

Leicester  
City Council

**MEETING OF THE ECONOMIC DEVELOPMENT, TRANSPORT AND  
CLIMATE EMERGENCY SCRUTINY COMMISSION**

**DATE: WEDNESDAY, 14 JANUARY 2026**

**TIME: 5:30 pm**

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

**Members of the Committee**

Councillor Waddington (Chair)

Councillor Cassidy (Vice-Chair)

Councillors Bonham, Clarke, O'Neill, Osman, Porter and Rae Bhatia

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: governance@leicester.gov.uk***

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

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- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

### Further information

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

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## **PUBLIC SESSION**

## **AGENDA**

### **FIRE / EMERGENCY EVACUATION**

If the emergency alarm sounds, you must evacuate the building immediately by the nearest available fire exit and proceed to the area outside the Ramada Encore Hotel on Charles Street as directed by Democratic Services staff. Further instructions will then be given.

#### **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 on the agenda.

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

**Appendix A**

The minutes of the meeting of the Economic Development, Transport and Climate Emergency Scrutiny Commission held on 5 November 2025 have been circulated, and Members will be asked to confirm them as a correct record.

#### **4. CHAIR'S ANNOUNCEMENTS**

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

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

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

#### **6. PETITIONS**

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

**7. CALL-IN OF EXECUTIVE DECISION - LAND EXCHANGE TO ENABLE REGENERATION AT MIDLAND STREET/SOUTHAMPTON STREET IN THE CULTURAL QUARTER** **Appendix B**

An Executive decision taken by the City Mayor on 26 November 2025 relating to a land exchange arrangement has been the subject of a 6-member call-in under the procedures at Rule 12 of Part 4D, City Mayor and Executive Procedure Rules, of the Council's Constitution.

The Committee is recommended to either:

- a) Note the report without further comment or recommendation. (*If the report is noted the process continues and the call in will be considered at a future meeting of Full Council*); or
- b) Comment on the specific issues raised by the call-in. (*If comments are made the process continues and the comments and call in will be considered at a future meeting of Full Council*); or
- c) Resolve that the call-in be withdrawn (*If the committee wish for there to be no further action on the call-in, then they must actively withdraw it. If withdrawal is agreed the call-in process stops, the call-in will not be considered at a future meeting of Full Council and the original decision takes immediate affect without amendment*).

**8. DRAFT GENERAL FUND REVENUE BUDGET 2026/27** **Appendix C**

The Director of Finance submits a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27.

**9. DRAFT THREE YEAR CAPITAL PROGRAMME 2026/27** **Appendix D**

The Director of Finance submits a report setting out the City Mayor's proposed Draft Three Year Capital Programme 2026/27.

**10. GET LLR WORKING JAN 26 SCRUTINY FINAL** **Appendix E**

The Director of Tourism, Culture and Economy submits a report providing an update on the Get Leicester, Leicestershire and Rutland Working Plan.

**11. EDTCE SCRUTINY TASK FORCE - LABOUR MARKET WORKER EXPLOITATION - EXECUTIVE RESPONSE** **Appendix F**

An Executive Response will be provided to the recommendations made by the Task Group on Worker Exploitation.

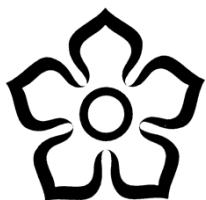
**12. WORK PROGRAMME** **Appendix G**

Members of the Commission will be asked to consider the work programme

and make suggestions for additional items as it considers necessary.

**13. ANY OTHER BUSINESS**





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# Appendix A

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

Held: WEDNESDAY, 5 NOVEMBER 2025 at 5:30 pm

### P R E S E N T:

Councillor Waddington - Chair

Councillor Bonham  
Councillor Porter

Councillor O'Neill  
Councillor Rae Bhatia

### In Attendance:

Deputy City Mayor Councillor Cutkelvin  
Assistant City Mayor Councillor Whittle

\* \* \* \* \*

## **178. WELCOME AND APOLOGIES FOR ABSENCE**

The Chair welcomed those present to the meeting.

Apologies were received from Cllr Clarke and Cllr Osman.

## **179. DECLARATIONS OF INTEREST**

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

Councillor Porter declared that he had asked for the item on Cycle Track Demarcation to come to the Commission.

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

It was noted that in the minutes from the meeting on 25 June, the Executive members were present, but were not marked as being so on the minutes.

AGREED:

- 1) That the minutes of the meeting of the Economic Development, Transport and Climate Emergency Scrutiny Commission held on 27<sup>th</sup> August be confirmed as a correct record.

- 2) That the minutes of 25<sup>th</sup> June be amended as above.

## **181. CHAIR'S ANNOUNCEMENTS**

Officers were advised that members would have read reports prior to the meeting.

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

The Monitoring Officer reported that none had been received.

## **183. PETITIONS**

The Monitoring Officer reported that none had been received.

## **184. WORKER EXPLOITATION - VERBAL UPDATE**

The Director of Tourism, Culture and Economy gave a verbal update on the response to the task group on worker exploitation. It was noted that:

- The work of the Scrutiny Task had been well-received and had been presented to the City Mayor Briefing on 22<sup>nd</sup> May. The Director of Tourism, Culture and Economy had been working with the executive over recent months on the executive response, and a discussion was pending at an upcoming City Mayor Briefing with other executive members.
- The establishment of the government's Fair Work Agency that was looking to bring enforcement bodies together was being tracked. It was anticipated that this would go live from April 2026.
- The Deputy City Mayor for Housing, Economy and Neighbourhoods had been an observer on the Local Government Association (LGA)'s work on modern slavery. An LGA report on this was imminent and it was hoped that this report could inform the executive response to the task group. Additionally, council guidelines on the issue had been found online and it was aimed to incorporate these into the executive response.
- A review of the work of Operation Tacit – the intensive enforcement activity undertaken by national enforcement bodies between 2020 and 2022 in Leicester's garment sector - had been undertaken by the national Director of Labour Market Enforcement. Publication of this review had been delayed at a ministerial level since 2023, but had been published on the day of this Scrutiny Commission Meeting. This was relevant work that would inform the executive response. The Task Group should take credit for lobbying for the report to be published.
- The Operation Tacit report had shown that in the overall findings, the degree of non-compliance in the garment industry in Leicester was lower than in other manufacturing sectors. Additionally, worker exploitation in terms of forced or compulsory labour as defined in the Modern Slavery

Act 2015 was not found.

- The Operation Tacit Report contained a recommendation to ensure that planning for future prevention needed to be founded on robust assessment of available evidence.
- A written executive response would come before the Commission in January 2026.

In discussions with Members it was noted that:

- The task group had looked at a wide spectrum of exploitation and not just modern slavery. The need for evidence had been highlighted in the task group report. Evidence could be collected at a local level.
- It was suggested that the Council had not acted until the issue was highlighted. It was further noted that it was important to learn the lessons of the past.
- It was suggested that a recent report on illegal migrants working illegally showed that the issue needed continued focus.

*Councillor Bonham joined the meeting during the consideration of this item.*

AGREED:

- 1) That the update be noted.
- 2) That a written response from the Executive be considered at the next meeting of the Commission.

## **185. 'ARC OF DEVELOPMENT' REGENERATION OPPORTUNITIES**

The Director of Planning Development and Transport gave a presentation on Development Areas in the Heart of Leicester Plan. Key points to note were as follows:

- New housing developments were considered beneficial to Leicester's retail centre.
- A summary of developments within the arc was given as follows:  
Waterside
  - The Waterside development was secured via a Compulsory Purchase Order.
  - The scheme had been under development for a decade and had reached a midway point.
  - Funding had largely come from central government funding of £25m.
  - £300m of private investment had been generated through the scheme.
  - The development included various types of buildings including

- rental houses and houses for sale, student accommodation, private office space and leisure facilities.
- The scheme was nationally recognised for best practice and was referenced as a case study for devolution.
- The private sector was responding to emerging opportunities.
- Development was around half-way through completion.

#### East City

- St Margarets Bus Station had been a significant development for the city.
- Planning permission was secured for around 100 units at the newly obtained Corah site.
- Plans were underway for apartments in the Churchgate area.
- It was noted that there was currently a national hiatus in the apartment sector, with construction issues and industry costs cited as the main causes. A stock of schemes was awaited.

#### Lee circle

- Fleet House had been completed recently and provided housing accommodation. A second phase was well advanced.
- Student accommodation had been completed at the former International Hotel. It was noted that this would increase city footfall.
- The Phoenix extension was now complete with a rooftop garden.

#### St Georges

- The street pedestrian scheme and improvements to the highway scheme would aid regeneration of surrounding land.

In discussions with members, the following was noted:

- The Commission commended the success of the Waterside development and recognised the efforts to achieve pleasant aesthetics. It was noted that flooding measures had been a key design consideration.
- The Waterside compulsory purchase order was funded through the £25m government grant. The Council had been responsible for acquiring land, appointing a development partner and cost capping. The land was then sold to the developer at full market value.
- The matter of stalled apartment developments was a national issue which linked with Bond Markets.
- The Heart of Leicester Plan would help to increase investor confidence. Workspace investments gave a positive outlook.

- Proposals were in place with Homes England to draw down more housing funding.
- Waterside had created a mixed community and there was now a school in place.
- It was noted that a significant number of families were residing within the city centre. If demand for larger apartments were to emerge, development could be considered.
- Commission members raised highways issues around the areas of Frog Island and Woodgate. Investment into the green bus fleet was noted.
- Agencies preferred proposals with scope for large development.
- Work was still being considered within the Fosse Ward and conversations with landowners was ongoing. Compulsory Purchase Orders tended to be lengthy processes and required funding.

AGREED:

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

## 186. CYCLE TRACK DEMARCTION

The City Transport Director submitted a report to provide members of the commission with details on the processes to create a cycle track, and the usage of demarcation signage/lines/material and provide members of the commission with specific detail about the usage of concrete blocks as a protection measure for cycle tracks.

A presentation was given using the slides as attached with the agenda. Other key points included:

- On fully separated cycle tracks, delineation blocks had been installed so that visually impaired pavement-users were aware of them.
- Concrete blocks allowed for protection. The purpose of blocks and height-difference was to protect users.
- At a national and local level, many people had reported that they did not cycle due to concerns around the dangers posed by motor traffic. Division of cycle-tracks allowed people to cycle safely.
- Demarcation of cycle lanes/tracks also protected pedestrians from cyclists.
- The features on Aylestone Road were aimed to balance the costs involved as there were rules around how grants were used. Additionally, it had been necessary to retain the width of the road and to avoid impact on road traffic.
- A new crossing facility was being designed on Aylestone Road.

- Installation of cycle tracks/lanes did not require a Traffic Regulation Order unless they were contra-flow.

In discussions with Members, the following was noted:

- In response to queries about the suitability of concrete blocks and whether similar cycle tracks could be installed in other areas, such as Hinckley Road, it was explained that it was important that designs were suitable for the environments. It had been found that where designs had been forced in other areas of the country, it had not worked. The Cycling and Walking Infrastructure Plan was being developed, and infrastructure and demand was being assessed and identified. A majority of those engaged with had expressed preferences for cycle tracks as they wanted the space. It was noted that whilst Hinckley Road was wide for most of its length, it did contain narrow areas and junctions, and it would be important to ensure that the road's capacity was not restricted. It was necessary to see how a system could fit and how it could be realised where there were conflicting priorities.
- With regard to concerns raised about cyclists not using cycle tracks, it was noted that cyclists had been engaged with on this as part of a consultation that would be brought back in the new year. It was suggested that some cyclists did not use the tracks as they needed to get somewhere that the track did not support (for instance, needing to turn right when a track did not allow). Additionally, there were safety concerns where tracks ran across driveways where there was poor visibility due to trees, and cyclists were concerned about cars backing out.
- It was important to understand that not all cyclists were of the same ability level and not all cycled with the same purpose.
- It was crucial to understand that the more extensive the network, the more people would cycle, which would mean fewer cars on the road. This had been supported by evidence nationally and internationally.
- In response to points made about the need to be pragmatic about what could and could not be done, and where adding cycle lanes/tracks would add value and the need for a mature model, it was noted that longer term-plans were being made and work would be proposed on this, but they would be dependent on grants as they were awarded for specific purposes.
- Issues with the cycle track on Beaumont Leys Lane could be discussed outside the meeting.
- It was necessary to look at issues on a network level.
- Concerns were raised regarding concrete blocks obstructing turning motorists. This would be considered by officers.
- Legal advice would be sought on the requirements for consultation on cycle lane/track instalment under government legislation.
- It was noted that a footpath could not be converted to a cycle track/lane

without creating a public bridleway.

- With regard to concerns raised about the sudden raise in kerbs on Aylestone Road, it was explained that the intention was that they were unidirectional, so this should avoid issues with oncoming cyclists. It was also explained that there was a slight slant on the cyclist side to give some protection. They could be examined for pedal impact and other signs that they had been a hazard.

AGREED:

- That the report be noted.
- That comments made by members of this commission to be taken into account.

## 187. ZEV STRATEGY

The City Transport Director submitted a report and gave a presentation to provide members of the commission with an update on the council's Zero Emission Vehicle Strategy. Key points were included within the agenda pack.

In response to questions and comments raised by the Commission, it was noted that:

- Large power stations were identified as the most efficient means of generating electricity, and relevant research evidence would be supplied.
- Domestic charging often took place overnight for households with driveways. This created barriers and price disparities between households depending on access, domestic charging being the cheaper option. Quick charging alternatives and neighbourhood charging schemes could help.
- Research found that the majority of car purchases were for second hand vehicles. Availability of second-hand electric vehicles was increasing and this would in turn create more demand for charging.
- Other local authorities having invested in hydrogen fuelling had experienced issues with establishing infrastructures.
- Government strategy considered wider factors such as freight and rail services.
- The benefits of being a 'late adopter' were discussed to build upon the experience of others.
- Commission members suggested incentive options such as allowing electric vehicle users to access bus lanes, or to provide free parking at charging points.

AGREED:

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

## **188. WORK PROGRAMME**

The work programme was noted.

## **189. ANY OTHER BUSINESS**

There being no further items of urgent business, the meeting finished at 19:29.

## **CALL-IN OF EXECUTIVE DECISION**

### **Land Exchange to enable regeneration at Midland Street/Southampton Street in the Cultural Quarter**

ECONOMIC DEVELOPMENT, TRANSPORT, AND CLIMATE EMERGENCY SCRUTINY COMMISSION – 14 January 2026 COUNCIL – TBA

## **REPORT OF THE MONITORING OFFICER**

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## Useful information

- Ward(s) affected: All
- Report author: Jacob Mann
- Author contact details: Jacob.Mann@leicester.gov.uk
- Report version number: V1

### 1. Summary

An Executive decision taken by the City Mayor on 26 November 2025 relating to a land exchange arrangement has been the subject of a 6-member call-in under the procedures at Rule 12 of Part 4D, City Mayor and Executive Procedure Rules, of the Council's Constitution.

The procedure rules state that a scrutiny committee or any five councillors may request formally that the decision be called-in for a further review by giving notice in writing to the Monitoring Officer within five working days of the decision.

The 6 Councillors who signed the call in were: Councillor Kitterick (Proposer), Councillor Porter (Seconder), Councillor Rae Bhatia, Councillor Chauhan, Councillor Westley and Councillor Kennedy-Lount.

### 2. Recommended actions/decision

The Committee is recommended to either:

- Note the report without further comment or recommendation. (*If the report is noted the process continues and the call in will be considered at a future meeting of Full Council*); or
- Comment on the specific issues raised by the call-in. (*If comments are made the process continues and the comments and call in will be considered at a future meeting of Full Council*); or
- Resolve that the call-in be withdrawn (*If the committee wish for there to be no further action on the call-in, then they must actively withdraw it. If withdrawal is agreed the call-in process stops, the call-in will not be considered at a future meeting of Full Council and the original decision takes immediate affect without amendment*).

Council is recommended to either:

- Support the City Mayor's decision, and thus confirming the decision with immediate effect; or
- Recommend a different decision to the City Mayor. (The original decision will still stand, unless the City Mayor takes a further decision to amend the original.)

### 3. Scrutiny / stakeholder engagement

N/A

### 4. Background and options with supporting evidence

The Executive Decision Report, and Decision Notice are attached as appendices.

### 5. Detailed report

The call-in submitted to the Monitoring Officer was in the following terms:

*"We the undersigned wish to "Call-In" the decision to swap land as described in the published Executive Decision*

***"Land exchange to enable regeneration at Midland Street / Southampton Street in the Cultural Quarter"***

*As the transaction is a 1-2-1 sale we have doubts, on the basis of the published report, about whether this transaction represents value for money for the citizens of Leicester. Our doubts are on the basis of the following concerns which fall into fall into two categories, valuation and strategic issues.*

#### *Valuation Issues*

- 1. The plot of land the City Council is giving up is clearly larger than the plot of land we are receiving in exchange.*
- 2. The plot of land the City Council is giving up has at least one tenant who appears to be in situ "Wise Origin", yet no reference is made to the loss of rental or legal tenancy issues that may be involved in this transfer. The council also is giving up a number of other buildings which appear to be in a poorer state of repair but may be viable for future rental. This compares with the land we are acquiring which has no buildings in place, with the site having been recently cleared.*

*We are, therefore, puzzled as to how any valuation can assess that the plot to be acquired by the City Council is more valuable than the one to be ceded.*

#### *Strategic Issues*

*In light of the reference to achieving an attractive gateway to the Phoenix Building amongst other strategic issues in the area.*

- A. The gateway to Phoenix is already achievable by the ownership of Plot C as detailed in the report.*
- B. The gateway to Phoenix could have been further enhanced had the City Mayor not sold the freehold of 50 St Georges Street for £1*
- C. The plot to be swapped fronts onto the Inner Ring Road, so the use, quality and design of any building in this location will be at least as important to the development of the area if not more so.*
- D. The plot to be swapped is adjacent to the Inner Ring Road so it fetters any further changes to the layout of access to the St Georges area from the ring road in this location*

*E. The loss of 50 St Georges Street and Plot B mean that there is only a relatively narrow pinch point in the City Council's control between the two plots of land in developing the ambition for an attractive entrance to the Phoenix when entering from the Railway Station part of the City Centre.*

*We can see the rationale in acquiring more land in this area, to assemble a coherent site for development, but this proposal ironically appears to take us one step forward and two steps back in this respect, by giving up a more valuable site, both financially and strategically, for a less attractive site, whilst paying £400,000 for the privilege of doing so.*

*For these reasons we would like to call this decision so the rationale for it can undergo further scrutiny.”*

The Monitoring Officer has confirmed that the call-in satisfies the requirements of the procedure rules and it has, therefore, proceeded as per the process set out at Rule 12 of Part 4D, City Mayor and Executive Procedure Rules of the Council's Constitution.

