



Governance Services
City Hall
115 Charles Street
Leicester
LE1 1FZ

17 February 2026

Sir or Madam

I hereby summon you to a meeting of the LEICESTER CITY COUNCIL to be held at the Town Hall, on WEDNESDAY, 25 FEBRUARY 2026 at SIX O'CLOCK in the afternoon, for the business hereunder mentioned.

A handwritten signature in black ink, appearing to read "Kamal Adolia".

Monitoring Officer

AGENDA

AUDIO STREAM OF MEETING

A live audio stream of the meeting can be heard on the following link:

<https://www.youtube.com/@leicestercitycouncildemocr5339>

1. LORD MAYOR'S ANNOUNCEMENTS

2. DECLARATIONS OF INTEREST

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 20 November 2025 are available to view at:

[Agenda for Council on Thursday, 20 November 2025, 5:00 pm](#)

Copies are also available from Governance Services on (0116) 454 6350 or governance@leicester.gov.uk

4. STATEMENTS BY THE CITY MAYOR/EXECUTIVE

5. MATTERS RESERVED TO COUNCIL

a) HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2026/27	Pages 1-86
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Council is asked to approve the recommendations set out on page 3.

b) CAPITAL PROGRAMME 2026-27	Pages 87-140
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Council is asked to approve the recommendations set out on pages 90, 91 and 92.

c) REVENUE BUDGET 2026/27	Pages 141-236
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Council is asked to approve the recommendations set out on pages 144.

d) TREASURY INVESTMENT STRATEGY 2026/27	Pages 237-282
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Council is asked to approve the recommendations set out on pages 234.

6. ANY OTHER URGENT BUSINESS

Information for members of the public

Fire & Emergency Evacuation Procedure

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- In the event of an emergency alarm sounding make your way to Town Hall Square and assemble on the far side of the fountain.
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Meeting Arrangements

- Please ensure that all mobile phones are either switched off or put on silent mode for the duration of the Council Meeting.
- Please do not take food into the Council Chamber.
- Tweeting in formal Council meetings is fine as long as it does not disrupt the meeting. Will all Members please ensure they use their microphones to assist in the clarity of the audio recording.

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Braille/audio tape/translation - If you require this please contact the Governance Services Officer (production times will depend upon equipment/facility availability).

Further information

If you have any queries about any of the above or the business to be discussed, please contact:

Sharif Chowdhury, Senior Governance Officer. email governance@leicester.gov.uk or call in at City Hall.

For Press Enquiries - please phone the **Communications Unit** on **0116 454 4151**



Housing Revenue Account Budget (including Capital Programme)

2026/27

Full Council: 25th February 2026

Decision to be taken by: Council
Lead director: Chris Burgin, Director of Housing

Useful information

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

1. Purpose

- 1.1 The purpose of this report is for Full Council to consider and approve the City Mayor's proposed Housing Revenue Account (HRA) budget for 2026/27.

2. Summary

- 2.1 Throughout the changing financial landscape since self-financing was introduced in 2012, the HRA has consistently delivered balanced budgets. This report proposes a balanced budget against a difficult financial backdrop for local authorities, with additional pressure arising from housing regulation changes, and the erosion of income from the continuing loss of stock through Right to Buy (RTB).
- 2.2 The maximum rent increase that can be applied for HRA tenants in 2026/27 is 4.8%, this being CPI+1% as at September 2025. This report details the continued inflationary pressures being faced by the service and, therefore, proposes a core rent increase in line with the maximum rate permitted. Applying a rent increase below 4.8% would lead to a budget shortfall, and further work would be required to bridge this gap; if, for example, a 2.5% increase was to be applied then this would lead to a £2m shortfall in the budget.
- 2.3 The proposals within this report are for the charges to tenants and leaseholders (homeowners) for services they receive to be representative of the underlying cost of the service being provided. The installation of heat meters for those tenants and homeowners connected to the District Heating network has enabled people to pay the direct cost of what they consume; this report seeks approval of the unit rate per kWh charge, along with the standing charge. For those tenants without heat meters there is the continued need to apply a fixed charge which is not directly linked to usage.
- 2.4 There is a comprehensive capital maintenance programme in place to ensure that homes are properly maintained, and this is supplemented with investment into the wider estate. The proposals in this report support the continuation of this approach.
- 2.5 Consultation on the proposals within this report will have taken place with the tenants and leaseholders, the Housing Scrutiny Commission, and the Overview Select Committee.

3. Recommendations

3.1 Full Council is recommended to:

- i) Note the comments from the tenants and leaseholders at Appendix G, the Housing Scrutiny Commission at Appendix H, and the Overview Select Commission at Appendix I;
- ii) Approve the Housing Revenue budget;
- iii) Approve a Capital budget for 2026/27 of £11.66m;
- iv) Approve rent changes for tenants for 2026/27 as follows:
 - 4.8% increase to core rent;
 - 4.8% increase to garage rent.
 - 4.8% increase for Hostel rent and service charges;
 - 4% increase for Gypsy and Traveller plot rent;
- v) Approve service charge changes for tenants and leaseholders for 2026/27 as follows:
 - A reduction in the charges for District Heating as set out in section 4.6.2, including a 16% reduction in the variable charge for metered heat and a 22% reduction in the fixed metered charges;
 - applying increases to all other service charges of 3.8%, in line with CPI.
- vi) Agree to delegate to the City Mayor the authority to reduce service charges by the extent to which this represents a change to the cost of providing those services.
- vii) Note the equality impact assessment of the proposed revenue and capital reductions required to present a balanced budget, at Appendix J;
- viii) Note that the scheme of virement (included within the General Fund Revenue Budget report which is also on your agenda) applies also to the HRA budget with total expenditure and total income acting as budget ceilings for this purpose;
- ix) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- x) For the purposes of finance procedure rules determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes;
- xi) As in previous years, delegate to the City Mayor:
 - Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
 - Authority to reduce or delete any capital scheme, subject to a maximum reduction of 20% of scheme value for “immediate starts”; and
 - Authority to transfer any “policy provision” to the “immediate starts” category.
- xii) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure;
- xiii) Note that the capital strategy in the Capital Budget report applies also to the HRA.

4. Report

- 4.1 The overall aim of Leicester City Council's Housing Division is to provide a decent home within the reach of every citizen of Leicester. This underpins the priorities for the HRA budget.
- 4.2 The HRA operates in a self-financing environment. Spending priorities are made in the context of needing to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £313m. The HRA budget is set by modelling expected levels of income and expenditure.
- 4.3 This report identifies the pressures facing the HRA in 2026/27 (most of which are unavoidable) followed by measures which would be required to set a balanced budget. These include proposals for increases to rent and service charges and savings from efficiency measures.

4.4 Revenue Cost Pressures

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

Table 1: Revenue Cost Pressures	2026/27 £000
Legislative & Regulatory Pressures	2,098
Increase in capital expenditure	1,100
Right to Buy sales	1,094
Staffing growth	774
Running costs	602
Interest & Debt	223
Other Pressures	353
Total Cost Pressures	6,244

- 4.4.2 Legislative & Regulatory Pressures

There is a pressure arising from the need to create additional capacity and resource in relation to the implementation of Awaab's Law, alongside the continued roll out of Electrical Installation Condition Reports (EICR's).

- 4.4.3 Capital Expenditure Financed from Revenue

The default source of funding for the maintenance aspects of the HRA capital programme (i.e. excluding affordable housing) is from revenue resources, which in 2025/26 amounted to £10.56m. In 2026/27 the figure increases to £11.66m, representing a revenue pressure. The detail of changes to specific schemes is within section 4.8, below.

- 4.4.4 Right to Buy

From November 2024, the maximum discount a tenant is eligible for when purchasing their property reduced from £102,400 to £24,000. This should aid the long-term finances of the HRA, through the loss of a smaller number of properties and through the retention of a higher capital receipt when properties are sold. There was a surge in applications prior to November 2024, in anticipation of the changes, and these applications are still being processed. As a result, it is predicted that the HRA will suffer an income loss of £1.1m in 2026/27 from sales under Right to Buy. Whilst a reduction in dwelling stock should lead to reductions in associated expenditure on managing and repairing those properties, the economies of scale that come from managing a large portfolio are gradually being eroded. Longer term, the changes to RTB eligibility and discount levels should help lead to a more financially sustainable HRA.

4.4.5 Staffing growth

There are various areas in the division where increased staffing is required for 2026/27. Pest control staff are to be sought at a cost of £230k to make local areas cleaner and target locations with persistent pest issues. Secondly, the complaints team require growth of £89k to fund a complaints manager and 1.5 FTE complaints officers to ensure any tenant complaints are dealt with in a timely and efficient manner. Thirdly, a repairs QC and a Training Safety Coordinator are required to assist with training and process improvement, as well as ensuring compliance with standards outlined by the Housing Regulator. Furthermore, 5.5 FTE Neighbourhood Housing Officers are required to help support access work, including PEEP regulation measures. There will also be £85k to fund a Principal Accountant post to deal primarily with HRA matters due to complexities within the division.

4.4.6 Running Cost Inflation

Inflation affects almost all areas of HRA running costs and is largely unavoidable. Contracts are reviewed as required to ensure that best value is being obtained, but the HRA is subject to wider market forces over which it has little influence. For 2026/27, materials and contractor inflation are forecast to be £0.3m higher than 2025/26. Other service costs, including cleaning and vehicle costs, are increasing due to inflation, which causes a pressure of £0.3m.

4.4.7 Interest & Debt

Over the lifespan of the assets, HRA finances are improved through the building and acquisition of properties for affordable rent. This new supply relies on prudential borrowing, on which interest must be paid, and interest charges are expected to decrease by £0.16m in 2026/27 due to the fall in the base rate of interest. However, the HRA also holds cash balances on which it earns interest; due to the reduced interest rate, £0.38m less will be earned in interest in 2026/27.

4.4.8 Other Pressures

Estates warden services require growth of £140k to ensure there is adequate coverage during annual leave periods and to increase the remit to cover work previously conducted by the Green Team. Extra Legionella risk assessments are required at a collective cost of £108k to be in line with government regulations. A further £105k is to be spent on training to ensure that all Housing Managers are trained in line with new guidelines within the Competency and Conduct Standard issued by the Housing Regulator.

4.5 Rent

4.5.1 The primary source of income into the HRA is from the rent charged to tenants. Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and the maximum increase from one year to the next. Whilst the stated aim has been to provide medium-term assurance on a consistent methodology, in practice this has fluctuated. The government has announced a long-term rent settlement permitting increases to rents of CPI + 1% for the next 10 years from April 2026. In 2026/27 social rent increases of up to 4.8% are permitted, reflecting CPI + 1% as at September 2025.

4.5.2 Given the scale of the pressures outlined in section 4.4 of this report, the proposal is to seek approval to apply a rent increase of 4.8%. To apply a rent increase of anything less than this would necessitate either a scaling back of the capital programme, a draw on limited reserves, or revenue service cuts. A rent increase below 4.8% would lead to a loss of income of over £1m for each 1% in 2026/27, and £11.1m over a 10-year period. Importantly, there would be no opportunity to recover this reduction to the base level income by applying a higher rental increase in future years (other than when properties are re-let). This level of increase will also apply to hostels, where all individuals staying at the Dawn centre are eligible for Housing Benefit.

4.5.3 Gypsy & Traveller Plot Rent

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

4.5.4 Garage Rent

Whilst garage rents are set separately to dwelling rents it is proposed to increase these by 4.8%, in line with core rent.

4.6 Service Charges

4.6.1 Service charges should be set with the intention of recovering the full cost of providing the service. To ensure parity with costs, it is proposed that a 3.8% increase is applied in 2025/26 in line with inflation (CPI), other than for district heating.

4.6.2 District Heating

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

It is essential to remember that the Council are subject to market forces when buying gas for the District Heating system. We do not control the price of gas and while the Council works to buy gas through ESPO at times that wholesale prices are low ultimately District Heating prices have to reflect the market gas price and these can be subject to rises and external forces. Those on the District heating system and charges

do benefit from a degree of protection from any in year increases in gas because it is usual for the Council to only set the charge levels once per year as part of this budget.

Properties With a Heat Meter

The charges for properties with a heat meter are separated into fixed charges (which are payable regardless of usage) and a variable charge for the heat actually consumed. The forecast underlying cost of gas for 2026/27 is significantly lower and this is reflected in the proposed charges set out in the table below:

	25/26 Annual Charge for Tenants	26/27 Annual Charge for Tenants
Fixed Charges	£140	£91
Billing & Collection	£78	£78
VAT on the above (@5%)	£10.90	£8.47
Total Fixed Charges	£228.80	£177.83
Weekly Charge (over 50 weeks)	£4.58	£3.56
Variable Charge pkWh of Heat	6.30p	5.28p

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

Properties With No Heat Meter Installed

Where there is no way of charging based on actual heat consumption, fixed charges are applied. The reduction in the forecast price of gas means that the charges for tenants and leaseholders in 2026/27 will be 18% below the level for 2025/26. The proposed charges are set out below:

	2025/26 Annual Charge	2026/27 Annual Charge
1 bed	£885	£716
2 bed	£1,226	£1,002
3 bed	£1,543	£1,267
4 bed	£1,871	£1,542
Other	£470	£369
Avg	£1,087	£886
Average Weekly Charge (50 weeks)	£21.75	£17.71

4.7 Revenue Savings

4.7.1 The proposals within this report meet the identified budget pressure of £6.24m in 2026/27. The proposed changes to rent and service charges at section 4.5 and 4.6 would result in additional income of £5m. Table 2, below, summarises the additional income and proposed savings to deliver a balanced budget:

Table 2: Additional Income & Reductions in Expenditure	2025/26 £000
Dwelling Rent & Service Charges	(5,041)
Rent From Supply of New Housing	(1,105)
Pay Inflation	(98)
Total Savings	(6,244)

4.7.2 Rental Income from Supply of New Housing

The HRA has embarked on an extensive programme of acquiring properties on the open market to increase the number of homes available at an affordable rent. In addition, a programme of building new properties on Council-owned land is underway. Additional rental income will accrue of £1.1m in 2026/27 as a result of this programme.

4.7.3 Pay Inflation

An assumed pay award for 2026/27 of 3% has been built into this budget resulting in an increase in pay costs of £1.2m. This however has been offset by a reduction in Employer's pension contributions, with the rate for 2026/27 falling from 27.8% to 21.8%, generating a saving of £1.3m.

4.7.4 In summary, the proposals outlined in this report will meet the amount required to balance the revenue budget for 2026/27. Appendix A shows a high-level breakdown of the proposed HRA revenue budgets for the year.

4.8 Capital Expenditure

4.8.1 The proposed 2026/27 capital programme (excluding budgets slipped from previous years) is £11.66m.

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

4.8.3 Work is underway in preparing the 30-year HRA Business Plan. Outputs from the HHSRS Stock condition surveys feed into this and will help to inform and manage any risks of increased need for capital investment.

4.8.4 Appendix B shows the proposed capital programme for 2026/27. The following changes to the capital programme are proposed:

4.8.5 Kitchens & Bathrooms

The Kitchen and Bathrooms programme is ongoing with 250 refurbishments anticipated to be completed for 2025/26. For 2026/27 the annual budget will be £1.25m, which will fund a further 250 installations. This factors in slippage of £1.15m from 2025/26.

4.8.6 Boilers

A further investment of £2m has been included to fund boiler replacements, in line with the 2025/26 programme. We aim to replace 480 boilers during 2025/26, and a further 480 in 2026/27.

4.8.7 Re-Wiring

A continuation of the re-wiring budget at the same level as for 2025/26 will help to support full/partial re-wiring at 450 properties across the city.

4.8.8 Re-Roofing, Soffits & Facias

The investment in re-roofing will increase by £0.5m to facilitate a greater number of roof replacements. This will help to address the increase in responsive repairs over the last year. During 2025/26 we aim to have replaced roofs at 120 properties and 160 during 2026/27.

4.8.9 District Heating

The HRA incurs costs in maintaining the secondary network of district heating. The £0.5m cost of this important work in 2026/27 is not passed on to tenants.

4.8.10 Communal Improvements & Environmental Works

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

- Eco fencing installed on Humberstone Road to provide security and privacy for tenants.
- Development of a community garden at Meadow Gardens with widened pathways around bungalows to improve access for residents who are wheelchair users. This project has helped tackle food poverty, combat social isolation and reduced void turnover in the area, therefore creating a more settled community. This was a joint project with Public Health.
- Mesh fencing installed on Tudor Road to improve security.
- New bin stores installed at Gresley Close and Oronsay Road to reduce pest problems and fly tipping.
- Knee rails installed on Comet Close to stop cars parking on the grass.
- Internal painting of communal areas at Portmore Close, which has completely transformed these blocks.

4.8.11 Community & Environmental Works – St Peter's Boiler House

£275k has been added to the capital programme to part-fund the demolition of the chimney at St Peter's Boiler House; further budget will be required in 2027/28.

4.8.12 Communal Flat Improvement Programme

The improvements to communal flats is set to continue, with £0.2m being included in the capital programme to continue funding the replacement of external cladding, which has become dated, with more efficient materials which will also be easier to maintain.

4.8.13 Loft Insulation

A further investment of £0.1m has been proposed to fund loft top ups, in line with the 2025/26 programme. This is required to improve energy efficiency as well as ensuring that insulation meets current standards.

4.8.14 Door entry replacements

£250k has been added for a further year to continue funding the replacement of various door entry systems. Many of these systems are dated and due to their age are

becoming very expensive to repair. This programme is required to ensure the systems are kept up to standard.

4.8.15 St Matthews Estate Balcony/Walkway Work

A further £0.2m is being added to the capital programme towards balcony/walkway work across the St Matthews Estate, including balconies and walkways.

4.8.16 St Matthews Centre

£0.5m has been added to the capital programme for 2026/27 to fund renovation works at St Matthews Centre. This report seeks to add this to the programme as a policy provision, with its use being subject to further details in a future Executive Decision.

4.8.17 Supported Housing Refurbishment

£0.2m has been added to the capital programme for 2026/26 to fund refurbishment and reconfiguration works to various unused buildings to change their purpose and convert them into usable premises.

4.8.18 Water Heater & Tank Replacements

A proposed £0.4m will be added to the capital programme to complete water heater and tank replacements.

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

Table 3: Financing of HRA Capital Programme	2025/26 £000	2026/27 £000
Funded From Revenue	10,560	11,660
Funded From Reserves	0	0
Funded From 2025/26 Revenue Underspends	400	0
Funded From Right to Buy Receipts (incl. Allowable Debt)	12,000	0
Funded from Borrowing	18,000	0
	40,960	11,660

4.9 HRA Reserves

4.9.1 Drawing down on reserves in an attempt to avoid the need to make savings is only viable as a short-term approach to meeting any budget shortfall. Reserves are better utilised in meeting one-off costs, to support the delivery of long-term efficiencies and providing cover for major repairs. In keeping with this approach, no reserves are proposed to be used to balance the budget for 2026/27.

4.9.2 Projections of the HRA reserve position at the end of 2025/26 indicate that there will be only limited unallocated reserves, in the region of £0.5m. This is a very small sum, particularly given the short and medium-term financial risks facing the HRA.

Forecast Opening Reserves Balance as at 1 st April 2026	£17.8m
Amount held to cover minimum working balances	£5.0m
Amount held to finance prior years' capital approvals (including policy provisions)	£7.7m
Earmarked for future anticipated calls on reserves	£4.6m
Forecast Unallocated Reserves Balance as at 31st March 2027	£0.5m

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 This report is exclusively concerned with financial issues.

