in the budget.

AGREED:

- The Commission noted the report.

Appendix E

# Revenue Budget 2025/26

Decision to be taken by: Council

Date of meeting: Draft for 19 February 2025

Lead director: Amy Oliver, Director of Finance



City Mayor

**Useful information**

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

## 1. Purpose

1.1 The purpose of this report is to present the City Mayor's strategy for balancing the budget for the next 3 years and to seek approval to the actual budget for 2025/26. The strategy includes the use of one-off money, additional borrowing to pay for committed capital spending, savings in previously approved capital programmes and reductions in annual service spending. It is designed to ensure we remain financially sustainable until at least 2027/28. Some of the necessary approvals are included in the capital programme report, which is elsewhere on your agenda; the rest are contained in this report.

1.2 Whilst the strategy is intended to keep us sustainable until 2027/28, we will need to make further, deep spending reductions by 2028/29 unless the Government finds sufficient additional resources to rescue the sector from its current plight. The City Mayor will continue to make these points to the Government.

1.3 The proposed budget for 2025/26 is described in this report, subject to any amendments the City Mayor may wish to recommend when he makes a firm proposal to the Council.

## 2. Summary

2.1 As members will be aware, the medium-term financial outlook is the most severe we have ever known. Like many authorities, we face increasing difficulties in being able to balance our budget. Some authorities have already reached this position and been forced to issue a formal report under section 114 of the Local Government Finance Act 1988. In previous years, we have used a "managed reserves policy", by which specific reserves have been set aside to support budgets and buy us time to make cuts. The available resources for this are rapidly running out.

2.2 The background to this severe outlook is set out in section 4 of this report, as well as actions that have already been taken in response.

2.3 At the time of writing, we do not have the local government finance settlement for 2025/26, so this draft budget report is based on estimates of income. However, previous announcements strongly imply that our estimates are unlikely to change significantly, and therefore we will still have a substantial gap between our annual spending and income. The report will be revised before full Council in February.

2.4 The overarching strategy to ensure financial sustainability is outlined in section 5. It is aimed at maximising one-off resources to buy time, controlling costs in demand led services and making savings to other services. If it succeeds, we will not face a section 114 report in the next 3 years. There are, nonetheless, risks which are set out in paragraph 16. Given the savings we have had to make in the last decade, the task of finding more is becoming increasingly difficult.

2.5 The report proposes a council tax increase of just under 5%, which is the maximum we believe we will be allowed to set without a referendum.

2.6 The medium-term outlook is attached at Appendix 4 and shows the escalating scale of the financial pressures facing the council.

## 3. **Recommendations**

3.1 Council is recommended to:

(a) approve the three year budget strategy described in this report;

(b) approve the proposed budget and council tax for 2025/26, including the recommendations in the formal budget resolution, subject to any changes proposed by the City Mayor when he makes his final proposal to the Council;

(c) approve the budget ceilings for each service, drafts of which are shown at Appendix 1 to this report;

(d) approve the scheme of virement described in Appendix 2 to this report;

(e) approve the use of the £90m capital fund to support the revenue budget strategy (dependent on decisions taken in respect of the capital programme for 2025/26, which is elsewhere on your agenda);

(f) approve the changes to earmarked reserves to support the overall strategy as described in Appendix 5;

(g) note my view on the adequacy of reserves and the estimates used in preparing the budget;

(h) note the equality implications arising from the proposed tax increase, as described in paragraph 15 and Appendix 3;

(i) note the medium-term financial strategy and forecasts presented at Appendix 4, and the significant financial challenges that lie ahead;

(j) approve the capital receipts flexibility policy at Appendix 7.

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

## 4. **Background**

4.1 The background to our financial predicament is:

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

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

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

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

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

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

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

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

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

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

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

| *Budgeted Spending in cash terms* | **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** |

| *Budgeted Spending in real terms** | **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. **<u>Financial Strategy for 2025/26 to 2027/28</u>**

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

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

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

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

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

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

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

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

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

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

(b) **Strand Two** – Reductions of £13m in the approved capital programme, as described in the capital programme report, which will reduce the borrowing required. The additional borrowing will nonetheless <u>increase</u> 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 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** £m | **2025/26** £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 counter factual 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 ~~g~~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. <u>Savings Programme (Strand Five of the Strategy)</u>

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

## 11. <u>Corporately held Budgets and Provisions</u>

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 <u>can</u> 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. <u>Budget and Equalities (Surinder Singh, Equalities Officer)</u>

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. <u>Risk Assessment and Estimates</u>

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 **<u>Climate Change Implications</u>**

*To follow*

APPENDIX 1

# Budget Ceilings

*[to follow]*

## Scheme of Virement

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

   <u>Budget Ceilings</u>

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.

   <u>Corporate Budgets</u>

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.

<u>Earmarked Reserves</u>

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.

<u>Other</u>

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. **<u>Alternative options</u>**

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: |
|---|---|---|---|
| **Age** | 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.<br><br>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. | Working age households and families with children – incomes squeezed through reducing real-terms wages. | Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets. |
| **Disability** | 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.<br><br>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. | Further erode quality of life being experienced by disabled people. | 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.<br><br>Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets. |
| **Gender Reassignment** | No disproportionate impact is attributable specifically to this characteristic. | | |

| 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.<br><br>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. |

**APPENDIX 4**

## 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** |

## 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.<br><br>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.<br><br>Although energy costs have reduced, a future spike in costs could further impact our budgets. |
| 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. | |
| 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.<br><br>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.<br><br>Homelessness is also particularly volatile and a significant overspend is forecast in 2024/25.<br><br>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. |

| **Income** | **Assumptions – central scenario** | **Risks** |
|---|---|---|
| Council Tax | Band D Council Tax will increase by 5.0% in 2025/26, then by 3.0% per year, in line with expected referendum limits.<br><br>Council taxbase (the number of properties that pay tax) will increase by 500 Band D properties per year. | 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. |
| Business rates | No significant movements in the underlying baseline for business rates.<br><br>Government changes to business rates (e.g. new reliefs) will continue to be met by additional government grant, in line with recent years. | 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. |
| Government grant | Government funding allocations continue to remain broadly flat, with little real-terms growth.<br><br>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.<br><br>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.<br><br>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.<br><br>Income (net of costs) from the Extended Producer Responsibility for packaging is estimated at £2m per year, until more details are available. | 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.<br><br>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.<br><br>Local government may (as has frequently been the case in previous years) be treated less favourably than other unprotected departments.<br><br>The income, and costs, associated with the new waste packaging scheme are highly unclear. |

**Appendix 5**

## 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 reprocurement 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. |

APPENDIX 6

## Council Tax Premiums

***[to follow – see para. 12.9]***

**APPENDIX 7**

## 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.

# Treasury & Investment Strategies 2025/26

Overview Select Committee: 30 January 2025

Council: 19 February 2025

Lead director: Amy Oliver, Director of Finance

**Useful information**
- Ward(s) affected: All
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- Report version number: 1

## 1. Summary

1.1 This report proposes:

- A Treasury Policy framework. (Appendix 1)
- A Treasury Management Strategy for the governance of the Authority's borrowing and cash balances during 2025/26. (Appendix 2)
- The Investment Strategy defining the Authority's approach to making and holding investments, other than those made for normal treasury management purposes. (Appendix 3)

1.2 The Capital Strategy and relevant prudential indicators form part of the 2025/26 Capital Programme report found elsewhere on the Council's agenda.

## 2. Recommended actions/decision

2.1 The Overview Select Committee is recommended to note the report and make comments to the Director of Finance and the Executive as they wish, prior to Council consideration.

2.2 The Council is recommended to approve:

- The Treasury Policy at Appendix 1, including the 12 treasury Management Practices.
- The Treasury Management Strategy at Appendix 2 (including Treasury Limits at Appendix 2a, and Treasury Investment Strategy at Appendix 2b).
- The Investment Strategy at Appendix 3.
- Delegation of authority to the Director of Finance to revise the authorised limit and operational boundary, if required once work on implementing IFRS 16 leases is completed during the year end process.

## 3. Scrutiny / stakeholder engagement

3.1 This report and associated strategies will go to Overview Select Committee prior to being presented to Council for approval.

## 4. Background and options with supporting evidence

Background

4.1 The Local Government Act 2003 (the Act) and supporting regulations requires the Authority to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Council is required to approve an annual MRP statement and set prudential and treasury indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

4.2 The legislation requires the Authority to set its treasury strategy for borrowing and to prepare an annual investment strategy (for treasury management investments). This strategy sets out the Authority's policies for managing its treasury management investments and for giving priority to the security and liquidity of those investments. The Treasury Management Strategy (Appendix 2) should be read in conjunction with the Capital Strategy which is included in the 2025/26 Capital Programme Report elsewhere on the Council's agenda.

4.3 The Treasury Limits are included at Appendix 2a, whilst the relevant prudential indicators are included with the 2025/26 Capital Programme Report.

4.4 The Council are required annually to approve the Treasury Management Strategy and the Investment Strategy, and any updates to the Treasury Policy.

4.5 The Treasury Policy, the Treasury Management Strategy and the Investment Strategy will become effective as soon as they are approved at Council.

4.6 The strategy for balancing the revenue budget in 2025/26 and the subsequent two years by utilising the Capital Fund reserve will result in prudential borrowing to fund the 2024/25 and 2025/26 capital programmes. This impacts the treasury and prudential limits as capacity within the Authorised and Operational boundaries is needed. The budget strategy also envisages the sale of assets to the value of £60m over the next 3 years, for which we may seek a Government direction to use for revenue purposes in due course. Resultant cash receipts in 2025/26 are reflected in the treasury strategy indicators.