Where a call-in has been made, officers are to take no further legally binding action, unless the circumstances of Rule 12 (f) are fulfilled, and the matter shall be referred to a meeting of the full Council. Prior to this it shall be referred to the relevant Scrutiny Committee if one is programmed or a special scrutiny committee if one is convened.

The call-in may however be withdrawn if:

The relevant scrutiny committee/commission makes a resolution to withdraw; or

The sponsor and seconder of the call-in inform the Monitoring Officer that they wish the call-in to be withdrawn.

Following consideration of a call-in by Full Council, the original decision will be deemed to be revived in its entirety. Any agreement by the decision maker to change the original decision will require a further formal Executive Decision.

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

### 6.1 Financial implications

There are no financial implications arising from the call-in beyond those in the decision report.

Signed: Stuart McAvoy, Head of Finance  
Dated : 22 December 2025

### 6.2 Legal implications

The legal implications arising from the call-in are explained in sections 2 and 5 above

Signed: Kamal Adatia, Monitoring Officer  
Dated: 23 December 2025

### 6.3 Equalities implications

There are no comments in addition to those in the decision report.

Signed: Sukhi Biring, Equalities Officer  
Dated: 22 December 2025

### 6.4 Climate Emergency implications

There are no further climate emergency implications to those provided in the decision report.

Signed: Phil Bell, Sustainability Officer  
Dated: 19 December 2025

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

None

## **7. Background information and other papers:**

None

## **8. Summary of appendices:**

Appendix A Executive Decision Report – Land exchange to enable regeneration at Midland Street / Southampton Street in the Cultural Quarter dated 26 November 2025

Appendix B Decision Notice - Land exchange to enable regeneration at Midland Street / Southampton Street in the Cultural Quarter dated 26 November 2025

**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

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# **Executive Decision Report**

## **Land exchange to enable regeneration at Midland Street / Southampton Street in the Cultural Quarter**

Decision to be taken by: City Mayor  
Date: XX November 2025

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Lead director/officer: Brendan McGarry

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## **Useful information**

- Ward(s) affected: Castle
- Report author: Brendan McGarry, Programme Manager Development Team
- Author contact details: 37 2139
- Report version number: V1

### **1. Summary**

Land at Midland Street/Southampton Street is allocated in the city's Local Plan for regeneration. The council has acquired several land holdings in this area over a number of years, and is seeking a land exchange to support delivery of an office led regeneration scheme with linked access/public realm improvements.

This report seeks approval to enter into a land exchange agreement with Rakal Ltd involving land it owns land at Midland Street / Southampton Street and land the council owns at Queen Street/Southampton Street. See Plan 1 attached in the report. The Council will make a balancing payment to reflect the higher land value of the Rakal site.

This will be a one-to-one transaction made under the council's land disposal framework, on regeneration grounds. The land to be acquired is in a key strategic location for developing office space adjacent to land already acquired by the council and next to the Phoenix Cinema. It also provides land to create an access link to the Phoenix Cinema from St Georges Street for which Government Local Transport Grant has previously been approved.

### **2. Recommendation**

It is recommended that the City Mayor:

- 2.1 Approves the Council entering the land exchange arrangement by acquiring the freehold of Plot A from Rakal Ltd in exchange for the freehold of Plot B to Rakal Ltd, as indicated in Plan 1, on terms set out in this report.
- 2.2 Notes the estimated cost of £400k of the exchange, including the balancing payment, SDLT and legal / survey work, financed from budgets within the approved General Fund capital programme (£265k from 'Land South of Phoenix' and £135k from CDN Feasibilities).

### **3. Supporting information including options considered:**

#### **Rationale for intervention**

3.1 Leicester has a need for new office stock. Existing stock is becoming increasingly obsolete, converted for residential use and it is not being replaced. This is hindering the city as an inward investment prospect as businesses cannot find the quality of space they require. This has consequences for the vitality of the city centre due to a reduction in footfall and spending power of office workers.

3.2 The lack of available space is a consequence of long-term supply-side failure in the market, even in the face of strong demand. Good space, when available is quickly taken up and the market has been unable to deliver new space alone. For 30-years or more, office space has only been developed in the city centre because of intervention by the Council through direct office delivery or other support.

3.3 City centre office developments generally tend not to be viable outside the Southeast, and larger commercial provincial cities e.g. Manchester and Birmingham. This is because rents are much higher in those locations and therefore support speculative commercial development. New offices recently delivered in places like Coventry, Stoke and Stockport all have some degree of public sector backing.

3.4 The Midland Street site is allocated in the Local Plan for offices (minimum of 20,000 sq.m) and linked residential regeneration.

3.5 The recommended strategy for public intervention at Midland Street is to gain control of land, prepare it for redevelopment and then market the development opportunity. This approach makes the sites ready to build on and takes away uncertainty of cost and time from the office developer.

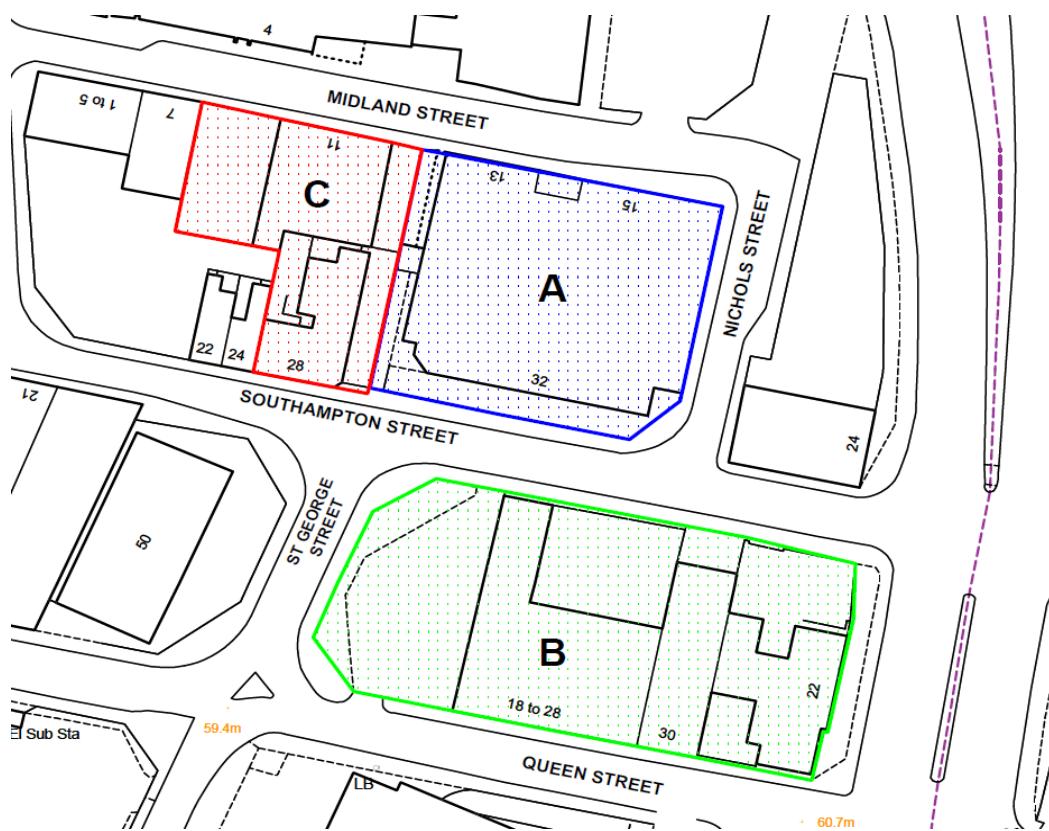
3.6 Alternative options considered include:

- Do nothing and rely on the local plan allocation and private led development. This would not deliver the outcome sought for the reasons outlined above.
- Move beyond site assembly and preparation into direct delivery of office space. This option might be appropriate in the future, subject to identifying additional funding. Similar approaches, such as at Canopy and LCB Depot, have relied on the council having control of the sites and access to grants.

### **Land Exchange**

3.7 To deliver a comprehensive office led development, a land exchange is required, to assemble land ownerships in this area. The Council has approached Rakal Ltd, a residential developer, to undertake a land exchange and terms have been agreed in respect of the Rakal block (plot A) and Council-owned land to the south (plot B).

Plan 1



**3.8 Gaining control of the Rakal block (Plot A) gives the Council:**

- A coherent development parcel adjacent to other land acquired by the council, site C.
- A stronger case for external grant for further site assembly.
- The opportunity to control land to deliver a new pedestrian link to extend the St George Street pedestrian scheme through to the entrance to the Phoenix Cinema. This is part of wider public realm/highway improvements to improve access and landscaping in the Cultural Quarter. Local Transport Grant DfT funding has been allocated to deliver this.
- Potential delivery of residential development on land to the south will enhance the values, and the setting of the Council's land allocated for office development

**Land value and balancing payment**

**3.9** The objective of this land exchange is to ultimately deliver new offices and residential units as per the emerging Local Plan allocation. The site the Council is acquiring as part of the land exchange is a former car repair garage (formerly Big John's autos) which was in a poor state of repair, and which was until recently used as a temporary car park. It was considered a blight on the surrounding neighbourhood.

**3.10** Rakal Ltd want to develop the block currently in Council ownership for residential purposes. This is likely to come forward before any office scheme is delivered and does not require further public realm improvements. The Big Johns Auto site is currently in Rakal's control, and they have recently demolished it.

**3.11** The two land exchange sites have been valued by two external RICS Registered

Valuers. Full valuation details are included in the confidential Appendix A which will be released once a contract is signed. The two valuations confirm that the land exchange with a balancing payment of £180k made by LCC is the correct approach to ensure the agreement is equitable to both parties.

### **Vendors Costs**

3.12 As the exchange is being instigated by and is for the benefit of the Council, terms have been agreed to pay reasonable costs incurred as a result of the transfer of Plot A to LCC. These are fees and costs that would not have been incurred if the land exchange was not undertaken.

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

### 6.1 Financial implications

The total cost to the Council of the proposed land exchange is £400k, as follows:

1. £180k balancing payment, an agreed sum to represent the difference in value between the 2 sites.
2. £220k for Stamp Duty Land Tax (SDLT) for both sites, legal, valuation, administrative costs, and contingency.

This would be funded from existing budget approvals within the 2025/26 capital programme. This includes £265k from the Land South of Phoenix project, with £135k from the CDN Feasibilities work programme (in which budget had been provisionally allocated for this purpose).

The financial implications for any future development and use of the site will need to be considered as and when proposals are brought forward.

Stuart McAvoy  
Head of Finance – 12 November 2025

### 6.2 Legal implications

6.2.1. The Council has a legal obligation to dispose of land at the best consideration reasonably obtainable in accordance with s.123 of the Local Government Act 1972 (as amended). Open marketing is acknowledged to achieve best consideration. Without an open market exercise, officers cannot be absolutely certain that best consideration has been achieved as there is the potential risk that a higher value could have been achieved through exposure to the market.

6.2.2. The proposal to dispose of property on the basis of a one-to-one transaction without open marketing must also be in accordance with the Disposal Policy Framework forming part of the Council's Constitution. The Executive will need to be satisfied that the disposal accords with the relevant provisions of the Framework relating to regeneration and one-to-one (special purchaser) disposals.

6.2.3. The Council has power to acquire property under section 120 of the 1972 Act to benefit, improve or develop its area. While there are no "best consideration" duties

imposed on local authorities under the powers of acquisition, the Council still has fiduciary duties to act in the best interests of its residents.

6.2.4. Valuations have been obtained for the parcels of land. The disposal of the Council plot in exchange for the acquisition of land of similar value with the inclusion of the balancing payment of £180k would appear to be an exchange at best consideration. It will also result in the Council being able to progress site assembly for further development opportunities.

Zoe Iliffe, Principal Lawyer (Property, Highways & Planning)  
6 November 2025

### 6.3 Equalities implications

6.3.1 There are no direct equality implications arising from this report, however going forward when development plans or funding is in place, the Council needs to ensure equality considerations are considered, including any accessibility requirements.

Sukhi Biring, Equalities Officer, 12 November 2025

### 6.4 Climate Emergency implications

6.4.1 City centre buildings are a major source of carbon emissions in Leicester. Following the city council's declaration of a Climate Emergency in 2019, and it's aimed to achieve carbon neutrality, addressing these emissions is a vital part of the council's work, particularly within the council's own buildings.

6.4.2 If further development works are carried out in the future these projects should individually assess opportunities to further reduce carbon emissions, in line with council policies.

Phil Ball, Sustainability Officer, 10 November 2025

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

Non-Applicable

## **7. Background information and other papers:**

None

## **8. Summary of appendices:**

Appendix A - Confidential valuation reports (details to be released once a contract is signed)

## **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 A – Commercially Sensitive, Not for Publication**

- 1.1 The Council has obtained two independent valuations by Shonki Brothers and Innes England which are appended to this report. The Shonki Brothers valuation confirms the council's final valuation position as this takes into account marriage value as the council owns adjacent land.
- 1.2 The City Council is acquiring land worth a minimum of £1.125m from Rakal and disposing of a site worth £930,000, a difference of £195k in LCC's favour.
- 1.3 This means the Council is receiving an asset worth £195k more to it, than the site it is relinquishing. The Council has agreed to pay a balancing payment of just under this at £180k.
- 1.4 The SDLT payments are estimated to be £82,500, payment of Rakal's fees are estimated to be circa £50k (these include legal fees, valuation fees for both Rakal and the bank which has a loan against the property) and the balancing payment is confirmed at £180,000 plus VAT.



**RECORD OF DECISION BY CITY MAYOR OR INDIVIDUAL  
EXECUTIVE MEMBER**

<b>1.</b>	<b>Decision title</b>	Land exchange to enable regeneration at Midland Street / Southampton Street in the Cultural Quarter
<b>2.</b>	<b>Declarations of interest</b>	None
<b>3.</b>	<b>Date of decision</b>	26 November 2025
<b>4.</b>	<b>Decision maker</b>	City Mayor
<b>5.</b>	<b>Decision taken</b>	<p>To approve the Council entering the land exchange arrangement by acquiring the freehold of Plot A from Rakal Ltd in exchange for the freehold of Plot B to Rakal Ltd, as indicated in Plan 1, on terms set out in this report.</p> <p>To note the estimated cost of £400k of the exchange, including the balancing payment, SDLT and legal / survey work, financed from budgets within the approved General Fund capital programme (£265k from 'Land South of Phoenix' and £135k from CDN Feasibilities).</p>
<b>6.</b>	<b>Reason for decision</b>	To enable regeneration in the Cultural Quarter
<b>7.</b>	<b>A) KEY DECISION Yes/No?</b>  b) If yes, was it published 5 clear days in advance? Yes/no	No
<b>8.</b>	<b>Options considered</b>	Not exchanging properties
<b>9.</b>	<b>Deadline for call-in</b>  <ul style="list-style-type: none"> <li>• 5 members of a scrutiny commission or any 5 councillors can ask for the decision to be called-in.</li> <li>• Notification of call-in with reasons must be made to the monitoring officer</li> </ul>	3 December 2025
<b>10.</b>	<b>Signature of decision maker</b> (City Mayor or where delegated by the City Mayor, name of executive member)	





# Draft General Fund Revenue Budget 2026/27

Decision to be taken by: Council

Date of meeting: Draft for 25 February 2026

Lead director: Amy Oliver, Director of Finance

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**City Mayor**

## **Useful information**

- Ward(s) affected: All
- Report author: Catherine Taylor/Amy Oliver
- Author contact details: [amy.oliver@leicester.gov.uk](mailto: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 2026/27. The strategy is a continuation of the medium-term strategy established last year and includes the use of one-off money and reductions in annual service spending through savings and work to reduce the growth areas such as social care and homelessness. It is designed to ensure we remain financially sustainable for as long as possible, while we continue to seek ways to reduce the ongoing budget gap.
- 1.2. Whilst the strategy is forecast to provide sufficient reserves to balance the budget for at least the next three years, and is a significant improvement on previous forecasts, an ongoing budget gap continues. The Council continues to annually spend more than the income received and is using one-off monies to balance the budget. The City Mayor will continue to make these points to the Government.
- 1.3. The proposed budget for 2026/27 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 financial outlook is difficult. Like many authorities, we have ongoing difficulties in being able to balance our budget. A number of authorities have previously applied to the Government for "exceptional financial support", and/or to issue a formal report under section 114 of the Local Government Finance Act 1988. We are unaware if further authorities will be applying for EFS as part of this year's budget setting
- 2.2. We have so far been able to avoid reaching a financial crisis point, by the use of a "managed reserves strategy" and a multi-strand budget strategy approved last year. This is progressing, and the underlying financial position – while still difficult – has improved from last year's forecasts. As a result, this report proposes continuing the existing financial strategy and extending it to March 2029.
- 2.3. We are continuing with our £60m asset sales program, however we are not envisaging requiring a capitalisation direction over the three-year period of this financial strategy. Therefore, we will look to use this to fund some of the previously approved capital budget to relieve the borrowing pressures in the years the capital receipts are received.