Amy Oliver, Director of Finance

5.2 Legal implications

- 5.2.1 The Council is obliged to formulate proposals in relation to
 - (a) the income of the authority for the year from rents and other charges in respect of houses and other property within their Housing Revenue Account;
 - (b) the expenditure of the authority for the year in respect of the repair, maintenance, supervision and management of such property; and
 - (c) such other matters connected with the exercise of the authority's functions in relation to such property as the Secretary of State may direct.
- 5.2.2 Proposals under the above, should secure that the account for that year does not show a debit balance. (s.76 Local Government and Housing Act 1989).
- 5.2.3 The Council is also required to ring-fence the HRA to ensure that only monies received and spent for obligations and powers under the Housing Act 1985 can be paid into and out of the HRA (s.75 and Schedule 4 Local Government and Housing Act 1989).

Shazmina Ghumra (Principal Lawyer) Civil Litigation

24/11/25

5.3 Equalities implications

- 5.3.1 When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.
- 5.3.2 Protected groups under the Equality Act 2010 are age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.
- 5.3.3 The report recommendations with regards to increases in rent is likely to have a negative impact on people from across a range of protected characteristics by impact on household budgets. However, the work being carried out from income raised by the rent increases will lead to positive equality impacts, particularly on increased space and adaptations being made to homes. Continued investment

in building and acquiring new energy-efficient homes helps address the housing shortage and overcrowding, advancing equality of opportunity for those on the housing waiting list.

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

Equalities Officer, Surinder Singh Ext 37 4148

Dated 25 November 2025

5.4 Climate Change and Carbon Reduction implications

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

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

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

6. Background information and other papers:

None

7. Summary of appendices:

- Appendix A: Proposed HRA Revenue Budget 2026/27
- Appendix B: Proposed HRA Capital Programme 2026/27
- Appendix C: Other Service Charges and Payments 2026/27
- Appendix D: Leicester Average Rents Comparison
- Appendix E: Planning Capital Works in Council Dwellings
- Appendix F: How Priorities Are Assessed for HRA Expenditure
- Appendix G: Feedback from Consultation with Tenants' and Leaseholders' Forum
- Appendix H: Minutes of the Housing Scrutiny Commission
- Appendix I: Minutes of OSC
- Appendix J: Equality Impact Assessment (EIA)

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

No

9. Is this a “key decision”?

No

Appendix A

Proposed HRA Revenue Budget 2026/27

		- 2026/27 -		
	2025/26 Current Budget £000	2026/27 Budget Pressures £000	2026/27 Savings & Reductions £000	Proposed 2026/27 Budget £000
Income				
Dwelling & Non-Dwelling Rent	(90,733)	1,094	(6,105)	(95,744)
Service Charges	(12,902)	0	(44)	(12,946)
Total Income	(103,635)	1,094	(6,149)	(108,690)
Expenditure				
Management & Landlord Services	31,790	538	(95)	32,233
Repairs & Maintenance	35,408	2,926	0	38,334
Interest on Borrowing	13,113	223	0	13,336
Charges for Support Services	6,134	174	0	6,308
Contribution to GF Services	6,630	189	0	6,819
	93,075	4,050	(95)	97,030
Capital Funded From Revenue	10,560	1,100	0	11,660
(Surplus) / Deficit Before Reserves	0	6,244	(6,244)	0
Funding From Reserves	0			0
Contributions To Reserves	0			0
(Surplus) / Deficit	0	6,244	(6,244)	0

Appendix B

HRA Capital Programme 2025/26

The table below shows the 2025/26 capital programme approved in February 2025 (excluding budgets slipped from previous years' programmes), and the proposed programme for 2026/27. Other than the St Matthews Centre (which is being added as a policy provision) all of the schemes listed for 2026/27 are immediate starts.

	25/26 Capital Programme £000	26/27 Capital Programme Additions £000
Kitchens & Bathrooms	2,400	1,250
Boilers	2,000	2,000
Re-wiring	1,610	1,610
Re-roofing	1,500	2,000
Soffits & Facia	150	150
Windows and Doors	50	500
District Heating Maintenance	500	500
Communal Improvements & Environmental Works	200	475
Communal Flat Improvement Programme	200	200
Disabled Adaptations	1,200	725
Fire Risk Works	500	500
Safety Works including Targeted Alarms	100	100
Loft Insulation	100	100
Affordable Housing - Acquisitions & New Build	30,000	0*
St Matthews Balcony/walkway Estate Work	200	200
Door Entry Replacements	250	250
St Matthews Centre	0	500
Supported Housing Refurbishment	0	200
Water Heater and Tank Replacements	0	400
Total Capital Programme	40,960	11,660

*As at the end of October 2025 there was £159m remaining in the HRA Affordable Housing Programme, financed from a range of sources including retained Right to Buy Receipts, grant funding, and HRA borrowing. A bid is being prepared for grant funding to Homes England, which if successful could bring in up to £25m of additional funding.

Appendix C

Other Service Charges and Payments

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

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

Payments	Details of Payments								
Disturbance Allowance	Disturbance allowances are paid when a full property electrical rewire is carried out to an occupied LCC-owned property. A disturbance allowance can also be paid where it is necessary to undertake major works in an occupied property. The disturbance allowances are as follows:								
	<table> <tbody> <tr> <td>Bedsit £130</td> <td>4-Bed £230</td> </tr> <tr> <td>1-Bed £155</td> <td>5-Bed £255</td> </tr> <tr> <td>2-Bed £180</td> <td>6-Bed £280</td> </tr> <tr> <td>3-Bed £205</td> <td>7-Bed £305</td> </tr> </tbody> </table>	Bedsit £130	4-Bed £230	1-Bed £155	5-Bed £255	2-Bed £180	6-Bed £280	3-Bed £205	7-Bed £305
Bedsit £130	4-Bed £230								
1-Bed £155	5-Bed £255								
2-Bed £180	6-Bed £280								
3-Bed £205	7-Bed £305								

Decorating
Allowances

Decorating allowances are paid to new tenants based on the condition of the property on a per room basis. The allowances are paid through a voucher scheme with a major DIY chain. Current allowances are set out below:

Bathroom	£45.00	Halls (flats/bungalows)	£45.00
Kitchen	£56.25	Hall/Stairs/Landing	£78.75
Lounge	£67.50	Large Bedroom	£67.50
Dining Room	£67.50	Middle Bedroom	£56.25
WC (where separate)	£22.50	Small Bedroom	£36.00

The amount payable is capped as follows:

3+ bed house / maisonette	£300
3+ bed bungalow / flat	£250
2 bed house / maisonette	£250
2 bed flat / bungalow	£200
1 bed flat / bungalow	£150
Bedsit	£100

Appendix D

Average Rents Comparison

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

Property type	LCC HRA	Housing Association 2025 (gross social rents)	Private Sector (LHA rate 2025)	Private Sector (City wide)
	2026/27			Sept 2025
	£			£
Room only	-	-	£91	
Bedsit (studio)	£80.31	£100.90		£163.38
1 bed	£84.70	£107.82	£124.27	
2 bed	£99.84	£109.47	£149.59	£203.54
3 bed	£111.92	£115.03	£178.36	£237.46
4 bed	£128.29	£137.05		
5 bed	£138.22	£141.83	£241.64	£333.23
6 bed	£149.36	£159.43		

Appendix E

Planning Capital Works in Council Dwellings

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

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

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

The proposed capital budget for 2026/27 is not purely based on life cycle and condition survey data; major elements are pre-inspected before they are added to the programme and the repairs history for the property is checked. For example, all roofs are pre-inspected before the order is sent to the contractor. Likewise, all electrical

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

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

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

Appendix F

How priorities are assessed for Housing Revenue Account expenditure

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

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

This appendix sets out how we are meeting these priorities and the plans for investment in our 19,270 (October 2025) council homes and their neighbourhoods.

Priority one – Providing Decent Homes

Just over 1 in 7 homes in Leicester is a council house, flat, maisonette or bungalow. 13.2% of all homes in the city are council homes. It is crucially important that we look after these assets, not just for current tenants, but for those who will live in them for many years to come. When we plan the Housing Capital Programme, we must consider what investment will be needed over at least the next 40 years, not just the next three or four years. We must ensure we do not let the programmes for essential items with long life spans fall behind, for example roofs, boilers, re-wiring, kitchens, and bathrooms.

The Government's Decent Homes target was met in 2011/12. However, to meet the standard on an on-going basis further investment for major works is required.

Major works are planned for all council housing following an assessment of condition, age, tenant priorities and other criteria set as part of the Decent Homes Standard. We a bespoke software package that enables us to analyse stock condition and plan major work accordingly, when it is required. To ensure we have accurate and up to date information in relation to our properties we have started a programme to visit every property over a 5-year rolling period to undertake a Housing Health and Safety Rating Systems (HHSRS) assessment.

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

- It meets the current statutory minimum standard for housing.
- It is in reasonable repair.

- It has reasonably modern facilities and services; and
- It provides a reasonable degree of thermal comfort.

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

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

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

The table below shows the key Capital Programme work being carried out during 2025 / 26 and our proposals for 2026 / 27.

Programmed element	Achievements and proposals
Kitchens and bathrooms	We expect to have installed 250 kitchens / bathrooms in 2025/26. During 2026/2027 we are expecting to install a further 250. As at the 1 st April 2025, 85% of all council properties have had either a Leicester Standard kitchen or bathroom.
Rewiring	We expect to have rewired 450 homes in 2025/26 and a further 480 during 2026/27
Central heating boilers	Investment is calculated to replace boilers every 15 years based on condition data from the annual gas service. We expect to have replaced 480 boilers in 2025/26 and a further 480 in 2026/27.
Roofing and chimneys	We expect to have installed 120 new roofs in 2025/26 and a further 160 in 2026/27
Central heating systems	We have 54 properties without any form of central heating. In these cases, tenants have refused to have central heating installed. Provision is made in the programme to install central heating on tenant request or when these properties become vacant
Windows and doors	Excluding properties in Conservation Areas where there are often restrictions on the use of UPVC, we have 36 properties that do not have UPVC double glazed windows. In these cases, tenants have refused our previous offers of installing double glazing. Provision is made in the programme to install windows / doors on tenant request or when these properties become vacant.
Structural works	Investment is required to address any structural works identified each year. As well as dealing with structural problems, such as subsidence, issues such as woodwork

	treatment and failed damp proof courses are also dealt with when identified.
Soffits, fascias, guttering	By replacing these items with UPVC, it will help to reduce long term maintenance costs. During 2025/26, we anticipate installing UPVC soffits, fascias and gutters to 106 properties, and a further 105 properties in 2026/27.
Condensation and damp works	On the 27 October 2025 provisions were introduced by Section 42 of the Social Housing (Regulation) Act 2023 (known as Awaab's Law), which means landlords must investigate and fix emergency and significant hazards related to damps and mould within strict timeframes when an issue has been reported. In 2025/26, we expect to complete damp and mould work on 2,820 properties and a further 2,900 in 2026/27.
Safety and fire risk work	Investment is required to implement the planned programme of fire safety measures, as agreed with the Fire Service

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

Earlier in the year the Government consulted on a proposed update to the Decent Homes Standard which would extend it from social housing to also include the private rented sector. Other proposed revisions include a new definition of disrepair; a new separate criteria requiring homes to be free of damp and mould and updating the thermal comfort criteria for homes. Current guidelines state the new requirements will be implemented in either 2035 or 2037.

It is crucial that we continue to repair and maintain homes. Responsive repairs are those reported by tenants when something breaks or stops working in their home, which we are responsible for fixing. During 2024/25 80,308 responsive repairs were completed compared to 77,538 in 2023/24. To make sure that the most serious repairs are dealt with first, we have 3 levels of repair priority. During 2024/25 we completed 89.6% of emergency repairs within our 24 hours target. For other repairs we completed 73.2% of these on our first visit. Sometimes we are unable to complete repairs when we first visit if tenants are not at home for their appointment or we need to order in specific parts to complete the work.

During 2024/25 the average time it took to re-let a property after it became vacant was 177 days – this is 7 days less than the previous year. Increasingly major works need to be carried out on our vacant properties to ensure the safety of our new tenants. This work can include asbestos removal, the fitting of new kitchens or bathrooms, rewires, boilers replacements and specialist cleaning, which increases the time properties are vacant. At the end of September 2025, we were carrying out work on 406 vacant properties.

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

Key to the delivery of all our services in our neighbourhoods is our income collection. Despite significant challenges bought about by the Cost of Living crisis, the Income Management Team have worked hard to support tenants in paying their rent, ensuring 98.84% of rent was collected in 2024/25. The high rate of income collection enables us to continue delivering high quality services.

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

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

In 2025 / 26 the £200k environmental and communal works budget is being shared across the city in all neighbourhood housing areas. Some of the Environmental works that are being carried out this year include:

- Installing fencing on Humberstone Road to provide security and privacy to residents
- Development a community garden at Meadow Gardens and widening pathways around bungalows to improve access for residents who are wheelchair users.
- Installing mesh fencing on Tudor Road to improve security
- Installing new bin stores at Greasley Close and Oronsay Road to reduce pest problems and fly-tipping
- Installing knee rails on Comet Close to stop cars parking on the grass
- Internal painting of communal areas at Portmore Close

We have worked closely with the Burns Flat's Action Group and local ward Cllrs to carry out improvements for tenants in the area. The Crayburn House Community Rooms are a hive of activity and used regularly by tenants to access services and

support. Coffee mornings and advice sessions are being run there by Team Hub. Cleaning services to the Burns Flats have significantly improved with the input of tenants and we are now consulting on the implementation of the new door entry system. We have also had a dedicated team focusing on tackling anti-social behaviour. This is an excellent example of the council working in partnership with communities to improve the local area making it a better place to live and work for everyone.

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

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

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

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

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

Housing office services are provided in shared Council buildings within local communities. In addition to this in March 2025 we have introduced weekly "Pop-Up" Housing Offices at 6 locations across the City. These are New Parks Library, the Tudor Centre, Pork Pie Library, the Brite Centre, the St Matthews Centre and Thurnby Lodge Community Centre. These pop up sessions allow tenants to meet with housing staff, who will deal with their enquiries face to face and provides an opportunity to engage with housing services. The Customer Support service runs a telephone advice line during working hours where tenants can report emergency repairs and tenancy issues. Out of hours emergency calls are taken by an external provider.

Tenants now report their non-emergency repairs through Housing Online. At the start of November 2025, 13,140 (just over 63%) of tenants have registered to access services via Housing Online.

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

We also understand there will be a small proportion of our tenants who are digitally excluded and will not be able to use the online service, perhaps because they do not have access to IT devices or Wi-Fi, a disability or a lack of skills or confidence to use this service. Where we identify that this is the case, we flag this on our systems and the tenant can continue to report their repairs to the Customer Support telephone line. No tenant will be left in the position where they cannot report a repair. At the start of November 2025 we have assessed 2,845 tenants as being digitally excluded, who will continue to report their non-emergency repairs through the Customer Support telephone service.

In 2025 we launched our new Tenant Engagement and Communication Strategy, following consultation with our tenants. The aim of the Strategy is to ensure we have robust opportunities for tenants to be involved in the delivery of housing services provided to them and to ensure they are listened to when new projects, initiatives and services are being introduced.

One action resulting from the Strategy has been the formation of the Tenants Scrutiny Panel. This group of tenants from across the City, will be consulted on key aspects of housing services, including being consulted on the proposals for the Housing Revenue Account Budget.

To support the work we want to undertake to widen our engagement activities, we have recruited a dedicated Engagement Manager and 3 Engagement Officers. We are also in the process of recruiting a Communications Officer to support improved communication to our tenants.

To support the needs of people living in our 1,814 (September 2025) leasehold properties we have a Leaseholders Liaison Team who are responsible for responding to Council leaseholder queries and improving services to meet their needs. Leaseholder Forums take place to allow leaseholders to discuss particular issues affecting this tenure type and to put forward suggestions for improvement.

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

Leicester City Council has an ambition to become a climate ready city, which means working towards net zero carbon emissions and adapting to climate change. The Housing Division has a significant role to play in helping Leicester become climate ready through improving operational energy use and insulation, as well as through emissions from construction. The energy efficiency work we have previously undertaken, including our Housing Capital Programme initiatives, has already delivered significant reductions in CO₂.

We have been working towards improving the environmental impact of our homes for many years and during this time we have significantly reduced the CO₂ emissions

from our housing stock. This has been achieved through double glazed window replacements, new central heating installations, new energy efficient boilers, internal and external wall schemes and loft top up insulation works. We have also fitted solar panels to some of our properties. Some specific examples of work we undertook in 2024/25 are:

- All replacement boilers fitted had an A grade energy efficiency rating
- Installing loft insulation in 350 properties.
- Ongoing programme of fitting meters into our properties connected to the District Heating network to enable tenants to better control their energy use and save money on these bills.
- The homes being built as part of our current housebuilding programme have been designed to maximise energy efficiency.

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

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

The latest Housing Needs Assessment (Leicester City Local Housing Need Assessment & Update Addendum, 2022) identified that Leicester's net affordable housing need is 1,117 additional affordable housing homes per year. Of that total, there is a need for an extra 1,008 affordable rental properties per year in Leicester (over the period 2020-36).

Between 2019 and 2025 1,505 new affordable homes were made available through new build, conversions and acquisitions. This equates to an average of 251 completions a year, well below what has been determined to be needed in the Housing Needs Assessment.

Issues affecting our ability to provide new affordable housing include:

- The lack of available and viable sites for residential development
- Poor and/or negligible success in securing new affordable housing supply via planning gain. Historically, a proportion of our new supply of affordable housing had been delivered via planning gain (Section 106 contributions). For a period now, the proportion and number of applicable planning consents which include planning gain affordable housing has been negligible.
- Significant increases in actual and projected costs and inflation associated with housing development. This has been coupled with a shortage of construction labour and skills, significant shortage of materials and financial uncertainties.
- The reduction in the availability of uncommitted Right to Buy Receipts means our funds for new council housing have been fully committed, We are working up bids

with Homes England to fund future house building projects. It is likely that there will be more reliance on this type of external funding in future years.

Right to Buy sales reduce the number of council homes available at an affordable rent. In 2024/25 we lost 146 homes through Right to Buy sales.

The number of households on the Housing Register was 6,368 on 01/4/2025. Overcrowding remains the biggest reason for households joining the Housing Register and currently accounts for 54% (3,451) of the register.

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

In order to help meet housing need, there is an active programme of housing development through the Housing Revenue Account. In 2024/25 there were 424 completions of new Affordable Housing. Registered Providers delivered 203 of these completions. We also acquired 111 properties via the Housing Revenue Account. This work is continuing in 2025/26 and beyond.

Vacant Council properties are advertised through Leicester HomeChoice. In 2024/25 1,017 households became new Council tenants.

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

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

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

We keep a record of which properties have been adapted so we can allocate them to households on the Housing Register who need the adaptation, when the property becomes vacant.

We have 2,508 homes that have been adapted in some way, of which 117 have been fully adapted for wheelchair users and 2,391 partially adapted with level access into and around the property.

Each year the Capital Programme funds the adaptations of tenants' existing homes where Adult Social Care and Children's Services identify the current tenant or family members need those adaptations.

In 2024/25 we carried out 134 major adaptations, such as new and replacement stairlifts, through floor lifts, level access showers and ramps. We also carried out

283 minor adaptations to tenants' homes, such as installing grab and handrails, fitting shower seats, raising electrical sockets and fitting lever taps.

Due to the increasing demand for adaptations in tenants' homes, £600k has been set aside for this work in 2026/27. We are also in the process of developing an Adaptations Strategy to tackle the current lack of suitable adapted housing available to help tenants to live well.

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

The Supporting Tenants and Residents (STAR) service provides one-to-one support to council tenants who might otherwise lose their homes. Priority is given to support those who have been previously homeless and those who have other problems which means they are not coping or complying with tenancy conditions. The service also works closely with Children's Services to help looked after children, foster families, children leaving care and other vulnerable families. During 2024/25, there were just 4 evictions for rent arrears and 2 evictions for anti-social behaviour. We have a low eviction rate compared to other authorities, due to the comprehensive support and income collection work we undertake with tenants.