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| IFRS 16 Leases<br><br>4.7 There is one significant change affecting the calculation of treasury and prudential limits, this is the implementation of International Financial Reporting Standard (IFRS) 16. Under IFRS 16, leases that were previously classified as operating leases for lessees under IAS 17 will be reclassified as finance leases. This will result additional assets on the balance sheet which increases the Capital Financing Requirement (CFR).<br><br>4.8 The full impact of changes will not be known until the end of the financial year and the financial accounts as decisions on leases could be taken up to the end of the year. Capacity has been included within the limits, but a recommendation to delegate amendments, if needed, to the Director of Finance is included in this report.<br><br>4.9 Fundamentally this is an accounting adjustment. |

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

5.1 Financial implications

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| The report is exclusively concerned with financial issues. |
| Signed: Kirsty Cowell |
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| Dated: 13 January 2025 |

5.2 Legal implications

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| The report proposes a treasury policy (appendix 1), a treasury management strategy (appendix 2) and an investment management strategy (appendix 3) to be adopted. The proposals are in accordance with the Council's statutory duties under the Local Government Act 2003 and statutory guidance. This includes each of the policies and strategies having regard to the CIPFA Prudential Code and those in appendices 1 and 2 having regard to the CIPFA Code of Practice on Treasury Management as well. |
| Signed: Kevin Carter Head of Law - Commercial, Property & Planning |
| Dated: 16th January 2025 |

5.3 Equalities implications

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| 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. |

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| Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.<br><br>There are no direct equality implications arising from this report. However, there might be implications associated with how we invest and spend our money and the equality implications should be considered individually at that point. |
| Signed: Equalities Officer, Surinder Singh |
| Dated: 16 January 2025 |

5.4 Climate Emergency implications

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| It is widely recognised that investment has implications for global, national and local efforts to address the climate emergency. Decisions by investors over where to place their investments can, for example, help to fund solutions to climate change but they can also lead to funding of projects and activities – such as new fossil fuel exploration and extraction – which increase carbon emissions. In addition, the growing impacts of climate change such as increasingly extreme weather events can affect the risks associated with some investments.<br><br>To the extent that it is relevant to the types of investment made by the council, and subject to meeting the policy objectives set out in the Treasuring Investment Strategy and the Investment Strategy, consideration should be given to:<br>a. Seeking information about the climate implications of potential investments before making decisions;<br>b. Investing positively to help finance action which helps tackle the climate emergency;<br>c. Avoiding making investments which would/could fund damaging activities. |
| Signed: Duncan Bell, Change Manager (Climate Emergency). Ext. 37 2249. |
| Dated: 15th January 2025 |

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

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| N/A |

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

Treasury Policy 2024/25, presented to Council 21 February 2024

Treasury Management Strategy 2024/25, presented to Council 21 February 2024

Investment Strategy 2024/15, presented to Council 21 February 2024

CIPFA Treasury management in the public services - Code of practice and cross-sectoral guidance notes (2021 edition)

**7. Summary of appendices:**

Appendix 1 – Treasury Policy

Appendix 2 – Treasury Management Strategy

Appendix 2a – Treasury Limits

Appendix 2b – Treasury Investment Strategy

Appendix 3 – Investment Strategy

**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 – a decision for Council.

Appendix 1

# Treasury Policy 2025/26

## Treasury Management Policy Statement (TMPS)

1.1 The overall aim of the Authority's treasury activity is to minimise the Authority's net financing costs, whilst maintaining an appropriate level of liquidity and taking a prudent approach to risk.

1.2 The Authority defines the policies and objectives of its treasury management activities as follows:-

"The management of the authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks".

1.3 The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instruments entered into to manage these risks.

1.4 This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.

1.5 The Authority will create and maintain, a Treasury Policy (i.e. this document), which is approved by full Council when revised. This will be supported by suitable Treasury Management Practices (TMPs, shown below), setting out the manner in which the Authority will seek to achieve these policies and objectives, and prescribing how the Authority will manage and control those activities.

1.6 The Council will receive a report on an annual strategy in advance of each year, and the Overview Select Committee (OSC) will receive twice yearly reports on performance and quarterly prudential indicator updates.

1.7 The Council delegates responsibility for the execution and administration of treasury management decisions to the Director of Finance (DoF) who will act in accordance with this policy statement and TMPs; and CIPFA's Standard of Professional Practice on Treasury Management. Monitoring of the function will be undertaken by the OSC.

1.8 In practice the following matters are delegated to the DoF:

- Decisions on borrowing, investments, leasing and other forms of finance;
- Renegotiation and premature repayment of loans;
- Entering into associated contracts;
- Selection of treasury advisors;

- Selection of the money market brokers;
- Selection of leasing brokers used, if any;
- Selection of counterparties required for treasury purposes;
- The allocation of responsibilities and organisation of staffing;
- Determining the procedures to be followed by staff involved in treasury management, including internal controls and safeguards;
- Determining the accounting treatment of treasury decisions;
- Determining a list of institutions from whom the Authority may borrow money;
- Negotiating the terms of loan agreements and other capital finance arrangement (as specified in TMP 4);
- The preparation of schedules to TMPs, to serve as working documents for day-to-day use;
- Determining the list of institutions (the "lending list") to whom the Authority will lend or invest, and for what period, applying the criteria established by the Authority's Treasury Management Strategy.

2. **<u>Treasury Management Practices</u>**

2.1 As part of the Treasury Policy, the Council is asked to approve 12 Treasury Management Practices.

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| TMP1 | - | Risk Management |
| TMP2 | - | Best Value and performance measurement |
| TMP3 | - | Decision making and analysis |
| TMP4 | - | Approved instruments, methods and techniques |
| TMP5 | - | Organisation, clarity and segregation of responsibilities and reporting arrangements |
| TMP6 | - | Reporting arrangements and management information arrangements |
| TMP7 | - | Budgeting accounting and audit arrangements |
| TMP8 | - | Cashflow management |
| TMP9 | - | Money laundering |
| TMP10 | - | Staff training and qualifications |
| TMP11 | - | Use of external service providers |
| TMP12 | - | Corporate Governance |

3. **<u>TMP1 – Risk Management</u>**

3.1 The DoF will have paramount regard to the risk associated with treasury management decisions and will ensure systems exist to control this risk.

3.2 The DoF will make sure we have enough money available immediately to meet day-to-day obligations.

3.3 Borrowing and investment strategy will be undertaken with regard to the implications for the Authority's budget, whilst not missing opportunities to save money over the longer term.

3.4 The DoF will keep a list of the organisations the Authority will invest with (mainly by lending money), and limits for each. These "counterparty lists" will reflect a prudent attitude towards organisations with whom funds may be deposited. The counterparty policy will be established within the annual treasury strategy.

3.5 The DoF will ensure the Authority complies with legal requirements. We will demonstrate such compliance, if required to do so, to all parties with whom the Authority deals. In framing the counterparty policy, the DoF will ensure that there is evidence of counterparties' powers, authority and compliance with regulatory requirements.

3.6 The DoF will use systems to prevent the risk of fraud or loss and will maintain contingency management arrangements.

3.7 The DoF will look to mitigate any losses to the Authority if interest rates move the wrong way.

3.8 The DoF will make sure that borrowing is phased so we don't have to borrow too much all at once and will refinance maturing loans and other financing arrangements as necessary.

3.9 The DoF will manage exposure to exchange rate risk, inflation risk and price risk.

3.10 Members are asked to note that the avoidance of all risk is neither appropriate nor possible and a prudent balance will need to be struck between mitigating risk and maximising returns.

4. **<u>TMP2 – Performance Measurement</u>**

4.1 The Authority will continually monitor treasury management performance.

4.2 We will evaluate borrowing and investment decisions by reference to external data, which may include:-

i) Benchmarks derived from financial market data;

ii) Benchmarks provided by the Authority's treasury advisors.

4.3 The DoF will obtain a comprehensive annual review of the Authority's treasury position, prepared by independent treasury advisors.

4.4 The main vehicle for such reviews to be reported to elected members are the six-monthly reviews of treasury management activities reported to OSC. Prudential Indicator updates are included within the Capital Programme Monitoring every quarter.

5. **<u>TMP3 – Decision-making and analysis</u>**

5.1 The DoF will maintain full records of treasury management decisions, and of the processes and practices applied in reaching those decisions.

6. **<u>TMP4 – Approved instruments, methods and techniques</u>**

6.1 The Authority may raise new loans or other capital finance. It may also repay existing borrowing instruments or transfer these to third parties. It may use borrowing instruments from the approved list below.

**Loans**

1. Public Works Loans Board Loans
2. Municipal Bond Agency Loans
3. UK Infrastructure Bank
4. Loans from other local authorities
5. European Investment Bank Loans
6. Commercial Bank Loans
7. Stock Issues
8. Market Loans
9. Local Temporary Loans
10. Local Bonds
11. Negotiable Bonds
12. Commercial Paper
13. Medium Term Notes
14 Bank Overdraft

**Other Capital Finance**

1. Operational Leases
2. Finance Leases
3. Sale and lease back
4. Construction and lease back / income strips

6.3 Borrowing instruments are permitted to be contracted for in advance - for example to lock into cheap interest rates. Where they are complex our decisions will be informed by independent, expert advice.

6.4 The DoF may determine that other instruments can be used when, in substance, they are similar to those already authorised.

6.5 Permitted **investment instruments** will be specified in the annual Treasury Investment Strategy (Appendix 2b).

6.6 The Authority is classified as a “professional investor” for the purposes of the regulatory framework of “MIFID II”. This means that it has access to a wider range of investments than “retail investors”.

7. **TMP5 – Organisation, clarity and segregation of responsibilities, and dealing arrangements**

7.1 The DoF will make sure the duties of staff are properly organised and written down.

7.2 The principle on which this will be based is a clear distinction between those charged with setting treasury and management policies, and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds.

7.3 If the DoF intends to depart from these principles (for example due to staff sickness) additional monitoring and reporting arrangements will be put in place.

7.4 The DoF will ensure that there are clear written and communicated statements of the responsibilities of each role, and the arrangements for absence cover. Delegation arrangements will also be documented.