- 2.4. Achieving our strategic vision for the Council is dependent on establishing a sustainable budget position, which enables decisions to be made that balance the resource implications against the financial constraints. This strategy does not make specific decisions about how any service will be delivered, but provides a framework within which those decisions will be made. In particular, it reinforces our commitment to providing high quality care services, and provides additional resources in this area. We are also looking to maintain our economic development to support the long term vision for the City and invest in areas that improve the city for the people that live here.
- 2.5. In addition, to this we are continuing to mitigate the pressures within temporary accommodation by investing in additional accommodation for these households. This strategy looks to provide the revenue support to continue with our positive approach to preventing homelessness, alongside significant capital investment included in the capital budget strategy.
- 2.6. Estimates of our available funding are particularly uncertain this year. The government is undertaking a substantial review of support to local authorities; at the time of writing, the outcome of a consultation has just been published, and we do not expect to have the finance settlement for 2026/27 until just before Christmas. As a result, this draft budget report is based on estimates that could change significantly. However, given the wider position of the public finances, it is very unlikely that any changes will eliminate the substantial gap between our annual spending and income.
- 2.7. Local government reorganisation (LGR) could deliver significant efficiency savings to support the Council's budget, depending on the option chosen by the Government. As these would not start to materialise until 2028/29 at the earliest, the impact has been disregarded for the purposes of this report.
- 2.8. 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.
- 2.9. 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. At the meeting in February, the Council will be asked to:
  - a) approve the three year budget strategy described in this report;
  - b) approve the proposed budget and council tax for 2026/27, 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 will be at Appendix 1 to the final report;
  - d) approve the scheme of virement described in Appendix 2 to this report;

- e) note my view on the adequacy of reserves and the estimates used in preparing the budget;
- f) note the equality implications arising from the proposed tax increase, as described in paragraph 15 and Appendix 3;
- g) note the medium-term financial strategy and forecasts presented at Appendix 4, and the significant financial challenges ahead;
- h) note the earmarked reserves position that will be set out at Appendix 5 to the final report;
- i) note the policy on council tax premiums and discounts set out at Appendix 6;
- j) note the council tax support scheme has been reviewed by the Executive, and reported to OSC, during the year;
- k) approve the inflationary increase to Council Tax Support Scheme thresholds as shown at Appendix 7 and approve further inflationary increases in future years (to be calculated with reference to published CPI inflation for the September prior to the start of the year in question);
- l) approve the capital receipts flexibility policy that will be at Appendix 8.

#### **4. Background and Financial Strategy**

- 4.1. Between 2010 and 2020, a “decade of austerity” meant that services other than social care had to be reduced by 53% in real terms, limiting our scope to make further cuts. This was followed by the covid-19 pandemic which led to “stop gap” budgets whilst we dealt with the immediate emergency, and saw the budgets being supported by reserves.
- 4.2. This is alongside 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. The budgets for 2024/25 and 2025/26 were supported by a further £61m and £31m of reserves respectively.
- 4.3. Plans for a “fair funding” review of grant allocation have been repeatedly delayed. This has left us providing 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 ought to give us a greater share of the national pot). The review is now being introduced for the 2026/27 financial year, although full implementation will take several years.
- 4.4. In February 2025, the Council approved a multi-strand budget strategy aimed at balancing the budget for a minimum three years. This includes:

**Strand 1** - Releasing one-off monies to buy time, including the release of £90m from the capital reserve, and replacing this with borrowing to fund the capital programme;

**Strand 2** - Reductions in the capital programme to reduce the borrowing required, and therefore reduce the cost of this borrowing;

**Strand 3** – A programme of property sales aiming to secure an additional £60m of one-off monies. These receipts cannot be used to support the revenue budget without permission from the Secretary of State. It is now planned to use some of the capital receipts to support the capital programme and reduced the revenue cost of borrowing.

**Strand 4** – 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).

**Strand 5** – Ongoing savings totalling £23m per year by 2027/28.

- 4.5. Progress against each of these strands is set out in the sections below, along with a limited number of areas of additional investment to assist in meeting corporate priorities.
- 4.6. Given the progress already made, and some improvements in factors outside our direct control, we now expect to have reserves available at the end of the forecast period (March 2029). However, these reserves are one-off funding and an underlying budget gap remains (although improved) which will need to be met in the longer term.

## 5. Strands 1-3: releasing one-off monies and reductions in the capital programme

- 5.1. Last year's forecasts included the release of £90m from the capital reserve, and £20m from other earmarked reserves. Since the budget was approved, a further £12m has been added to the budget reserve from subsequent reviews and additional one-off income.
- 5.2. Given the difficult financial outlook, earmarked reserves are kept under regular review, and amounts that are no longer required for their original purpose are released to the budget strategy reserve. This has now identified a further £0.5m that can be used to support the overall budget position.
- 5.3. The programme of property sales is continuing, and has achieved £21m in completed or legally contracted sales, with a further £55m of sales being progressed.
- 5.4. Originally, it was forecast that these receipts would be required to balance the budget after the 3-year strategy (which would require specific permission from the government). To do this, we would need to borrow money to fund the capital programme, which increases our revenue costs in the longer term. Given the improvement in reserves balances in the latest forecasts, options are now being explored to use some of these receipts to reduce our borrowing requirements.

- 5.5. Available one-off funding has also been reviewed to ensure future costs are provided for. As detailed in paragraph 9 below, it is proposed to set monies aside towards transitional costs associated with local government reorganisations, and the DSG cumulative deficit when the current statutory override ends.

## 6. **Strand 4: Constraining Growth in Service Demand**

- 6.1. For several years, 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.

### **Adult Social Care**

- 6.2. The budget for **Adult Social Care** requires growth to take account of demographic and inflationary pressures. Demographic pressures can be the result of increased packages of support to those people already receiving care, or a change in the mix of people we provide care for, for example more working age people are diagnosed early with life-long health conditions such as mental health and dementia. Inflationary pressures arise from increases in National Living Wage (NLW) and general inflation.

- 6.3. Calculating future growth is a complex process taking into account current care packages and future projections. The growth required can be seen in the following table:

	<b>2026/27</b> £m	<b>2027/28</b> £m	<b>2028/29</b> £m
Underlying budget	179.1	179.1	179.1
Placement growth	14.8	29.8	45.1
Additional income	(2.0)	(2.0)	(2.0)
Vacancy factor	(0.4)	(0.2)	0.0
<b>TOTAL</b>	<b>191.5</b>	<b>206.7</b>	<b>222.2</b>

- 6.4. The department continues to reduce growth in the costs of care by reducing new entrants, preventative and early support, and by enhanced partnership working. Tracking of current package costs indicate that the department may have spent £24m more in 2025/26 (rising to £41m in 2026/27) if cost mitigation work had not taken place. This programme of work continues, and the future growth pressures identified above takes this into account. Despite this work, it is forecast that costs of care will increase by over £40m over the three years of this strategy.

- 6.5. The council has undertaken significant work to ensure that other local authority and health partners are contributing their fair share towards care costs. Through this work, adult social care have generated an additional £2.6m in 2025/26. Although we do not anticipate a sudden drop in future, this additional income is subject to the changes that

occur in care packages following reassessments or changes in a person's health conditions.

- 6.6. Adult Social Care was rated as 'Requires Improvement' by the CQC in July. They recognised that we have an effective care and support system, there is clear governance in place and that we are committed to staff development. However, as there were areas for improvement identified, we are implementing an action plan focussing on this.
- 6.7. Adult social care continues to struggle with recruiting and are undertaking significant work to reduce vacancies. However, we need to recognise that they are unlikely to be fully established in 2026/27, so have included a vacancy factor that will reduce over the three strategy period.

## **Education and Children's Services**

- 6.8. The budget for **Education and Children's Services** will require growth in future years. This is due to the increasing costs of providing children's social care, particularly where a small number of care packages incur a significant cost due to the specific needs of those children.
- 6.9. The growth required has been estimated as shown in the following table.

	<b>2026/27</b> £m	<b>2027/28</b> £m	<b>2028/29</b> £m
Underlying budget	120.1	120.1	120.1
Growth already in the strategy	1.0	2.1	0
Additional growth required	3.3	4.9	8.7
Vacancy factor	(1.0)	(0.5)	(0.2)
<b>TOTAL</b>	<b>123.4</b>	<b>126.6</b>	<b>128.6</b>

- 6.10. There is a strategy in place to increase our in-house offer providing better quality accommodation, improved quality control, lower likelihood of placement breakdowns and better matching to the needs of young people. This is also anticipated to provide better cost efficiency than external placements. It costs on average £260,200 per annum across our internal provision compared to £302,667 externally in residential settings; costs are lower by about 14% in our internal homes, along with having better outcomes.
- 6.11. This cost differential will be greater as we plan to improve our capabilities for providing in-house support for children and young people with complex needs, particularly those at risk of deprivation of liberty orders (DOLs) or living in accommodation unregulated by Ofsted. This may also benefit children who are living in care out of the city in need of a local residential placement. The capital build costs will be funded jointly with the Department of Education (DFE) and these two new children's homes are expected to be operational in 2027.

- 6.12. We are part of a pilot Families First Partnership (FFP) programme where we are working with our safeguarding partners to transform and expand preventative support. The overall aim is to keep more families together by strengthening kinship support and ultimately gain a significant reduction in the numbers of looked after children. Several work strands are underway including family group decision making, improving the role of education in multi-agency safeguarding arrangements and information sharing between partners. Through this work, the department has avoided costs of £1.3m in 2025/26 and this is expected to continue in future years.
- 6.13. The Dedicated Schools Grant (DSG) cumulative deficit at the end of 2024/25 was £22.5m and is forecast to be £44.8m by the end of the current financial year 2025/26. The government has extended the statutory override to the end of 2027/28 whilst it considers reform to the funding for SEND and children's social care. The government have indicated that they will resolve (or centrally fund) DSG deficits occurring after April 2028, but it is not clear how deficits already accrued will be resolved; our cumulative deficit could be as high as £78m by the end of 2027/28. Therefore, it is planned to set aside the funding of the deficit to date from the budget reserve. This transfer will be made in the outturn monitoring report once the final deficit figure is known. Local authorities are not allowed to charge borrowing costs of the cumulative deficit to the DSG but have to pay it from the General Fund.

## General Fund Housing

- 6.14. The budget for **homelessness** has been under severe pressure due to increased numbers of households presenting as homeless, and growth of £11m, in addition to a £6m contingency, was included in the 2025/26 budget. Mitigating work, including £45m of investment in temporary housing, has avoided an estimated £59m of costs by 26/27. However, the number of cases continues to increase and (without further action) will put further pressure on future years' budgets.
- 6.15. The 2026/27 General Fund Capital Programme Report (also on your agenda) includes the addition of £50m for the direct acquisition of properties for use as temporary accommodation. The revenue implications of this investment are covered within that report. Alongside acquisitions, it is proposed that we grow the number of properties leased from private sector landlords by 110; the cost of leasing a property is significantly less than hotel stays, and is estimated to result in the avoidance of annual revenue costs. Given the increasing number of homelessness presentations, additional staff are required to ensure that the focus remains on prevention rather than alleviation of need, and funding for additional staff is included in this budget.
- 6.16. The overall revenue impact of the above is estimated as:

	26/27 £m	27/28 £m	28/29 £m
Additional growth required without further mitigations	5.9	12.0	12.0
Net revenue impact of property acquisitions	(2.2)	(6.2)	(6.2)

Net impact of additional leased properties	(1.7)	(3.9)	(3.9)
Additional staffing cost	1.8	1.8	1.8
<b>Total</b>	<b>3.8</b>	<b>6.6</b>	<b>6.6</b>

- 6.17. In recent years, nationally the cost of Housing Benefit linked to supported housing has continued to rise and this is the same for us. Unlike the majority of Housing Benefit, these elements are not fully funded through government subsidy, and we have limited ability to influence either the level of rents charged or the claims themselves. The forthcoming changes to licensing and rent setting under the Supported Housing Act should improve our ability to manage these cases, but this will take time to have a material impact. To reflect the ongoing pressure, growth of £1.5m per year has been included in the proposed budget.

## 7. Strand 5 – Savings Programme

- 7.1. The budget strategy approved last year required achievement of savings totalling £23m by 2027/28. Progress against these savings targets has been regularly monitored and reported in the quarterly budget monitoring reports. By period 6 in 2025/26, over 60% of the £23m total had already been achieved:

	Target (full year) £m	Achieved to date £m
Estates & Building Services	2.8	1.0
Housing	1.0	0.9
Neighbourhoods & Environmental Services	7.2	2.1
Planning, Development and Transportation	4.0	4.0
Tourism, Culture & Inward Investment	2.3	2.3
Children's Services	1.0	1.0
Corporate Services	2.0	0.9
Financial Services	1.1	0.4
Adult Social Care	1.2	1.2
<b>TOTAL</b>	<b>22.6</b>	<b>13.7</b>

- 7.2. More details on these savings can be found in the regular quarterly monitoring reports. Work is ongoing to realise the balance of the savings total.

## 8. Additional Investment

- 8.1. Given the underlying financial pressures, the scope for additional investment is limited. However, growth has been built into the budget for some priority areas:
- 8.2. During the redevelopment of the central market there is a shortfall of income as a consequence of a reduction in the number of traders and a lower fee being charged.

£450k is being made available in 2026/27 to cover this shortfall in income until the new market becomes operational.

- 8.3. This budget includes funding for a permanent team, building on the pilot work already underway, to better manage public spaces across the city. At a cost of £0.3m per year, the hybrid team will work 7 days a week to tackle anti-social behaviour and environmental enforcement, working alongside the existing City Warden, Public Health and Housing teams.
- 8.4. The UK Shared Prosperity Fund (UKSPF) is a government grant to invest in communities, businesses, people and skills, which runs until March 2026. This funding has been supporting some Council services such as festival, inward investment and business/retail support team. Without the addition of the £1m to the budget this would lead to this work not continuing.
- 8.5. Ash dieback is a disease which ultimately leads to the death of ash trees, of which there are 19,000 across the City. The disease increases the chance of branches becoming brittle and falling. Whilst this risk has been appropriately managed, existing budgets have become strained and a dedicated team is needed to deal with this going forward. £0.3m is being made available for a team to monitor sites and prioritise trees for removal.

## **9. Budget Strategy Reserve**

- 9.1. When the 2025/26 budget was set, the budget strategy reserve was forecast to be £163.6m at 1<sup>st</sup> April 2025, reducing to £25m by March 2028. There have been improvements to the forecasts, offset by the need to set aside amounts to meet the historic DSG deficit as described in 6.13 above. Updated forecasts show that we are now expecting a balance of £27.2m by March 2029:

	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>2028/29 £m</b>
<b>At the beginning of the year</b>	<b>193.8</b>	<b>129.9</b>	<b>101.7</b>	<b>71.2</b>
Add: Forecast rates pool surplus	7.5			
<i>Reserve restatements:</i>				
From earmarked reserves		0.5		
Set aside for DSG deficit	(44.8)			
Set aside for LGR transitional costs		(14.0)		
Minus budget gap	(26.6)	(14.7)	(30.5)	(44.0)
<b>At the end of the year</b>	<b>129.9</b>	<b>101.7</b>	<b>71.2</b>	<b>27.2</b>

## **10. Construction of the 2026/27 budget**

- 10.1. 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;
- 10.2. 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.
- 10.3. The budget is based on a proposed Band D tax for 2026/27 of £2,121.87, an increase of just under 5% compared to 2025/26. This is the maximum which will be permitted without a referendum.
- 10.4. The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part – 84% in 2025/26). 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.
- 10.5. 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.
- 10.6. The Police and Crime Commissioner and Combined Fire Authority will set their precepts in February 2026. The formal resolution will set out the precepts issued for 2026/27, together with the total tax payable in the city.

## **11. 2026/27 Budget Overview**

- 11.1. The table below summarises the proposed budget for 2026/27 (projections for a full three-year period are included in the medium-term strategy at Appendix 4):

	<b>2026/27</b>
	<b>£m</b>
<b>Net service budget</b>	<b>456.8</b>
Provision for pay inflation	6.0
Corporate budgets (including capital finance)	12.4
Housing Benefits	1.5
General contingency for risk	1.0
<b>Expenditure total</b>	<b>477.7</b>
<b>Income:</b>	
Council tax	179.3
Collection Fund surplus	0.8

Settlement Funding Assessment	275.5
Extended Producer Responsibility for Waste	7.4
<b>Income total</b>	<b>463.0</b>
<b>Remaining budget gap (to be met from reserves)</b>	<b>14.7</b>

## **12. Departmental Budget Ceilings**

- 12.1. Budget ceilings have been prepared for each service, calculated as follows:
- The starting point is last year's budget, subject to any changes made since then which are permitted by the constitution (e.g. virement);
  - 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.
  - 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 6 above. Budgets have also been increased for the investment described at section 8.
  - Savings requirements for 2026/27, as set out in last year's budget strategy, have been deducted from service budgets, along with additional savings that have been approved subsequently to the strategy being set.
  - Budget ceilings have been reduced to reflect the reduction in employers' pension contributions from April 2026. The pension fund is managed by the County Council and its performance is reviewed by independent actuaries every 3 years. The actuaries examine investment performance in particular, and seek to ensure that all councils in the scheme make future contributions that are sufficient to pay all pensions when they become due. Our contributions are paid as a percentage of payroll costs, and previous reviews have usually led to an increase. As a consequence of the most recent review, we will be paying around £9m per year less than we are now. Members are asked to note that this does not reflect any reduction in the Council's overall liabilities: ultimately, we have to pay sufficient contributions to the County Council to ensure that all future pension costs are paid. Note that employees also pay a percentage of their earnings to the fund – these amounts are fixed by law.