In 2024/25 the Income Management Team helped 1,399 vulnerable households to access the Government's Housing Support Fund. This was money allocated to help people during the Cost-of-Living crisis. On average households received over £600 from this fund. In addition to this the Income Management Team supported tenants to apply for Discretionary Housing Payments. A total £259,153 was paid in awards for all qualifying council tenants.

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

Housing Officers undertake a programme of Welfare Visits to tenants who may be vulnerable. This contact is an opportunity for us to check whether the tenant is coping in their home and, where appropriate, we signpost or refer people to support services. This is a preventative measure to help sustain tenancies, ensure people are safe and well, and enables us to act before a crisis point is reached.

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

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

In 2024/25 95.29% of Council tenancies were sustained. This means that 95.29% of people who became new tenants in 2023/24 remained in their tenancy 12 months later. During 2024/25, the STAR service received 928 referrals for support. At the end of 2024/25 the service was supporting 345 tenants to help maintain their home.

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

The Housing Division makes a significant contribution to the local economy.

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

The Housing Division continues to offer craft apprenticeship opportunities each year and boasts the largest programme within the Council. This year, 16 additional apprentices have been recruited to train as Roofers, Gas Engineers, and Electrical Engineers. Currently, there are 48 apprentices in total.

The Housing Neighbourhood Improvement Scheme continues to assist the long-term unemployed by providing pre-employment training and offering a 12-month work placement through the Leicester to Work programme. Each year, 10 individuals are recruited, and this year, 7 have successfully transitioned into roles within the business; 4 of these employees have been successful in the apprenticeship programme.

Regulator of Social Housing Consumer Standards

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

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

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

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

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

These standards aim to enhance the quality of social housing and services provided, to ensure that residents live in safe, well-managed environments that meet their needs. When determining spend from the Housing Revenue Account Budget as well as meeting our 5 priorities above we also ensure that money is available to meet the specific requirements on The Housing Regulator's Consumer Standards.

Feedback from consultation with Tenants' and Leaseholders'

Combined Summary

Tenant HRA budget 2026/27 consultation

Question 1

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

377 people responded to this question, 175 (46.42%) supported the proposals or supported them with some concerns. 168 (44.56%) did not support the proposal

Response option	Number of respondents	% of respondents
Fully support	69	18.30%
Support, but with some concerns	106	28.12%
Do not support	168	44.56%
Don't know	27	7.16%
Not answered	7	1.86%

Question 2

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

There were 377 responses to this question. 154 (40.85%) supported the proposals or supported them with some concerns. 130 (34.48%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	80	21.22%
Support, but with some concerns	74	19.63%
Do not support	130	34.48%
Don't know	78	20.69%
Not answered	15	3.98%

Question 3a

What is your opinion of our proposals to reduce District Heating charges?

There were 367 responses to this part of the question. 189 (51.50%) supported the proposals or supported them with some concerns. 50 (13.62%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	171	45.36%
Support, but with some concerns	28	7.43%
Do not support	50	13.26%
Don't know	110	29.18%
Not answered	18	4.77%

Housing Revenue Account Budget 2026/27

Tenant and leaseholder consultation feedback

The Tenants Scrutiny Panel (TSP) met on 10 December 2025 to consider the proposed Housing Revenue Account (HRA) budget for 2026/27.

Chris Burgin, Director of Housing, and Alvin Raj, Policy and Engagement Manager, consulted with ten TSP members representing Council tenants on the proposals. The consultation covered the proposed rent levels, service charges, district heating charges, and the allocation of investment within the Capital Programme.

A series of questions were asked to the Tenants Scrutiny Panel in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

Response option	Number of respondents	% of respondents
Fully support	1	10.00%
Support, but with some concerns	9	90.00%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

The Tenants' Scrutiny Panel either supported the proposals or supported them with some concerns. The tenant who fully supported the increase acknowledged the reasons for the rent rise and noted that non-council tenants often pay higher rents elsewhere, adding that they would prefer a council property.

The nine panel members who supported the proposals with some concerns acknowledged that 65% of tenants have their full housing costs covered by Housing Benefit or Universal Credit. However, they expressed concern about the remaining 35% of tenants who receive partial or no housing cost support. They felt that, given the current cost-of-living pressures, these tenants would find it challenging to afford the rent increase.

Question 2

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

Response option	Number of respondents	% of respondents
Fully support	0	0%
Support, but with some concerns	10	100.00%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants' Scrutiny Panel supported the proposal for service charges, albeit with some concerns. While all acknowledged the rationale for the increased cost of services, the panel felt that tenants are currently paying for services that require improvement. The panel's expectation is that the quality of services delivered should reflect and justify the service charges paid by tenants.

Question 3

What is your opinion of our proposals to reduce District Heating charges?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the reduction in District Heating charges. Some panel members felt that the savings made on District Heating would help offset increases in other charges, such as rent and service charges. However, this will benefit only tenants that have District Heating.

Question 4

What is your opinion of our proposals on how the Capital Programme is going to be spent?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the proposal on how the Capital Programme is to be spent.

Housing Revenue Account Budget 2026/27

Tenant Online HRA Budget 2026 / 27 Consultation

An online consultation on the Housing Revenue Account (HRA) budget proposals took place with Leicester City Council tenants and leaseholders between 5th December 2025 and 21st December 2025.

Tenants and leaseholders were informed of the consultation via email and postal letters. The communications explained the purpose of the consultation and outlined the different ways in which feedback could be provided. This included attending a face-to-face drop-in session at one of 12 locations across the city, or completing the consultation survey online via a weblink provided in the correspondence. Repairs operatives distributed 2,000 leaflets while visiting tenant homes.

Face-to-face drop-in sessions were held at the following locations:

- New Parks Library – 9th and 16th December 2025 11am to 3pm
- Tudor Centre – 9th and 16th December 2025, 11am to 3pm
- Pork Pie Library – 10th and 17th December 2025, 11am to 3pm
- Brite Centre – 10th and 17th December 2025, 11am to 3pm
- St Matthews Centre – 11th and 18th December 2025, 11am to 3pm
- Thurnby Lodge Community Centre – 11th and 18th December 2025, 11am to 3pm.

Engagement Officers recorded the responses at these sessions onto the online consultation portal.

In total 367 tenants and leaseholders responded to the online consultation. Of these:

- 324 (88.28%) were from tenants
- 41 (11.18%) were from leaseholders
- 1 (0.27%) were from non-tenants and leaseholders
- 1 (0.27%) not answered

A series of questions were asked in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1a

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

367 people responded to this question, 165 (44.96%) supported the proposals or supported them with some concerns. 168 (45.78%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	68	18.53%
Support, but with some concerns	97	26.43%
Do not support	168	45.78%

Don't know	27	7.36%
Not answered	7	1.91%

Question 1b

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

A total of 232 respondents submitted comments in relation to this question. Where comments related specifically to the proposed rent increase, 27 respondents expressed concerns regarding their ability to afford the additional rent. A further 112 respondents indicated that the proposal would exacerbate the financial pressures associated with the current cost-of-living crisis.

In addition, 46 respondents stated that improvements to housing services would be necessary in order to justify the proposed increase, while 16 respondents felt that enhancements to Leicester City Council's housing stock would be required to merit the increase.

Question 1c

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

A total of 257 responses were received to this question. Where comments related to the potential impact of the proposed rent increase, 13 respondents stated that it would have little or no impact. In contrast, 119 respondents indicated that the increase could lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

Additional impacts identified by respondents included a potential increase in homelessness (4 respondents) and adverse effects on mental health (14 respondents).

In terms of groups perceived to be most affected by the proposed rent increase, the greatest concerns were expressed in relation to families (19 respondents), working people (11 respondents), and people with disabilities (4 respondents). Other groups highlighted included single parents (5 respondents) and pensioners (5 respondents).

Question 2a

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

There were 367 responses to this question. 144 (39.24%) supported the proposals or supported them with some concerns. 130 (35.42%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	80	21.80%
Support, but with some concerns	64	17.44%
Do not support	130	35.42%
Don't know	78	21.25%
Not answered	15	4.09%

Question 2b

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

There were 162 responses to this question. Where feedback related to concerns about the service charge proposals, it was similar to that received in relation to the rent proposals. Respondents felt that Housing Services would need to improve to justify the proposed increase. Concerns were also raised about affordability, particularly in the context of rising day-to-day living costs. Where specific service charges were mentioned, the highest number of concerns related to communal cleaning charges (16 respondents), followed by door entry system charges (9 respondents) and laundry room charges (3 respondents).

Question 2c

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

There were 147 responses to this question. Of those that commented on the potential impact of the service charge proposals, 18 respondents stated that they would have little or no impact. In contrast, 36 respondents said the proposals could lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

In terms of which groups may be most affected, the greatest concerns related to tenants with families (4 respondents). Other groups identified as being particularly impacted included pensioners (4 respondents), disabled people (1 respondent), and vulnerable people (1 respondent).

Question 3a

What is your opinion of our proposals to reduce District Heating charges?

There were 367 responses to this part of the question. 189 (51.50%) supported the proposals or supported them with some concerns. 50 (13.62%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	161	43.87%
Support, but with some concerns	28	7.63%
Do not support	50	13.62%
Don't know	110	29.97%
Not answered	18	4.90%

Question 3b

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

There were 91 responses to this question. 28 people stated the proposal to reduce district heating charges was positive. Despite the proposed reduction in charges 24 people commented on affordability issues related to paying this reduced charge, with comments made generally about rising energy costs and other household bills.

4 people were concerned the proposed reduction is a forecast.

Question 3c

What impact do you feel the District Heating Charge proposals will have on you, your family or the wider community?

There were 88 responses to this question. Of these, 20 respondents felt that the proposal would have a positive impact for tenants and leaseholders on the district heating scheme, as they would pay less for the service. A further 12 respondents stated that the proposal would have little or no impact.

Despite the proposal to reduce district heating charges, 16 respondents stated that the amount they would still be required to pay was too high and could place additional financial pressure on some households. These comments were generally made in the context of wider increases in day-to-day living costs.

A few people commented the proposal would still impact on the elderly and vulnerable people.

Question 4a

What is your opinion of our proposals to increase garage rents by 4.8% in line with the proposed increase of rent for council homes?

There were 367 responses to this part of the question. 114 (31.06%) supported the proposals or supported them with some concerns. 58 (15.80%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	85	23.16%
Support, but with some concerns	29	7.90%
Do not support	58	15.80%
Don't know	163	44.41%
Not answered	32	8.72%

Question 4b

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

There were 89 responses to this question. Where these related to concerns about the proposed increase to garage rents, 15 responses raised concerns about the ability for some people to pay the increase charge. Generally, comments received were about the maintenance of the garages.

Question 4c

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

There were 70 responses to this question. 21 people stated there would be no or little impact. 17 people stated the proposed increase would add to the financial hardship of people renting garages. 2 responses stated the garages should be demolished to generate additional car parking spaces.

General comments received were about the current pressures of street parking and value for money.

There were no comments received as to whether the proposed garage rents would impact more on a particular group.

Question 5

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

There were 345 responses to this question. Where services are provided by the Housing Revenue Account, the highest priority by a significant margin was repairs. This was followed by home improvements and modernisation of properties, and then security measures. The table below sets out the full range of priorities identified by respondents.

Service area	Number of respondents	% of respondents
Repairs	197	53.68%
Improvements and modernization of homes	45	12.26%
Security measures	37	10.08%
Upkeep of communal areas in blocks/communal cleaning	8	2.18%
Energy efficiency measures	7	1.91%
Tenant support services	4	1.09%
Building new council homes	16	4.36%
Parking on estates	8	2.18%
Providing value for money	5	1.36%
Tackling anti-social behavior	10	2.72%
Letting empty properties	3	0.82%
Tenant involvement activities	1	0.27%
Providing information to tenants	1	0.27%
Rent	3	0.82%

Background information of respondents:

Ethnicity

Option	Total	Percent
Asian or Asian British: Bangladeshi	4	1.09%
Asian or Asian British: Indian	49	13.35%
Asian or Asian British: Pakistani	4	1.09%
Asian or Asian British: Any other Asian background	15	4.09%
Black or Black British: African	30	8.17%
Black or Black British: Caribbean	9	2.45%
Black or Black British: Somali	3	0.82%
Black or Black British: Any other Black background	1	0.27%
Chinese	2	0.54%
Chinese: Any other Chinese background	0	0.00%
Dual/Multiple Heritage: White & Asian	2	0.54%
Dual/Multiple Heritage: White & Black African	0	0.00%
Dual/Multiple Heritage: White & Black Caribbean	3	0.82%
Dual/Multiple Heritage: Any other heritage background	0	0.00%
White: British	165	44.96%
White: European	11	3.00%
White: Irish	2	0.54%
White: Any other White background	6	1.63%
Other ethnic group: Gypsy/Romany/Irish Traveller	0	0.00%
Other ethnic group: Any other ethnic group	4	1.09%
Prefer not to say	47	12.81%
Not Answered	10	2.72%

Sex

Option	Total	Percent
Female	217	59.13%
Male	109	29.70%
Other	1	0.27%
Prefer not to say	29	7.90%
Not Answered	11	3.00%

Age

Option	Total	Percent
under 18	0	0%
18 - 25	7	1.91%

26 - 35	38	10.35%
36 - 45	67	18.26%
46 - 55	67	18.26%
56 - 65	89	24.25%
66+	70	19.07%
Prefer not to say	20	5.45%
Not Answered	9	2.45%

Disability

Option	Total	Percent
Yes	149	40.60%
No	164	44.69%
Prefer not to say	41	11.17%
Not Answered	13	3.54%

Sexual orientation

Option	Total	Percent
Bisexual	7	1.91%
Gay / lesbian	2	0.54%
Heterosexual / straight	262	71.39%
Prefer not to say	55	14.99%
Other	9	2.45%
Not Answered	32	8.72%

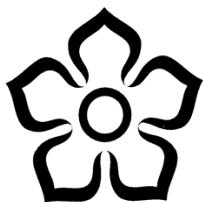
Religion and belief

Option	Total	Percent
Atheist	18	4.90%
Bahai	0	0%
Buddhist	3	0.82%
Christian	111	30.24%
Hindu	22	5.99%
Jain	0	0%
Jewish	0	0%
Muslim	56	15.26%
Sikh	1	0.27%
No religion	68	18.53%

Prefer not to say	52	14.17%
Other	8	2.18%
Not Answered	28	7.63%

Parent or carer

Option	Total	Percent
0-4 years	46	12.53%
5-10 years	61	16.62%
11-15 years	50	13.62%
16-17 years	25	6.81%
18+	68	18.53%
Not Answered	207	56.40%



Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION

7. HOUSING REVENUE ACCOUNT BUDGET DRAFT (INCLUDING CAPITAL PROGRAMME) 2026/27

Minute Extract of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: TUESDAY, 13 JANUARY 2026 at 5:30 pm

P R E S E N T:

Councillor O'Neill – Chair
Councillor Bajaj -Vice Chair

Councillor Aqbany
Councillor Gregg

Councillor Gopal
Councillor Singh Sangha

In Attendance: Deputy Mayor – Councillor Cutkelvin

1. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2026/27

The Director for Housing presented the Housing Revenue Account Budget for 2026/27:

- The Director of Housing advised that the proposed budget for the year was balanced but there were significant pressures that the HRA faced this coming year which totalled over £6 Million.
- The key factors that were causing these pressures were explored. New legislation such as Awaab's Law, regarding mould and damp, which came into place in 2025 had added additional responsibilities to the authority as well as shorter timeframes to handle damp and mould cases. The new Housing Regulator and Consumer standards require new unfinanced actions and tasks. The Regulator is also introducing a new Conduct & Competency framework to further professionalise the Housing for all Housing employees. This will result in the authority needing to put a considerable number of housing staff through new training to ensure that the authority was compliant with the new standards. It was explained that these combined factors alone made up £3 Million of the £6 million total pressures.

- Other pressures included the continued loss of housing stock which was expected to cost the City Council an additional £1 million in the upcoming year as well as the increase in running cost expenses due to inflation which was predicted to cost £750,000. A furthermore, £1 million has also been added to the Capital budget for 26/27.
- An increase of 4.8% on core rent, garage rent, and hostel rent for all Council tenant, garages and hostel rents was proposed to help balance these pressures. An increase in rent of 4% for Gypsy and Traveller was also proposed, the difference in percentage increase was due to the different legislation around Traveller plots.
- Regarding district heating, there was a proposed decrease of 16% in the variable charge for metered heat as well as for those on fixed charges. A further 22% reduction was proposed in the fixed metre charges for tenants with metres.
- There was an increase of 3.8% in service charges proposed.
- It was noted that a number of the capital items were due to remain ongoing and unchanged from the previous year including, boilers, rewires, district heating, soffits and fascias, door entry replacements, kitchens and bathrooms.
- It was also proposed that there would be a reduction in the funding for disabled adaptations to Council properties from £1.2 Million to £725,000. It was explained that the authority was handling demand as currently there was no waiting list for adaptations. Consequently, this reduction would cause minimal impact to the area and help balance the budget. The Director of Housing committed to keep an eye on this area and review the funding pot in year if there was any change in the demand.
- A preventative programme of increasing the re-roofing budget was proposed to help tackle the issue of roof repairs and leaks in Council houses. In the previous financial year, it was noted that there was an increase in demand for roof repairs and therefore, the budget of £1.5 million was proposed to increase to £2 million to enable this.
- A programme to upgrade and replace the windows and doors in Council Houses is also proposed to be added. It was stated that the programme which would take place over several years would have its budget increased from £50,000 to £500,000 to intensify the programme's progress.
- A one-off investment of £500,000 was planned for the St Matthew's Centre. While the building was owned by Housing it was being utilised by Libraries, communities and other groups. At the time, plans were being drawn up for the future of the centre, but nothing had yet been decided. It was explained that regardless of what happened, the centre needed investment for any of the proposed plans and that the money had been set aside to provide the necessary headroom.
- A new £200,000 capital line was proposed for a new supported housing project. A unit was identified where alterations could be made to convert it into a new supported housing unit which would further support the work that was being carried out in this area.
- A sum of £400,000 was put aside for water heater and tank replacements. This project had become linked with the water safety and Legionella checks which the authority routinely carried out on water tanks. The Director of Housing emphasised that the risk of Legionella could be significantly reduced by having direct fed water rather than having water tanks.
- It was noted that the Housing department was not requesting any additional funding in the year 2026/27 for creating additional affordable housing. This was due to the fact that the authority already had £159 Million in the funding pot and was in discussions with Homes England to gain an additional £60 Million.

Therefore, it was deemed that no additional funding was needed for the year. The Director of Housing wanted to make it clear that just because further funding was not being requested, it did not mean that the affordable housing delivery was stopping.

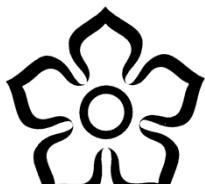
- The Director explained that in both online and face to face discussions with tenants and members of the tenant scrutiny board, the reception to the budget changes were overall supported by a majority.