7.5 The DoF will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

8. **TMP6 – Reporting requirements and management information arrangements**

8.1 Regular reports will be taken to members. As a minimum, the following reports will be prepared:-

i) An annual report to the City Mayor and Council on the strategy to be pursued in the coming year;

ii) A twice annual report to OSC on the performance of the treasury management function, on the effects of the decisions taken in the past year, and on any circumstances of non-compliance with the Authority's treasury management policy or strategy.

9. **TMP7 – Budgeting, accounting and audit arrangements**

9.1 The costs of treasury management will be reflected in the Authority's normal budgeting arrangements.

10. **TMP8 – Cash Management**

10.1 The DoF will manage the Authority's cash holdings in their entirety. Cash flow projections will be prepared regularly and the DoF will ensure that these are adequate to ensure that the Authority always has sufficient funds to meet its obligations.

11. **<u>TMP9 – Money Laundering</u>**

11.1 The Authority may become the subject of an attempt to involve it in the laundering of money. The DoF will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff are properly trained.

11.2 A policy to prevent the Authority's unwitting involvement in money laundering has been established.

12. **<u>TMP 10 – Staff training and qualifications</u>**

12.1 The DoF will use properly trained staff.

12.2 The core professional requirement for senior staff leading the treasury function is a professional accountancy qualification. Officers dealing with treasury and cash management will receive ongoing training and development on specific matters which will be provided by an appropriate blend of direct study of briefing notes etc; and organised courses, conferences and seminars.

12.3 Elected members will be offered training and development.

13. **<u>TMP11 – Use of external service providers</u>**

13.1 The Authority will use external experts, where this is sensible. When external experts are used, the DoF remains responsible for the treasury management function.

14. **<u>TMP12 – Corporate Governance</u>**

14.1 Treasury management activity will comply with our usual corporate governance principles. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

14.2 The Authority places high value on the use of independent treasury advisors. It looks to such advisors to present an independent view of the Authority's treasury investments and borrowings.

Appendix 2

# Treasury Management Strategy 2025/26

## Summary

1. Treasury management is the process by which our borrowing is managed, and our cash balances are invested. Whilst there are links to the budget process, the sums in this report do not form part of the budget. To the extent that the Authority has money it can spend, this is reflected in the budget report. Cash balances reported here cannot be spent, except to the extent already shown in the budget report or the accounts.

2. The Authority has incurred debt to pay for past capital expenditure.

3. The Authority also has cash balances. These are needed for day-to-day expenditure (e.g. to pay wages when they are due) although some form our reserves. Historically we have used our cash balances to reduce the need to undertake new borrowing. However, as our earmarked capital resources for the capital programme are spent and reserves are used up and with limited capital resources for the capital programme, our cashflow analysis suggests the need for prudential borrowing.

4. This strategy comes into immediate affect once approved at Council and will cover 2025/26 and the remaining period of 2024/25.

## Background

5. The authority follows requirements under the Treasury Management Code and the Prudential Code, both published by CIPFA. The codes were revised in 2021.

6. The Authority must ensure it is able to meet its budgeted annual expenditure. The first main function of the treasury management operation is to ensure that cash flow to meet this expenditure is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

7. The second main function is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing needs of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

8. The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

## Economy

9. Interest rates had been very low since the financial crisis of 2007/08, though during the last 2 years they have risen with an increase in bank base rate from 0.1% in December 2021 to 4.75% at the time of writing. As our loans are at fixed rates, current interest rates only affect the interest earned on our cash balances or future loans. The expectation is that the Bank of England Monetary Policy Committee will slowly lower interest rates during in 2025. It seems very unlikely that rates would fall back to 0.5% and below.

## Reporting

10. A twice-yearly report is submitted to Overview Select Committee reviewing the treasury activities undertaken in the year. The prudential indicators are included with the Capital Programme Monitoring and reported to Overview Select Committee quarterly.

## Borrowing

11. The Authority currently has £174m of long-term debt. This comprises £134m borrowed from the Public Works Loans Board (PWLB) (a Government quango), £20m from Unitary Status with Leicestershire County Council and £20m from the financial markets.

12. In years prior to 2011, the Government usually supported our capital programme by means of "supported borrowing approvals." The Government allowed us to borrow money and paid us to service the debt through our annual revenue support grant. This is similar to someone supporting a family member to buy a house, by paying the mortgage instalments.

13. The Government no longer does this, choosing instead to support our capital programme by means of capital grants (i.e., lump sums). Consequently, our debt levels have been largely static (until the Barclays loan repayment in 2023) for 15 years. All of our current debt is long term, with repayments due 23 to 32 years from now.

14. Early repayment of debt used to be a tool at our disposal, but Government rule changes and very low interest rates made this prohibitively expensive for PWLB debt. However, as long-term interest rates have risen this has become an option to consider.

15. The Authority has two LOBO (Lender Option Borrower Option) loans with Dexia totalling £20m at 4.6% p.a. (referred to as financial markets above). These loans allow the lender at periodic three year intervals the option to propose a higher interest rate for the rest of the term. With interest rates being so low for the last 15 years this option has previously only been theoretical. However, with the rise in interest rates it is currently considered about an even chance that Dexia will ask for a higher interest rate at its next option date of January 2025. If that option is

exercised, we will be able to update the position prior to the report going to Council in February. We have the right to refuse the option and repay the loans.

16. Best practice requires the Authority to set certain limits on borrowing and investments, and these are provided at Appendix 2a.

17. Given our high cash balances in the past, the Authority has not needed to borrow long term for many years. However, as earmarked capital resources for the capital programme are spent and reserves are used up, our cashflow analysis suggests this is likely to change over the next year.

18. For 2024/25, 2025/26 and future years the Authority is proposing to change the policy (included within the Council's other agenda papers) on financing the capital programme, moving to financing by prudential borrowing rather than using the capital fund. from utilising the capital fund to support the revenue budget, and financing by prudential borrowing.

19. For many years the PWLB has been the dominant lender to local authorities, which seems likely to continue. The Authority has raised the majority of its borrowing in the past from the PWLB but will consider long term loans from other sources such as banks, pension funds and other local authorities if that reduces costs. The Authority will also consider borrowing from the UK Infrastructure Bank which can offer loans at 0.4% p.a. cheaper than the usual PWLB rate for certain approved schemes. PWLB loans are no longer available to local authorities planning to buy investment properties primarily for yield, although the Authority intends to avoid that activity. The Strategy also grants sufficient delegated power to the Director of Finance to access new lenders if required.

20. The Housing Revenue Account operates under separate rules (though within the same legal regime) whereby interest has to be accounted for but the principal does not have to be repaid through the application of Minimum Revenue Provision (MRP) from the revenue account. Our general approach is that for the HRA we will not repay principal for historic debt, but we will do so for new borrowing. New borrowing for the HRA will also be allowed for when a new income stream is created such as acquisitions of rental properties or new build but will not be used for general maintenance.

21. The PWLB allows borrowing for HRA capital expenditure at 0.4% cheaper than usual rates. The government has announced that this concessionary rate will be extended until June 2025, and as much of our capital expenditure undertaken through borrowing is HRA related, we may wish to use this facility if we need to borrow.

22. The Authority previously managed funds on behalf of the Combined Fire Authority and the Leicester and Leicestershire Enterprise Partnership (LLEP). This is no longer the case.

## Investments

23. The effort involved in treasury management has previously revolved mainly around management of our cash balances. These fluctuate during the course of a year, and in previous years generally ranged from £250m to £350m dependent on circumstances (e.g. closeness to employees' pay day). However, these balances have been falling recently and were just over £133m at the beginning of December. With the pressure on local government funding, and the use of reserves, we expect cash balances to decline further. We have recently only been lending out cash balances to other Local Authorities over short timescales of no more than 6 months to ensure that we have enough liquidity with our balances.

24. The Authority has substantial investments, but this is not "spare cash". There are three reasons for the level of investments:-

    a. Whilst the Government no longer supports capital spending with borrowing allocations, we are still required to raise money in the budget each year to repay debt, technically known as the Minimum Revenue Provision or MRP. Because of the extra costs of repaying PWLB debt, we are not usually able to repay any actual debt, and therefore have to invest the cash.

    b. We have working balances arising from our day-to-day business (e.g. council tax received before we have to pay wages, and capital grants received in advance of capital spending).

    c. We have reserves, which are held in cash until we need to spend them. We expect reserves to fall over the next few years (as they are required to balance both the 2024/25 and 2025/26 budgets, as reported elsewhere on your agenda).

25. The key to investment management is to ensure our money is safe, whilst securing the highest possible returns consistent with this.

26. In terms of **security**, the key issues are:-

    a. The credit worthiness of bodies we lend money to;

    b. The economic environment in which all financial institutions operate;

    c. What would happen if a financial institution did, in fact, run into trouble?

27. The world economic situation appears fragile, and growth remains slow. Many commentators see a possibility that the position could deteriorate.

28. Inflation had fallen to a low of 1.70% in September 2024 and risen slightly to 2.30% in October 2024 before rising further to 2.6% in November. CPI is expected to rise in January 2025, but expected to be back at close to target in December 2025. Most commentators expect interest rates to fall further in 2025 but only slowly and dependent upon inflation data in the second half of 2025.

29. Following the financial crisis of 2008, banks if they got into trouble could be subject to "bail in" whereby large investors could lose some or (even in extremis all) of their capital. The Authority has accordingly been very cautious regarding lending unsecured to banks.

30. A linked measure has been to split major UK high street banks into "ring-fenced banks used by individuals and small to medium businesses; and "non-ring-ringfenced" banks for larger businesses (including most councils) and for other non-core banking activities, such as those involving financial institutions.

31. The upshot is that we cannot regard any financial institution as a safe haven over the medium term – we need to keep watch for any signs of trouble.

32. The key to our treasury investment strategy is therefore to diversify our investments (so we don't "keep all our eggs in one basket"), invest with local authorities, or with public sector bodies that are backed by the Government, or seek additional security for our money.