- 12.2. The proposed budget ceilings are set out in Appendix 1.

- 12.3. 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 2026/27 pay award, forecast at 3% and will be added to budget ceilings once agreed.
- 12.4. A substantial review of government funding is under way (see paragraph 14 below). It is likely that this will lead to some current grant funding streams being rolled into general funding, which will require amendments to the budget ceilings. (These are largely presentational changes to government funding that will not, in themselves, affect the amount we have available to spend).
- 12.5. 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.

### **13. Corporately held Budgets and Provisions**

- 13.1. In addition to the services' budget ceilings, some budgets are held corporately. These are described below.
- 13.2. As discussed above, a provision has been set aside for **pay awards**, which are not (in recent years) agreed until some time into the financial year. The provision is based on an assumed 3% pay award each year
- 13.3. The budget for **capital financing** represents the cost of interest and debt repayment on capital spending, less interest received on balances held by the council. Decisions to borrow money to fund capital expenditure have led to an increase in the budget, although this increase will reduce where capital receipts are used to fund expenditure in lieu of borrowing. The budget also reflects the scale of the Dedicated Schools Grant deficit, impacts the level of interest received and must be met from the general fund.
- 13.4. **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. Miscellaneous central budgets are partially offset by the effect of recharges from the general fund into other statutory accounts of the Council.
- 13.5. The **housing benefits** budget funds the difference between benefits payments and the amount of subsidy received from central government. This gap has been increasing in recent years, particularly around supported housing (see para. 6.17 above).
- 13.6. A corporate contingency budget of £1m has been set aside, which will only be allocated if necessary. Following a number of years of having limited requirement to use the corporate contingencies the budgets have been reduced. However, it should be noted if we do have any unexpected pressures in 2026/27 the budget strategy

reserve is available to be used. This would however reduce the one-off funding available for the future year budget strategies.

## **14. Resources**

- 14.1. 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.
- 14.2. A major review of government funding is in progress, which will update funding allocations for the first time since 2013. At the time of writing, we do not have the outcome of this review and this draft budget is necessarily based on estimates, informed by modelling work commissioned from external advisors. The provisional settlement, which will give us figures for the major funding streams, is expected shortly before Christmas.

### Business rates and core grant funding

- 14.3. 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).
- 14.4. The government's planned reforms from April 2026 include several overlapping strands:
  - Fully equalising for differences in council tax bases across the country. We should gain from this as our tax base is relatively low;
  - Revised and updated formulae that measure each area's "need to spend" on different service areas. It appears from the information we have to date, that we will lose funding from some of these changes;
  - Rebasing business rates income to redistribute growth achieved since 2013; and to reflect the rates revaluation that will be implemented from April;
  - Transitional arrangements to phase in the effect on individual authorities.
- 14.5. The split of funding between different funding streams (business rates, top-up and RSG payments) is not yet known. For this draft budget, the total "settlement funding assessment" (SFA) is shown as a proxy for the totality of government grant and the proportion of business rates that are kept by the City Council. Overall, our current assessment is that the Council should benefit from these changes, but not as significantly as we might have anticipated.

### Council tax

- 14.6. Council tax income is estimated at £179m in 2026/27, 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 £3.5m per year.

- 14.7. The estimated council tax base has grown by 2.3% since last year’s budget was set. The final council tax base is calculated on data from the end of November, and will be included in the final budget report to Council in February.
- 14.8. While the major elements of Council Tax banding and discounts are determined nationally, some discounts and premiums, as well as the Council Tax Support Scheme for those on low incomes, are determined locally. Appendix 6 sets out these discounts and premiums.

#### Other corporate income

- 14.9. The majority of grant funding is treated as income to the relevant service departments and is not shown separately in the table at paragraph 11. Other grants which existed in previous years are expected to be rolled into the general settlement, and are not shown separately.
- 14.10. From 2025/26, a new (unringfenced) funding stream relating to Extended Producer Responsibility (EPR) in respect of waste packaging has been received, for which our provisional allocation for 2026/27 is £7.4m. We have only limited information about likely levels of income in later years, which will depend on producers’ responses to the new levy. 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

- 14.11. Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true.
- 14.12. The Council has an estimated **council tax collection fund surplus** of £2.4m, after allowing for shares to be paid by the police and fire authorities. The reasons for this include a reduction in bad debt provision, following significant work to improve collection rates; and a continuing fall in the cost of the council tax support scheme (CTSS).
- 14.13. The Council has an estimated **business rates collection fund deficit** of £1.5m.

### **15. Budget and Equalities (Surinder Singh, Equalities Officer)**

- 15.1. The Council is committed to promoting equality of opportunity for its residents; both through its policies aimed at reducing inequality of outcomes, and through its practices aimed at ensuring fair treatment for all and the provision of appropriate and culturally sensitive services that meet local people’s needs.

- 15.2. In accordance with section 149 of the Equality Act 2010, the Council must “have due regard”, when making decisions, to the need to meet the following aims of our Public Sector Equality Duty :-
- (a) eliminate unlawful discrimination;
  - (b) advance equality of opportunity between those who share a protected characteristic and those who do not;
  - (c) foster good relations between those who share a protected characteristic and those who do not.
- 15.3. Protected groups under the public sector equality duty are characterised by age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.
- 15.4. When making decisions, the Council (or decision maker, such as the City Mayor) must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact on those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.
- 15.5. A number of risks to the budget are addressed within this report (section 16 below). If these risks are not mitigated effectively, there could be a disproportionate impact on people with particular protected characteristics and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with particular protected characteristics, is required.

## **16. Risk Assessment and Estimates**

- 16.1. Best practice requires me to identify any risks associated with the budget, and Section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.
- 16.2. Assessing the robustness of estimates requires a judgement to be made, which is now hard given the volatility of some elements of the budget. The most significant individual risks are described below.
- 16.3. Like most (probably all) upper tier authorities, we run the risk of further demand and cost increase in adults' social care and children's placements, despite mitigating work that is continuing.
- 16.4. Like many housing authorities, we run the risk of further cost pressures from homelessness. However, the Council has a significant programme of investment in temporary accommodation to mitigate this risk.

- 16.5. In addition to the above, we have a cumulative overspend of £22.5m 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, and available until 31<sup>st</sup> March 2028; by which time it could be as high as £78m. It remains unclear how this national issue will be resolved; a planned White Paper has been delayed to next year which is expected to propose ways to reduce the ongoing costs deficit, but the historic deficit will still need to be met.
- 16.6. We are also exposed to any further inflationary cost pressures, which may result from world events.
- 16.7. Significant progress has been made on achieving the savings target, however failure to deliver the savings would have significant impact on the strategy.
- 16.8. A key part of our strategy is the use of one-off monies to balance the budget gap. This has 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 2028/29.
- 16.9. The proposed budget contains a reduced level of corporate contingency (£1m per year) compared to previous years. As our budget is supported by reserves, this is largely presentational – a lower call on reserves is initially budgeted for each year, but with a greater chance that pressures will exceed the available contingency and further use of reserves will have to be made. If the call on reserves is required this will reduce the future one-off monies available in future budgets.
- 16.10. However, there is a clear plan: that shows the improvements that have been made in our financial strategy and the budget gap is closing, we continue to work on a programme to further reduce it. This involves the continuation of the cost mitigation work in areas of service under pressure, transformation of services and the potential to reduce borrowing by using capital receipts to fund the capital programme.
- 16.11. Subject to the above comments, I believe the estimates made in preparing the budget are sufficiently robust to allow the budget for 2026/27 to be approved.
- 16.12. In addition, we have a substantial level of reserves available to support the budget strategy. This means that, in the short term, reserves can be used in substitution for any savings which cannot be made, or for unexpected cost pressures; and there is limited risk of being unable to balance the budget in 2026/27. I regard our level of reserves as adequate.
- 16.13. As a last resort, a £15m General Fund emergency balance is held. I do not expect to have to call on this balance in the time period set out in this strategy.

## **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 2026/27, 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.

17.2.7. Schedule 1A to the Local Government Finance Act 1992 states that the Council must “make” a Council Tax Reduction scheme for each financial year, and if it wishes to change it, it must “revise” or “replace” it. The deadline for making, revising or replacing a Scheme is 11<sup>th</sup> March. There are no proposals to change the CTSS so recommendation 3.1(j) reflects the decision to keep the existing Scheme, subject to inflationary changes to thresholds for support.

### 17.3. **Climate Change Implications**

17.3.1 The climate emergency remains one of the key long-term challenges facing the council and the city, creating increasing real-world consequences, including financial costs, as we have seen from recent flooding incidents.

17.3.2 In broad terms, the financial pressures facing the council, and the strategy proposed for addressing them, are likely to have the following implications for addressing the climate emergency:

- Reductions in service delivery and sale of council buildings may result in reductions in the council’s own carbon footprint i.e. the emissions caused by our own use of buildings and travel. These savings may not always be reflected in those of the wider city if reductions in council activity are offset by increases in community or business activity. For example, where council facilities need to be closed and sold/transferred, their use by community groups or businesses will still generate emissions.
- The constraints on both revenue and capital are likely to reduce opportunities for the council to invest in projects to reduce carbon emissions and to make the city more resilient to the changing climate, except where a compelling ‘spend-to-save’ business case can be made or external grant funding can be secured.

17.3.3 Efforts should continue to develop financial and environmental ‘win-win’ climate projects, such as those which can cut council energy/fuel bills and carbon emissions. Likewise, any opportunities to secure external funding for climate work should be sought.

17.3.4 More specific climate emergency implications will continue to be provided for individual decisions regarding projects and service/policy changes relating to implementing the budget strategy.

## Budget Ceilings

*[to follow]*

DRAFT

### **Scheme of Virement**

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

#### **Budget Ceilings**

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

#### **Corporate Budgets**

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

### Earmarked Reserves

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
11. Directors may add sums to an earmarked reserve from a budget ceiling, if the purposes of the reserve are within the scope of the service budget, and with the agreement of the Director of Finance. This cannot take place at year end (see para. 8 above).
12. Directors may spend earmarked reserves on the purpose for which they have been created.
13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.
14. The City Mayor may transfer any sum between earmarked reserves.

### Other

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

## Equality Impact Assessment

### Equality Impact Assessment (EIA) Tool:

<b>Title of proposal</b>	Council tax increase for 2026/27
<b>Name of division/service</b>	Corporate
<b>Name of lead officer completing this assessment</b>	Catherine Taylor, Financial Strategy Manager
<b>Date EIA assessment commenced</b>	3 <sup>rd</sup> November 2025
<b>Date EIA assessment completed (prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes)</b>	
<b>Decision maker</b>	Council
<b>Date decision taken</b>	25 February 2026

<b>EIA sign off on completion:</b>	<b>Signature</b>	<b>Date</b>
<b>Lead officer</b>	Catherine Taylor	21 November 2025
<b>Equalities officer (has been consulted)</b>	Surinder Singh	21 November 2025
<b>Divisional director</b>	Amy Oliver	4 December 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?

#### Purpose

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 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. This includes a precept of 2% for Adult Social Care, as permitted by the Government without requiring a referendum.

## **Alternative options**

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).

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.

## **Mitigating actions**

The Council has a range of mitigating actions for residents. These include: funding through the new Crisis & Resilience Fund, which replaces the Household Support Fund and Discretionary Housing Payments from April 2026, direct support through Council Tax Discretionary Relief (which increased by 50% from £500,000 to £750,000 from April 2025 for two years) 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.

## 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?

The Council Tax decision, as part of the overall budget strategy, aims to balance the funding of services for those in need, maintaining support for most vulnerable and the investment required to ensure the effective delivery of services. It does not, in itself, make specific decisions about the delivery of those services; which will be the subject of separate decisions with their own equality assessments, where appropriate.

### 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?

By securing funding, the proposal aims to advance equality of opportunity by maintaining services that support independence and quality of life for these key protected groups, thereby reducing inequalities they face.

### 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?

Securing a sustainable budget for local services contributes to community stability and social cohesion. Effective, well-funded services that support vulnerable residents can help indirectly in fostering good relations.

### 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.

#### Who is affected by the proposal?

As at October 2025, there were 133,220 properties liable for Council Tax in the city (excluding those registered as exempt, such as student households).

Under the CTSS scheme, “vulnerable” households with low income are eligible for up to 100% support, limited to the amount payable on a band C property. Other low income households are eligible for up to 80% support, limited to the amount payable on a Band B property. Households deemed vulnerable are defined in the scheme which uses proxies to identify disability and/or caring responsibilities.

Council tax support for pensioner households follows different rules. Low-income pensioners are eligible for up to 100% relief on the total amount payable.

#### How are they affected?

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. [Under the scheme introduced last year, households classified as vulnerable can access up to 100% CTSS support]

Band	No. of Properties	Weekly increase (£)	Minimum Weekly Increase under CTSS (£)
A-	411	1.08	0.22
A	77,960	1.29	0.26
B	26,994	1.51	0.30
C	15,571	1.72	0.52

D	6,667	1.94	0.73
E	3,432	2.37	1.16
F	1,530	2.80	1.59
G	613	3.23	2.02
H	42	3.88	2.67
<b>Total</b>	<b>133,220</b>		

In most cases, the change in council tax (around £1.51 per week for a band B property with no discounts; and just 30p per week if eligible for the maximum 80% 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.

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.

A 3.8% uplift to most working-age benefits, in line with CPI inflation, will come into effect from April 2026, while the State Pension and pension-age benefits will increase by 4.8%. The Local Housing Allowance rates for 2026/27 have not yet been announced. [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].

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#### 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.

Information on the properties subject to Council Tax is obtained from the Council's own systems. We do not hold detailed information on council taxpayers' protected characteristics; national and local economic data has been used to help assess the likely impact on different groups.

## 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?



Draft budget will be published in early December in advance of the final decision in February

## 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?**

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.

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.

### **What is the risk of disproportionate negative impact on age?**

Working age households and families with children – incomes squeezed through reducing real-terms wages.

### **What are the mitigating actions?**

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for "vulnerable" households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

## **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. 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.

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.

### **What is the risk of disproportionate negative impact on disability?**

Further erode quality of life being experienced by disabled people.

### **What are the mitigating actions?**

The 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.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets.

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Ensure all information and advice relating to the CTSS scheme, discretionary funds, and support services is available and provided in a range of accessible formats.

### **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?**

N/A

#### **What are the mitigating actions?**

N/A

### **d) Marriage and civil partnership**

Please note that 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?**

N/A

#### **What are the mitigating actions?**

N/A

## 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?

Someone who is pregnant or recently given birth often have lower incomes during the period immediately before and after childbirth, when they may be receiving statutory maternity pay or no pay at all.

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

Household may have a lower income during this period and be disproportionately impacted by the increase in Council Tax.

### What are the mitigating actions?

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for "vulnerable" households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

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## 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 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.

### What is the risk of disproportionate negative impact on race?

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

### **What are the mitigating actions?**

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have 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 services will be provided to remove barriers in accessing support/advice.

### **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?**

N/A

**What are the mitigating actions?**

N/A

**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.

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

**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 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.

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

Household income being lowered wages and reducing levels of benefit income.

### **What are the mitigating actions?**

Lower-income households will be have access to the Council Tax Support Scheme, providing up to 100% support for “vulnerable” households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

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## **7. Summary of protected characteristics**

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

Some protected groups are more likely to be in poverty or have low disposable income, and therefore a council tax increase may have a more significant impact.

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

For some groups no disproportionate impact has been identified. Individuals in these groups will still be able to access CTSS and discretionary support based on their specific circumstances.

## 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.

No specific impacts have been identified on members, or former members, of the Armed Forces.

Individuals facing a significant impact will have access to a range of mitigating measures as above.

## 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?

GO

#### **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 this characteristic. Indeed, many pay no council tax at all as a result of a specific discount and will therefore not be affected by the increase.

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

N/A

### **What are the mitigating actions?**

Qualifying care experienced people up to the age of 25 can apply for a 100% discount on their council tax.

### **b. Children in poverty**

#### **What is the impact of the proposal on children in poverty?**

Even a relatively small increase in the amount payable may

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

A relatively small increase in the amount payable may have a more significant impact among households with a low disposable income.

### **What are the mitigating actions?**

Lower-income households will have access to the Council Tax Support Scheme, providing up to 100% support for "vulnerable" households and up to 80% for other low income households.

In addition, households will have access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.

### **c. Other (describe)**

#### **What is the impact of the proposal on any other groups?**

N/A

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

N/A

#### **What are the mitigating actions?**

N/A

## 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.

Government policy on welfare benefits (including annual uprating) will also have an impact, although it is not yet possible to predict what this will be.

GO

## 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:

N/A

## 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](#).

Click or tap here to enter text.

### 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
Ensure residents are aware of available financial help.	Clearly signpost support available about the Council Tax Support Scheme (CTSS) and Discretionary Relief funds.	Cory Laywood, Head of Revenues & Benefits and Transactional Finance	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

**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, and are the subject of a significant national review, this is necessarily based on some broad assumptions.

We will receive our local settlement for 2026/27 in December; the projections will be updated for the 2026/27 budget report to Council in February. We are expecting this to be a multi-year settlement which will give us some clarity on funding for **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 balance the budget, a change in annual spending requirement will have a multiplicative effect (e.g. an increase in spending of £5m per year from 2026/27 will lose us £15m from reserves by the end of 2028/29, all other things being equal).