Comments:

- The tenant's responses were commented on by the Chair and the fact that although the majority approved, it was a small majority. The Chair requested further clarification as to what the causes of this slim approval margin was. It was detailed by the Director of Housing that the main cause of concern among tenants surveyed, was the impact these changes would have on the most vulnerable, particularly with bills increasing and the cost of living and also the impact it would have on those working and required to pay the increase. The Housing department were aware of these concerns and reassured and reminded the commission that the Council had tenancy sustainment rates of 96% which was due to the support services provided by the authority. Notably was the Income Management Team who work directly with tenants to ensure they were able to make sustainable payments while maximising income for the Council.
- The affordability of the increase in rents was commented on by Members who wished to learn about the broader impacts of this increase on tenants. The Director of Housing commented that these increases were offset by other pay increases to tenants. It was commented that 60% of Council tenants were on Housing Benefit so they would not be affected, in other areas, Universal Credit increase by 6.2% for 2026/27, Pensions had increased by 4.8% and salaries had increased by 5%. This meant that the overall increase was equivalent to those increases in income people had.
- The topic of Service Charges was raised by the Members who requested further detail on these increases. It was detailed that the authority only charges tenants what it costs the authority, CPI and inflationary pressure had increased to 3.8% hence the proportionate increase. Further reviews of services charges were planned for the rest of the 2026/27 year.
- Questions were raised about the reduction in district heating costs and why they were reducing while several other prices increased across the board. In response it was explained that the City Council only charges its tenants what it costs the authority to buy the fuel. The Council bought gas when it was cheap and in bulk, so the authority has passed those savings on to the tenants.

AGREED:

- The report was noted by the Commission.



Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: MONDAY, 2 FEBRUARY 2026 at 5:30 pm

P R E S E N T:

Councillor Joel - Chair

Councillor Batool
Councillor Kitterick
Councillor O'Neill
Councillor Pickering
Councillor Rae Bhatia
Councillor Zaman

Councillor Dave
Councillor March
Councillor Osman
Councillor Porter
Councillor Waddington

In Attendance:

City Mayor – Sir Peter Soulsby
Deputy City Mayor – Councillor Cutkelvin
Assistant City Mayor – Councillor Whittle

* * * * *

205. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2026/27

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

In response to member discussion, the following was noted:

- The report set out climate commitments and outlined actions. The most recent tranche of new builds were A-rated. Funding was subject to match-funding requirements.
- It was confirmed that in relation to Recommendation vi, the City Mayor had the authority to decrease service charges, proposals to increase the charges were referred to Full Council.
- The St Peter's Boiler House chimney was confirmed to be structurally sound.

- District heating schemes would be subject to applicable Ofgem regulatory arrangements.
- Cost modelling for Climate Ready Leicester was beyond the scope of the report and could be discussed separately.
- The consultation on proposed rent increases highlighted concerns about the wider cost of living.
- The Tenants Scrutiny Panel had scrutinised service charges, and there was a commitment to agree a programme of items for review over the next 12 months, with regular feedback to the Panel.
- Members could refer individual casework to the Director of Housing.

AGREED

- 1) That the report be noted.
- 2) That the recommendations for Full Council be noted by the committee.
- 3) That comments made by members of this commission be taken into account by the lead officers.
- 4) For recommendation vi to be amended to state that the City Mayor had authority to decrease charges only, and for this to be noted.

Appendix J

Equality Impact Assessment

Title of proposal	Housing Revenue Account Budget (including Capital Programme) 2026/27
Name of division/service	Housing
Name of lead officer completing this assessment	Helen McGarry, Programme Manager
Date EIA assessment commenced	3 rd November 2025
Date EIA assessment completed (prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes)	23 rd December 2025
Decision maker	Full Council
Date decision taken	25 th February 2026

EIA sign off on completion:	Signature	Date
Lead officer	Helen McGarry	23 rd December 2025
Equalities officer (has been consulted)	Surinder Singh	4 December 2025
Divisional director	Chris Burgin	23 rd December 2025

Please ensure the following:

- e) 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.
- e) 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.

- e) 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.
- e) That the equality impact assessment is started at an early stage in the decision-making process, so that it can be used to inform the consultation, engagement and the decision. It should not be a tick-box exercise. Equality impact assessment is an iterative process that should be revisited throughout the decision-making process. It can be used to assess several different options.
- e) Decision makers must be aware of their duty to pay 'due regard' to the Public Sector Equality Duty (see below) and 'due regard' must be paid before and at the time a decision is taken. Please see the Brown Principles on the equality intranet pages, for information on how to undertake a lawful decision-making process, from an equalities perspective. Please append the draft EIA and the final EIA to papers for decision makers (including leadership team meetings, lead member briefings, scrutiny meetings and executive meetings) and draw out the key points for their consideration. The Equalities Team provide equalities comments on reports.

1. Setting the context

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

The Housing Revenue Account (HRA) operates in a self-financing environment. This means the budget is set by the Council, within Government boundaries, taking into account expected levels of income and predictions on what needs to be spent. Spending priorities are made based on the need to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £313m.

There is a requirement that the proposed budget for 2026/27 is set as a balanced budget (money spent does not exceed the income received). However, there are a number of pressures (most of which are unavoidable) that are increasing the amount which must be spent. These pressures include:

Legislative and Regulatory Pressures

There is a pressure arising from the need to create additional capacity and resource in relation to tackling reports of damp and mould following the implementation of Awaab's Law, alongside the continued roll out of Electrical Installation Condition Reports (EICR's).

Capital Expenditure Financed from Revenue

An increase in funding is required for the maintenance aspects of the Housing Revenue Capital Programme. It is proposed that to adequately fund this programme

the amount allocated needs to increase from £10.56m in 2025/26 to £11.81m in 2026/27.

Right to Buy

From November 2024, the maximum discount a tenant is eligible for when purchasing their property reduced from £102,400 to £24,000. This should aid the long-term finances of the Housing Revenue Account, through the loss of a smaller number of properties. However, it is predicted that the Housing Revenue Account will still lose £1.1m income from Right to Buy sales in 2026/27.

Staffing growth

There are various areas in the division where increased staffing is required for 2026/27:

- Pest control staff are to be sought at a cost of £230k to make local areas cleaner and target locations with persistent pest issues.
- The complaints team require growth of £89k to fund a complaints manager and 1.5 FTE complaints officers to ensure any tenant complaints are dealt with in a timely and efficient manner.
- A Repairs Quality Control Officer and a Training Safety Coordinator are required to assist with training and process improvement, as well as ensuring compliance with standards outlined by the Housing Regulator.
- 5.5 FTE Neighbourhood Housing Officers are required to help support access work to properties, including Personal Emergency Evacuation Plan regulation measures.
- It is also proposed that £85k will be needed to fund a Principal Accountant post to deal solely with Housing Revenue Account matters due to complexities of this budget.

Running Cost Inflation

Inflation affects almost all areas of Housing Revenue Account running costs and is largely unavoidable. For 2026/27, materials and contractor inflation are forecast to be £0.3m higher than 2025/26. Other service costs, including cleaning and vehicle costs, are increasing due to inflation; together, this causes a pressure of £0.3m.

Interest and Debt

The new supply of housing relies on prudential borrowing, on which interest must be paid. These interest charges are expected to decrease by £0.16m in 2026/27 due to the fall in the base rate. However, the Housing Revenue Account also holds cash balances on which it earns interest; due to the reduced interest rate, £0.38m less will be earned in interest in 2026/27.

Other Pressures

- The Estates Warden service require growth of £140k to ensure there is adequate coverage during annual leave periods and to increase the remit to cover work previously conducted by the Green Team.
- Extra Legionella risk assessments are required at a cost of £108k to be in line with government regulations.
- £105k is needed to be spent on training to ensure that all Housing Managers are trained in line with new guidelines within the Competency and Conduct Standard issued by the Housing Regulator.

Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and maximum annual rent increases, which is currently CPI+1%. As at September 2025 this means the maximum permitted rent increase social landlords can implement is 4.8%.

Taking into account all the pressures being felt, the Housing Revenue Account Budget proposals for 2026/2027 is recommending a 4.8% increase to Council tenant rents. It is reported that applying a rent increase less than 4.8% would either result in scaling back of the Capital Programme, a draw on limited reserves, or service cuts.

As well as this proposed rent increase for 2026/27, the following recommendations are put forward:

- Whilst the Gypsy and Traveller sites sit outside the Housing Revenue Account, it is proposed that a rental increase of 4% is applied for plot rents, in line with the combined effect of CPI and wage inflation.
- A 4.8% increase in garage rents, in line with increases to core rents
- A 4.8% increase in hostel rents and service charges, which aligns with inflation and estimated increases in pay for the delivery of the services

Service charges should be set with the intention of recovering the full cost of proving the service. It is proposed that a 3.8% increase is applied to service charges in line with inflation.

District heating charges (metered properties) – It is proposed that tenants and leaseholders on the district heating scheme, who have meters fitted in their homes will have an annual charge of £177.83 applied for the provision of the service in 2026/27, a reduction from £228.80 in 2025/26. Through the fitting of meters in properties, these tenants will be able to control the amount of energy they use in their property. It is proposed the variable charge p/kwh of heat will be £5.28 in 2026/27, a reduction from £6.30 in 2025/26. The cost of energy use will be charged in addition to the fixed charges and the actual costs will be dependent on the energy use of each household.

District heating charged (non-metered properties) – Where meters are not fitted in properties there is no way of charging based on actual energy consumption. It is

therefore proposed that a combined annual cost charged (fixed costs for providing the service and energy use), will on average be £886 for 2026/27. This is a reduction from the average annual charge of £1,087 in 2025/26.

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

- The kitchen and bathrooms programme is ongoing with 250 refurbishments anticipated to be completed for 2025/26. For 2026/27 the annual budget will be £1.25m, which will fund a further 250 installations. This factors in slippage of £1.15m from 2025/26
- A further investment of £2m has been included to fund boiler replacements.
- A continuation of the re-wiring budget at the same level as for 2025/26 to help support full/part rewires.
- The investment in re-roofing will increase by £0.5m to facilitate a greater number of roof replacements.
- £0.5m for maintaining the district heating system. This cost is not passed onto tenants
- A continuation of the Communal and Environmental Works budget with a further £0.2m for 2026/27
- £275k has been added to the Capital Programme to fund the demolition of the chimney at St Peter's Boiler House
- £0.2m has been included in the capital programme to continue funding the replacement external cladding
- A further £0.1m is proposed to fund loft top up insulation
- £250k has been added to the Capital Programme for a further year to fund the replacement of door entry systems
- A further £0.2m is being added to the capital programme towards balcony/walkway work across St Matthews
- £0.5k is to be added to the Capital Programme to fund renovation works at the St Matthews Centre.
- £0.2m is being proposed to fund refurbishment and reconfiguration works to various unused buildings to change their purpose and convert them into usable supported accommodation
- A proposed £0.4m will be added to complete water heater and tank replacements

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

2. Equality implications/obligations

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

a. Eliminate unlawful discrimination, harassment and victimisation

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

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

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

b. Advance equality of opportunity between different groups

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

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

c. Foster good relations between different groups

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

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

3. Who is affected?

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

All tenants and leaseholders of Leicester City Council will be impacted upon by the proposals (just over 19,200 tenanted properties and just over 1,800 leasehold properties).

All Council tenants will be charged more rent. The current average rent for a Council property is £94.73 per week. The proposals will mean, on average, tenants will be charged an additional £4.55 per week. The additional amount tenants will actually have to pay is dependent on the number of bedrooms in their property. This weekly increase will range from £3.68 per week for a bedsit and £6.84 per week for a 6-bedroom property.

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

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

The 4.8% increase for hostel rents will impact on households who are homeless and currently in temporary accommodation. All individuals staying in this accommodation are eligible for Housing Benefit or Universal Credit Housing Costs, so the increased charge will be paid through their benefit entitlement.

Service charges are paid in addition to rent where additional services are provided. Individual service charges for tenants and leaseholders vary due the additional services provided. Where service charges are in place tenants and leaseholders will need to pay an additional 3.8% for these. The table below shows the financial impact of the proposed charges and the number of tenants impacted upon by each of these.

Tenant Service Charges	Approximate Number of Tenants	Current Average Weekly Charge	Proposed Increase	Proposed Weekly Charge
Waylighting	6,290	£2.97	3.8%	£3.08
Security	1,486	£6.04	3.8%	£6.27
TV Receiving Service	5,536	£0.78	3.8%	£0.81
Cleaning	4,058	£3.71	3.8%	£3.85
Laundry	751	£1.56	3.8%	£1.62
Furniture / White Goods	829	£2.10	3.8%	£2.18
Sheltered Lounge	398	£2.88	3.8%	£2.99
Energy Conservation Package	27	£2.41	3.8%	£2.50
Access to Parking Spaces	11	£1.20	3.8%	£1.25
Door Entry	4,071	£3.61	3.8%	£3.75

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

Leaseholder Service Charges	Approximate number of Leaseholders	Current Average Weekly Charge	Proposed Increase	Proposed Weekly Charge
Waylighting	1,525	£3.96	3.8%	£4.11
Security	43	£7.84	3.8%	£8.13
TV Receiving Service	1,594	£0.78	3.8%	£0.81
Cleaning	874	£4.76	3.8%	£4.95
Laundry	23	£1.10	3.8%	£1.14
Admin Charges	1,794	£4.02	3.8%	£4.18
Building Insurance	1,794	£4.43		£4.43
Door Entry	1,059	£3.59	3.8%	£3.73
Lifts	97	£2.65	3.8%	£2.75

Approximately 1,900 tenants and an additional 1,000 other households are connected to the district heating scheme. These charges are not covered by Housing Benefit or Universal Credit Housing Costs, so all tenants and other households on the scheme will be impacted upon by the proposals. The Council is undertaking a programme to fit meters into properties served by district heating. This means households will have greater control of their energy usage and the costs associated with this, which could reduce. In November 2025 approximately 970 properties have had meters installed. This number will increase as the meter fitting programme progresses. The table below states how tenants and other households, with meters will benefit from reduced fixed costs during 2026/27. The table also provides information on how tenants and other households will benefit from lower variable charges per KHW of heat in 2026/27.

	25/26 Annual Charge for Tenants	26/27 Annual Charge for Tenants
Fixed Charges	£140	£91
Billing & Collection	£78	£78
VAT on the above (@5%)	£10.90	£8.47
Total Fixed Charges	£228.80	£177.83
Weekly Charge (over 50 weeks)	£4.58	£3.56
Variable Charge pkWh of Heat	6.30p	5.28p

At the start of November 2025 approximately 2,000 tenants and other households on the district heating scheme do not have meters fitted to their home. This number will reduce as the meter fitting programme progresses. District heating charges to these households will include both fixed costs and costs for the use of energy. The proposed charges vary, dependant on the number of bedrooms in a property. The table below shows how the proposed reduction in charges will impact households in each bedroom category.

Bedroom size	2025/26 Annual Charge	2026/27 Annual Charge	Annual saving for 2026/27
1 bed	£885	£716	£169
2 bed	£1,226	£1,002	£224
3 bed	£1,543	£1,267	£276
4 bed	£1,871	£1,542	£329
Other	£470	£369	£101
Average	£1,087	£886	£201

Average weekly charge (50 weeks)	£21.75	£17.71	£4.04
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Council owned garages are rented out to members of the public generally, not just Council tenants. The charge is not covered by Housing Benefit or Universal Credit. At the start of November, we currently had 502 garages and parking spaces rented out, so the proposed 4.8% increase will impact upon these people. People renting Council garages will see an increase in charges from £12.14 per week to £12.72.

The above proposals will also impact households who become new tenants and new leaseholders in 2026/27. Also, new people accessing temporary accommodation, and renting a garage from the Council.

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

4. Information used to inform the equality impact assessment

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

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

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

We also have limited profiling information in relation to leaseholders.

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

15,256 are of working age (18 – 60)

2,293 have a disability

9,595 have a white background and 5,939 have other ethnic backgrounds

10,841 are female

48 are Gay (male) and 47 are Gay (female / lesbian)

5. Consultation

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

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

The Tenants Scrutiny Panel (TSP) met on 10 December 2025 to consider the proposed Housing Revenue Account (HRA) budget for 2026/27.

Chris Burgin, Director of Housing, and Alvin Raj, Policy and Engagement Manager, consulted with ten TSP members on the proposals. The consultation covered the proposed rent levels, service charges, district heating charges, and the allocation of investment within the Capital Programme.

A series of questions were asked to the Tenants Scrutiny Panel in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

Response option	Number of respondents	% of respondents
Fully support	1	10.00%
Support, but with some concerns	9	90.00%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

The Tenants' Scrutiny Panel either supported the proposals or supported them with some concerns. The tenant who fully supported the increase acknowledged the

reasons for the rent rise and noted that non-council tenants often pay higher rents elsewhere, adding that they would prefer a council property.

The nine panel members who supported the proposals with some concerns acknowledged that 65% of tenants have their full housing costs covered by Housing Benefit or Universal Credit. However, they expressed concern about the remaining 35% of tenants who receive partial or no housing cost support. They felt that, given the current cost-of-living pressures, these tenants would find it challenging to afford the rent increase.

Question 2

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

Response option	Number of respondents	% of respondents
Fully support	0	0%
Support, but with some concerns	10	100.00%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants' Scrutiny Panel supported the proposal for service charges, albeit with some concerns. While all acknowledged the rationale for the increased cost of services, the panel felt that tenants are currently paying for services that require improvement. The panel's expectation is that the quality of services delivered should reflect and justify the service charges paid by tenants.

Question 3

What is your opinion of our proposals to reduce District Heating charges?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the reduction in District Heating charges. Some panel members felt that the savings made on District Heating would help offset increases in other charges, such as rent and service charges. However, this will benefit only tenants that have District Heating.

Question 4

What is your opinion of our proposals on how the Capital Programme is going to be spent?

Response option	Number of respondents	% of respondents
Fully support	10	100.00%
Support, but with some concerns	0	0%
Do not support	0	0%
Don't know	0	0%
Not answered	0	0%

All ten members of the Tenants Scrutiny Panel fully support the proposal on how the Capital Programme is to be spent.

An online consultation on the Housing Revenue Account (HRA) budget proposals took place with Leicester City Council tenants and leaseholders between 5th December 2025 and 21st December 2025.

Tenants and leaseholders were informed of the consultation via email and postal letters. The communications explained the purpose of the consultation and outlined the different ways in which feedback could be provided. This included attending a face-to-face drop-in session at one of 12 locations across the city, or completing the consultation survey online via a weblink provided in the correspondence. Repairs operatives distributed 2,000 leaflets while visiting tenant homes.

Face-to-face drop-in sessions were held at the following locations:

- New Parks Library – 9th and 16th December 2025 11am to 3pm
- Tudor Centre – 9th and 16th December 2025, 11am to 3pm
- Pork Pie Library – 10th and 17th December 2025, 11am to 3pm
- Brite Centre – 10th and 17th December 2025, 11am to 3pm
- St Matthews Centre – 11th and 18th December 2025, 11am to 3pm
- Thurnby Lodge Community Centre – 11th and 18th December 2025, 11am to 3pm.

Engagement Officers recorded the responses at these sessions onto the online consultation portal.

In total 367 tenants and leaseholders responded to the online consultation. Of these:

- 324 (88.28%) were from tenants
- 41 (11.18%) were from leaseholders
- 1 (0.27%) were from non-tenants and leaseholders
- 1 (0.27%) not answered

A series of questions were asked in relation to the HRA budget proposals for 2026/27 and the feedback to these were:

Question 1a

What is your opinion of our proposal to increase council home and temporary accommodation rents by 4.8% to ensure services and our improvement programmes are maintained?

367 people responded to this question, 165 (44.96%) supported the proposals or supported them with some concerns. 168 (45.78%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	68	18.53%
Support, but with some concerns	97	26.43%
Do not support	168	45.78%
Don't know	27	7.36%
Not answered	7	1.91%

Question 1b

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

A total of 232 respondents submitted comments in relation to this question. Where comments related specifically to the proposed rent increase, 27 respondents expressed concerns regarding their ability to afford the additional rent. A further 112 respondents indicated that the proposal would exacerbate the financial pressures associated with the current cost-of-living crisis.

In addition, 46 respondents stated that improvements to housing services would be necessary in order to justify the proposed increase, while 16 respondents felt that enhancements to Leicester City Council's housing stock would be required to merit the increase.