33. In respect of **return**, the Bank of England base rate has fallen by 25bps in August and November 2024, taking the official Base Rate to 4.75%. The prospects for base rates in 2025 and beyond are uncertain, with a reasonable chance of further rate cuts, especially if inflation reduces in the second half of 2025 to around the 2% Bank of England target.

34. Greater returns can sometimes be achieved by lending for longer periods, but this starts to increase the risks described above.

35. The details of our treasury investment strategy are described in Appendix 2b, but in summary:-

    a) We will lend on an unsecured basis to the largest UK banks and building societies for periods not exceeding one year, subject to our treasury advisors' advice, though currently our advisors have recommended that we should limit our lending to a maximum of 35 days. Bail-in rules mean lending for long periods on an unsecured basis is too great a risk;

    b) We will lend for longer periods, and to smaller banks or building societies, if our money is secured (i.e. if we can take possession of the bank's assets in the event of failure to repay);

    c) Lending to other local authorities has long been a cornerstone of our investment strategy, and this will continue. No local authority has ever defaulted on a loan. We are able to lend to local authorities for up to 3 years, enabling us to secure greater returns. We will seek advice from our advisors for any loan in excess of 24 months though in practice we are unlikely to lend so long next year;

    d) We will place money with pooled investments, such as money market funds. These are professionally managed funds, which place money in a range of financial assets, some based overseas. This helps achieve diversification. In cases where money is not secured, we will make sure funds can be returned very quickly. Interest rates on money market funds are low because we can get our money back quickly (we need to have funds available at “instant" access); and

e) We will lend to the Government and other public sector bodies.

36. In addition to the above, we will allow investment up to £30m in commercial property funds. These are pooled investments similar to “unit trusts”. This continues the current strategy. Such funds are expected to pay dividends at a rate of approximately 3.0%. Current investments are valued at £4.6m. However, with such funds there is always a risk that values will decrease, though it is hoped that capital values will rise over the long term. Performance has been disappointing since we invested in these funds in 2018, though the capital losses have been outweighed by the income received to date.

37. One of our property funds, Lothbury had suffered a large number of redemption requests, which resulted in withdrawals from the fund being suspended. The fund terminated on 30 April 2024. Following the funds termination, the properties held within the fund have been marketed and 29 properties have sold. 10 properties have still to be sold, 3 exchanged, 6 under offer and 1 being auctioned. The original investment in the fund was £3,292k. To date £2,106k has been repaid to the Authority, further repayments of investment are expected with further completion of property sales. Income is also being received from property rents and will continue until all properties are sold.

38. We also allow investment of up to £20m in diversified asset investment funds. These funds invest in a mixture of shares, property and Government investments and are pooled with other investors’ funds. These investment funds are professionally managed and typically have produced an income of between 3% and 5%. Risk is higher than cash and we have not made any investments in this category to date and do not expect to make any such investments of this type in the next year. The Authority has a smaller proportion of its treasury investments in non-cash deposits than most other authorities.

39. There is a market for investment with environmental and socially responsible objectives, and we will evaluate opportunities presented to us. Whilst there are established investments suitable for long term investors such as pension funds, these tend not to be suitable for us. Our investment time horizon is 5 years at most.

40. A maximum of £20m would be invested in all such environmental and socially responsible investments that do not meet any investment criteria above.

**Commercial Investments**

41. As part of the Government’s response to concerns about some authorities’ property investments, separate commercial investment strategies are now required. Our proposed strategy is elsewhere on your agenda.

42. The Treasury Strategy does not deal with matters covered by this separate strategy, though there is a relationship between the strategies. Members are asked to note that the property funds discussed above (which are covered by the Treasury Strategy) are pooled funds in which risks and rewards of owning a large portfolio of properties is shared between many investors. The commercial strategy covers specific investments.

**Credit Rating Requirements for Investments**

43. Credit ratings are a key element of our treasury investment strategy, being used to help us determine the financial strength of the borrower.

44. The credit rating of UK borrowers will rarely exceed that of the UK Government and consequently a reduction in the credit rating of the UK Government may result in credit rating downgrades for a large number of borrowers. Fitch has in December 2024 maintained the outlook for the UK Government as AA-.

45. However, if the UK Government is downgraded further there are two scenarios. One is that the financial operating environment of the UK becomes weaker, and this weakens the strength of UK borrowers. The second is that the rating of the UK Government caps the rating of domestic borrowers, but that the strength of the borrowers is unchanged. Intermediate positions are possible. Our actions will be based on an assessment of the actual situation, and we shall take advice from our treasury advisors. The Director of Finance may present a report to the City Mayor for his approval recommending any revisions to the Treasury Investment Strategy at Appendix 2b. All interest paying investments on such a revised lending list will have a minimum credit rating of BBB+ or (if unrated) be judged to be of equivalent standing. In this event, a revised Treasury Strategy will be presented to the Council at the earliest reasonable opportunity.

46. There is no legal mechanism for a local authority to go bankrupt or otherwise avoid paying money on loans that were lawfully incurred and there is a legal mechanism to recover loan payments. Irrespective of legalities, the practical issue is what would happen if, say, an authority simply did not have the cash to both pay its staff and its loans. In practice, this has never happened.

47. Our treasury advisors provide advice on lending to local authorities. They believe that the credit worthiness of most local authorities remains very strong.

**Premature Repayment of Debt**

48. One tool of treasury management is the premature repayment of debt to achieve savings. This is something we used to do routinely, but (as discussed above) has until recently been non-viable for PWLB loans. We will take such opportunities if they present themselves at a sensible cost. Any capital premium (i.e. additional cost) usually has to be charged to the revenue account over the life of the old loan, the life of any replacement loan or any shorter period.

49. The reasons why our debt has 23 to 32 years to run are historic and reflect past circumstances and Government policies at that time. In current circumstances, we would prefer a more even spread of repayment dates and may use premature repayment to achieve this if possible. Another option is to repay using our cash balances though as reserves are expected to be depleted this option has become less likely.

50. We would currently expect to pay a premium on any premature repayment of debt. This is because interest rates have increased recently, premium costs have gone down.

51. In practice, we are unlikely to repay any PWLB loans in 2024/25 or 2025/26. We would evaluate options that became available.

**Management of Interest Rate Exposure**

52. Whilst the Treasury Management Strategy is based on a view of future movements in interest rates, all interest rate forecasts carry uncertainty. This strategy seeks to manage that risk.

53. For the foreseeable future the main risk arises from uncertainty around the interest earned on investments rather than interest paid on existing borrowing. If we need to borrow in the medium term though, there will be an interest rate risk depending on the timing of such borrowing. Unlike recent years, interest earned on investments has risen significantly.

**Leasing**

54. The Authority owns some properties on lease, but other than this we do not generally use leasing as a method of financing, preferring instead to use our cash balances.

55. However, the Authority is required to follow IFRS16 for accounting purposes for the first time, which means that operating leases will now appear on the balance sheet as assets. This impacts the Capital Financing Requirement (CFR) and enough headroom is built into treasury limits as the value of leases will change before the end of each year.

**Treasury Advisors**

56. The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

57. The Authority recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

58. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

**Appendix 2a**

## Treasury Limits for 2025/2026

1. The Treasury Strategy includes a number of prudential indicators required by CIPFA's Prudential Code for Capital Finance, the purpose of which are to ensure that treasury management decisions are affordable and prudent. The recommended indicators and limits are shown below. One of these indicators, the "authorised limit" (para 3 below), is a statutory limit under the Local Government Act 2003. We are not allowed to borrow more than this.

2. The first indicator is that over the medium-term net borrowing will only be for capital purposes – i.e. net borrowing should not, except in the short-term, exceed the underlying need to borrow for capital purposes (the "capital financing requirement").

3. The authorised limits recommended for 2025/26 and for the remainder of 2024/25 are:-

| | **£m** |
|---|---|
| Borrowing | 650 |
| Other forms of liability | 500 |
| **Total** | **1,150** |

4. "Other forms of liability" relates to loan instruments in respect of PFI schemes and to pre-unitary status debt managed by the County Council (and charged to the City Council). This also includes the estimated impact of IFRS16 leases.

5. The Authority is also required to set an "operational boundary" on borrowing which requires a subsequent report to scrutiny committee if exceeded. The approved limits recommended for 2025/26 and for the remainder of 2024/25 are:

| | **£m** |
|---|---|
| Borrowing | 550 |
| Other forms of liability | 450 |
| **Total** | **1,000** |

6. The boundary proposed is based on our general day to day situation and is not absolute as there may be good, usually temporary, reasons to breach it. Its purpose is to act as a warning signal to ensure appropriate scrutiny.

7. The Authority has also to set upper and lower limits for the remaining length of outstanding loans that are fixed rate. This table excludes other forms of liability. Recommended limits are:

Upper Limit

| | £m |
|---|---|
| Under 12 months | 50 |
| 12 months and within 24 months | 100 |
| 24 months and within 5 years | 150 |
| 5 years and within 10 years | 200 |
| 10 years and within 25 years | 250 |
| 25 years and over | 350 |

We would not normally borrow new loans for periods in excess of 50 years.