	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£m	£m	£m
<b>Net service budget</b>	456.8	481.7	506.2
Provision for pay inflation	6.0	12.0	18.0
Corporate budgets (including capital finance)	12.4	13.7	15.6
Housing Benefits	1.5	1.5	1.5
Costs of new waste contract			2.5
General contingency for risk	1.0	1.0	1.0
Planning Total		2.0	4.0
<b>Expenditure total</b>	<b>477.7</b>	<b>511.9</b>	<b>548.9</b>
<b>Income:</b>			
Council tax	179.3	189.4	200.0
Collection Fund surplus	0.8		
Settlement Funding Assessment	275.5	286.0	299.6
Extended Producer Responsibility for Waste	7.4	6.0	5.2
<b>Income total</b>	<b>463.0</b>	<b>481.3</b>	<b>504.8</b>
<b>Recurring budget gap</b>	(14.7)	(30.5)	(44.0)

Based on these forecasts, our budget strategy reserves position is expected to be:

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
<b>At the beginning of the year</b>	<b>193.8</b>	<b>129.9</b>	<b>101.7</b>	<b>71.2</b>
Add: Forecast rates pool surplus	7.5			
<i>Reserve restatements:</i>				
From earmarked reserves		0.5		
Set aside for DSG deficit	(44.8)			
Set aside for LGR transitional costs		(14.0)		
Minus budget gap	(26.6)	(14.7)	(30.5)	(44.0)
<b>At the end of the year</b>	<b>129.9</b>	<b>101.7</b>	<b>71.2</b>	<b>27.2</b>

## 2. Assumptions and Risks

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

<b><u>Spending</u></b>	<b>Assumptions – central scenario</b>	<b>Risks</b>
Pay costs	We assume a pay award averaging 3% each year	Inflation has fallen since its peak of 11.1% in 2022, although it has increased in recent month and remains above the 2% target. It stood at 3.8% in the year to September 2025.
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.
Costs relating to looked after children	Mitigation work is able to reduce the annual cost increase to 6.5% (lower than the trend in recent years)	Further increase in demand and associated costs. Projections can be volatile as there are a small number of very high-cost placements.
Support to homeless families	Growth in the budget assumes the successful implementation of cost control measures, including a £50m investment in properties for use as temporary accommodation.	Further increase in the number of households presenting as homeless requiring the use of expensive hotel accommodation
Housing Benefit costs	The proposed budget includes £1.5m per year to meet the net subsidy loss on supported housing elements of Housing Benefit.	Will require powers expected under the Supported Housing Act to deliver savings against current trends.
Waste contract	The current contract for waste collection expires in 2028. The tender process for a new contract is underway; it is expected that the new contract will involve an increase in costs from 2028/29 onwards.	Difficult to predict costs of new contract at this stage.
Other service cost pressures	A £1m contingency budget has 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.	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.

	A planning provision of £2m has been included for 2027/28 rising to £4m by 2028/29.	
Departmental savings	The budget strategy assumes savings totalling £23m by 2027/28, of which £14m has been achieved to date.	Risk that savings are not achieved or are delayed, leading to a greater call on reserves to balance the budget.  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.
DSG deficit	The cumulative deficit on DSG is forecast to reach up to £78m by April 2028, when the current “override” ends. Forecasts in this report do not include this deficit.	It is not clear how this national issue will be resolved, and whether local authorities will have to meet some or all of their costs from general resources.

<b><u>Income</u></b>	<b>Assumptions – central scenario</b>	<b>Risks</b>
Council Tax	<p>Band D Council Tax will increase by 5.0% per year in line with expected referendum limits.</p> <p>Council taxbase (the number of properties that pay tax) will increase by 500 Band D properties per year.</p>	<p>Further economic downturn leading to increased costs of council tax support to residents on a low income.</p> <p>The government may make changes to the council tax banding system or to discounts and exemptions,</p>
Business rates	<p>The net impact of the current revaluation and rates reset will be neutral, i.e. any gain or loss in rates income is balanced by government support.</p> <p>No significant movements in the underlying baseline for business rates.</p> <p>Government changes to business rates (e.g. new reliefs) will continue to be met by additional government grant, in line with recent years.</p>	Significant empty properties and / or business liquidations reduce our collectable rates.
Government grant	<p>The results of the Fair Funding review will not be announced until the local government finance settlement in December. Up to date figures will be included in the budget report to Council in February.</p> <p>For this draft report, forecasts are informed by modelling work commissioned from external consultants.</p>	<p>Key elements of the review are still subject to government decisions and data updates. Our available resources will inevitably change from these forecasts, and this could be substantial.</p> <p>In future years, the overall quantum of funding for local government may change as a result of the wider fiscal and economic position.</p>
Extended Producer Responsibility funding	The provisional allocation for 2026/27 (£7.4m) is included in the draft budget. It is assumed that income from the scheme falls thereafter as producers take steps to reduce their charges payable.	Income in future years is highly uncertain, and partly depends on the response from producers to the new charges.

**Earmarked Reserves**

(to follow)

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**Council Tax Premiums - Empty Property and Second Homes**

1. This appendix sets out our policy on charging council tax premiums on empty properties.
2. In general, our policy is to use premiums to help bring empty properties back into use, as owners take steps to avoid the extra charges. There is a shortage of housing in Leicester. We want to see as many empty homes as possible made available for occupation. The changes will also raise additional revenue for the Council (to the extent that properties remain empty).

**Substantially Unfurnished Empty Properties (referred to as long term empty properties)**

3. Since 2013, councils have had considerable discretion over the levels of tax payable on unfurnished empty properties (Local Government Finance Act, 1992 and associated regulations). Our policy seeks to use this discretion to support our empty homes policy by charging the maximum permitted premiums for these homes, subject to any applicable exemptions
4. Assuming the recommendations in this report are approved, our policy for charging council tax on substantially unfurnished empty properties from 1<sup>st</sup> April 2026 will be:

<b>Description</b>	<b>Tax charge as a percentage of the standard tax (inclusive of premium)</b>
Empty for less than one year	100%
Empty for at least one year	200%
Empty for at least five years	300%
Empty for at least ten years	400%

**Substantially Furnished Empty Properties (referred to as second homes)**

5. The Levelling Up and Regeneration Act 2023 permits authorities to charge a council tax premium of up to 100% on substantially furnished homes, only occupied periodically, and which are no one's main residence, often referred to as second homes.
6. Our policy for charging council tax on substantially furnished empty properties from 1<sup>st</sup> April 2026 is:

Description	Tax charge as a percentage of the standard tax (inclusive of premium)
Empty (substantially furnished)	200%

### Exemptions to premiums

7. From 1<sup>st</sup> April 2025, the Government has introduced the following mandatory exemptions to premiums, in addition to those already in place for unoccupied properties under the Council Tax (Exempt Dwellings) Order 1992. A local policy has been published on our website to give further guidance on how each premium exemption will be applied in practice.

Classes of Dwellings	Applies to	Exemption
Class E	Already applies to long term empty homes but extended to second homes from 1 <sup>st</sup> April 2025	Dwelling which is or would be someone's sole or main residence if they were not residing in job-related armed forces accommodation.
Class F	Already applies to long term empty homes but extended to second homes from 1 <sup>st</sup> April 2025	Annexes forming part of, or being treated as part of, the main dwelling
Class G	Long term empty homes and second homes	Dwellings being actively marketed for <b>sale</b> (12 months' limit)
Class H	Long term empty homes and second homes	Dwellings being actively marketed for <b>let</b> (12 months' limit)
Class I	Long term empty homes and second homes	Unoccupied dwellings which fell within exempt Class F and where probate has recently been granted (12 months from grant of probate/letters of administration)
Class J	Second homes only	Job related dwellings
Class K	Second homes only	Occupied caravan pitches and boat moorings
Class L	Second homes only	Seasonal homes where year-round, permanent occupation is prohibited, specified for use as holiday accommodation or planning condition preventing occupancy for more than 28 days continuously
Class M	Long term empty homes	Empty dwellings requiring or undergoing major repairs or structural alterations (12 months limit)

**Council Tax Support Scheme**

1. The Council is required to maintain a Council Tax Support Scheme (CTSS) in respect of dwellings occupied by persons we consider to be in financial need. A new scheme was approved by Full Council in January 2025.
2. No substantive changes to the scheme are proposed for 2026/27. The only revision proposed is to uprate thresholds by 3.8% in line with the majority of welfare benefits (and the CPI measure of inflation from September 2025) (and used to uprate the majority of benefit rates from April 2026). The previous scheme maintained between 2013 and 2024 was also uprated annually on the same basis. The new bands including this uprating will be as shown:

		Vulnerable					Other				
Band	Discount	Single Person	Couple with no children	Couple or Lone Parent with one child/ young person	Couple or Lone Parent with two children/ young persons	Couple or 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 children/ young persons	Couple or Lone Parent with three or more children/ young persons
<b>Weekly Net Income</b>											
<b>1</b>	100%	£0 to £155.70	£0 to £155.70	£0 to £155.70	£0 to £207.60	£0 to £259.50	N/A	N/A	N/A	N/A	N/A
<b>2</b>	75%	£155.71 to £233.55	£155.71 to £233.55	£155.71 to £311.40	£207.61 to £363.30	£259.51 to £415.20	£0 to £155.70	£0 to £155.70	£0 to £155.70	£0 to £207.60	£0 to £259.50
<b>3</b>	50%	£233.56 to £311.40	£233.56 to £311.40	£311.41 to £389.25	£363.30 to £415.20	£415.21 to £467.10	£155.71 to £233.55	£155.71 to £233.55	£155.71 to £311.40	£207.61 to £363.30	£259.51 to £415.20
<b>4</b>	25%	£311.41 to £389.25	£311.41 to £389.25	£389.26 to £467.10	£415.21 to £519	£467.11 to £570.90	£233.56 to £311.40	£233.56 to £311.40	£311.41 to £389.25	£363.30 to £415.21	£415.21 to £467.10
<b>5</b>	0%	£389.26+	£389.26+	£467.11+	£519.01+	£570.91+	£311.41 +	£311.41 +	£389.26 +	£415.21 +	£467.11 +

3. The alternative would be to freeze the bandings at their 2025/26 cash levels. This would lead to some households receiving lower levels of support or dropping out of the scheme entirely.

## **APPENDIX 8**

### **Flexible Use of Capital Receipts policy**

(to follow)

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# **Draft Three Year Capital Programme 2026/27**

Decision to be taken by: Council

Decision to be taken on: 25 February 2026

Lead director: Amy Oliver, Director of Finance

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## **Useful information**

- Ward(s) affected: All
- Report author: Claire Gavagan
- Author contact details: claire.gavagan@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 2026/27.
- 1.2 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.
- 1.3 For the past five years, the Council has set a one-year capital programme due to uncertainty over future resources. We have now moved to a three-year capital programme, providing greater visibility of planned investment and supporting improved medium-term financial planning.
- 1.4 In addition to the three-year programme any schemes approved and in the current programme will continue into 2026/27 where needed.
- 1.5 The funding of the 2025/26 capital programme changed to be aligned with our overall revenue and capital financial strategy. This meant we moved away from funding the capital programme through the capital fund and capital receipts but to using borrowing where grant was not available. This approach remains in place for the 2026/27 and the revenue budget will reflect the consequences of the decisions taken in this report
- 1.6 However, due to the positive work that has been undertaken on the revenue budget, we currently do not need the £60m capital receipts to balance the budget over the next three years. We will look to use some of the capital receipts to alleviate the need to borrow in turn reducing the revenue pressures placed from the increase in borrowing.
- 1.7 The report seeks approval to the "General Fund" element of the capital programme, at a cost of £129.8m, over the next three years. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £11.66m.

- 1.8 The table below summarises the proposed spending for capital schemes starting in 2026/27, as described in this report:

<u>Proposed Programme</u>	26/27 £m	27/28 £m	28/29 £m	Later Years £m	Total £m
<u>Schemes – Summarised by Theme</u>					
Grant Funded Schemes	20.66	13.18	13.17	-	47.01
Own buildings	4.75	6.89	3.26	-	14.90
Temporary Accommodation Acquisitions	50.00	-	-	-	50.00
Routine Works	3.63	4.39	5.28	-	13.29
Corporate Estate	1.10	-	-	-	1.10
Other Schemes and Feasibilities	1.38	0.74	1.05	-	3.17
Policy Provisions	-	0.12	0.12	0.12	0.35
<b>Total New Schemes</b>	<b>81.51</b>	<b>25.31</b>	<b>22.87</b>	<b>0.12</b>	<b>129.81</b>
 <u>Funding</u>					
Unringfenced Resources				<u>£m</u>	<u>£m</u>
Capital Receipts			2.83		
Borrowing			79.97		
Government Grants			41.43		
Total Unringfenced Resources				124.23	
Monies ringfenced to Schemes				5.58	
<b>Total Resources</b>				<b>129.81</b>	

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

	<u>£m</u>
General Fund	129.81
Housing Revenue Account (1 year programme only)	11.66
<b>Total</b>	<b>141.47</b>

- 1.10 The Council's total capital expenditure now forecast for 2026/27 and beyond is expected to be around £534.99m, including the HRA and schemes approved prior to 2026/27.

- 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 At the meeting in February, the Council will be asked to:

- (a) Approve the capital programme, including the prudential borrowing for schemes as described in this report and summarised at Appendices 2 to 7, subject to any amendments proposed by the City Mayor;
- (b) 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;
- (c) 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;
- (d) 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 8.

### **3. Scrutiny / stakeholder engagement**

N/A

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

#### Key Policy Issues for the New Programme

- 4.1 The cost of Prudential Borrowing has been calculated for each scheme, and the total is included within the revenue budget report for 2026/27, and the Prudential Indicators included in the Treasury Report 2026/27 found elsewhere on the agenda.
- 4.2 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

- 4.3 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.
- 4.4 Appendix 1 presents the resources required to fund the proposed programme, which total some £129.81m. The key unringfenced funding sources are detailed below.
- a) £2.83m 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) £41.43m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government.
  - c) £79.97m of borrowing, with an annual revenue cost.
- 4.5 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.
- 4.6 Only funding required to finance the schemes in this capital programme is included.
- 4.7 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.
- 4.8 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250,000. This provides flexibility for small schemes to be added to the programme without a report to the Executive, but only where service resources are identified. (Borrowing is treated as a corporate resource requiring a higher level of approval).

## Proposed Programme

- 4.9 The whole programme is summarised at Appendix 2. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods.
- 4.10 £47.01m is provided for grant funded schemes. These schemes are funded either from unringfenced grant (where we have discretion) and ringfenced resources.

- a) £12.99m has been provided to continue the **Schools Capital Maintenance Programme** across three financial years. This is in addition to the £6m previously approved within the 2025/26 capital programme for delivery in 2026/27. The programme will include routine maintenance and spending and is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 5. Detailed schemes will be developed following consultation with schools.
- b) £16.09m is provided as part of the continued **Highways Capital Maintenance Programme** across three financial years. 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) £12.35m is provided in 2026/27 to continue the rolling programme of works constituting the **LTG – Local Transport Schemes Programme**. This scheme will focus on maintaining and improving local transport infrastructure through the Department for Transport's Local Transport Grant, providing investment in the design, construction, and maintenance of local transport networks. The proposed programme is shown at Appendix 6.
- d) £5.58m has been provided for **Disabled Facilities Grants**, across three financial years 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.

4.11 £14.89m is provided for the Council's own buildings.

- a) £13.11m 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) £0.15m has been provided for **LCB Maintenance**. The scheme focuses on essential maintenance works at the LCB Depot to ensure the building remains fit for purpose. This includes priority repairs, general maintenance, and upgrades necessary to meet current compliance standards.
- c) £0.50m has been provided for **IT Investment**, ensuring we have technology to support our councillors and teams, this will include ensuring our committee and Council rooms Town Hall and City

Hall to support councillors and ensure the public have access to democracy.

- d) £0.35m has been provided for the **Demolition of Rally House**. This is to facilitate the demolition of Rally House and the creation of a fenced, hardstanding area for vehicle parking, providing potential short-term parking income until the site is brought forward for future development.
  - e) £0.25m has been provided for the **Parks & Open Spaces Depot Transformation** scheme. This focuses on upgrading depot facilities at Gilroes Cemetery and Beaumont Park to enhance staff welfare facilities, storage, environmental compliance, and site security.
  - f) £0.10m has been allocated to support the ongoing **Depot Transformation** Project, enabling the relocation of the Park Services Environmental Ranger team from Riverside Depot to Knighton Park Depot.
  - g) £0.45m has been provided for **Public Toilet Refurbishment**. This is a rolling renovation programme for public toilet blocks across parks, highways, and cemeteries. Works will replace fixtures and improve facilities to maintain hygiene and appearance.
- 4.12 £50.00m has been provided for **Temporary Accommodation (TA) Acquisitions** for the purchase of 90 self-contained accommodation units for singles and 160 family accommodation units. Through this increase in the number of Council-owned TA units, we can better ensure that homeless households are housed in suitable accommodation, minimising the use of hotel stays. This builds on the £45m approved by Council in March 2024, and will directly result in annual cost avoidance of over £6m per year. Appendix 7 provides further details of the context to these proposals and the impact.
- 4.13 £13.29m is provided for Routine Works.
- a) £0.10m 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.
  - b) £0.23m is provided for the **Historic Building Grant Fund** to provide match funding to city residents and organisations to support the repair of historic buildings and the reinstatement of lost original historic features.
  - c) £1.20m is provided for **Local Environmental Works** which 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.