Question 1c

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

A total of 257 responses were received to this question. Where comments related to the potential impact of the proposed rent increase, 13 respondents stated that it would have little or no impact. In contrast, 119 respondents indicated that the increase could lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

Additional impacts identified by respondents included a potential increase in homelessness (4 respondents) and adverse effects on mental health (14 respondents).

In terms of groups perceived to be most affected by the proposed rent increase, the greatest concerns were expressed in relation to families (19 respondents), working people (11 respondents), and people with disabilities (4 respondents). Other groups highlighted included single parents (5 respondents) and pensioners (5 respondents).

Question 2a

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

There were 367 responses to this question. 144 (39.24%) supported the proposals or supported them with some concerns. 130 (35.42%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	80	21.80%
Support, but with some concerns	64	17.44%
Do not support	130	35.42%
Don't know	78	21.25%
Not answered	15	4.09%

Question 2b

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

There were 162 responses to this question. Where feedback related to concerns about the service charge proposals, it was similar to that received in relation to the rent proposals. Respondents felt that Housing Services would need to improve to justify the proposed increase. Concerns were also raised about affordability, particularly in the context of rising day-to-day living costs. Where specific service charges were mentioned, the highest number of concerns related to communal cleaning charges (16 respondents), followed by door entry system charges (9 respondents) and laundry room charges (3 respondents).

Question 2c

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

There were 147 responses to this question. Of those that commented on the potential impact of the service charge proposals, 18 respondents stated that they would have little or no impact. In contrast, 36 respondents said the proposals could

lead to further financial hardship, poverty, and debt, particularly in the context of the rising cost of living.

In terms of which groups may be most affected, the greatest concerns related to tenants with families (4 respondents). Other groups identified as being particularly impacted included pensioners (4 respondents), disabled people (1 respondent), and vulnerable people (1 respondent).

Question 3a

What is your opinion of our proposals to reduce District Heating charges?

There were 367 responses to this part of the question. 189 (51.50%) supported the proposals or supported them with some concerns. 50 (13.62%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	161	43.87%
Support, but with some concerns	28	7.63%
Do not support	50	13.62%
Don't know	110	29.97%
Not answered	18	4.90%

Question 3b

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

There were 91 responses to this question. 28 people stated the proposal to reduce district heating charges was positive. Despite the proposed reduction in charges 24 people commented on affordability issues related to paying this reduced charge, with comments made generally about rising energy costs and other household bills.

4 people were concerned the proposed reduction is a forecast.

Question 3c

What impact do you feel the District Heating Charge proposals will have on you, your family or the wider community?

There were 88 responses to this question. Of these, 20 respondents felt that the proposal would have a positive impact for tenants and leaseholders on the district heating scheme, as they would pay less for the service. A further 12 respondents stated that the proposal would have little or no impact.

Despite the proposal to reduce district heating charges, 16 respondents stated that the amount they would still be required to pay was too high and could place additional financial pressure on some households. These comments were generally made in the context of wider increases in day-to-day living costs.

A few people commented the proposal would still impact on the elderly and vulnerable people.

Question 4a

What is your opinion of our proposals to increase garage rents by 4.8% in line with the proposed increase of rent for council homes?

There were 367 responses to this part of the question. 114 (31.06%) supported the proposals or supported them with some concerns. 58 (15.80%) did not support the proposal.

Response option	Number of respondents	% of respondents
Fully support	85	23.16%
Support, but with some concerns	29	7.90%
Do not support	58	15.80%
Don't know	163	44.41%
Not answered	32	8.72%

Question 4b

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

There were 89 responses to this question. Where these related to concerns about the proposed increase to garage rents, 15 responses raised concerns about the ability for some people to pay the increase charge. Generally, comments received were about the maintenance of the garages.

Question 4c

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

There were 70 responses to this question. 21 people stated there would be no or little impact. 17 people stated the proposed increase would add to the financial hardship of people renting garages. 2 responses stated the garages should be demolished to generate additional car parking spaces.

General comments received were about the current pressures of street parking and value for money.

There were no comments received as to whether the proposed garage rents would impact more on a particular group.

Question 5

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

There were 345 responses to this question. Where services are provided by the Housing Revenue Account, the highest priority by a significant margin was repairs. This was followed by home improvements and modernisation of properties, and then security measures. The table below sets out the full range of priorities identified by respondents.

Service area	Number of respondents	% of respondents
Repairs	197	53.68%
Improvements and modernization of homes	45	12.26%
Security measures	37	10.08%
Upkeep of communal areas in blocks/communal cleaning	8	2.18%
Energy efficiency measures	7	1.91%
Tenant support services	4	1.09%
Building new council homes	16	4.36%
Parking on estates	8	2.18%
Providing value for money	5	1.36%
Tackling anti-social behavior	10	2.72%
Letting empty properties	3	0.82%
Tenant involvement activities	1	0.27%
Providing information to tenants	1	0.27%
Rent	3	0.82%

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.

i) Age

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

What is the impact of the proposal on age?

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

What is the risk of disproportionate negative impact on age?

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

What are the mitigating actions?

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

i) Disability

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

What is the impact of the proposal on disability?

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

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

What is the risk of disproportionate negative impact on disability?

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets. This includes signposting people to support agencies such as Clockwise, Citizens Advice, Department of Work and Pensions and Energy Wise. Information about support available can be found at [Cost of living support](#) Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living

costs. However, it has not yet been announced as to whether this support will be provided by Government in 2026 / 27.

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

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

i) Gender reassignment

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

What is the impact of the proposal on gender reassignment?

No disproportionate impact is attributable specifically to this characteristic.

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

Not applicable

What are the mitigating actions?

Not applicable

i) Marriage and civil partnership

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

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

No disproportionate impact is attributable specifically to this characteristic.

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

Not applicable

What are the mitigating actions?

Not applicable

i) Pregnancy and maternity

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

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

No disproportionate impact is attributable specifically to this characteristic.

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

Not applicable

What are the mitigating actions?

Not applicable

i) Race

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

What is the impact of the proposal on race?

Those from white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of benefits [English indices of deprivation 2025: statistical release - GOV.UK](#). Some ethnic minority people are also on low income and on benefits, this will include our Gypsy and Traveller tenants who rent pitches from the council.

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

What is the risk of disproportionate negative impact on race?

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

What are the mitigating actions?

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

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

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

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

i) Religion or belief

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

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

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

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

No disproportionate impact is attributable specifically to this characteristic.

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

Not applicable

What are the mitigating actions?

Not applicable

i) 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?

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

i) Sexual orientation

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

What is the impact of the proposal on sexual orientation?

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

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

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

What are the mitigating actions?

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

7. Summary of protected characteristics

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

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

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

Not applicable

8. Armed Forces Covenant Duty

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

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

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

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

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

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

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

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

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

A local authority must consider the principles of the Covenant when carrying out specific housing-related functions, including: 78

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

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

9. Other groups

Other groups

Impact of proposal:

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

Risk of disproportionate negative impact:

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

Mitigating actions:

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

a. Care Experienced People

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

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

No disproportionate impact is attributable specifically to Care Experienced People

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

Not applicable

What are the mitigating actions?

Not applicable

b. Children in poverty

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

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

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

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also,

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

c. Other (describe)

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

Not known at present

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

Not applicable

What are the mitigating actions?

Not applicable

10. Other sources of potential negative impacts

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

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

The wider cost of living crisis and rise in energy bills has put additional financial pressure on all households and it is likely this will continue for the foreseeable future.

11. Human rights implications

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

No known impacts

12. Monitoring impact

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

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

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

Our IT system allows us to monitor tenants rent accounts, including district heating payments and see when accounts go into arrears. Our Income Management Team carries out this monitoring on a daily basis. Through this monitoring we will be able to identify any increases in rent arrears, relating to the proposed increased charges and provide support to tenants to reduce these and maximise their income.

13. EIA action plan

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

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

find they are unable to pay for the additional charge	support services in the city.		
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Human rights articles:

Part 1: The convention rights and freedoms

Article 2: Right to Life

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

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

Article 5: Right to liberty and security

Article 6: Right to a fair trial

Article 7: No punishment without law

Article 8: Right to respect for private and family life

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

Article 10: Right to freedom of expression

Article 11: Right to freedom of assembly and association

Article 12: Right to marry

Article 14: Right not to be discriminated against

Part 2: First protocol

Article 1: Protection of property/peaceful enjoyment

Article 2: Right to education

Article 3: Right to free elections

Tenant profiling information – November 2025

Ethnicity

Ethnicity		Number of tenants	% of tenants
Asian	Arab	42	0.23%
Asian	Asian/Asian British of Other Asian Origin	573	2.97%
Asian	Asian/Asian British of Bangladeshi Origin	199	1.03%
Asian	Asian/Asian British of Chinese Origin	18	0.09%
Asian	Asian/Asian British of Indian Origin	1,405	7.29%
Asian	Asian/Asian British of Pakistani Origin	261	1.35%
Black	Black/Black British of African Origin	1,468	7.62%
Black	Black/Black British of Caribbean Origin	360	1.87%
Black	Black/Black British of Other Black Background	204	1.06%
Black	Black/Black British of Somali Origin	417	2.16%
Dual Heritage	Dual/Multi Heritage Asian and White	49	0.25%
Dual Heritage	Dual/Multi Heritage Black African and White	62	0.32%
Dual Heritage	Dual/Multi Heritage Black Caribbean and White	252	1.31%
Other	Any Other Ethnic Group	490	2.54%
Other	Any other Heritage Background	118	0.61%

Other	Other Ethnic Group Gypsy/Romany/Irish Traveller	21	0.11%
Prefer Not to Say	Prefer Not to Say	537	1.85%
Unknown / Not Recorded	Ethnicity Unknown	3,199	17.55%
White	White British	8,655	44.91%
White	White of European Origin	467	2.42%
White	White of Irish Origin	94	0.49%
White	White of Other White Background	379	1.97%
Total		19,270	100.00%

Age

Age	Number of Tenants	% of tenants
18 - 29	953	4.95%
30 - 39	2,678	13.90%
40 - 49	4,032	20.92%
50 - 59	4,084	21.19%
60 - 69	3,509	18.21%
70 - 80	2,382	12.36%
80+	896	4.65%
Not known	736	3.82%
Total	19,270	100%

Gender

Gender	Number of tenants	% of tenants
Female	10,841	56.20%
Male	7,693	39.92%
Non-binary	2	0.01%
Prefer to say	9	0.05%

Transgender	11	0.06%
Not known	714	3.76%
Total	19,270	100%

Religion or belief

Religion	Number of tenants	% of tenants
Not recorded	9,419	48.47%
Atheist	331	1.72%
Buddhist	18	0.09%
Christian	2,404	12.48%
Hindu	437	2.67%
Jain	1	0.01%
Jewish	5	0.03%
Muslim	2,477	12.85%
No religion	2,760	14.32%
Other	306	1.59%
Prefer not to say	1,002	5.20%
Sikh	110	0.57%
Total	19,270	100%

Sexual orientation

Sexual orientation	Number of tenants	% of tenants
Bisexual	195	1.01%

Gay (female / lesbian)	47	0.24%
Gay (male)	48	0.25%
Heterosexual	8,935	46.37%
Other	198	1.03%
Prefer not to say	1,417	7.35%
Not known	8,430	43.75%
Total	19,270	100%

Disability

Disability	Number of tenants	% of tenants
Yes	2,293	11.90%
No	16,974	88.1%
Total	19,270	100%



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

Useful information

- Ward(s) affected: All
- Report author: Claire Gavagan
- Author contact details: claire.gavagan@leicester.gov.uk
- Report version number: 2

1. Summary

- 1.1 The main purpose of this report is to ask the Council to approve a three-year capital programme for 2026/27 to 2028/29.
- 1.2 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants' rents, borrowing 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 to using borrowing where grant was not available.
- 1.6 As part of the overall budget strategy for 2026/27 it is proposed within the Revenue budget report (also included in the agenda) to fund £90m of previously approved capital expenditure from reserves instead of borrowing, and therefore reducing the ongoing revenue borrowing costs incurred
- 1.7 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, as noted in 25/26 capital strategy report. We will look to use the capital receipts to alleviate the need to borrow therefore reducing the ongoing revenue borrowing costs incurred
- 1.8 The report seeks approval to the "General Fund" element of the capital programme, at a cost of £229.43m, over the next three years, plus additional years where we have received notification of grants. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £11.66m.

1.9 The table below summarises the proposed spending for capital schemes, as described in this report:

<u>Proposed Programme</u>	Total	£m
<u>Schemes – Summarised by Theme</u>		
Grant Funded Schemes	143.66	
Own buildings	17.86	
Temporary Accommodation	50.00	
Routine Works	13.29	
Corporate Estate	1.10	
Other Schemes and Feasibilities	3.17	
Match Funding	0.35	
Total New Schemes	229.43	
 <u>Funding</u>		
<u>Unringfenced Resources</u>		
Capital Receipts	2.83	
Borrowing	82.54	
Government Grants	81.75	
Total Unringfenced Resources	167.12	
<u>Ringfenced Resources</u>		
Government Grants	61.90	
Contributions	0.40	
Total Ringfenced Resources	62.30	
Total Resources	229.43	

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

	<u>£m</u>
General Fund	229.43
Housing Revenue Account (1 year programme only)	11.66
Total	241.09

1.11 The Council's total capital expenditure now forecast for 2025/26 and beyond is expected to be around £625.89m, including the HRA and schemes approved prior to 2026/27.

1.12 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.

1.13 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 maximum prudential borrowing for schemes as described in this report and summarised at Appendices 2 to 8, subject to any amendments proposed by the City Mayor in accordance with his powers as set out in 2.1(f);
- b) To delegate to the Director of Finance, in consultation with the City Mayor, to apply available capital receipts to finance the capital programme in place of prudential borrowing where this is considered financially advantageous, having regard to affordability, sustainability, and the Council’s Treasury Management and Capital Strategies
- c) 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;
- d) 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;

e) 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 to the Director to be able reallocate resources in the following programmes to meet operational requirements:
 - Operational estate
 - Children's capital maintenance
 - Highways maintenance programme
 - Transport Improvement Grant for 2026/27
 - Local Authority Bus Grant (LABG)

f) 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 9.

i) Resolved that the Council:

- agrees to act as Accountable Body for funding provided by the Ministry of Housing, Communities and Local Government (MHCLG) under the Pride in Place Programme
- adds such funding to the Council's revenue or capital budget as appropriate

- delegates to the Section 151 Officer, Monitoring Officer and Director of Corporate Services authority to administer the Programme, allocate funding, and manage delivery and compliance in accordance with MHCLG requirements and the Council's approved budget framework.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

Key Policy Issues for the New Programme

- 1.1 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.
- 1.2 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

- 1.3 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.
- 1.4 Appendix 1 presents the resources required to fund the proposed programme, which total some £229.43m. 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) £81.75m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government.
 - c) £82.54m of borrowing where required, with an annual revenue cost. The report proposes to limit this and use capital receipts where this is financially advantageous.
- 1.5 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.

- 1.6 Only funding required to finance the schemes in this capital programme is included.
- 1.7 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.
- 1.8 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250k. This provides flexibility for small schemes to be added to the programme without a report to the Executive, but only where service resources are identified. (Borrowing is treated as a corporate resource requiring a higher level of approval).

Proposed Programme

- 1.9 The whole programme is summarised at Appendix 2. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods.
- 1.10 £143.66m 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) £19.26m 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) £41.83m is provided to continue the rolling programme of works constituting the **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 planned spend for 2025/26 is shown at appendix 6. The second and third year will be held as a policy provision and will be subject to further decisions.

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.

e) £6.17m is provided as part for the **Consolidated Active Travel Fund** across three financial years, to deliver infrastructure that supports walking, wheeling, and cycling journeys. The CATF funding stream will be used to deliver large scale capital projects that:

- Provide segregated, safe routes for cycling
- Consider the needs for all users, including pedestrians, bus users, and those with additional mobility requirements, and provide an enhanced level of quality and support
- Extend and grow the city's network of active and sustainable travel routes
- Are in keeping with the Local Cycling and Walking Infrastructure Plan

f) £19.03m is provided through **Local Authority Bus Grant (LABG) funding** across three financial years. This funding supports the operation and improvement of local bus services, helping to maintain network coverage and service reliability, agreed with local bus operators and as part of the Leicester's published bus plan - this includes:

- Further supporting the electrification of services that operate within the city
- Investing in infrastructure to create better and more comfortable waiting environments
- Expanding Real Time Information Provision
- Continuing to support non-commercial bus services across the city
- The second and third year will be held as a policy provision and will be subject to further decisions.

g) £1.50m has been provided by MHCLG for the **Pride in Place Impact Fund** to support community projects. This funding is split equally between the 2025/26 and 2026/27 financial years, with the 2025/26 allocation to be carried forward into 2026/27. The fund will be targeted at low-value, high-impact projects in the public realm or community buildings.

h) £37.29m has been provided for the **Pride in Place Programme** capital element across ten financial years, to be spent by Neighbourhood Boards, with the Council acting as the

accountable body for these funds. The spending will be determined by the Neighbourhood Boards and will be focused on local priorities for regeneration. The amounts are allocated on an equal basis across the 3 designated programme areas within the Braunstone Park & Rowley Fields, Eyres Monsell and Thurncourt Wards. A further £7m of revenue funding has been awarded per area, and has been reflected in the revenue budget strategy report, elsewhere on your agenda.

1.11 £17.87m is provided for the Council's own buildings.

- a) £13.97m has been provided to support the annual **Operational Estate Capital Maintenance Programme** of works to properties that the Council occupies for its own use. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 3 but may vary to meet emerging operational requirements.
- b) £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) £1.00m 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, including updating for next generation Wi-Fi connections. This investment will also support the updating of our infrastructure in neighbourhood buildings, following the Libraries and Communities Needs Assessment.
- 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.
- h) £1.60m has been provided for **Specialist Supported Living Schemes**. This is to develop specialist supported living schemes to support complex people in receipt of adult social care. This will support our programme to mitigate costs in social care.

1.12 £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. Complementary revenue investment is also proposed (see the revenue budget strategy report)

1.13 £13.3m 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.

1.14 £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.

1.15 £0.35m is provided for Match Funding:

- a) £0.35m is provided for the **Voices of Leicester** as a policy Provision. This will provide 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.

1.16 £3.17m is provided for Other Schemes & Feasibilities:

- a) £2.83m for infrastructure works to enable **Capital Asset Sales**, in particular Ashton Green.
- i) £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

- 1.17 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.
- 1.18 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.
- 1.19 Where a scheme has the status of a policy provision, it is shown as such in the appendix.

Capital Strategy

- 1.20 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.
- 1.21 The proposed capital strategy is set out at Appendix 9.

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

5.1 Financial implications

This report is exclusively concerned with financial issues. The Prudential Borrowing impact is included in the Revenue Budget Report, elsewhere on your agenda.

The revenue implications relating to the Temporary Accommodation Acquisitions is also included within the Revenue Budget Report, elsewhere on your agenda

The maximum revenue impact for the proposed capital programme for 2026/27, 2027/28 and 2028/29 if we need to borrow is:

- 2026/27 £3.3m
- 2027/28 £6.2m

- 2028/29 £7.1m

Signed: Amy Oliver, Director of Finance

Dated: 16 February 2026

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.

The proposed delegation in respect of the Pride in Place Programme is lawful, proportionate and consistent with the Council's powers under the Local Government Act 1972 and the Localism Act 2011 and the Council's Constitution. The resolution authorises the acceptance and administration of MHCLG grant funding, the entering into of accountable body and grant agreements, and the onward distribution of funding to third-party organisations, together with appropriate monitoring, audit and recovery powers.