Lower Limit

| | £m |
|---|---|
| All maturities | 0 |

8. The Authority has also to set upper limits on the periods for which principal sums are invested. Recommended upper limits are:

| | **Up to 1 year £m** | **Over 1 years £m** | **Over 2 Years £m** |
|---|---|---|---|
| Upper limit on maturity of principal invested | All investments | 170 | 100 |

9. The central assumption of this Treasury Strategy is that the value of external borrowing will be as shown.

| | **31/03/2023 Actual £m** | **2023/24 Estimated Average £m** | **2024/25 Estimated Average £m** | **2025/26 Estimated Average £m** | **2026/27 Estimated Average £m** |
|---|---|---|---|---|---|
| External debt | 174 | 175 | 280 | 320 | 340 |

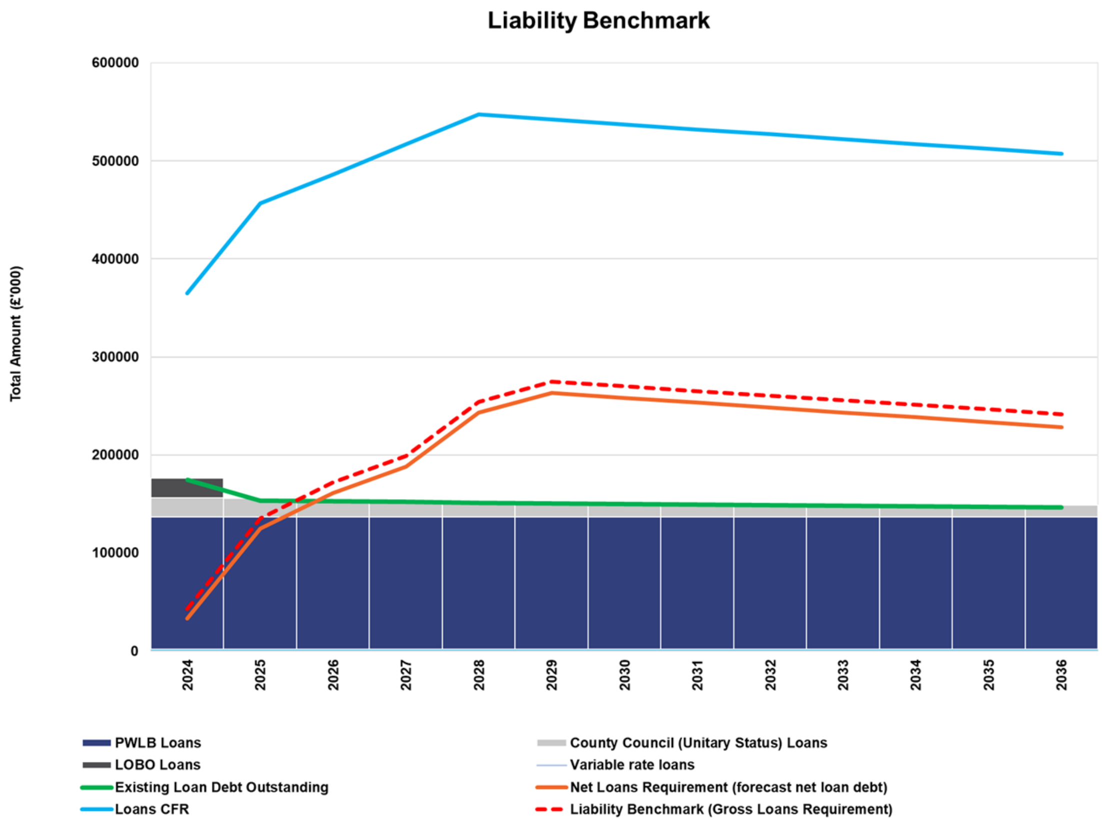
**10. Liability Benchmark**

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

The underlying need to borrow for capital purposes is called the Capital Financing Requirement (CFR). The CFR falls over time as loans are gradually repaid and rises with new borrowing. The historic Housing Revenue Account debt does not have to be repaid and will therefore remain in the CFR. The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. We have presented at least 10 years as recommend by CIPFA.

There are four components to the LB: -

- Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.
- Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.




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

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

Statutory guidance is that debt should remain below the capital finance requirement, except in the short term. The authority has complied and expects to continue to comply with this requirement. The total debt including PFI and finance leases is £245m whereas our capital finance requirement was £595m.

**11. Potential Effect of interest rate changes**

Interest rates are subject to change and are expected to reduce marginally over the next 12 months. The approximate effect (which could be either a rise or reduction of income) of a rise or fall in interest rates of 1% more than anticipated would be.

| | Effect of 1% change in interest rates | Effect of 1% change in interest rates as percentage of Net Revenue Budget |
|---|---|---|
| 2025/26 | £1.5m | 0.4% |
| 2026/27 | £1.0m | 0.2% |
| 2027/28 | £0.5m | 0.1% |

As our borrowings are mostly fixed, we do not anticipate any changes on our borrowing costs in the event of interest rate changes on our existing loans. However, interest rates associated with any new borrowings could impact on costs in future years.

**12. MIFID 11 Professional Client Status**.

The Authority has Professional Client Status under MIFID 11 (a European regulatory framework for investor protection) and expects to maintain that status including keeping a minimum of £10m invested.

**13. Use of Derivatives**

A derivative is a financial instrument which in the context of the Authority would usually be used to mitigate the risk of future interest rate changes.

In line with the CIPFA prudential code, the Authority will seek external advice and consider that advice before entering into any derivatives to ensure that the implications are fully understood.

Our use of derivatives is expected to be limited to fixing the interest rate for:

a) borrowing that may be required at a future date, for example to finance a significant development; or
b) lending to another organisation such as an Authority at a defined future date (usually no more than four months ahead).

The Authority will only use financial derivatives where they can clearly be demonstrated to reduce the overall level of financial risks to which we are exposed.

Embedded risks such as those present in pooled funds and forward starting positions will not be subject to this policy.

**Appendix 2b**

# Treasury Investment Strategy 2025/26

## 1. Introduction

1.1 This Treasury Investment Strategy complies with the DLUHC's Guidance on Local Government Investments and CIPFA's Code of Practice.

1.2 It states which investments the Authority may use for the prudent management of its treasury balances. It also identifies other measures to ensure the prudent management of investments.

1.3 Appendix 2a (above) limits the periods for which principal sums can be invested. This is to be assessed on our intentions with regard to each investment rather than its legal form.

## 2. Investment Objectives & Authorised Investments

2.1 All investments will be in sterling.

2.2 The Authority's investment priorities are:

(a) The **security** of capital; and

(b) **Liquidity** of its investments; and

(c) The **yield** (the return on investments)

2.3 The Authority will aim to achieve the **optimum return** on its investments commensurate with proper levels of security and liquidity. Liquidity is assessed from the perspective of the overall investment portfolio and will take account of the Authority's ability to borrow for cashflow purposes. The security of capital is the most important priority.

2.4 The following part of this appendix specifies how the Authority may invest, with whom and the credit worthiness requirements to be applied. Our treasury advisors provide daily updates to our counterparty list and we are able to utilise this for any new investments.

3. **Approved Investments**

| **3.1 UK Banking Sector: Credit Rated Institutions** | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| General | Covers the largest UK banks and building societies.<br><br>Covers non-UK banks operating in the UK and regulated in the UK. | | No more that £100m will be invested in total with these institutions.<br><br>Other than our bankers (Barclays) no more than £20m will be invested with one institution of which no more than £10m will be unsecured.<br><br>£25m may be lent to Barclays, of which no more than £15m will be unsecured.<br><br>New investments may be agreed up to 4 months advance.<br><br>A list of approved counterparties will be maintained by our treasury advisors (Link). New bodies will not be added to the list without the written approval of the Director of Finance.<br><br>Minimum ratings as below. Other market intelligence will also be considered. |
| Unsecured deposits | Banks and building societies regulated within the UK<br><br>Covers non-UK banks operating in the UK and regulated in the UK. | Up to 366 days or such lesser period our advisors recommend | Our advisors produce a credit matrix with maximum duration analysis for all unsecured bank deposits. We will invest in line with our advisor's recommendations. |
| | | Up to 366 days | Long-term rating of A & short-term rating of F1 |
| | | Up to 6 months | Long-term rating of A- & short-term rating of F2 |
| | | 100 days or less | Long-term rating of BBB+ & short-term rating of F2 |

| Type | Description | Investment Period | Controls |
|---|---|---|---|
| Covered Bonds | This is a deposit with a bank or building society, which is secured on assets such as mortgages. These assets are not immediately saleable but the value of the assets exceeds loans secured upon them.<br>If the deposit is not repaid the assets are sold and the proceeds used to repay the loan. | Maximum 5 years | Bond is regulated under UK law and majority of assets given as security are UK based.<br><br>Minimum long-term bond rating of A+ |
| Secured Deposits | These are deposits with a bank which are then secured on other assets which can be reclaimed if the bank fails. | Maximum 3 years | Any form of security (even if low grade) is better than none as secured deposits are much less likely to be subject to any bank bail in. The Authority would look to use high grade security such as government gilts. We may use a third party to facilitate these transactions, but the underlying assets would be owned by the Authority and not the third party. |
| REPOs/ Reverse REPOs | This is a deposit with a bank or other financial institution, which is secured on bonds and other readily saleable investments and which will be sold if the deposit it not repaid. | Maximum 1 year | Judgement that the security is equivalent to, or better than, the credit worthiness of unsecured deposits.<br><br>REPO/Reverse REPO is accepted as a form of collateralised lending. One acceptable basis is the GMRA 2000 (Global Master REPO Agreement) but other documentation may be accepted. Should the counterparty not meet our senior unsecured rating then a 102% collateralisation would be required.<br><br>The acceptable collateral is as follows:-<br><br>• Index linked Gilts (including delivery by value)<br>• Conventional Gilts (including delivery by value)<br>• UK Treasury bills<br>• Corporate bonds (subject to additional due diligence) |