- d) £0.90m is towards the **Flood Strategy** to support 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) £0.08m is included as part of the continued programme to refresh **Festival Decorations**.
- f) £0.43m is provided for **Heritage Interpretation Panels**. This scheme will focus on expanding the city's heritage interpretation by installing additional panels, highlighting Leicester's historic places and people. It will also enhance online content and collaboration with Visit Leicester and Place Marketing to boost public engagement and tourism.
- g) £0.45m is provided for **Grounds Maintenance Machinery** to replace ageing machinery with up to date, energy efficient models to provide continued maintenance of our parks and open spaces.
- h) £0.19m is provided for the **Environmental Crime / Parks & Open Spaces CCTV Enforcement Action Project** to purchase mobile CCTV cameras to tackle fly-tipping and street scene offences across the city.
- i) £0.36m is provided for **Replacement Tree Planting** on a rolling tree replacement programme across parks and highways, delivering environmental, biodiversity, health, aesthetic, and economic benefits.
- j) £0.65m has been provided for the **3G Pitch Replacements** Scheme to replace aging 3G synthetic pitches to reduce safety risks, protect user wellbeing, maintain FA compliance, and ensure surfaces remain fit for purpose.
- k) £8.71m 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.

- 4.14 £1.10m has been 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 tenants and anybody else using the buildings. This will also ensure income is maintained for the revenue budget.

4.15 £0.35m is provided for Policy Provisions:

- a) £0.35m is provided for the **Voices of Leicester** Project, as potential match funding to support an application to the National Lottery Heritage Fund. The application looks to support creating new social history and natural world galleries, improve building infrastructure, and develop inclusive learning and engagement spaces. To assist with celebrating Leicester's communities and stories.

4.16 £3.17m is provided for Other Schemes & Feasibilities:

- a) £2.83m for infrastructure works to enable **Capital Asset Sales**, in particular Ashton Green.
- h) £0.34m 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. The breakdown for this is shown at Appendix 2e but may vary to meet emerging operational requirements.

#### Proposed Programme – Policy Provisions

4.17 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.

4.18 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.

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

#### Capital Strategy

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

4.21 The proposed capital strategy is set out at Appendix 8.

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

## 5.1 Financial implications

This report is exclusively concerned with financial issues.

Signed: Amy Oliver, Director of Finance

Dated: 5<sup>th</sup> December 2025

## 5.2 Legal implications

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. Legal Services will provide specific advice in relation to individual schemes and client officers should take early legal advice.

Signed: Kevin Carter, Head of Law

Dated: 18 November 2025

## 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 main purpose of this report is to ask the Council to approve a capital programme for 2026/27, the 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, Ext 37 4148

Dated: 18 November 2025

#### 5.4 Climate Emergency implications

Following the council's declaration of a climate emergency and ambition to reach net zero carbon emissions for the council and the city, the council has a key role to play in addressing carbon emissions relating to the delivery of its services. This includes through its delivery of capital projects, as projects involving buildings and infrastructure often present significant opportunities for achieving carbon savings or climate adaptations and are an area where the council has a high level of control.

It is important that the climate implications and opportunities of all projects and work programmes are considered on a project-by-project basis, both during the development phase and when decisions are made.

Signed: Phil Ball, Sustainability Officer, Ext 37 2246

Dated: 18<sup>th</sup> November 2025

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

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

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

**7. Summary of appendices:**

- Appendix 1 Capital Resources.
- Appendix 2a Grant Funded Schemes
- Appendix 2b Own Buildings
- Appendix 2c Routine Works
- Appendix 2d Temporary Accommodation
- Appendix 2e Corporate Estate
- Appendix 2f Other & Feasibilities Schemes
- Appendix 2g Policy Provisions
- Appendix 3 Operational Estate Maintenance Capital Programme
- Appendix 4 Highways Maintenance Capital Programme
- Appendix 5 Children's Capital Improvement Programme
- Appendix 6 Local Transport Schemes
- Appendix 7 Temporary Accommodation Acquisitions
- Appendix 8 Capital Strategy 2026/27

**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

	26/27 {£000}	27/28 {£000}	28/29 {£000}	Later Years {£000}	Total {£000}
<b><u>Capital Receipts</u></b>					
General Capital Receipts	1,209	574	1,051	0	<b>2,835</b>
<b>Total Receipts</b>	<b>1,209</b>	<b>574</b>	<b>1,051</b>	<b>0</b>	<b>2,835</b>
<b><u>Unringfenced Capital Grant</u></b>					
School Capital Maintenance	1,084	5,957	5,944	0	<b>12,985</b>
Local Transport Grant	12,349	0	0	0	<b>12,349</b>
Highways Maintenance	5,364	5,364	5,364	0	<b>16,092</b>
<b>Total Unringfenced Grant</b>	<b>18,797</b>	<b>11,321</b>	<b>11,308</b>	<b>0</b>	<b>41,426</b>
Prudential Borrowing	59,644	11,558	8,652	116	79,970
<b>TOTAL UNRINGFENCED RESOURCES</b>	<b>79,650</b>	<b>23,453</b>	<b>21,012</b>	<b>116</b>	<b>124,231</b>
<b><u>Ringfenced resources</u></b>					
Disabled Facilities Grant	1,861	1,861	1,861	0	<b>5,583</b>
<b>TOTAL RINGFENCED RESOURCES</b>	<b>1,861</b>	<b>1,861</b>	<b>1,861</b>	<b>0</b>	<b>5,583</b>
<b>TOTAL CAPITAL RESOURCES</b>	<b>81,511</b>	<b>25,314</b>	<b>22,873</b>	<b>116</b>	<b>129,814</b>

**Appendix 2a**

**Grant Funded Schemes**

	<b>Division</b>	<b>Scheme Type</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>Later Years</b>	<b>Total Approval</b>
			{£000}	{£000}	{£000}	{£000}	{£000}
<b><u>Grant Funded Schemes</u></b>							
School Capital Maintenance	CDN (ECS)	WP	1,084	5,957	5,944	-	12,985
Highway Capital Maintenance	CDN (PDT)	WP	5,364	5,364	5,364	-	16,092
Local Transport Grant	CDN (PDT)	PJ	12,349	-	-	-	12,349
Disabled Facilities Grants*	CDN (HGF)	WP	1,861	1,861	1,861	-	5,583
<b>TOTAL</b>			<b>20,658</b>	<b>13,182</b>	<b>13,169</b>	<b>0</b>	<b>47,009</b>

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

\*This scheme is funded through a ringfenced grant.

**Appendix 2b**

**Own Buildings**

	<b>Division</b>	<b>Scheme Type</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>Later Years</b>	<b>Total Approval</b>
			{£000}	{£000}	{£000}	{£000}	{£000}
<b><u>Own Buildings</u></b>							
LCB Maintenance	CDN (TCI)	PJ	150	-	-	-	150
Property and Operational Estate	CDN (EBS)	WP	3,472	6,515	3,110	-	13,097
IT Investment	CDN (EBS)	WP	500	-	-	-	500
Rally House Demolition	CDN (EBS)	PJ	210	140	-	-	350
Parks & Open Spaces Depot Transformation	CDN (NES)	PJ	165	80	-	-	245
Depot Transformation	CDN (NES)	PJ	100	-	-	-	100
Public Toilet Refurbishment	CDN (NES)	PJ	150	150	150	-	450
<b>TOTAL</b>			<b>4,747</b>	<b>6,885</b>	<b>3,260</b>	<b>0</b>	<b>14,892</b>

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

**Appendix 2c**

**Routine Works**

Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
		£000	£000	£000	£000	£000
<b><u>Routine Works</u></b>						
Foster Care Capital Contribution Scheme	ECS	WP	100	-	-	100
Historic Building Grant Fund	CDN (PDT)	WP	75	75	75	225
Local Environmental Works	CDN (PDT)	WP	400	400	400	1,200
Flood Strategy	CDN (PDT)	WP	300	300	300	900
Festival Decorations	CDN (PDT)	WP	25	25	25	75
Heritage Interpretation Panels	CDN (TCI)	WP	210	220	-	430
Grounds Maintenance Machinery	CDN (NES)	WP	150	150	150	450
Environmental Crime / Parks & Open Spaces CCTV Enforcement Action	CDN (NES)	WP	185	-	-	185
Replacement Tree Planting	CDN (NES)	WP	200	80	80	360
3G Pitch Replacement – FIS Carpets	CDN (NES)	PJ	250	400	-	650
Vehicle Fleet Replacement Programme	CDN (HGF)	WP	1,732	2,735	4,246	8,713
<b>TOTAL</b>			<b>3,627</b>	<b>4,385</b>	<b>5,276</b>	<b>- 13,288</b>

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

**Appendix 2d****Temporary Accommodation Acquisitions**

Division	Scheme Type	26/27 {£000}	27/28 {£000}	28/29 {£000}	Later Years {£000}	Total Approval {£000}
<b><u>Temporary Accommodation Acquisitions</u></b>						
Temporary Accommodation Acquisitions		50,000	-	-	-	50,000
<b>TOTAL</b>		<b>50,000</b>	-	-	-	<b>50,000</b>

**Appendix 2e**

**Corporate Estate**

<b>Division</b>	<b>Scheme Type</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>Later Years</b>	<b>Total Approval</b>
		{£000}	{£000}	{£000}	{£000}	{£000}
<b><u>Corporate Estate</u></b>						
Corporate Estate	CDN (EBS)	WP	1,100	-	-	-
<b>TOTAL</b>			<b>1,100</b>	<b>-</b>	<b>-</b>	<b>1,100</b>

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

## Appendix 2f

### Feasibilities and Other Schemes

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			£000	£000	£000	£000	£000
<b>Feasibilities and Contingencies</b>							
Infrastructure works to enable Capital Asset Sales	CDN (PDT)	PJ	1,209	574	1,051	-	2,835
PDT Feasibility	CDN (PDT)	WP	70	170	-	-	240
Curve Automation System Feasibility	CDN (TCI)	WP	50	-	-	-	50
Housing Public Space Infrastructure Regeneration (CCTV) Feasibility	CDN (NES)	WP	50	-	-	-	50
<b>TOTAL</b>			<b>1,379</b>	<b>744</b>	<b>1,051</b>	<b>-</b>	<b>3,175</b>

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

**Appendix 2g**

**Policy Provisions**

Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
		{£000}	{£000}	{£000}		
<b><u>Policy Provisions</u></b>						
Voices of Leicester (Match Funding)	CDN (TCI)	PP	-	118	116	116
<b>TOTAL</b>			-	<b>118</b>	<b>116</b>	<b>116</b>
<hr/>						
<b>GRAND TOTAL – ALL SCHEMES</b>		<b>81,511</b>	<b>25,314</b>	<b>22,873</b>	<b>116</b>	<b>129,814</b>
<hr/>						

Property and Operational Estate Maintenance Capital Programme

<b>Description</b>	<b>26/27 Amount £000's</b>	<b>27/28 Amount £000's</b>	<b>28/29 Amount £000's</b>	<b>Total Amount £000's</b>
<b>Building Works</b> - Maintenance at the Councils operational buildings to ensure they meet the needs of our residents and employees. Key works will include refurbishment of buildings, including ensuring appropriate utilisation to enable maximisation of our assets, pathway replacements at park, refurbishment of public areas and works at heritage sites.	1,983	2,541	830	<b>5,354</b>
<b>Compliance Works</b> - Generally consisting of surveys to gain condition data across the estate and works arising from the various risk assessments that are undertaken.	568	503	815	<b>1,886</b>
<b>Mechanical Works</b> - Ventilation systems, pool filtration & dosing systems, building management systems and heating controls, including essential works at York House.	839	3,417	1,360	<b>5,616</b>
<b>Emergency Provision</b> – Provision for emergency reactive works that could be required across the Council's estate.	82	54	105	<b>241</b>
<b>TOTAL</b>	<b>3,472</b>	<b>6,515</b>	<b>3,110</b>	<b>13,097</b>

## Appendix 4

### Highways Maintenance Capital Programme

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
<b>Main Roads (Principal Roads &amp; Classified Non-Principal Roads)</b> – 2026 schemes include Victoria Road East, Hinckley Road, Glenfrith Way	625	625	625	1,875
<b>Unclassified Neighbourhood Roads, Large Area Patching &amp; Pothole Repairs – Target large carriageway defect repairs to provide longer term repairs in readiness for surface dressing. Includes lining, joint sealing, concrete bay repairs and road hump replacements.</b> 2026 schemes include: Barkbythorpe Road – Humberstone Lane - Boundary Walnut Street Longfellow Road Vicarage Lane Eastfield Road Floyd Close Westernhay Road Southernhay Road Morley Road Dumbleton Avenue Rowley Fields Avenue <b>Includes lining, joint sealing, concrete bay repairs and road hump replacements</b>	1,750	1,750	1,750	5,250

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
<b>Footway Relays and Reconstructions – Focus on neighbourhood street scene corridor improvements in district centres.</b> 2026 schemes included Melton Road uneven footway improvements and local footway maintenance.	750	750	750	2,250
<b>Strategic Bridge Deck Maintenance &amp; Replacement.</b> 2026 schemes include feasibility studies and structural surveys to assess St. Margaret's Way half joint replacement and Burleys Way flyover maintenance.	50	250	250	550
<b>Bridge Improvement &amp; Maintenance Works including various parapet replacements, structural maintenance works and technical assessment review.</b> 2026 schemes include Shady Lane, Ocean Rd, Dakyn Rd, Southgate Underpass.	689	250	250	1,189
<b>Traffic Signal Installations Renewals and Lighting Column Replacements</b> – Signalling upgrades, lamp column replacements, illuminated bollard and sign replacement.	240	400	400	1,040
<b>Highway Drainage</b> – Flood mitigation schemes and drainage improvement projects.	260	339	339	938
<b>DfT Whole Government Accounting Lifecycle Asset Management Development Project</b> – Strategic asset management development, condition surveys, data analysis, lifecycle planning and reporting in support of DfT Challenge Funding bidding linked to asset management performance.	1,000	1,000	1,000	3,000
<b>TOTAL</b>	<b>5,364</b>	<b>5,364</b>	<b>5,364</b>	<b>16,092</b>

Children's Capital Improvement Programme

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
<b>Building Works</b> - Typical works include roof replacements, sports hall floor replacements, playground resurfacing and window replacements.	478	3,830	3,143	7,451
<b>Compliance Works</b> - 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.	434	783	1,251	2,468
<b>Mechanical Works</b> - schemes being undertaken within the programme typically consist of re-piping heating systems and end of life ventilation replacements.	172	981	1,181	2,334
<b>Individual Access Needs Works</b> - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	-	121	123	244
<b>Emergency Provision</b> - This is provision within the programme to allow for emergency unforeseen works to be carried out.	-	242	246	488
<b>TOTAL</b>	<b>1,084</b>	<b>5,957</b>	<b>5,944</b>	<b>12,985</b>

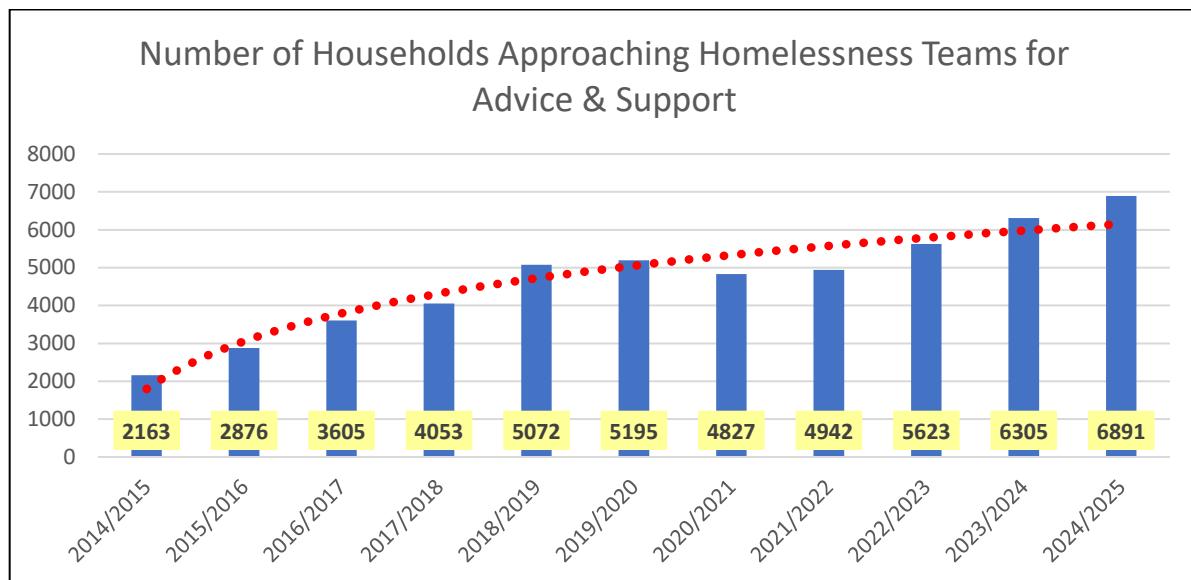
**Local Transport Schemes**

	<b>Description</b>	<b>26-27 Amount £000</b>
City Centre	Granby Street Phase 3 Delivery	1,100
City Connectivity	LCWIP Phase 1 Design Work	300
City Connectivity	LCWIP Phase 0 Delivery	1,400
City Connectivity	Stokeswood Park Culvert Repairs	2,200
City Connectivity	Rally Park Phase 3a Delivery	800
City Connectivity	Saffron Lane Phase 3/4 Design	300
City Connectivity	Service support (inc. data collection, modelling)	350
Future City	PROW Programme	434
Future City	Greengate Lane Design/Build	1,200
Future City	Highway Asset Replacement Programme	800
Healthier Neighbourhoods	Ped crossing programme (phase 3 design)	350
Healthier Neighbourhoods	Ped crossing programme (phase 2 delivery)	350
Healthier Neighbourhoods	Local Works Contribution	400
Healthier Neighbourhoods	School Streets Programme	165
Healthier Neighbourhoods	AQAP Delivery	850
Local Safety	20s Programme block allocation	750
Local Safety	Local Safety Scheme Block Allocation	600
<b>TOTAL</b>		<b>12,349</b>

The Local Transport Scheme grant is a one-off grant, so the programme of works is only for a single financial year.