Signed: Kamal Adatia, City Barrister & Head of Standards

Dated: 27 January 2026

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). The temporary accommodation investment directly supports the aim of the PSED to advance equality of opportunity. Homelessness disproportionately affects households with specific protected characteristics.

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). In relation to the Pride in Place programme as spending is determined by Neighbourhood Boards, the Council, as the accountable body, must ensure that local decision-making is inclusive.

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: 22 January 2026

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: 22 January 2026

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 Match Funding
- 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 Local Authority Bus Grant (LABG) funding
- Appendix 8 Temporary Accommodation Acquisitions
- Appendix 9 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 <small>£000}</small>	27/28 <small>£000}</small>	28/29 <small>£000}</small>	Later Years <small>£000}</small>	Total <small>£000}</small>
<u>Capital Receipts</u>					
General Capital Receipts	1,209	574	1,051	0	2,834
Total Receipts	1,209	574	1,051	0	2,834
<u>Unringfenced Capital Grant</u>					
School Capital Maintenance	1,084	5,957	5,944	0	12,985
Local Transport Schemes	12,349	13,932	15,550	0	41,831
Highways Maintenance	5,574	6,590	7,097	0	19,261
Consolidated Active Travel Fund	2,058	2,058	2,058	0	6,174
Pride In Place Impact Fund	1,500	0	0	0	1,500
Total Unringfenced Grant	22,565	28,537	30,649	0	81,751
Prudential Borrowing (maximum)	62,133	11,638	8,652	116	82,539
TOTAL UNRINGFENCED RESOURCES	85,907	40,749	40,352	116	167,124
<u>Ringfenced Resources</u>					
Contributions	0	400	0	0	400
Pride In Place Programme	360	2,010	4,380	30,540	37,290
Local Authority Bus Grant	6,219	6,344	6,469	0	19,032
Disabled Facilities Grant	1,861	1,861	1,861	0	5,583
TOTAL RINGFENCED RESOURCES	8,440	10,615	12,710	30,540	62,304
TOTAL CAPITAL RESOURCES	94,347	51,364	53,062	30,656	229,429

Appendix 2a

Grant Funded Schemes

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			£000}	£000}	£000}	£000}	£000}
<u>Grant Funded Schemes</u>							
School Capital Maintenance	CDN (ECS)	WP	1,084	5,957	5,944	-	12,985
Highway Capital Maintenance	CDN (PDT)	WP	5,574	6,590	7,097	-	19,261
Local Transport Schemes (2026-27)	CDN (PDT)	PJ/PP**	12,349	13,932	15,550	-	41,831
Consolidated Active Travel Fund	CDN (PDT)	PJ	2,058	2,058	2,058	-	6,174
Local Authority Bus Grant (2026-27) *	CDN (PDT)	PJ/PP**	6,219	6,344	6,469	-	19,032
Disabled Facilities Grants*	CDN (HGF)	WP	1,861	1,861	1,861	-	5,583
Pride In Place Impact Fund*	CDN (NES)	WP	1,500	-	-	-	1,500
Pride In Place Programme*	CRS	WP	360	2,010	4,380	30,540	37,290
TOTAL			31,005	38,751	43,359	30,540	143,656

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

*These schemes are funded through a ringfenced grant.

** The second and third year of these schemes will be held as a policy provision.

Appendix 2b

Own Buildings

	Division	Scheme Type	26/27 {£000}	27/28 {£000}	28/29 {£000}	Later Years {£000}	Total Approval {£000}
<u>Own Buildings</u>							
LCB Maintenance	CDN (TCI)	PJ	150	-	-	-	150
Property and Operational Estate	CDN (EBS)	WP	4,341	6,515	3,110	-	13,966
IT Investment	CDN (EBS)	WP	1,000	-	-	-	1,000
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
Specialist Supported Living Schemes*	ASC	PJ	1,120	480	-	-	1,600
TOTAL			7,236	7,365	3,260	-	17,861

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

**This scheme is partly funded through external contributions*

Appendix 2c

Routine Works

Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
		£000}	£000}	£000}	£000}	£000}
Routine Works						
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
TOTAL			3,627	4,385	5,276	- 13,288

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

Appendix 2d**Temporary Accommodation Acquisitions**

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

Appendix 2e

Corporate Estate

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

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

Appendix 2f

Feasibilities and Other Schemes

	Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
			£000}	£000}	£000}	£000}	£000}
Feasibilities and Contingencies							
Infrastructure works to enable Capital Asset Sales	CDN (PDT)	PJ	1,209	574	1,051	-	2,834
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
TOTAL			1,379	744	1,051	-	3,174

108

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

Appendix 2g

Match Funding

Division	Scheme Type	26/27	27/28	28/29	Later Years	Total Approval
		{£000}	{£000}			{£000}
<u>Match Funding</u>						
Voices of Leicester (Match Funding)	CDN (TCI)	PP	-	118	116	116
TOTAL			-	118	116	116

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

GRAND TOTAL – ALL SCHEMES **94,347** **51,364** **53,062** **30,656** **229,429**

Property and Operational Estate Maintenance Capital Programme

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
Building Works - 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.	2,852	2,541	830	6,223
Compliance Works - 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	1,886
Mechanical Works - Ventilation systems, pool filtration & dosing systems, building management systems and heating controls, including essential works at York House.	839	3,417	1,360	5,616
Emergency Provision – Provision for emergency reactive works that could be required across the Council's estate.	82	54	105	241
TOTAL	4,341	6,515	3,110	13,966

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
Main Roads (Principal Roads & Classified Non-Principal Roads) – 2026 schemes include Victoria Road East, Hinckley Road, Glenfrith Way	625	625	625	1,875
Unclassified Neighbourhood Roads, Large Area Patching & 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. 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 Includes lining, joint sealing, concrete bay repairs and road hump replacements	1,750	2,100	2,312	6,162
Preventative Maintenance and Surface Treatment Thin surfacing, surface dressing and asphalt rejuvenation schemes	210	550	650	1,410

Description	26/27 Amount £000's	27/28 Amount £000's	28/29 Amount £000's	Total Amount £000's
2026 Schemes include: Hamilton Way, Thurcaston Lane				
Footway Relays and Reconstructions – Focus on neighbourhood street scene corridor improvements in district centres. 2026 schemes included Melton Road uneven footway improvements and local footway maintenance.	750	750	750	2,250
Strategic Bridge Deck Maintenance & Replacement. 2026 schemes include feasibility studies and structural surveys to assess St. Margaret's Way half joint replacement and Burleys Way flyover maintenance.	50	50	50	150
Bridge Improvement & Maintenance Works including various parapet replacements, structural maintenance works and technical assessment review. 2026 schemes include Shady Lane, Ocean Rd, Dakyn Rd, Southgate Underpass.	689	700	700	2,089
Traffic Signal Installations Renewals and Lighting Column Replacements – Signalling upgrades, lamp column replacements, illuminated bollard and sign replacement.	240	455	550	1,245
Highway Drainage – Flood mitigation schemes and drainage improvement projects.	260	260	260	780
DfT Whole Government Accounting Lifecycle Asset Management Development Project – 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	1,100	1,200	3,300
TOTAL	5,574	6,590	7,097	19,261

Appendix 5

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
Building Works - Typical works include roof replacements, sports hall floor replacements, playground resurfacing and window replacements.	478	3,830	3,143	7,451
Compliance Works - This work stream will mainly be used to ensure the playing fields and pavilions used by schools are fully compliant with current regulations and to conduct health and safety works.	434	783	1,251	2,468
Mechanical Works - 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
Individual Access Needs Works - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	-	121	123	244
Emergency Provision - This is provision within the programme to allow for emergency unforeseen works to be carried out.	-	242	246	488
TOTAL	1,084	5,957	5,944	12,985

Appendix 6

Local Transport Schemes

	Description	26-27 Amount £000
City Centre	Granby Street Phase 3 construction	1,100
City Connectivity	Local Cycling and Walking Infrastructure Plan – scheme design	300
City Connectivity	Local Cycling and Walking Infrastructure Plan – scheme construction	1,400
City Connectivity	Stokeswood Park Culvert Repairs	800
City Connectivity	Rally Park walking and cycle route extension - construction	2200
City Connectivity	Saffron Lane cycle route extension – design work	300
City Connectivity	Service support – traffic modelling, data collection, analysis	350
Future City	Public Right of Way Improvement Programme	434
Future City	Greengate Lane walking and cycling access scheme - Design and Build	1,200
Future City	Traffic Signals and Streetlights Renewal Programme	800
Healthier Neighbourhoods	Pedestrian crossing programme (phase 2 delivery)	350
Healthier Neighbourhoods	Pedestrian crossing programme (phase 3 design)	350
Healthier Neighbourhoods	Local Neighbourhood Projects and Schemes	400
Healthier Neighbourhoods	School Streets Programme	165
Healthier Neighbourhoods	Air Quality Action Plan Delivery – sustainable transport initiatives for active travel	850
Local Safety	20mph Programme ongoing delivery	750
Local Safety	Local Safety Scheme programme ongoing delivery	600
TOTAL		12,349

An indicative proposed programme is shown in the above table within this Appendix. This will be subject to further refinement in advance of commencement of the programme and following scheduled ward councillor transport briefings in February 2026.

The allocation for 2027-28 is £13.932m and for 2028-29 is £15.550m, this will be held in a policy provision whilst the programme is finalised and be subject to a further decision by the City Mayor.

Local Authority Bus Grant (LABG) funding

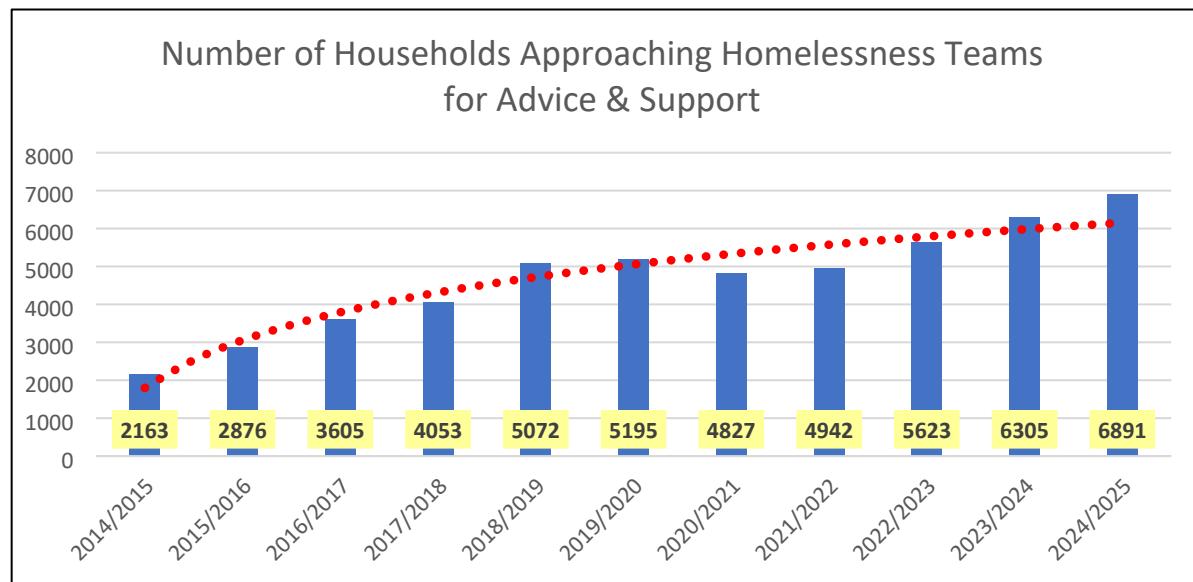
Description	26-27 Amount £000
Ongoing electric bus investment, match funded from private sector	2,700
Expansion of Real Time Information Provision across the wider flexi area	2,000
Expansion of contactless ticketing systems and purchase options	600
Key route rationalisation, including additional parking control and demand management on key bus corridors	700
Signal upgrades to support better traffic movement and flow on key bus corridors	219
TOTAL	6,219

An indicative proposed programme is shown in the above table within this Appendix. This will be subject to further refinement in advance of commencement of the programme.

The allocation for 2027-28 is £6.344m and for 2028-29 is £6.469m, this will be held in a policy provision whilst the programme is finalised and be subject to a further decision by the City Mayor.

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
Leicester	62%	63%	62%	59%
National Ave.	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

1. Introduction

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

2. Capital Expenditure

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

at outturn. For this purpose, immediate starts have been split into three categories:-

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

2.5 When, during the year, proposals to spend policy provisions are approved, a decision on classification is taken at that time (i.e. a sum will be added to projects, work programmes or provisions as the case may be).

2.6 The authority has never previously capitalised revenue expenditure, except where it can do so in compliance with proper practices: The proposed revenue budget strategy does not propose to capitalise revenue expenditure

2.7 The table below forecasts the past and future capital expenditure for the current year, 2026/27 and beyond. It therefore, includes latest estimates of expenditure from the 2025/26 programme that will be rolled forward.

Department / Division	2025/26 Estimate £m	2026/27 & Beyond Estimate £m
All Departments	1.1	7.7
Corporate Resources	1.1	37.8
Planning, Development & Transportation	24.5	119.4
Tourism, Culture & Inward Investment	15.6	6.4
Neighbourhood & Environmental Services	5.8	8.6
Estates & Building Services	12.2	19.0
Adult Social Care	0.1	7.5
Children's Services	19.7	32.1
Public Health	-	-
Housing General Fund	37.5	75.6
Total General Fund	117.6	314.1
Housing Revenue Account	25.9	168.3
Total	143.5	482.4

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

capital programme scheme is approved each year for significant improvements or renovation.

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

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

3. Financing Capital Expenditure

3.1 For at least the last decade, most capital expenditure of the Council has been financed as soon as it was spent (by using grants, capital receipts, revenue budgets or the capital fund). The Council only incurred spending which could not be financed in this way in strictly limited circumstances. Such spending is termed "prudential borrowing" as we are able to borrow money to pay for it. Due to the parlous financial position we are in, prudential borrowing is part of our Budget Strategy. Capital spending proposals will consequently only be approved in the light of the revenue implications.

Where prudential borrowing is used to finance the general fund capital programme, the Council may approve borrowing for specific schemes (e.g. where it will be repaid by a future sale arising as a consequence of the development). Borrowing may also be treated as a general unringfenced resource, in which case the Director of Finance will determine which schemes are to be financed by borrowing within the totality of the amount approved. This will take place at year end, when the accounts are prepared, and will reflect the impact of the borrowing on future revenue budgets. The Director of Finance may determine that not all the borrowing is required, or may determine that some should take place in a later year (for instance, if expenditure has slipped between years). Decisions taken on financing will not affect delivery of spending on approved schemes

3.2 The Council measures its capital financing requirement, which shows how much we would need to borrow if we borrowed for all un-financed capital spending (and no other purpose). This is shown in the table below:-

	2025/26	2026/27	2027/28	Later Years
	£m	£m	£m	£m
HRA	306	315	324	333
General Fund	351	341	331	326

(The table above excludes PFI schemes).

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

4. Debt Repayment

4.1 As stated above, in the past decade the Council has usually paid for capital spending as it is incurred. Prior to this however, the Government encouraged borrowing and money was made available in Revenue Support Grant each year to pay off the debt (much like someone paying someone else's mortgage payments). Now it no longer does so.

4.2 The Council makes charges to the general fund budget each year to repay debt incurred for previous years' capital spending. (In accordance with Government rules, no charge needs to be made to the Housing Revenue Account: we do, however, make charges for newly built and acquired property).

4.3 The general underlying principle is that the Council seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed.

4.4 Where borrowing pays for an asset, debt is repaid over the life of the asset.

4.5 Where borrowing pays for an investment, debt is repaid over the life of the Council's interest in the asset which has been financed (this may be the asset life or may be lower if the Council's interest is subject to time limits). Where borrowing funds a loan to a third party, repayment will never exceed the period of the loan.

4.6 Charges to revenue will be based on an equal instalment of principal, or set on an annuity basis, as the Director of Finance deems appropriate.

4.7 Debt repayment will normally commence in the year following the year in which the expenditure was incurred. However, in the case of expenditure relating to the construction of an asset, the charge will commence in the year after the asset becomes operational or the year after total expenditure on the scheme has been completed.

4.8 The following are the maximum asset lives which can be used:-

- (a) Land – 50 years;
- (b) Buildings – 50 years;
- (c) Infrastructure – 40 years;
- (d) Plant and equipment – 20 years;
- (e) Vehicles – 12 years.

4.9 Some investments governed by the treasury strategy may be accounted for as capital transactions. Should this require debt repayment charges, an appropriate time period will be employed.

4.10 Authority is given to the Director of Finance to voluntarily set aside sums for debt repayment, over and above the amounts determined in accordance with the above rules, where they believe the standard charge to be insufficient, or in order to reduce the future debt burden to the authority.

4.11 In circumstances where the investment strategy permits use of borrowing to support projects which achieve a return, the Director of Finance may adopt a different approach to debt repayment to reflect the financing costs of such schemes where permitted by Government guidance. The rules governing this are included in the investment strategy.

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

	2025/26 %	2026/27 %	2027/28 %	Later Years %
HRA	9.3	10.8	11.9	11.9
General Fund	1.8	1.6	1.2	1.7

5. Commercial Activity

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

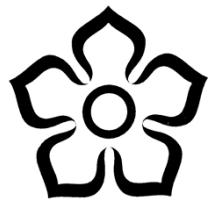
- (a) The Council will not make such investments primarily to generate income. Each investment will also benefit the Council's service objectives (most probably, in respect of economic regeneration and jobs). It may, however, invest to improve the financial and environmental performance of the corporate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

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

- 5.3 Although the Council accepts that an element of risk is inevitable from commercial activity, it will not invest in schemes whereby (individually or collectively) it would not be able to afford the borrowing costs if they went wrong. As well as undertaking a formal appraisal of schemes of a significant scale, the Council will take into account what “headroom” it may have between the projected income and projected borrowing costs. In practice, our ability to carry out commercial activity is now limited by our revenue position.
- 5.4 In addition to the above, the Council’s treasury strategy may permit investments in property or commercial enterprises. Such investments may be to support environmental and socially responsible aims and are usually pooled with other bodies. For the purposes of the capital strategy, these are not regarded as commercial activities under this paragraph as the activity is carried out under the treasury strategy.

6. **Knowledge and Skills**

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



Leicester
City Council

Minute Extract

Culture and Neighbourhoods Scrutiny Commission

Held: Thursday, 22 January 2026 at 5:30 pm

P R E S E N T:

Councillor Zaman – Chair
Councillor Halford – Vice Chair

Councillor Dr Barton

Councillor Chauhan

Councillor Dave

Councillor Haq

Councillor Waddington

In Attendance

Deputy City Mayor - Councillor Cutkelvin

Assistant City Mayor – Councillor Dempster

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Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

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

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

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

- It was noted that the draft settlements were complex and included the amalgamation of existing grants.
- The Revenue report set out the budget for 2026/27, and the medium-term financial strategy for the following two years.
- The draft Budget reflected the Government's Fair Funding consultation over the summer; however, despite an improved financial position, a budget gap remained, requiring continuation of the five-strand strategy agreed by Council last year, including the following:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and Homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies to buy time
 - A programme of property sales, which was now planned to reduce the cost of borrowing
- It was proposed that the strategy be extended to March 2029.
- The budget built in scope to meet ongoing cost increases in Social Care, homelessness and housing benefits.
- The scope for additional investment was limited but included amounts for areas previously supported by grants that were no longer available.
- Revenue Budget points directly relevant to the Culture and Neighbourhoods Scrutiny commission included:
 - £300k for a dedicated team to help deal with Ash Die Back
 - £300k to part fund a team to tackle anti-social behaviour and enforce public space protection orders
 - £1m to replace the loss of the UK Shared Prosperity Fund, to enable partial continuation of the work that was funded from this grant
- The final budget would be updated and presented to Council on the 25th February and would include the updated figures following the draft finance settlement, currently being worked through.
- The General Fund Draft Capital Report sought approval of just under £130m over the next three years.
- In 2025/26, the Capital Programme moved to being funded primarily through government grants and borrowing, and this approach would continue in 2026/27.