| 3.2 UK Public Sector & Quasi Public Sector | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| General | The UK Government.<br><br>UK local authorities, including Transport for London (TFL), and bonds issued by the UK Municipal Bonds Agency.<br><br>Bodies that are very closely linked to the UK Government or to local government such as Cross Rail. | Up to 6 years for the UK Govt. and up to 3 years for LA's | No more than £40m to be lent to bodies very closely linked to the UK Government and no more than £20m to be lent to any one body.<br><br>No limit on amounts lent to the UK Government.<br><br>New investments may be agreed up to 4 months in advance (these may be classed as derivatives).<br><br>In practice, we will be guided by our treasury advisors' views on appropriate investment periods. |
| Deposits | Deposits with Local Authorities and the UK Government. | Up to 6 years for the UK Govt. and up to 3 years for LA's | No more than £300m to be lent to local authorities (as defined in the first column). No more than £20m to be lent to any one local authority.<br><br>Our judgement is that most local authorities are of high credit worthiness and that the law provides a robust framework to ensure that all treasury loans are repaid. However, should the occasion arise, we would have regard to adverse news or other intelligence regarding the financial standing of an individual local authority, including information which is provided by the Authority's Treasury Advisors. Maximum periods for loans to local authorities will not exceed limits recommended by our treasury advisors. |
| Bonds – Local Authority | Bonds issued by local authorities. | Up to 3 years | |
| Bonds – UK Municipal Bond Agency | Bonds issued by local authorities collectively through the UK Municipal Bonds Agency. | Up to 6 years | Minimum A+ credit rating.<br><br>The agency has had very limited success in lending though that may change in the future and until established the number of underlying borrowing local authorities will be low. When investing with the agency we will look at the underlying exposure to individual authorities when these are material and take into account existing exposures to those authorities. |

| Type | Description | Investment Period | Controls |
|---|---|---|---|
| Bonds – Bodies Closely Linked to UK Government | | Up to 6 years | Minimum A+ credit rating.<br><br>A list of approved counterparties will be maintained. Approval by Director of Finance to the body being added to the lending list on the basis of a written case, including advice from the Authority's treasury advisors. |
| Bonds and Deposits to UK Housing Associations | | Up to 3 years | No more than £20m in total may be lent to UK Housing Associations. All lending to require approval by the Director of Finance in consultation with the City Mayor on the basis of a written case, including advice from the Authority's treasury advisors. |

**3.3 International Development Banks**

| Type | Description | Investment Period | Controls |
|---|---|---|---|
| Bonds | International Development Banks which are backed by the governments of the world's largest and strongest economies. The funding obligations are established by treaties or other binding legal agreements.<br><br>Examples are the European Investment Bank and the World Bank. | Up to 6 years | No more than £40m to be lent in total and no more than £10m to be lent to any one bank.<br><br>A list of approved counterparties will be maintained. Approval by the Director of Finance, in consultation with the City Mayor, to the body being added to the lending list on the basis of a written case, including advice from the Authority's treasury advisors.<br><br>A minimum credit rating of AA- plus backing of one or more G7 country. |

| 3.4 Environmentally and Socially Responsible Investments | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| | Investments which facilitate environmental and social objectives. Encompasses a range of legal structures including:<br>• Company shares (equity)<br>• Loans and other interest bearing investments<br>• Trust structure including the above and including ownership of land, buildings, plant, equipment and contractual rights (for example, the right to sell electricity)<br>• Pooled investments<br>• Specialist Real Estate Investment Trusts (REITS) such as those investing in supported housing.<br>• Other investment types<br><br>Where an investment is better described elsewhere in this appendix (for example a regular money market fund that only contained ethical investments) that section of this appendix shall govern that investment. | Up to 10 years | No more than £20m in all such investments.<br><br>For investments which can be sold to others in a financial market or which can be redeemed by the fund manager - approval by the Director of Finance, in consultation with the City Mayor, to the investment being added to the lending list of approved counterparties based on a written case, including specialist advice.<br><br>For other investments approval by the Director of Finance in consultation with the City Mayor to the individual investment, on the basis of a written case, including specialist advice.<br><br>Investments will only be made when it is assessed that there is a reasonable prospect that after 10 years the Authority would be able to have its initial investment returned plus the return that it would have gained on a cash investment.<br><br>We will look for strong evidence of expertise from those who manage the pooled fund or who are otherwise involved in the management of the investment.<br><br>Such investments need not be rated.<br><br>Where the legal structure of the investment is not a widely used one appropriate due diligence will be undertaken. |

**3.5 Other Pooled Investments (General)**

| Type | Description | Investment Period | Controls |
|---|---|---|---|
| General | A structure where a wide base of investors share a common pool of investments.<br><br>The most common legal form involves an intermediate company. The company has legal title to a pool of investments. The underlying investors own the company with a claim to their share of the assets proportional to their investment in the company. | | We will only invest in funds where there is evidence of a high level of competence in the management of the investments, and which are regulated.<br><br>A list of approved counterparties will be maintained. Approval by Director of Finance to the body being added to the lending list on the basis of a written case, including advice from the Authority's treasury advisors.<br><br>The investment period will reflect advice from our Treasury Advisors on a fund by fund basis.<br><br>We will be alert to "red flags" and especially investments that appear to promise excessive returns.<br><br>We look for diversification away from the banks permitted elsewhere in this lending list (though some overlap is unavoidable).<br><br>No more than £180m to be invested in aggregate in all type of pooled investments (short term, long term, property and diversified investment funds). |

**3.5.1 Pooled Investments – Shorter Dated Investments**

| Type | Description | Investment Period | Controls |
|---|---|---|---|
| General | Investments of up to eighteen months. | | There is no upper limit on shorter dated investments, other than the global limit for pooled investments above (£180m). |
| Money market funds | The underlying pool of investments consists of interest paying investments, for example deposits. The underlying borrowers include banks, other financial institutions and non-financial institutions of good credit worthiness. Banks may be UK or overseas. | Must have access to funds within one week | Fitch rating of AAf (or equivalent).<br><br>No more than £25m in any one fund except where our advisors recommend a lower figure.<br><br>No more than £130m to be held in money market funds in total, this excludes money market plus funds. |

| Type | Description | Investment Period | Controls |
| --- | --- | --- | --- |
| Short Dated Government Bond Funds | Similar to money market funds but mainly concentrated in highly credit rated government bonds. | Must have access to funds within one week | Whilst these are very safe the interest returned is very low. We may use these in times of market turmoil.<br><br>Fitch rating of AAf (or equivalent).<br><br>No more than £20M in any one fund. |
| Money market plus funds / cash plus funds / short dated bond funds | Similar to money market funds but the underlying investments have a longer repayment maturity. We would use these to secure higher returns. | Must have access with one month's notice but normally would wish to hold for 12-18 months | Fitch rating of AAf (or equivalent).<br><br>No more than £20m in any one fund.<br><br>No more than £50m in total in money market plus/cash plus funds/short dated bond funds.<br><br>We will "drip feed" money that we invest rather than investing it all at once. |

**3.5.2 Pooled Investments – Longer Dated Investments**

| Type | Description | Investment Period | Controls |
| --- | --- | --- | --- |
| General | Longer dated investments expose us to the risk of a decline in value, but also provide an opportunity to achieve higher returns.<br><br>Consequently, controls involve both the personal authorisation of the Director of Finance and consultation with the City Mayor. | | No more than £50m to be invested in all fund types listed in this table section 3.5.2. This limit applies within the global limit for pooled investments (£180m).<br><br>Investment amounts and timing to be approved by the Director of Finance, in consultation with the City Mayor. This applies to all the longer dated investments in this section. |
| Longer-dated Bond Funds. | Similar to money market funds but the underlying investments are now mainly bonds, typically, with an upper average maturity of up to 8 years. | Must have access with one month's notice but normally would wish to hold for two to three years | We may consider unrated funds on the recommendation of our Treasury Advisors.<br><br>No more than £10m to be invested in any one fund. |

| Type | Description | Investment Period | Controls |
|---|---|---|---|
| Asset Based Securities | The base investments are “securitised investments” which pool consumer debt (mortgages, car loans and credit cards) and loans to small businesses.<br><br>The base investments are loans to borrowers of good credit worthiness.<br><br>The investment we would make would be in a pooled investment containing a number of such securitised investments.<br><br>They are normally issued by banks (UK or overseas). | Must have access with one month’s notice but normally would wish to hold for two to three years | We look for particularly strong evidence of expertise both from the organisations that issue the securitised investments and also from the managers of the pooled fund. We look for clear evidence of financial and operational independence between the fund managers and the banks that made the consumer loans in the first place.<br><br>No more than £10m to be invested in any one fund. |
| Property Funds | The underlying investments are mainly direct holdings in property, but our investment is in a pool of properties.<br><br>Whilst the funds normally have a small cash balance from which to fund redemptions the bulk of the funds are held in direct property investments. On occasions redemptions will not be possible until a property has been sold.<br><br>Funds may have the power to borrow. | Generally have access with three months’ notice but normally would wish to hold for at least five years | No more than £30m to be invested in property funds. This limit applies within the global limit for pooled investments (£180m). |
| Diversified Investment Funds | The underlying investments are a mixture of mainly equities, government gilts, corporate bonds and property which are also diversified geographically.<br><br>Whilst the funds normally have a small cash balance from which to fund redemptions. | Generally have access with three months’ notice but normally would wish to hold for at least five years | No more than £20m to be invested in diversified investment funds. This limit applies within the global limit for pooled investments (£180m). |

4. **Business Models**

4.1 The Authority has a “buy and hold” strategy for its investments that are bought and sold in financial markets. That is, it seeks to achieve value for money from its investments by collecting the sums contractually due. It does not aim to achieve additional value by selling them on although there may be occasions when investments may be sold for the purposes of managing or mitigating risk.

Appendix 3

# Investment Management Strategy 2025/26

## Summary

1. The Authority will facilitate investment which benefits the people of Leicester and at the same time makes a return. All such investment is required to meet a service need or promote regeneration as the main objective, although making a financial return on investments would be a positive secondary objective.

2. The Government’s debt management office forbids lending to authorities which have recently invested or intend to invest in schemes “primarily for yield.” The Authority does not invest primarily for yield and all schemes supported will have a service or regeneration main reason for investment.

3. The Authority is prepared to take greater risks in the furtherance of this Investment Strategy than it would be with the Treasury Management Strategy. This is because investments here are principally for service purposes such as regeneration, not primarily to generate a financial yield.