**Temporary Accommodation Acquisitions**

Like many other local authorities, Leicester has been experiencing significant pressures in the cost of meeting the needs of homeless households through the provision of temporary accommodation. Since 2014/15 the number of approaches has risen by 219% as can be seen in the table below:



The council works positively to support households in preventing homelessness with circa 60% prevented from ever becoming Homeless, with Leicester performing better than the national average. This is supported by the table below that shows the percentage of prevention duty cases that came to an end within Quarter with the outcome being "Secured accommodation for 6+ months":

	Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25
<b>Leicester</b>	62%	63%	62%	59%
<b>National Ave.</b>	52%	52%	54%	51%

However, the Council is unable to prevent all cases and needs to support households who have often found themselves homeless often due to no fault of their own.

The Council in March 2024 approved the addition of £45m to the capital programme to acquire properties to hold as temporary accommodation, providing 253 units. Alongside a package of different measures this has successfully achieved financial cost avoidance for the Council of £4m in 24/25, rising to £16m in 25/26 and forecast to be £39m in 26/27.

This positive intervention leads to a stronger homelessness pathway, that is more resilient to the ongoing pressures and improves the conditions for those going through homelessness, especially because of the additional self-contained temporary accommodation.

As of October 2025, we had a total of 1,100 households residing in temporary accommodation. A total of 653 of those households were families and a further 447 single households remain in temporary accommodation.

Even with the positive interventions for singles and families, due to the ongoing strong demand for Homelessness services and accommodation it is expected that numbers will continue to exceed LCC owned and commissioned temporary accommodation with 392 families in expensive temporary accommodation and 81 singles in expensive temporary accommodation as at March 2026. These figures are expected to grow to 452 families and 261 singles in expensive temporary accommodation by March 2027

The proposed capital budget provides an additional £50m for acquiring temporary accommodation during 2026/27. This is anticipated to provide 90 units for singles and 160 units for families, which will be held in the Councils General Fund and managed through a third-party provider.

In addition to this, we are increasing our staffing in this area to assist with our prevention work. Overall, the combination of the £50m investment in temporary accommodation and the additional staff to support the prevention work is forecast to achieve cost avoidance of £3.8m in 2026/27, rising to £6.4m in 27/28. The revenue implications costs of this investment including borrowing costs are included in the General Fund Revenue Budget.

**Capital Strategy 2026/27**

Appendix to be added for final report





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## **Get Leicester, Leicestershire & Rutland Working Plan**

EDTCE Scrutiny Commission

Date of meeting: 14<sup>th</sup> January 2026

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Lead director/officer: Peter Chandler/Joanne Ives

## **Useful information**

- Ward(s) affected: All
- Report author: Joanne Ives
- Author contact details: joanne.ives@leicester.gov.uk
- Report version number: V1

### **1. Summary**

- 1.1 This briefing provides an update on the Get Leicester, Leicestershire and Rutland Working Plan.

### **2. Recommendations**

- 2.1 Scrutiny members are invited to note and comment on the plan.

### **3. Detailed report**

- 3.1 Local areas have been invited by the Department of Work and Pensions (DWP) to develop detailed plans that address the challenges related to labour force participation (employment, unemployment and economic inactivity) and progression in work. Ideally DWP intend that these set out the ambition for the next 10 years alongside more immediate goals and actions.
- 3.2 DWP tasked Leicester City Council as the responsible lead for leading the development of a local Get Britain Working plan for Leicester, Leicestershire and Rutland, working with Leicestershire County Council, Rutland County Council, Jobcentre Plus and the Integrated Care Board.
- 3.4 Local Get Britain Working plans are central to the Government's ambition for a thriving labour market where everyone has the opportunity for good work and to get on in work and where we achieve the ambition of an 80% employment rate.
- 3.5 Latest data shows that to reach the 80% employment rate across LLR, 35,000 people would need to move into employment.
- 3.6 The Get Leicester, Leicestershire and Rutland Working plan has been developed in conjunction with partners named in paragraph 3.2, along with stakeholders including employers, community and voluntary sector representatives, Higher and Further education, district councils, and employment and skills providers.
- 3.7 The plan is 10 year plan from 2025-2035 and will be a live document where the plan will be regularly reviewed. The full plan is published on Leicester City Council's website at <https://www.leicester.gov.uk/get-llr-working>

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

### **4.1 Financial implications**

Local delivery of the initiatives identified within the plan will be subject to their own funding arrangements, and these will require consideration by each partner as they develop.

Signed: Stuart McAvoy, Head of Finance

Dated: 18th December 2025

### **4.2 Legal implications**

This report is an update in respect of the delivery of the Get Britain Working Plan. The Council has received funding from the Department of Work and Pensions ('DWP') as lead authority, the Council should therefore continue to ensure it delivers the programmes taking into account its funding obligations. The Council will also need to enter into agreements with the relevant partner authorities to govern accountabilities and responsibilities.

The Council has the power under Section 1 of the Localism Act 2011 to do anything that individuals generally may do (general power of competence), this includes the ability to enter into the aforementioned agreements. Whilst the report does not suggest this, the Council in its capacity as the lead will need to ensure that the funding to be used whether forward funded (by way of a grant) or in the commissioning of procured activity, the Council must comply with the Procurement Act 2023 and the Council's Contract Procedure Rules or undertake Subsidy Control assessments where applicable legal support to be sought as required.

Signed: Mannah Begum, Principal Solicitor, Commercial Legal

Dated: 16 December 2025

### **4.3 Equalities implications**

Public authorities are subject to an ongoing Public Sector Equality Duty (PSED). This requires them, when carrying out their functions (including the design and operation of complaints procedures), to give due regard to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't. Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report provides an update on the development of the "Get Leicester, Leicestershire and Rutland Working Plan," which seeks to address labour market challenges and levels of economic inactivity. Economic inactivity refers to individuals who are not in employment and are not actively seeking work, and it varies significantly across different demographic areas. The plan aims to strengthen the local labour market by tackling issues such as skills shortages, unemployment and the quality of available work. Initiatives designed to support more people into work and help them remain in employment are expected to deliver positive outcomes for individuals from across a wide range of protected characteristics.

Signed: Equalities Officer, Sukhi Biring

Dated: 17 December 202

#### **4.4 Climate Emergency implications**

Whilst there are no direct climate emergency implications associated with this report, because service delivery generally contributes to the council's carbon emissions, future impacts can be managed as part of any commissioning through measures such as encouraging sustainable travel behaviours, using buildings efficiently and following sustainable procurement guidance.

An increase in employment may lead to an increase in carbon emissions associated with travel, building use (heating and energy) and waste. Implications arising from specific initiatives will need consideration as and when the relevant reports are submitted for decision.

Signed: Phil Ball, Sustainability Officer, Ext: 372246

Dated: 17 December 2025

#### **4.5 Other implications**

None

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

- The link to the Government White paper is as follows: [Get Britain Working White Paper - GOV.UK](#)

### **6. Summary of appendices:**

- Presentation
- The link to the Get LLR Working Plan is at <https://www.leicester.gov.uk/get-ljr-working>

**7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?** No

**8. Is this a “key decision”? If so, why?** No



# Get Leicester, Leicestershire & Rutland Working Plan

# Get Britain Working

Local Get Britain Working plans will identify local labour market challenges and show how local areas are tackling these challenges.

Key Focus:



- Establishing the formal governance arrangements
- Agreeing ways of working with partners
- Analysing economic inactivity data and causes
- Mapping existing provision for inactive cohorts
- Identifying any duplication, gaps, and opportunities for future action

# Aim

“Local Get Britain Working plans are central to the Government’s ambition for a thriving labour market where everyone has the opportunity for good work and to get on in work and where we achieve the ambition of an 80% employment rate.”

- ▶ LLR Employment Rate (2025) = 75.1%
- ▶ Achieving 80% employment rate is equivalent to an additional 35,000 people into employment.

# Leicester, Leicestershire & Rutland Area Overview

**Table 1: Local Authority employment overview**

Local authority	Employment	Employment rate	Inactivity rate	Unemployment rate <sup>13</sup>	Additional people required to reach 80% employment rate in 2035
Blaby	51,467	83.9%	14.7%	-	Over 80%
Charnwood	88,467	74.1%	24.2%	4.2%	7,507
Harborough	40,967	75.5%	22.6%	4.3%	2,498
Hinckley and Bosworth	56,267	80.5%	17.9%	-	Over 80%
Leicester	160,767	67.5%	26.0%	8.8%	30,841
Melton	22,100	75.3%	21.9%	-	1,310
<u>North West Leicestershire</u>	53,433	86.1%	13.9%	-	Over 80%
Oadby and Wigston	26,100	81.9%	13.5%	6.2%	Over 80%
Rutland	16,033	79.1%	16.9%	6.2%	181
<b>LLR</b>	<b>515,600</b>	<b>75.1%</b>	<b>21.5%</b>	<b>4.5%</b>	<b>35,118</b>
<b>England</b>	<b>26,669,600</b>	<b>75.6%</b>	<b>21.3%</b>	<b>4.0%</b>	<b>1,550,347</b>

# Get Britain Working Overview

**Get Britain Working Vision:** National drive to tackle the root causes of worklessness and support people back into employment through tailored individual support.

**Local Leadership:** Leicester City Council as lead accountable body but working in partnership to create the Local Plan.

**Strategic & Systemic:** Align local priorities with national goals, addressing root causes through cross-sector collaboration and joined-up services.

**Iterative & Urgent:** Developed as a living framework within a short development window, responsive to feedback and evolving needs.

**Long-Term Outlook:** Framed as a 10-year programme with sustained engagement, continuous refinement, and measurable progress over time.

# Timelines

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**June 2025**

- DWP required submission of Draft Outline by 27th June 2025

**August 2025**

- Completion of Draft

**October 2025**

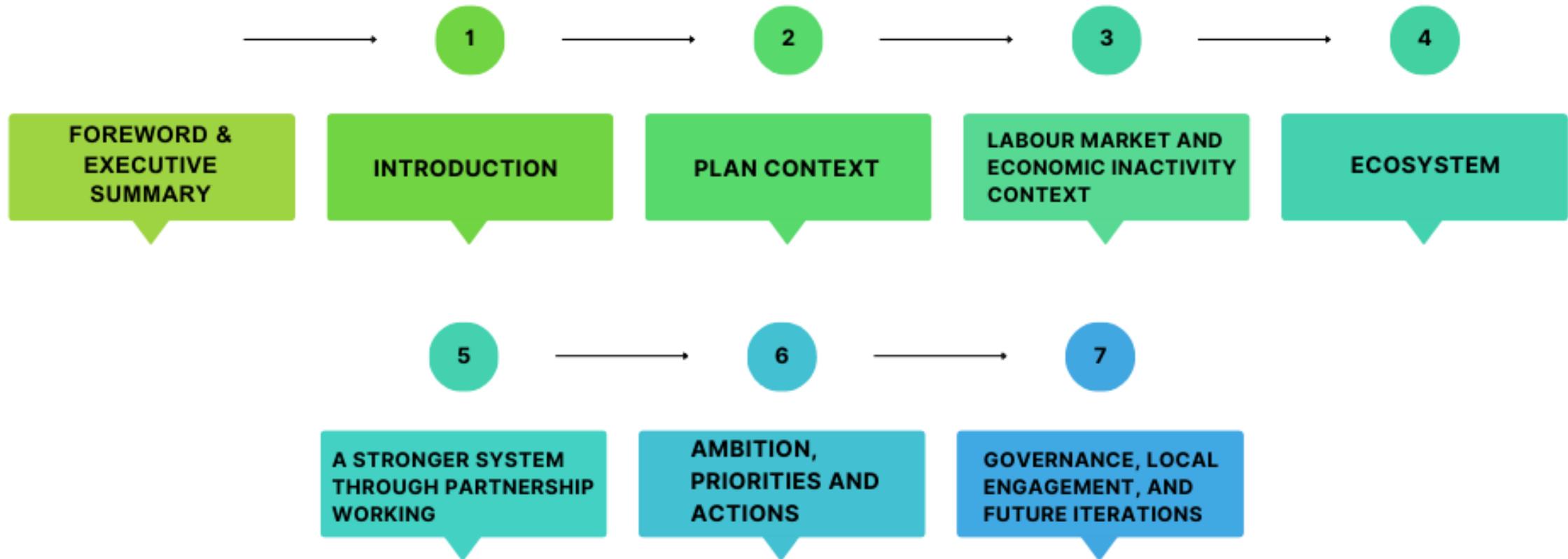
- Sign off by partners.

**December 2025**

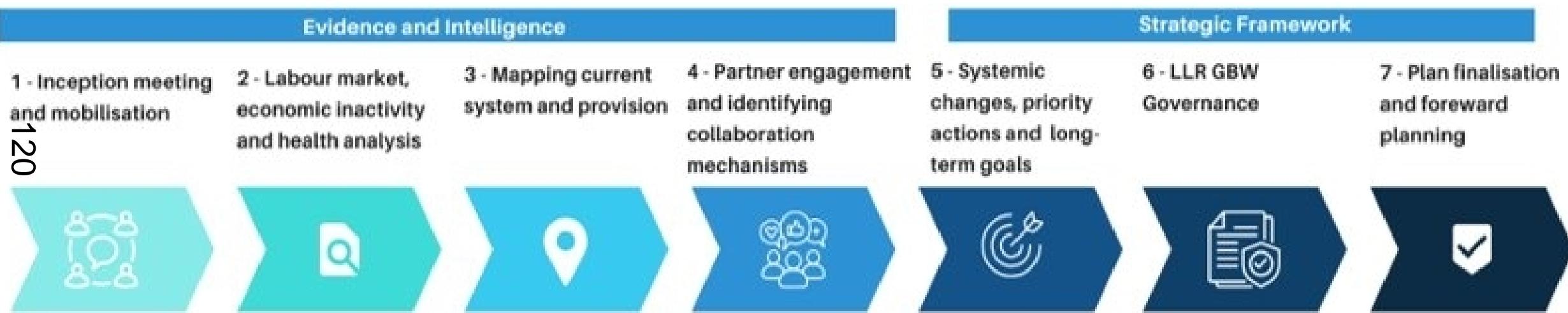
- Publication

# Structure Overview

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# Methodology



# Challenges & Opportunities

## Labour Market Analysis 1

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### Employment rate gap

LLR employment is 75.1% vs 75.6% nationally. Reaching 80% means 35,000 more in work, with Leicester lowest at 67.5%.

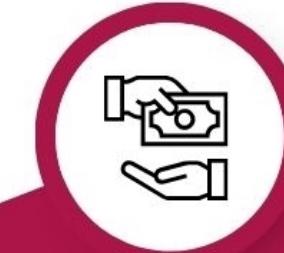
01



### Local Variation in Outcomes

Employment rates range from 80%+ in Blaby & NW Leicestershire to just 67.5% in Leicester, showing sharp local inequalities.

02



### Pay and Productivity Deficit

Weekly pay in Leicester (£518) and Leicestershire (£603) is below the national (£619). Productivity is also lower, at 85–87% of the UK average.

03



### High Levels of Inactivity

Almost 147,000 residents are inactive, including 33,000 with long-term sickness and 23,500 carers (71% women), reducing labour supply.

04

# Labour Market Analysis Contd..

122



## Inequalities in Access to Work

Women's employment 69% vs 81% men; ethnic minority 66.2% vs 77.8% White; disabled people face a 22.8-point gap.

05



## Young People at Risk

In 2024, 14.7% of 16-24-year-olds in the East Midlands region were not in education, employment or training (NEET), above the national rate of 13.6%.

06



## Transport as a Structural Barrier

28.4% of residents face high risk of transport-related exclusion, especially in NW Leicestershire and Melton where poor links restrict access to jobs and training.

07



## Entry-Level Barriers

Automation has reduced routine jobs, and where roles exist, employers often demand experience—creating barriers for young people, returners, and over-50s.

08

# Partners and Ecosystem Provision

123



## No clear central route for entry

The absence of a clear access route can result in overlapping effort and confusion.



## Funding and duplication

Short-term funding leads to duplicated services and leaves key gaps.



## Inconsistent data sharing

Inconsistent data sharing limits tailored support and learning from outcomes.



## Strategic uncertainty

Uncertainty around devolution, NHS and local government changes risks disrupting partnerships and provision.



## Fragmented system

Partnerships remain fragmented, with uneven engagement creating silos, duplication, and a complex system for residents and employers.

# Partners and Ecosystem Provision 2

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## Aligning support with growth and investment

Ongoing economic growth and investment create opportunities to align employment support with future skills needs



## Employer awareness growing

Growing employer recognition of the link between wellbeing, productivity and retention creates an opportunity to embed health and wellbeing in the workplace.



## Building upon existing work

Community-led and health-integrated programmes like Connect to Work and WorkWell, show real impact and provide solid foundations.



## VCSE strengths

5,000+ community groups build trust and reach residents beyond mainstream services.