- The aim was to alleviate the revenue pressure placed by borrowing Capital Programme, by using £60m of capital receipts.
- Draft Capital Programme points directly relevant to the Culture and Neighbourhoods Scrutiny commission included:
 - £345k for depot improvements and transformation works
 - £450k for public toilet refurbishment
 - £225k for the Historic Building grant fund
 - £75k to continue the programme to refresh festival decorations
 - £430k for Heritage Interpretation panels
 - £450k to replace grounds maintenance machinery
 - £185k for mobile CCTV equipment to tackle fly tipping and street scene offences
 - £360k for replacement tree planting
 - £650k for 3G Pitch Replacements
 - £50k feasibility for the Curve automation system
 - £350k as possible match funding for the Voices of Leicester project

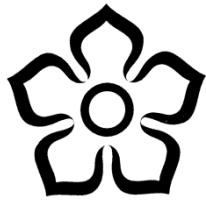
In response to member discussion, the following was noted:

- Members expressed concern that the draft budget would leave the incoming administration in 2028 with significant unresolved issues.
- Savings on back-office functions appear to be under-performing with current pressures now impacting frontline services. It was clarified that reported progress was against a three-year target, with remaining savings representing residual requirements, and that Finance and Corporate Services have fully achieved their savings for 2025/26.
- Members queried the final figures being presented at the Council meeting rather than first to the Overview Select Committee. It was confirmed in response that this was the case and that the same draft reports would be submitted to the OSC.
- The savings were profiled out and there may be changes in the final report where savings are not deliverable. Alternative considerations were in the pipeline for Libraries and Community Centres.
- All divisions were required to deliver savings, with continual challenge to all directors across the different service areas.
- In response to a member question on The Dedicated Schools Grant, it was noted that this question would be best directed to the Children, Young People and Education Scrutiny Commission (CYPE). A recent CYPE task group had recently made several recommendations, and it was noted that Leicester City benchmarked well against other authorities in relation to deficit.
- There was a £60m target set for asset sales. Yield consideration was taken into account for any potential assets to be sold.

- Members suggested that it would be helpful to show savings as a percentage of the overall budget for each division.

AGREED

- 1) That the reports be noted.
- 2) For more figures to be circulated on savings as a percentage of the overall budget for each division.



Leicester
City Council

Minute Extract

Children, Young People and Education Scrutiny Commission

Held: Tuesday, 20 January 2026 at 5:30 pm

P R E S E N T:

Councillor Batool – Chair
Councillor Bonham – Vice Chair

Councillor Dr Moore
Councillor Westley

Councillor Singh Sangha

In Attendance

Assistant City Mayor- Children and Young People, Councillor Pantling
Dr Joycelin Eze-Okubuiro

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1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27. Both items were taken together.

The Head of Finance (Education and Social Care) gave an overview of the reports, key points to note were as follows:

- The Draft General Fund Revenue Budget sets out the budget for 2026/2027 and the medium term financial strategy for the next two years. It was based on the government's Fair Funding consultation which ran over the summer, results were awaited but a budget gap was still forecasted. Hence the five strand strategy from last year would continue as follows:
 - To deliver budget savings
 - Constrain growth in areas such as Social Care and homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies
 - A programme of property sales
- The budget built in growth to meet ongoing costs in social care, homelessness and housing benefits. The scope for additional investment was limited but some provision was made, particularly in areas previously funded from grants no longer received.
- Items relating to children's services included significant investment in future years as the growth forecasts are refreshed annually.
- There would be increased in house provision with an improved quality of accommodation and we expect that this will lead to lower rates of placement breakdowns.
- Attention was drawn to paragraph 6.1.3 of the Draft General Fund Revenue Budget which noted the position on the Dedicated Schools Grant, known as the DSG. The cumulative deficit was forecast to be £44.8m by the end of the financial year. The High Needs deficit for children with SEND was due to insufficient funding. The Government had indicated that future deficits may be centrally funded from April 2028, but there was no clarity currently on how existing deficits would be addressed. Any remaining deficit may fall to the Council to fund from its resources.
- The Draft three year capital programme 2026/27 was worth £129m, fully funded from council resources, government grants and borrowing.
- A three year budget was better for planning, especially for capital projects running across several financial years.
- Specifically for children's services, £12.9m was provided to continue the School's Capital Maintenance Programme.
- Two new children's homes were planned for 2027, jointly funded by the DfE (not included in the Capital report but referenced in the Revenue report)
- Both of the papers would be updated and presented to Council in February and would include updated figures following the finance settlement.

The Chair invited questions and comments from the Commission. The following key points were discussed:

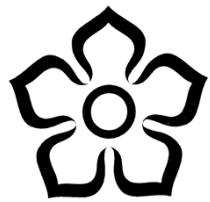
- Any underspends were transferred to general reserves.

- In response to a question from members on the draft Capital Programme (Appendix 5), it was explained that the £1m allocation in 2026/27 related to school buildings and was based on condition and maintenance needs. The DfE's funding formula meant this was considered an increase despite appearing lower than projections in later years. The methodology used by the DfE was not known to the council but would take age and condition of the buildings into account.
- In terms of key risks to the budget and related mitigations it was noted that risk assessments were completed. A highlighted risk involved the complexities of placements and the subsequent impact on budget. Potential growth was built into the budget.
- The DSG deficit was another known area of risk.
- In response to Member questions, it was noted that although increases in numbers of looked after children could be relatively small, associated costs could be high. Budget projections were as robust as possible, informed by previous years' data, local market conditions alongside ongoing preventative work. The Family Help model would help to reduce the numbers of children in care. A corporate contingency is also available if risks materialise.
- Regarding the High Needs Block Deficit, significant work had taken place to reduce EHCP numbers over the previous 18 months. This was helping to manage costs, but the deficit would remain.
- Funding was flexible for Early Help and targeted across the city to meet local need and reduce demand for child protection plans. Early pilot findings were expected shortly and were positive so far.

Agreed:

- That the reports be noted.

Cllr Dr Moore left the meeting for these items due to a Declaration of Interest.



Leicester
City Council

Minute Extract

Economic Development, Transport and Climate Emergency Scrutiny Commission

Held: Wednesday, 14 January 2026 at 5:30 pm

P R E S E N T:

Councillor Waddington – Chair

Councillor Cassidy – Vice Chair

Councillor Bonham

Councillor O'Neill

Councillor Osman

Councillor Porter

Councillor Rae Bhatia

In Attendance:

Sir Peter Soulsby – City Mayor
Deputy City Mayor - Councillor Cutkelvin
Assistant City Mayor - Councillor Whittle

*** * * ***

1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

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

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

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

- It was noted that the draft settlements were complex and included the amalgamation of existing grants.
- The Revenue report set out the budget for 2026/27, and the medium-term financial strategy for the following two years.
- The draft Budget reflected the Government's Fair Funding consultation over the summer; however, despite an improved financial position, a budget gap remained, requiring continuation of the five-strand strategy agreed by Council last year, including the following:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and Homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies to buy time
 - A programme of property sales, which was now planned to reduce the cost of borrowing
- It was proposed that the strategy be extended to March 2029.
- The budget built in scope to meet ongoing cost increases in Social Care, homelessness and housing benefits.
- The scope for additional investment was limited, but includes amounts for areas previously supported by grants that were no longer available.
- Revenue Budget points directly relevant to the EDTCE Scrutiny commission included:
 - £450k to cover the shortfall in market income
 - £1m to replace the loss of the UK Shared Prosperity Fund
- The General Fund Draft Capital Report sought approval of just under £130m over the next three years.

- In 2025/26, the Capital Programme moved to being funded primarily through government grants and borrowing, and this approach would continue in 2026/27.
- The aim was to alleviate the revenue pressure placed by borrowing Capital Programme, by using £60m of capital receipts.
- Draft Capital Programme points directly relevant to the EDTCE Scrutiny commission included the allocation of:
 - Just over £16m for the continuation of the highways maintenance programme
 - £12.35m in local transport grants to support transport networks
 - £150k for the maintenance work at the LCB depot
 - £1.2m for local environmental works
 - £900k towards flood strategy work

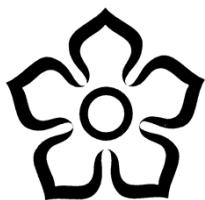
The Chair invited questions and comments from the Commission, asking that matters be addressed separately for each item. The following key points were discussed in relation to the Draft General Fund Revenue Budget:

- The draft report included fair funding figures from the summer consultation.
- Proposals regarding parking charges were separate decisions and would be reported independently.
- It was clarified that Pride in Place and UK Shared Prosperity Fund were different funds. Pride in Place would be reflected in the Capital Programme Report to Council.
- Key Points discussed for the Draft Three Year Capital Programme included:
- Final figures on pot-hole management, including multi-year grant figures would be included within the final report.
- Under the Highways Grant, the amount of capital funding for road maintenance was as follows:
 - 2026/27 - £5.6m
 - 2027/28 - £6.6m
 - 2028/29 - £7.1m
 - 2029/30 - £8.1m
- 95.7% of identified pothole maintenance tasks have been completed.
- Maintenance work in flooding hotspots was ongoing. Coordination with the water supplier had resulted in issues being prioritised, and an additional £300k each year had been allocated to address them.
- Regarding the demolition of Rally House, members highlighted concerns with the site being temporarily used as a carpark.

- It was agreed that members could highlight specific issues to the Assistant City Mayor for Environment and Transport.
- Members queried issues with street lighting along the A46/47 and Hastings Road, and it was agreed that issues could be sent to the Director Planning - Development and Transportation.
- Issues with road cleaning could be taken up at the Overview Select Scrutiny with the Committee.

AGREED:

- That the reports be noted.



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: MONDAY, 2 FEBRUARY 2026 at 5:30 pm

P R E S E N T:

Councillor Joel - Chair

Councillor Batool
Councillor Kitterick
Councillor O'Neill
Councillor Pickering
Councillor Rae Bhatia
Councillor Zaman

Councillor Dave
Councillor March
Councillor Osman
Councillor Porter
Councillor Waddington

In Attendance:

City Mayor – Sir Peter Soulsby
Deputy City Mayor – Councillor Cutkelvin
Assistant City Mayor – Councillor Whittle

* * * * *

207. DRAFT THREE YEAR CAPITAL PROGRAMME 2026/27

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

The report was taken as read.

Members were invited to ask questions and make comments. The following was noted:

- The introduction of Council Tax for empty but furnished properties was welcomed.
- In response to a query surrounding the borrowing of money for capital projects and using revenue costs for debt, it was clarified that capital receipts were not needed for capitalisation and could therefore be used for reducing borrowing costs. Capital financing within the revenue budget includes borrowing costs.
- Money had been set aside for the demolition of Rally House.

- £50m had been set aside with a focus on family accommodation based on the modelling projection for growth. It was noted that Leicester City Council were ahead of other authorities on this. Officers were praised for the work done to drive down the need for temporary accommodation.
- With regard to a query on savings on hotel costs, this was difficult to quantify, however, the £45m programme had saved £47m over three years and it was expected for a similar outcome from the £50m programme.
- The importance of spending money on essential services first was raised.

AGREED:

- 1) That the report be noted.
- 2) That the recommendations for Full Council be noted by the committee.
- 3) That comments made by members of this commission to be taken into account by the lead officers.

Councillors Porter and Waddington left the meeting during the consideration of this item.

General Fund Revenue Budget 2026/27

Decision to be taken by: Council

Date of meeting: 25 February 2026

Lead director: Amy Oliver, Director of Finance



Useful information

- Ward(s) affected: All
- Report author: Catherine Taylor/Amy Oliver
- Author contact details: amy.oliver@leicester.gov.uk
- Report version number: 2

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.
- 1.2. The budget position has improved since the medium-term strategy was established last year, following significant progress on controlling costs, achieving efficiency savings, and a government settlement that recognises the historic under-funding of more deprived areas of the country. Projections now show a sustainable budget position for the next three years.
- 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 position has been difficult for over a decade, and we have faced difficulties in being able to balance our budget. This has been due to significant loss of government grant and rising costs in demand-led services, particularly in social care and homelessness. This has led to us reducing spending on services other than social care by over 50% in real terms.
- 2.2. Due to the significant work undertaken to manage costs in demand-led services and to make savings, we have improved our financial position and no longer envisage requiring exceptional financial support (EFS) in the foreseeable future.
- 2.3. A multi-strand budget strategy was approved last year and extensive work has been undertaken to control costs in demand-led areas, and to achieve savings targets across the Council. This report proposes continuing the strands of this strategy, but – due to the improved outlook – the focus has moved from managing the immediate crisis to ensuring the longer-term financial sustainability of the budget.
- 2.4. On 9th February, the government wholly unexpectedly announced financial support to authorities to deal with deficits on Dedicated Schools Grant that have built up over several years. This funding will cover 90% of the deficit accrued to date, and is expected to be at least £40m for Leicester. This means that reserves we had previously planned to set aside to offset the deficit are not required for that purpose.
- 2.5. The government has undertaken a substantial review of support to local authorities, and the finance settlement for the next three years was approved on 11th February. This has

improved our financial position (compared to previous years, and to the estimates in the draft budget) as the settlement has recognised the historic under-funding of the more deprived areas of the country; although it does not enable us to reverse the cuts from the previous decade of austerity.

- 2.6. Following these announcements, we are able to make changes to the strategy. Those proposed in this report include:
 - Funding £90m of previously approved capital expenditure from reserves instead of borrowing, and therefore reducing the ongoing revenue borrowing costs incurred;
 - Using capital receipts from the asset sales programme to further reduce borrowing requirements, instead of holding to support future revenue budgets;
 - Providing investment in limited range of priority areas of spending;
 - Amending savings targets to ensure the remaining package is achievable within the timeframes.
- 2.7. Achieving our strategic vision for the Council is dependent on maintaining 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.
- 2.8. 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.
- 2.9. 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.
- 2.10. The report proposes a council tax increase of just under 5%, which is the maximum we are able to set without a referendum.
- 2.11. The medium-term outlook is attached at Appendix 4.

3. Recommendations

3.1. Council is recommended to:

- a) approve the three year budget strategy described in this report;
- b) approve the proposed budget and council tax for 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 transfers from the budget strategy reserve as set out in paragraph 9.3 of this report;
- d) approve the budget ceilings for each service shown at Appendix 1 to this report;
- e) approve the scheme of virement described in Appendix 2 to this report;
- f) note my view on the adequacy of reserves and the estimates used in preparing the budget;
- g) note the equality implications arising from the proposed tax increase, as described in paragraph 15 and Appendix 3;
- h) note the medium-term financial strategy and forecasts presented at Appendix 4, and the financial challenges ahead;
- i) note the earmarked reserves position set out at Appendix 5;
- j) note the policy on council tax premiums and discounts set out at Appendix 6;
- k) note that the impact of the Council Tax Support Scheme has been reviewed by the Executive, and reported to OSC, during the year;
- l) 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);
- m) approve the capital receipts flexibility policy 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 had been repeatedly delayed. This has left us providing services to a population far in excess of our last needs assessment. When the budget strategy was set, the timing and outcome of this review was unclear.
- 4.4. In February 2025, the Council approved a multi-strand budget strategy aimed at balancing the budget for a minimum three years. This included:

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. The improved position now allows us to reverse this £90m transfer, and minimise borrowing costs in the longer term;

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 intended to achieve £23m per year by 2027/28 (this target has now been amended to £21m – see paragraph 7 below).

- 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 significant progress made in implementing the strategy, and the revised funding arrangements being implemented nationally, this report presents a balanced budget for 2026/27, without requiring use of the budget strategy reserve in that year. A small deficit in future years of the strategy can be covered by the reserves; work is ongoing to reduce this forecast deficit.

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. There is also a forecast in-year underspend for the current financial year (2025/26) that will increase the balance on the budget reserve.

- 5.2. The release of funds from the capital reserve was approved last year to ensure that the revenue budget could remain sustainable, given the sizeable budget gaps forecast at the time. However, it also increases borrowing costs over the long term, and was only considered due to the extremely difficult revenue position at the time. This has now improved to the point that the £90m can be returned to the capital fund without risking running out of reserves over the budget strategy period. Doing this will reduce capital financing costs by an estimated £4.5m per year and contribute to the long-term financial sustainability of the authority.
- 5.3. 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. The next review is planned to take place at year-end and will be reported to members alongside the outturn position.
- 5.4. Against the objective of achieving £60m of capital receipts by 2027/28 we have achieved £16m in completed or legally contracted sales. The work on asset sales is continuing, with sites at an advanced stage of discussions in the region of £30m.
- 5.5. 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, it is now planned to use some of these receipts to reduce our borrowing requirements.

DSG deficit

- 5.6. Dedicated Schools Grant (DSG) funding nationally has not kept pace with increases in demand for funding for high needs SEND. Under a “statutory override” in place until the end of 2027/28, deficits on the funding are not included in authorities’ available reserves; however, the cumulative deficit has continued to increase and is forecast to be £44.8m by the end of the current financial year 2025/26. The government will resolve (or centrally fund) DSG deficits occurring after April 2028; but until recently it was not clear how deficits already accrued would be treated. The draft budget report therefore proposed setting aside reserves towards this deficit.
- 5.7. The government has entirely unexpectedly confirmed, at late notice, that they will provide grant funding to cover 90% of the cumulative deficit to March 2026, and has strongly implied that funding will also be available for the next two years. It should be noted that this is subject to approval of the local SEND reform plan. The remaining deficit will have to be funded locally. This budget therefore proposes setting aside 10% of the forecast DSG deficit in each year, until the new high needs funding system is introduced in 2028/29.

5.8. Government funding towards the deficit will also reduce borrowing costs; 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. The funding of the DSG deficit by government is forecast to save the Council £0.6m in 2026/27, rising to £1.2m in 2027/28.

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:

	2026/27 £m	2027/28 £m	2028/29 £m
Underlying budget	179.3	179.3	179.3
Placement growth	13.2	26.2	39.0
Additional income	(2.0)	(2.0)	(2.0)
Vacancy factor	(0.8)	(0.4)	0.0
TOTAL	189.7	203.1	216.3

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 almost £40m over the three years of this strategy.

6.5. The council has undertaken significant work to ensure that other local authorities and health partners are contributing their fair share towards care costs. Through this work, adult social care has 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 2025. 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-year 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 government has made some additional funds available to support children's social care costs, which have been under pressure nationally. This additional grant will part-fund the increasing costs, but still requires additional funding from our general resources.

6.10. The growth required has been estimated as shown in the following table.

	2026/27 £m	2027/28 £m	2028/29 £m
Underlying budget	119.9	119.9	119.9
Growth already in the strategy	1.0	2.1	0.0
Additional growth required	3.3	4.9	8.7
Part funded from additional grant	(1.4)	(1.3)	(0.3)
Vacancy factor	(1.0)	(0.5)	(0.2)
TOTAL	121.8	125.1	128.1

6.11. 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.

6.12. 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.

6.13. 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.

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 £50m 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 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. In the final settlement, the government has provided additional homelessness grant. This will be used to part-fund the net additional costs, although additional funding from general resources will still be required.