4. This strategy comes into immediate affect once approved at Council and will cover 2025/26 and the remaining period of 2024/25.

## Introduction

5. Government guidance requires the Authority to approve an Investment Strategy. This requirement has arisen because of Government concerns about some authorities borrowing substantial sums of money to invest in commercial property or other assets (sometimes a considerable multiple of their net revenue budget). Additionally, the Government’s debt management office now forbids lending to authorities which have recently invested or intend to invest in schemes “primarily for yield.” This is regardless of the funding source for the investment and the stated reason for the authority seeking the lending. The Authority does not invest primarily for yield and all schemes have a service or regeneration focus as the main reason for investment.

6. For the purposes of this strategy, an investment means any spending, or any interest-bearing loan to a third party which is (at least in part) intended to achieve a return for the Authority. It has included advances in the past made to the Leicester and Leicestershire Enterprise Partnership (LLEP) for their purposes if the Authority expected to make a return on the money. The LLEP was disbanded at the end of March 2024, following the Government’s decision that its functions should transfer to the City and County Councils as part of national reforms.

7. The strategy excludes capital investment in social housing for both permanent and temporary accommodation, which is not done to achieve an investment return.

## Investments

8. The Authority’s financial priorities for investment are:-

   a) Security of capital – notwithstanding the above, this is the paramount consideration.

b) Yield (the return on investments) - this is important, but secondary to ensuring our capital is protected.

c) Liquidity (ability to get money back when we want it). We have traditionally regarded this as less important because individual investments are small scale compared to the overall size of the Authority. However, in future years with the expected depletion of cash balances, liquidity is expected to become more important to manage.

9. Property acquired under this investment strategy will be located:-

   a) In the case of the Corporate Estate, within the boundary of the Leicester, Leicestershire, and Rutland area. (Usually, within the city).

   b) If acquired for economic regeneration purposes, within or at the perimeter of the Leicester, Leicestershire, and Rutland area.

   c) Potentially further afield to better meet wider service objectives, such as low-carbon assets. We have made no such investments in recent years.

10. Individual investments can be funded by any of the following (or combination of the following):-

    a) Grants/contributions from third parties where the funding is provided at the third party's risk.

    b) Capital or revenue monies held by the Authority.

    c) Prudential borrowing, and contributions from third parties where the Director of Finance deems the substance of the investment to be at the Authority's risk (e.g. "income strips"). In practice, "prudential borrowing" has not in the past required genuine external borrowing as we have had sufficient cash balances (as described in the Treasury Management Strategy Appendix 2). Prudential borrowing is best seen as a permission to borrow externally, should we need to, with revenue costs in future years. This category includes prudential borrowing in anticipation of future business rates growth in Enterprise Zones. It should be noted that significant increases in interest rates over recent years have made it much more difficult for new schemes to make a surplus unless significant Government grant is included within the financing.

11. Items (b) and (c) together represent the Authority's <u>capital invested.</u> Item (c) represents the risk of the Authority requiring further capital or revenue resources if an investment fails; it may or may not represent any actual external debt. The amount of prudential borrowing outstanding may fall over the life of an investment. The totality of prudential borrowing, or other funding provided at the Authority's risk, outstanding at any one time is a key control over the Authority's investment activity and is termed "<u>exposure</u>."

12. The Authority will not, at any one time, have exposure in excess of the following:-

| | £m |
|---|---|
| On commercial or industrial property, it already owns or will own. | 100 |
| For loans to third parties | 20 |
| To fund Enterprise Zone projects | 40 |
| For other investments | 40 |

13. The Authority will not have more than £130m of exposure in respect of all activity covered by this strategy. Therefore, it is not possible to reach the maxima in all the above categories.

14. Limits on total external debt are included in the Treasury Management Strategy (Appendix 2).

15. The Authority can reduce its exposure, particularly if an investment is performing poorly, by writing down prudential borrowing using capital or revenue resources.

16. Where the Authority has an option of utilising third party contributions at the Authority's risk, the Director of Finance will determine if this represents value for money as an alternative to prudential borrowing.

**What we invest in and how we assess schemes**

17. Decisions to invest will be taken in accordance with the usual requirements of the Constitution. Executive decisions will be subject to normal requirements regarding notice and call-in. All decisions to use prudential borrowing require the approval of the City Mayor, unless previously approved by full Council. The criteria below set normal expectations for investment decisions, but it is impossible to provide a framework for all potential opportunities: we do not know what might be available in the future. The City Mayor may approve investments which do not meet the criteria within paragraphs 14 to 28 (the limits contained in paragraphs 8 and 9 will not be exceeded), but if he does so:-

    a) The reason will be reflected in the decision notice;
    b) The decision will be included in the next refresh of this strategy.

18. All proposals will be subject to a financial evaluation, and approval by the Director of Finance must be obtained. This will calculate expected return (see below), assess risk to the Authority's capital invested, and ability to repay any prudential borrowing. The evaluation must therefore give evidence of a financially robust proposal, regardless of the other merits. The results of the evaluation will be set out in the decision report. For small purchases of property within the Corporate Estate, a more streamlined evaluation can be prepared. Where the use of third-party contributions at the Authority's risk is recommended, as an alternative to prudential borrowing, the assessment of this method of financing will be included in the evaluation. All proposals for investment will explicitly describe what the main purpose the investment is being made, which cannot be primarily for yield.

19. Any investment for economic development purposes will accord with the Authority's adopted strategies, except for early-stage expenditure in contemplation of a new strategy.

20. The maximum prudential borrowing permitted for any given capital scheme by way of an Executive Decision is determined by Council when considering the capital programme and is currently £10m. Any proposals to borrow more than £10m on a particular scheme would be subject to specific approval by full Council.

21. Advances to third parties will normally require additional security where the total capital invested by the Authority exceeds £2m, e.g. the underwriting of risk by a third party, or a charge on property with a readily ascertainable value and a number of potential purchasers.

22. The Authority will look for a return on its capital invested, although this can be lower than a bank would seek (reflecting our cost of funds, and the expected service benefits).

    a) The usual yardstick for investment is that, on a prudent estimate of costs and income, investments must make a positive return when discounted at 5% per annum. A higher return may be sought where a project is riskier than normal;

    b) Where reasonably certain, growth in retained business rates can be included in the calculation of Net Present Value (NPV) until the date of the next national reset (although rates growth will continue to be accounted for as rates income, and not earmarked);

    c) Resultant savings in departmental budgets cannot be included in the calculation.

23. The City Mayor may take a conscious decision to accept lower returns for service or environmental reasons; an alternative way of looking at this is to say that the Authority will sometimes choose to accept modest returns instead of providing something at its own expense for service and/or environmental reasons. Such a decision will be transparent and recorded in the decision notice.

24. The following are deemed to be suitable investments, although not primarily for yield:-

    a) Acquisition of commercial or industrial property for regeneration.

    b) Construction or development of commercial or industrial property for regeneration.

    c) Construction or development of non-HRA housing (noting that any housing acquired for permanent or temporary social housing is outside the scope of the Investment Strategy).

    d) Acquisition of land for development.

    e) Infrastructure provision at key development sites.

    f) Loans to businesses to support economic development.

    g) Acquisition or construction of low carbon energy investments.

h) Arrangements to support provision of services. Including loans to support provision of temporary accommodation or children's residential care.

25. All investments and loans must be compliant with Government's subsidy control rules. Investments must not be made primarily for an income return (though a decent income return is to be encouraged) but must have an alternative primary purpose such as promoting economic development. The Authority will also not try to rely on investment income which is disproportionate to the overall budget.

26. Acquisition of commercial or industrial property can be considered where there are either economic development or service reasons why the city would benefit from the Authority's ownership. An example of economic development reasons might be to facilitate a significant business relocation to the city or surrounding area.

27. <u>Construction or development of commercial or industrial property</u> can be considered for regeneration purposes where the asset constructed or developed would generate a continuing income stream and have a readily realisable capital value. Whilst a pre-let is regarded as highly desirable, a benefit of Authority involvement is that strategically important development can be secured which would not attract normal commercial finance. New grade A office space is a key example. It is, however, essential that the Authority can be confident of a return on its capital invested, and an NPV shall be calculated using prudent assumptions of any void periods. It should be noted though that any such scheme needs to have a main objective of regeneration (or service provision) and although financial gain is desirable it must not be the main driver of such investment.

28. <u>Acquisition of land for development</u> can be considered for strategic regenerative land assembly schemes, subject to the proviso that future development is planned and fundable:-

   a) The Authority's return will usually arise from an appreciation in land values and this must be reasonably assured with a ready market;

   b) This type of investment is riskier than the acquisition of tenanted property, and a higher return would normally be sought.

29. The availability of other public funding to secure development will improve the acceptability of such proposals, as this will increase the return on the Authority's capital invested.

30. <u>Infrastructure provision at key development sites</u> can be considered where development can be catalysed by provision of site infrastructure:-

   a) Investment can be considered where future disposals can be assumed with a reasonable degree of confidence; and

   b) Developments that unlock strategic housing or commercial development on economic growth sites or contribute towards bringing forward linked developments.

31. <u>Loans to businesses</u> can be made at attractive rates (when compared to bank finance) for proposals which facilitate economic development, and where the

Authority can be confident that the money will be repaid. The following criteria will be applied:-

a) Loans would normally be repayable within 10 years (or the Authority has an asset which is readily realisable within that period, whether we choose to realise it or not);

b) A minimum loan value of £100,000 will apply;

c) Proposals must demonstrate that they are viable, i.e. there is a reasonable expectation that the capital and interest will be repaid;

d) Security will usually be obtained (and always for higher value loans).

32. Low Carbon Energy Investments which help to reduce climate change can be considered. Any such investment will still be expected to make a positive return, though in making the investment the Authority will consider the environmental and social benefits as well as the financial return.

33. Arrangements to support provision of services. Where an arrangement such as a partnership or a loan result in a value for money solution to support provision of services, especially in relation to temporary accommodation or children's residential care.