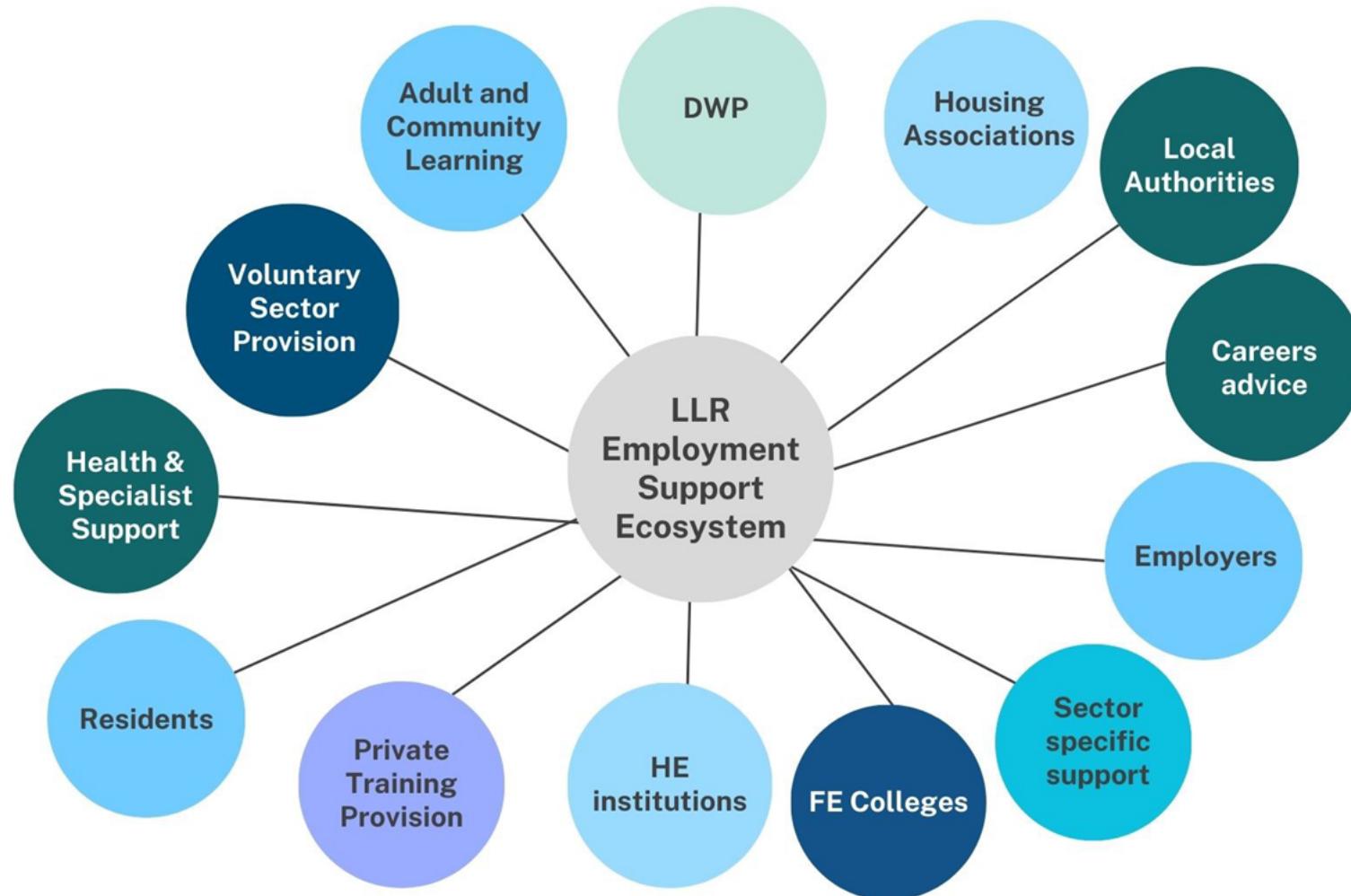


## Digital access

Expanding online training and support can widen reach for rural and less mobile residents, creating fairer provision across LLR.

# Partners and Ecosystem Provision 3

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# Priorities



Partnership working **01**



Evidence-led delivery **02**



Employer engagement **03**



Breaking down barriers **04**

# Plan Launched

- ▶ 11<sup>th</sup> December 2025
- ▶ Online teams event
- ▶ <https://www.leicester.gov.uk/get-llr-working>

# Next Steps

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Working Group to be established with representatives from City, County, Rutland, LLBSP, Districts, ICB, DWP, VCSE, Employer Bodies and others to determine work on the delivery of the plan



Action Plan will be established identify the top 3-5 Key Priorities for first review and action. Working groups or consultations may arise from these areas of work.



No additional funding identified so will need to maximise existing resources plus any additional funding identified

## Executive response to EDTCE Scrutiny Commission on worker exploitation across the labour market

6 January 2026

### Background

The council has for many years been working with partners to proactively address alleged concerns of non-compliance in Leicester's garment sector. Although the council is not an enforcement body, the City Mayor's priorities include a commitment to focus on sectors which may be blighted by low pay and poor conditions.

In response to alarmist media articles and allegations of modern slavery in the garment industry in the city, the government launched Operation Tacit, a major high-level enforcement programme undertaken by national enforcement bodies in Leicester from 2020 to 2023. The Director of Labour Market Enforcement has recently published her independent review of Operation Tacit. This review has found that allegations of widespread modern slavery and labour exploitation in the industry were unfounded.

During Operation Tacit, HMRC visited 318 garment manufacturing premises and interviewed workers. The operation found that the degree of non-compliance with the National Minimum Wage in the garment sector in Leicester was actually lower than in other manufacturing sectors. Forced or compulsory labour, as defined by the Modern Slavery Act 2015, was not found, with only one potential case being referred to the police.

Some key quotes from the Operation Tacit review:

*“there remained a disconnect between the image portrayed by media and stakeholder groups and the intelligence received by enforcement bodies”*

*“The allegations of the most severe exploitation were not supported when activity got underway.”*

The EDTCE Scrutiny Commission formed a task force to examine worker exploitation across Leicester's labour markets. A member working group drawn from the EDTCE and Culture and Neighbourhoods scrutiny commissions oversaw the work from November 2024 to February 2025. This has set out to identify business sectors where labour exploitation may be more prevalent, based on evidence rather than assumption.

Professor Nik Hammer, Director of the Future of Work Cluster at the University of Leicester, has supported the work of the task force, and this was funded by the council's UK Shared Prosperity Fund programme.

The objectives of the review were to:

- gain an overview of sectors and practices of worker exploitation across the UK
- develop a picture of the enforcement landscape, in particular as it appears from the perspective of local authorities
- map key local stakeholders and their intelligence/systems
- on the basis of broad stakeholder consultation, establish where in Leicester worker exploitation is prevalent (eg. across sectors, business models, communities)
- recommend, specifically as regards the local authority's remit, avenues to improve a) monitoring, b) compliance, c) remedy for exploited workers.

The review was completed in April 2025, and the findings of the review and recommendations have been referred to the Executive for consideration. A summary of the task force recommendations is attached at the end of this response.

### **Executive response**

The Executive would like to thank commission members for the thorough and comprehensive review of worker exploitation across Leicester's labour market. We also acknowledge and appreciate the work of the University of Leicester in undertaking the study.

We want to make sure that Leicester has the highest standards of employment; and that workers are properly paid, well-trained, and work in safe environments. We want to support our businesses to be the best they can, and to set an example that others can follow.

Worker exploitation is not exclusive to Leicester but is a national and indeed global issue. The issues are complex, and relate to the hidden economy and sometimes criminal activity. To tackle this, the scrutiny task force notes that local authorities do not have any formal role in labour market enforcement. Enforcement powers and resources rest exclusively with national regulators.

As the council is not an enforcement body, there are no quick fixes, and many aspects are out of the direct control of the local authority. Despite the lack of enforcement powers, Leicester City Council has, however, been taking a lead in this area, and this scrutiny task force is further evidence of Leicester's proactive approach in relation to this important issue.

## **National policy**

Key to informing the council's role in addressing the issues of worker exploitation is new national policy in this space, including the pending Employment Rights Bill, which is designed to help more people to stay in work, support workers' productivity and improve living standards.

As part of this agenda, the government is establishing the Fair Work Agency (FWA), as an Executive Agency of the Department for Business and Trade (DBT). This will bring together existing state enforcement functions and, over time, take on enforcement of a wider range of employment rights. This will be a single place where workers and employers can turn for help, supporting compliant employers, and taking action against non-compliant ones.

The FWA is set to launch in 2026, after the Employment Rights Bill becomes law. Council officers have spoken to the Director of Labour Market Enforcement's team about the FWA and will track progress as this is established, with a view to developing an ongoing relationship.

It is also worth referencing the work of the Local Government Association (LGA) around modern slavery. While the scrutiny task force defines worker exploitation as covering a spectrum that goes far beyond pay and conditions, in some cases labour exploitation impacts individuals who may have been trafficked and/or are being exploited by people who wish to control their movements and actions to exploit them for their labour. Labour exploitation can be an element of criminal offences of forced labour or human trafficking which themselves constitute modern slavery.

Modern slavery intersects with many different council services and a number of different officers might come across it while going about their everyday activities. Recognising that councils have a key role in tackling modern slavery, the LGA publishes guidance and resources to support councils and partners in identifying, referring and supporting victims, community safety services, and ensuring that supply chains are free from modern slavery.

## **Local partnerships/Get LLR Working**

The task force rightly recognises that partnerships are vital to address issues of worker exploitation, and that efforts should be made to build a collaborative approach with other agencies and stakeholders around this agenda. The report proposes an active role for the local authority in establishing a local partnership – a Fair Work Labour Market Partnership - with a focus on fostering joint work between agencies, local stakeholders and particularly community organisations that are engaged with people at risk of exploitation at work.

It recommends the approach followed by the previous Labour Market Partnership, which was launched by Leicester City Council in September 2019 to bring together key partners to proactively address concerns of non-compliance in Leicester's garment sector. This pilot initiative employed a full-time partnership coordinator with external grant funding. Although effective, this time-limited activity finished when funding came to an end.

Local areas have been invited by the Department of Work and Pensions (DWP) to develop detailed plans that address the challenges related to labour force participation (employment, unemployment and economic inactivity) and progression in work.

Leicester City Council has developed a local Get LLR (Leicester, Leicestershire, & Rutland) Working plan, working closely with Leicestershire County Council, Rutland County Council, DWP/ Jobcentre Plus and the Integrated Care Board.

We are strengthening local partnerships of agencies working in the labour market as part of this Get LLR Working agenda. This work will encourage further alignment of local authority functions around employment, skills and health support. Although this will be primarily focused on supporting people into employment, improved coordination between organisations that engage with local residents should be used to raise awareness of worker's rights and the breadth of support available, supported by the delivery of associated information campaigns. At the time of writing, government has not yet confirmed resources for the delivery of the Get LLR Working plan, but we continue to lobby for this.

## **Community voluntary sector organisations**

The scrutiny report recognises and values the role of established and trusted community organisations in supporting workers. These community organisations are often most likely to engage with people at risk of exploitation at work. While exploitation at work might be the root problem, workers might find it easier to first open up about a range of other issues – food poverty, housing, and so on. We agree that this can be an important avenue to establish trust, not only with individuals but the wider community.

The task force recommends closer joint working and alignment between programmes that deliver English Speakers of Other Languages (ESOL) courses, with work and employment advice by community organisations across the city. ESOL is viewed to be an effective entry point to establish trust with organisations that can also provide support on work and employment issues. The Get LLR Working agenda can be used to progress this closer joint working.

### **Sector focus**

The council's Labour Market Partnership work with the garment sector demonstrated the impact that could be achieved in a specific sector if resources are available. Starting in 2019, this laid the foundation for subsequent intensive activity in Leicester by national enforcement bodies. In July 2020, the Government launched Operation Tacit on the back of media articles and allegations of modern slavery in the garment industry. Operation Tacit was a high-level response involving several national enforcement bodies from 2020 to 2023.

The Director of Labour Market Enforcement has recently published her independent review of Operation Tacit. The Director had provided helpful input into the work of the scrutiny task force, attending a special session with members of the commission. This review of Operation Tacit has found that allegations of widespread modern slavery and labour exploitation in the industry were unfounded.

During Operation Tacit, HMRC visited 318 garment manufacturing premises and interviewed workers. The operation found that the degree of non-compliance with the National Minimum Wage in the garment sector in Leicester was actually lower than in other manufacturing sectors. Forced or compulsory labour, as defined by the Modern Slavery Act 2015, was not found, with only one potential case being referred to the police.

Some key quotes from the Operation Tacit review are as follows:

*“there remained a disconnect between the image portrayed by media and stakeholder groups and the intelligence received by enforcement bodies”*

*“The allegations of the most severe exploitation were not supported when activity got underway.”*

Following this work in the garment sector, the scrutiny task force set out to identify business sectors where labour exploitation may be more prevalent. Helpfully, this has identified two sectors where a “deep dive” approach to support workers would be more

beneficial – social care, and the “online platform”/ gig economy. Adopting a similar approach for these other sectors will however require additional funding, and the council and community organisations need to continue exploring opportunities to attract external funding to support this area of work.

## **Commitments**

We can make the following commitments:

- To reassert our manifesto pledge to doing all we can to support good jobs, ensuring that Leicester has the highest standards of employment; that workers are properly paid, well-trained, and work in safe environments.
- To continue to track the establishment of the Fair Work Agency that is set to launch in 2026. Once this has been established, and the national policy environment is clearer, we will review our approach.
- To continue to value the role of the community and voluntary sector in developing trusted relationship with local communities, and the potential role in helping to identify and tackle worker exploitation.
- To embed partnership working in the Get LLR Working agenda that seeks to coordinate labour market interventions by local authorities, community voluntary sector organisations, the Integrated Care Board, DWP, and other partners, and use this to raise awareness of worker’s rights and the breadth of support available.
- To adopt the proposed focus for more detailed interventions in the social care and “online platform”/ gig economy sectors, with delivery subject to the availability of grant funding from government.
- To ensure that the council’s social value charter continues to underpin procurement and commissioning processes to drive employment standards in supply chains.
- To explore opportunities for grants to support this work, both by the council and community organisations.
- The council can continue to lobby government for funding, resources and powers, and to help shape national policy.

## **Appendix: summary of EDTCE Scrutiny Task Force recommendations**

1. Establish a local Fair Work Labour Market Partnership to provide leadership on the recommendations

2. To ensure that Leicester City Council has a relationship with the new Fair Work Agency that has been proposed in the government's Employment Rights Bill
3. Work with local partners to establish low-barrier and multi-issue 'fair work' points of support for workers at risk of exploitation.
4. Develop/support one 'fair work' point of support for online platform workers
5. Establish a partnership between Leicester City Council, trade unions, and social care providers to improve work and employment conditions for care workers
6. Align and expand ESOL provision with work and employment advice within community organisations and across the city
7. Develop information campaigns
8. Designate an Leicester City Council 'Fair Work' officer for coordination and support
9. Integrate the above local fair work recommendations with other local authority functions
10. Review procurement and commissioning processes within the local authority with a view to integrate and monitor work and employment standards in supply chain due diligence



**Economic Development, Transport and Climate Emergency Scrutiny Commission (EDTCE)**  
**Work Programme 2025 – 2026**

Meeting Date	Item	Recommendations / Actions	Progress
<b>25 June 2025</b>	1) Introduction to EDTCE. 2) Connecting Leicester programme – Local Transport Grant 3) Bus Service Improvement Plan 4) Local Cycling and Walking infrastructure plan – approach to informal sessions.	1a) Breakdown of running costs of bus stations to be produced for members. 1b) Item on Workspaces Funding (Dock and Canopy) to come to Commission. 2a) Breakdown of costs of work in Rally Park to be shared with members. 2b) Copy of proposal for Aylestone Road to be shared with members 2c) Details of 10 highest priority crossings to be shared with members. 2d) Progress reports to come to the Commission. 4) Informal Scrutiny to be arranged on this.	1b) On workplan TBA  2d) On workplan TBA  3) Arranged for 15 <sup>th</sup> July.
<b>27 August 2025</b>	1) Market Place Verbal Update  2) Update on Leicester and Leicestershire Business Skills Partnership  3) Get Britain Working  4) Workspaces Capital Funding	1) Members to be kept updated on progress with the project. 2) Review membership of the Business Board, to check representation from large local employers and businesses of South Asian origin. 3) Draft plan to be shared with members.	

Meeting Date	Item	Recommendations / Actions	Progress
5 November 2025	1) Worker Exploitation – Verbal Update 2) Development Areas in Heart of Leicester Plan 3) Cycle lane demarcation. 4) EV Strategy	1) Written executive response to come to meeting on 14 Jan. 3a) Issues to be considered around concrete blocks obstructing turning and issues surrounding cyclists avoiding cycle tracks around driveways. 3b) Legal advice to be sought on the requirements for consultation on cycle lane/track instalment under government legislation and report to be produced on this. 3c) To investigate any sign of pedal-impaction concrete blocks and other signs of potential hazards. 4a) Research on the most efficient ways to generate electricity (i.e. at-source or from a power station) to be carried out. 4b) Consideration to be given to offering EV users certain perks to encourage use.	
14 January 2026	1) Call in - Land exchange to enable regeneration at Midland Street / Southampton Street in the Cultural Quarter 2) Budget 3) Get LLR Working update 4) Worker Exploitation – Executive Response.	3) To include partnership plan for labour market.	

Meeting Date	Item	Recommendations / Actions	Progress
11 March 2026	1) Transport affordability 2) Planning and Building Control Income	1) To include information on affordability for young people.	
22 April 2026	1) Car Park Usage	1) To show figures of Council car park usage to ascertain if car park usage has increased or decreased since charges have increased.	

### Forward Plan items (suggested topics)

Topic	Detail	Proposed Date
Adult Skills Devolution	To come once more is known on local govt re-organisation and timeline for devolution.	
Local Transport Funding Progress		
Bio-Diversity Net Gain		
Local Plan Modifications Consultation.	To be briefed to all members following report from inspectors.	
Levelling up - Railway Station update.		
Budget reductions and areas under review	Requested at meeting of 31 <sup>st</sup> January 2024 when discussing Revenue Budget.	tbc

Local Walking and Cycling infrastructure plan	<p>To show more details about community engagement and consultation, particularly showing how to engage with those who are digitally excluded.</p> <p>Also to include information on who is consulted on the width of cycle routes.</p> <p>To be covered in informal sessions.</p>	
Market place update		