**Monitoring of Investments**

34. The performance of investments will be reported annually. Investments within the Corporate Estate will be monitored as part of the Corporate Estate Annual Report.

**Capacity, Skills and Culture**

35. The Authority employs professional accountants who are skilled in carrying out investment appraisals, as well as regeneration, economic development and property specialists. Nonetheless, the more complex schemes will require external support to enable thorough due diligence to be undertaken and business cases to be developed and assessed. External specialists will work with Authority officers to ensure they understand the public service dimension of the Authority's business.

36. The Authority will use whatever presentation techniques are appropriate when decisions on individual investments are sought; these will in particular focus on the risk assessment.

**<u>Appendix 3a</u>**

## <u>Current Investments</u>

The Council has approved the following investments which fall within the remit of this strategy.

a) **The Corporate Estate.** The purpose of holding the portfolio includes income generation, but also with an eye to providing a range of accommodation for businesses across the city and for ensuring a presence in city centre retail. The properties in the fund are not held to provide accommodation or services to/for the Authority. Accounting rules do not require us to treat the properties as investment properties for reporting purposes; however, they are held in part for return and thus fall within the ambit of this strategy. Details are available in the Corporate Estate annual report. Much of the estate has been owned by the Authority for decades and the income generated is a contribution to the General Fund.

   It should be noted that guidance from MHCLG (Ministry of Housing, Communities & Local Government) and CIPFA (Chartered Institute of Public Finance and Accountancy) warns against investment activity which is disproportionately large in relation to an authority's finances. However, with net land and property investment income from the Corporate Estate accounting for less than 2% of the Authority's net revenue budget in 2024/2025, this continues to represent a manageable risk in relation to the overall revenue budget.

b) <u>Loans to local businesses and organisations</u>. A number of loans have been made.

   - A loan to Leicestershire Cricket Club of £2.45m, to enable the Club to improve its facilities at an interest rate of 5%. The loan is supported by guarantees from the English Cricket Board.

   - A loan of £1.5m to Ethically Sourced Products Ltd (of which just under £1.0m remains outstanding). This loan carries a return equivalent to 4% per annum. It is expected that this loan will be fully paid off with a lump sum in December 2025.

   - A loan of £450k in 2023 to Leicester Hockey Club (of which £422k has been drawn down to date), to improve sporting facilities at St Margaret's Pastures. The interest rate is 5% p.a.

   - A loan of £1.5m to Leicester Community Sports Arena Ltd in 2023, to assist funding of expanded facilities at the (now) Mattioli Arena. The rate of interest is 5% p.a.

   - A loan of £0.95m (of which £0.82m has been drawn down to date) to the Chapter of Leicester Cathedral to assist funding of the repair and restoration of Leicester Cathedral and the construction of a new Heritage Learning Centre. The interest rate is 5% p.a.

(c) Regeneration schemes with an element of Prudential Borrowing:

- Expenditure of £5.4m was incurred to deliver 26,400 square feet of workspace at Dock 2 Pioneer Park, which was completed in March 2021. The scheme attracted £2.15m of external funding. Prudential borrowing was £1.7m.

- Work is nearing completion on a £13.3m scheme to redevelop Pilot House to provide modern small scale office accommodation. This is partly funded by £8.6m Government grant and is expected to be completed in 2025.

- A major regeneration scheme of £24.7m (plus a £1.5m inflation contingency) including £19.4m of Government grant for Pioneer Park is underway. This incorporates schemes at Dock 3, Abbey Court and the Ian Marlow Centre. These schemes are expected to provide a significant net revenue surplus to the Authority after borrowing costs.

- Expenditure on Land south of Phoenix of £0.4m will be included here if the approval of the change of financing the 2024/25 capital programme in approved at this Council meeting.

**Overview Select Committee**
**Work Programme 2024 – 2025**

| Meeting Date | Item | Recommendations / Actions | Progress |
|---|---|---|---|
| **31 July 2024** | 1. Overview of OSC Portfolio<br>2. Revenue Outturn 2023/24<br>3. Capital Outturn 2023/24<br>4. Income Collection April 2023 – March 2024<br>5. Review of Treasury Management Activities 2023/24<br>6. Corporate Equality Strategy<br>7. Scrutiny Annual Report 2023/24 | 2a. Information to be provided on whether Post-16 Home to School SEND transport would be offered outside the three-mile rule.<br>2b. Clarification to be sought on any guidance form government on voluntary services via the Education Support Officer and any communication with the government on SEND Transport.<br>2c. Information to be given on the outcomes of APs.<br><br>6a. Members to be kept updated on progress.<br>6b. Any specific examples of issues to be included going forward to be sent to the relevant officer.<br>6c. Other groups to be engaged with in order to open wider communication.<br>6d. Workforce statistics to be included in presentation. | 2a. Response sent to members<br><br>2c. Response sent to members.<br><br>6a. Ongoing<br><br>6b. Ongoing<br><br>6c. Ongoing<br><br>6d. To be presented to members on 3rd December. |

Appendix G

| Meeting Date | Item | Recommendations / Actions | Progress |
|---|---|---|---|
| **26 September 2024** | 1. Questions for City Mayor<br>2. Revenue Monitoring Period 3<br>3. Capital Monitoring Period 3 | 1a. Figures on returns from Travelodge above Haymarket to be provided.<br>1b. Consideration be given to the issue of better coordination between Highways and Street Cleansing so as to ensure that risky drains are regularly unblocked, and leaves cleaned to avoid flooding.<br>1c. Follow up on issue surrounding the Leys Building and find out how long the development will take to complete.<br>1d. Consideration be given to informal scrutiny on call centres through the C&N Commission.<br>1e. To be looked into as to whether funding for libraries was reduced and whether new books were still being purchased.<br><br>2a. Report to be provided on the pressures in homelessness and the progress of the £45m acquisition programme.<br>2b.To be established as to where department are with recommendations on SEND transport.<br>3a. OSC asked for an update on the estate's shops capital programme and if there was any other funding available for shops works. | 1b. Written response sent to member concerned.<br><br>1c. This has been followed up. Response sent to member concerned.<br>1d. No need for informal scrutiny as this will be considered in the Customer Services report.<br>1e. Response sent to members<br><br>2a. Report added to workplan – Other info sent separately to members.<br>2b. Response sent to members<br><br>3b. Response sent to members. |

| Meeting Date | Item | Recommendations / Actions | Progress |
|---|---|---|---|
| | | 3b. S106 Contributions to be considered for helping to fund MUGA in Beaumont Leys. | |

| Meeting Date | Item | Recommendations / Actions | Progress |
|---|---|---|---|
| **12 December 2024** | 1. Questions for City Mayor<br>2. Update on Temporary Accommodation Pressures & £45m Acquisition Programme<br>3. Council Tax Support Scheme – Update on model consulted on.<br>4. Revenue Monitoring Period 6<br>5. Capital Monitoring Period 6<br>6. Income Collection Report – Half-Yearly<br>7. Treasury Report – Half Yearly | 1a. Youth Reps to invite Cllrs and City Mayor to schools and colleges to engage with Young People (including Castle Mead Academy)<br>1b. Statistics on home-educated children to be circulated to members of the Committee<br>2a. Figures of non-vulnerable singles to be circulated to members.<br>2b. A note on the issues around whether housing benefit covers the costs of temporary accommodation to be produced.<br>2c. A request to undertake Councillor briefing to aid understanding of the issue around homelessness.<br>2d. Breakdown to be provided on substance abuse and mental health services provided.<br>2e. Breakdown to be provided on asylum seekers in families and singles.<br>2f. Councillors were advised if they had individual cases of people being in temporary accommodation for extended periods then to send them to Chris, so additional information can be provided.<br>2g. Numbers to be provided on people who moved from temporary accommodation into private | 1a. Invite will be sent after new Youth Council sworn in.<br>1b. Stats sent to members.<br>2a. Figures circulated to members.<br>2b. Information sent to members.<br>2c. Training session booked.<br>2c. Information sent to members.<br>2e. Information sent to members.<br>2f. Ongoing.<br>2g. Information sent to members.<br>2h. Information sent to members. |

| Meeting Date | Item | Recommendations / Actions | Progress |
|---|---|---|---|
| | | accommodation due to a lack of suitable council housing.<br>2h. More information to be provided on Greyfield sites.<br>2i. Supported living model to be considered as an item going forward.<br>3a. Paper to be sent to members before Full Council detailing the scheme. To include details of alternative schemes.<br>3b. Further briefings to be offered.<br>3c. Members to contact Cllr Russell with questions.<br>3d. Find out as to whether the Council is still paying to light empty buildings.<br>3e. Interest rate on loan for Ethically Sourced Products Ltd to be ascertained and when is the remaining principle due for repayment. | 2i. A joint report by Social Care & Housing is already proposed to be submitted to Scrutiny commission on the matter of Supported Housing.<br>3a. Complete.<br>3b. Complete.<br>3c. Ongoing.<br>3d. Information sent to members.<br>3e. Information sent to members. |
| **30 January 2025** | 1. General Revenue Budget<br>2. Capital Programme<br>3. HRA Budget<br>4. Treasury & Investment Strategy | | |
| **27 March 2025** | 1. Revenue Monitoring Period 9<br>2. Capital Monitoring Period 9<br>3. Customer Services Update | | |

| Meeting Date | Item | Recommendations / Actions | Progress |
|---|---|---|---|
| **1 May 2025** | | | |

**Forward Plan Items (suggested)**

| Topic | Detail | Proposed Date |
|---|---|---|
| Update on Workforce Representation Informal Scrutiny Work | | TBC |
| Environmental Impact of Construction Projects | As requested previously during the 2023/24 municipal year | TBC |
| City Mayor's Strategic Priorities | | TBC |
| Ongoing response to the cost-of-living crisis | Last taken to OSC on 9 November 2023 | TBC |