6.17. 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	14.7	14.7
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
Total	3.8	6.4	6.4
Less: additional grant in final settlement	(1.9)	(2.2)	(2.5)
Balance from general resources	1.9	4.2	3.9

6.18. 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 £2.5m 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.
- 7.2. Since the original target was set, it has become clear that some targets are not realistically achievable. The figures in this report therefore reflect a reduced target of £19.5m by 2027/28. The specific changes involve:
 - a) Estates & Building Services - £0.8m reduction following difficulty in achieving the savings and the risk it places on the service;
 - b) Neighbourhoods & Environmental Services - £0.5m full-year reduction and a change in phasing following the 2025 consultation on library and community centre provision and the expected consultation on sports services;
 - c) Corporate Services - £1.1m reduction to recognise that there are no further savings targets beyond those agreed in February 2025 and therefore will need to maintain support services
 - d) Finance - £0.9m reduction to support key areas that have seen increases in demand due to the cost of living crisis such as the revenues and benefits team and the increased demand due to the implementation of legislation such as the Procurement Act 2023.

- 7.3. By period 6 in 2025/26, 70% of the revised total had already been achieved:

	Target (full year) £m	Achieved to date £m
Estates & Building Services	2.0	1.0
Housing	1.0	0.9
Neighbourhoods & Environmental Services	6.7	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	0.9	0.9
Financial Services	0.4	0.4
Adult Social Care	1.2	1.2
TOTAL	19.5	13.8

- 7.4. 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.

Additional Investment

- 7.5. Given the improvement in the financial position, it has been possible to build limited growth into the budget for some priority areas:
- 7.6. During the redevelopment of the central market there has been a shortfall in 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.
- 7.7. 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. Further funding has been included for pressures in the complaints team, which will be part-funded by the HRA.
- 7.8. 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.
- 7.9. 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 per year is being made available for a team to monitor sites and prioritise trees for removal.
- 7.10. As noted elsewhere in this report, the overall budget position is better than when the savings targets were originally proposed. As a result, we are now able to set some monies aside for reinvestment in our city development and neighbourhoods divisions. £3.2m will be held as a budget provision within City Development & Neighbourhoods department; detailed proposals for this provision will be developed by the strategic Director in due course.
- 7.11. Future financial sustainability is dependent on continuing to effectively maximise income due to the council and households of the City. This process has been identified as requiring additional investment, and a £0.8m budget has been established, which will be held as a corporate budget.

8. Budget Strategy Reserve

- 8.1. When the 2025/26 budget was set, the budget strategy reserve was forecast to be £163.6m at 1st April 2025, reducing to £25m by March 2028. There have been improvements to the forecasts, described in the sections above. This report also contains a recommendation to return £90m to the capital reserve to fund the already approved capital programme, and therefore reduce long-term borrowing costs.
- 8.2. Reserve balances are kept under review to ensure future costs are provided for. It is proposed to set monies aside towards transitional costs associated with local government reorganisations
- 8.3. Updated forecasts show that we are now expecting a balance of £51m by March 2029:

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
At the beginning of the year	193.8	65.8	65.3	61.8
Add: Forecast rates pool surplus	7.1			
<i>Reserve restatements:</i>				
To capital reserve	(90.0)			
Set aside for DSG deficit (see 5.6 above)	(4.5)	(2.7)	(2.8)	
Set aside for LGR transitional costs	(14.0)			
Budget surplus / (gap) in year	(26.6)	2.2	(0.7)	(10.3)
At the end of the year	65.8	65.3	61.8	51.5

9. Construction of the 2026/27 budget

- 9.1. 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;
- 9.2. In line with Finance Procedure Rules, the Council must also approve the scheme of delegation that controls subsequent changes to these ceilings. The proposed scheme is shown at Appendix 2.
- 9.3. 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.
- 9.4. 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.

- 9.5. 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.
- 9.6. 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.

10. 2026/27 Budget Overview

- 10.1. 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):

	2026/27
	£m
Net service budget	438.2
Provision for pay inflation	6.6
Corporate budgets (including capital finance)	7.8
Housing Benefits	2.5
General contingency for risk	2.0
Expenditure total	457.1
Income:	
Council tax	178.0
Collection Fund surplus	0.2
Retained rates baseline	145.1
Revenue Support Grant	117.0
Recovery Grant	11.7
Extended Producer Responsibility for Waste	7.4
Income total	459.4
Surplus	2.2

11. Departmental Budget Ceilings

- 11.1. Budget ceilings have been prepared for each service, calculated as follows:
 - a) The starting point is last year's budget, subject to any changes made since then which are permitted by the constitution (e.g. virement);
 - b) An allowance is made for non-pay inflation on a restricted number of budgets. Our general rule is that no allowance is made, and departments are expected to manage

with the same cash sum that they had in the previous year. Exceptions are made for the budgets for independent sector adult social care (2%) and foster care (2%) but as these areas of service are receiving growth funding, an inflation allowance is merely academic (we pay from one pot rather than another). Budgets for the waste PFI contract have been increased by RPI, in line with contract terms.

- c) Unavoidable growth has been built into the budget. This has been mitigated by action that has already been taken to control costs in demand-led areas, as detailed in paragraph 6 above. Budgets have also been increased for the investment described at section 8.
- d) Savings requirements for 2026/27, as detailed at paragraph 7 above, have been deducted from service budgets, along with additional savings that have been approved subsequently to the strategy being set in 2025/26.
- e) 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.
- f) Ceilings have also been adjusted to reflect current grant funding streams being rolled into general funding from 2026, as part of the review of government funding. These are presentational changes to government funding that will not, in themselves, affect the amount we have available to spend.

11.2. The proposed budget ceilings are set out in Appendix 1.

11.3. 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.

11.4. 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.

12. Corporately held Budgets and Provisions

- 12.1. In addition to the services' budget ceilings, some budgets are held corporately. These are described below.
- 12.2. 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.
- 12.3. 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.
- 12.4. **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, funds to maximise income to the Council and residents (see 8.7 above) 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.
- 12.5. 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. 6.18 above).
- 12.6. A corporate contingency budget of £2m 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.

13. Resources

- 13.1. 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.
- 13.2. The final settlement was approved in Parliament on 11th February, and this budget has been updated from earlier estimates published in the draft budget. The settlement is underpinned by the Fair Funding Review, which has recalculated funding shares for the first time since 2013, based on latest data on cost drivers including deprivation. As this recognises population growth in the last decade, and unwinds some of the impact of funding cuts during the austerity period in the 2010s (which disproportionately affected deprived authorities) this has increased our share of national funding.

13.3. The key changes from the earlier estimates include:

- Updating funding formulae to use the most recent Index of Multiple Deprivation (IMD) figures published in October 2025. These show Leicester as relatively more deprived (compared to other authorities) than the previous IMD figures, and therefore increase the share of funding we are assessed to need;
- Further increasing the level of equalisation for council tax base, which also increases our share of funding (as higher-taxbase areas are assumed to raise more locally);
- Continuation of the £11.7m Recovery Grant, targeted at deprived authorities, for a further 3 years.

Business rates and core grant funding

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

13.5. The government's reforms from April 2026 include several overlapping strands:

- a) Fully equalising for differences in council tax bases across the country. We gain from this as our tax base is relatively low;
- b) Revised and updated formulae that measure each area's "need to spend" on different service areas. Compared to previous estimates, we will lose funding from some of these changes;
- c) Rebasing business rates income to redistribute growth achieved since 2013, and to reflect the business rates revaluation that will be implemented from April;
- d) Transitional arrangements to phase in the effect on individual authorities.

13.6. The budget in this report contains a single figure for the "retained rates baseline". This includes both the proportion of business rates kept by the City Council, grants that we will receive to meet the cost of centrally-decided reliefs, and the top-up received from government. Due to the complexity of the changes to business rates, the final split between funding streams is not shown. A government safety net guarantee ensures that we will receive at least this amount through a combination of retained rates and government support.

13.7. Under the previous business retention arrangements, a "rates pool" across Leicester and Leicestershire allowed a greater share of rates to be retained locally, and shared across the pool authorities. This has served us well: over recent years, our share of the additional rates has been over £6m per year, which has been used to support the budget strategy and the local economy. The rates reset, and other changes to the rates retention system, make the pool unviable in 2026/27 and the authorities involved have agreed to disband it.

Council tax

13.8. Council tax income is estimated at £178m 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, significantly lower than the annual increase in costs in adult social care.

13.9. The council tax base has grown by 1.5% since last year’s budget was set.

13.10. 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 grant funding and income streams

13.11. The majority of grant funding is treated as income to the relevant service departments and is not shown separately in the table at paragraph 11. From 2026/27, some of these grants are being rolled into our core funding (and budget ceilings adjusted – see paragraph 12.1 and Appendix 1) and several funding streams have been consolidated into ringfenced grants:

- a) Homelessness, Rough Sleeping and Domestic Abuse Grant (£6.6m) – the allocation for this funding stream was increased by £1.9m in the final settlement, in recognition of cost pressures across the country;
- b) Public Health Grant (£37.9m) – which now consolidates drug and alcohol treatment and recovery funding and local stop smoking services;
- c) Crisis and Resilience Fund (£8.3m) – to provide preventative support and assist people faced with financial crisis, replacing the Household Support Fund and discretionary housing payments.
- d) Children, Families and Youth Grant (£9.1m) – consolidating previous funding including children’s social care prevention, Families First programmes and holiday activities and food.

13.12. Since 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.

13.13. Three Leicester neighbourhoods have been selected for the Government’s Pride in Place programme. Each will receive up to £20m grant funding over a ten-year period, with the Council acting as Accountable Body; of which the revenue funding totals £7m for each area. In line with our treatment of other specific grants, this will be managed within service departments and is not shown separately within Appendix 1. The capital elements are included in the capital programme report, also on your agenda.

Collection Fund surplus / deficit

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

13.15. 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).

13.16. The Council has an estimated **business rates collection fund deficit** of £2.2m.

14. Budget and Equalities (Surinder Singh, Equalities Officer)

14.1. 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.

14.2. 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.

14.3. 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.

14.4. 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.

14.5. 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.

15. Risk Assessment and Estimates

- 15.1. 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.
- 15.2. 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.
- 15.3. 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.
- 15.4. 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.
- 15.5. In addition to the above, we have a cumulative overspend on the schools' "high needs" block. By March 2028, when future overspends will transfer to central government, this could be as high as £100.5m. The government have announced 90% funding towards the deficit at March 2026, and the intention of further support towards deficits arising in 2026/27 and 2027/28, but with no definite commitment as to the amount. This report proposes earmarking reserves to meet 10% of the deficit in each.
- 15.6. We are also exposed to any further inflationary cost pressures, which may result from world events.
- 15.7. Significant progress has been made on achieving the savings target, however failure to deliver the remaining savings would have a significant impact on the strategy.
- 15.8. The budget holds a corporate contingency of £2m per year. If this contingency is not sufficient this would place pressure on our budget strategy reserve, reducing the monies available to fund future budgets.
- 15.9. There is a multiplicative effect of any risks which crystallise into annual cost pressures. For instance, an additional £5m per year of unavoidable cost will, all other things being equal, use £15m of reserves by the end of 2028/29.
- 15.10. 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 need to 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.
- 15.11. 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.

15.12. 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.

15.13. 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.

16. Financial, Legal and Other Implications

16.1. Financial Implications

This report is exclusively concerned with financial issues.

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

- a) 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.
- b) 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, though case law establishes that this can not operate as a direction to an Elected Mayor to spend / save the monies for that purpose.
- c) As well as detailing the recommended council tax increase for 2026/27, the report also complies with the following statutory requirements:-
 - Robustness of the estimates made for the purposes of the calculations;
 - Adequacy of reserves
 - The requirement to set a balanced budget.
- d) 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.
- e) 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.

- f) 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.
- g) 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 11th 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.

16.3. Climate Change Implications

- a) 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.
- b) 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.

- c) 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.
- d) 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

	2025/26	Changes						26/27 Budget Ceiling £000's		
		in budget report		Savings previously agreed	Grants rolled in	Pension Adjustments	Non-Pay Inflation			
		Budget As at P9	Savings package	£000's	£000's	£000's	£000's			
1. City Development & Neighbourhoods										
1.1 Neighbourhood & Environmental Services										
163	Divisional Management	(1,325.1)	(1,009.0)			(7.4)		(2,341.5)		
	Regulatory Services	2,220.1				(145.6)		2,074.5		
	Waste Management	24,165.6				(21.2)	484.8	24,629.2		
	Parks & Open Spaces	6,241.1	(300.0)	276.0		(544.4)		5,672.7		
	Neighbourhood Services	6,777.7				(231.3)		6,546.4		
	Standards & Development	1,272.4				(94.0)		1,178.4		
	Community Safety	429.5		265.0		(39.9)		654.6		
	Sports Services	3,018.0	(425.0)			(232.6)		2,360.4		
	Divisional sub-total	42,799.3	(1,734.0)	541.0	0.0	0.0	(1,316.4)	484.8		
								40,774.7		
1.2 Tourism, Culture & Inward Investment										
	Arts & Museums	3,275.1	(164.0)	320.0		(129.1)		3,302.0		
	De Montfort Hall	802.4	(17.0)			(106.2)		679.2		
	City Centre	0.0				0.0		0.0		
	Place Marketing Organisation	2.9				0.0		2.9		
	Economic Development	363.0	(264.0)	721.0		(64.2)		755.8		
	Markets	(154.7)		450.0		(20.9)		274.4		
	Adult Skills	(821.4)				0.0		(821.4)		
	Divisional Management	47.7	45.0			(6.3)		86.4		
	Divisional sub-total	3,515.0	(400.0)	1,491.0	0.0	0.0	(326.7)	0.0		
								4,279.3		

Budget Ceilings (cont.)

	2025/26	Changes						26/27 Budget Ceiling £000's
		in budget package		Savings previously agreed	Grants rolled in	Pension Adjustments	Non-Pay Inflation	
		Budget As at P9	£000's	£000's	£000's	£000's	£000's	
1.3 Planning, Transportation & Economic Development								
Transport Strategy	10,531.1	(1,082.0)				(201.1)		9,248.0
Highways	2,441.0	(558.0)				(462.7)		1,420.3
Planning	1,548.9	(50.0)			27.1	(165.7)		1,360.3
Divisional Management	459.3	(310.0)				(8.2)		141.1
<i>Divisional sub-total</i>	14,980.3	(2,000.0)	0.0	0.0	27.1	(837.7)	0.0	12,169.7
1.4 Estates & Building Services	4,724.1	(100.0)				(481.0)		4,143.1
1.5 Housing Services	20,808.9	(300.0)	1,981.9	0.0	1,343.3	(296.7)		23,537.4
1.6 Departmental Budgets								
Departmental Overheads	597.8	400.0				(10.3)		987.5
City Development & Neighbourhoods								
Investment		3,200.0						3,200.0
	597.8	400.0	3,200.0	0.0	0.0	(10.3)	0.0	4,187.5
DEPARTMENTAL TOTAL	87,425.4	(4,134.0)	7,213.9	0.0	1,370.4	(3,268.8)	484.8	89,091.7

Budget Ceilings (cont.)

2025/26	Changes						26/27 Budget
	Budget	in	Savings		Pension	Non-Pay	
	As at P9	Savings package	budget report	previously agreed	rolled in	Adjustments	Inflation
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's

2.Adults**2.1 Adult Social Care & Safeguarding**

Other Management & support	946.5		(19.9)		(38.5)		888.1
Safeguarding	528.6		(10.4)		(21.9)		496.3
Preventative Services	6,142.8		(132.0)		(228.8)		5,782.0
Independent Sector Care Package Costs	187,117.1		11,185.0		0.0	3,905.7	202,207.8
Care Management (Localities)	15,079.1		(283.5)		(602.6)		14,193.0
Divisional sub-total	209,814.1	0.0	10,739.2	0.0	0.0	(891.8)	3,905.7
							223,567.2

2.2 Adult Social Care & Commissioning

Enablement & Day Care	1,872.9		(37.6)		(75.3)		1,760.0
Care Management (LD & AMH)	6,487.1		(127.1)		33.8	(269.7)	6,124.1
Preventative Services	413.3		(2.8)		(2.8)		407.7
Contracts, Commissioning & Other							
Support	(1,241.4)		(175.2)		6,935.6	(334.5)	5,184.5
Departmental	(38,043.5)		(11.5)		22.6	(20.0)	(38,052.4)
Divisional sub-total	(30,511.6)	0.0	(354.2)	0.0	6,992.0	(702.3)	0.0
							(24,576.1)

DEPARTMENT TOTAL	179,302.5	0.0	10,385.0	0.0	6,992.0	(1,594.1)	3,905.7	198,991.1
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Budget Ceilings (cont.)								
	2025/26 Budget As at P9 £000's	Savings package £000's	Changes in budget report £000's	Savings previously agreed £000's	Grants rolled in £000's	Pension Adjustments £000's	Non-Pay Inflation £000's	26/27 Budget Ceiling £000's
3. Education & Children's Services								
3.1 SEND and Education								
Strategic Commissioning	2,247.3				150.0	(116.9)		2,280.4
Raising Achievement	682.1		(26.0)			(53.2)		602.9
Learning & Inclusion	1,578.7		(32.0)			(87.5)		1,459.2
Special Education Needs and Disabilities	19,102.5		174.0			(374.4)		18,902.1
Departmental Resources	4,917.0		(67.0)			(214.4)		4,635.6
Divisional sub-total	28,527.6	0.0	49.0	0.0	150.0	(846.4)	0.0	27,880.2
3.2 Children's Social Work and Early Help								
Children In Need	17,708.4		(199.0)			(539.5)		16,969.9
Looked After Children	63,613.1		2,792.3		893.8	(516.2)	231.3	67,014.3
Safeguarding & QA	2,227.4		(93.0)			(90.9)		2,043.5
Community Safety	341.3					(3.6)		337.7
Early Help Targeted Services	3,187.7	(600.0)	(93.0)			(203.6)		2,291.1
Early Help Specialist Services	4,277.0		(82.0)			(225.5)		3,969.5
Divisional sub-total	91,354.9	(600.0)	2,325.3	0.0	893.8	(1,579.3)	231.3	92,626.0
DEPARTMENTAL TOTAL	119,882.5	(600.0)	2,374.3	0.0	1,043.8	(2,425.7)	231.3	120,506.2
4. Health and Wellbeing								
Adults' Services	9,434.6				4,961.9			14,396.5
Children's 0-19 Services	10,335.7							10,335.7
Lifestyle Services	1,616.8				485.0	(32.6)		2,069.2
Staffing & Infrastructure& Other	3,734.2				(125.3)	(103.8)		3,505.1
DEPARTMENTAL TOTAL	25,121.3	0.0	0.0	0.0	5,321.6	(136.4)	0.0	30,306.5

Budget Ceilings (cont.)

	2025/26 Budget As at P9 £000's	Changes in budget report £000's	Savings previously agreed £000's	Grants rolled in £000's	Pension Adjust- ments £000's	Non-Pay Inflation £000's	26/27 Budget Ceiling £000's
5. Corporate Resources Department							
5.1 Corporate Services							
Delivery, Communications & Political Gov	9,786.9	0.0	0.0	0.0	0.0	(416.9)	9,370.0
5.2 Financial Services							
Financial Support	6,340.8			(25.0)		(338.7)	5,977.1
Revenues & Benefits	4,559.4					(269.2)	4,290.2
<i>Divisional sub-total</i>	10,900.2	0.0	0.0	(25.0)	0.0	(607.9)	0.0
5.3 Data, Digital & Technology	11,429.5	0.0	0.0	0.0	0.0	(335.7)	11,093.8
5.4 Legal Services	6,529.7	0.0	0.0	0.0	0.0	(304.9)	6,224.8
DEPARTMENTAL TOTAL	38,646.3	0.0	0.0	(25.0)	0.0	(1,665.4)	0.0
TOTAL -Service Budget Ceilings	450,378.0	(4,734.0)	19,973.2	(25.0)	14,727.8	(9,090.4)	4,621.8
<i>less public health grant</i>							(37,652.3)
NET TOTAL	418,328.4						438,199.1

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.
8. 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.
9. The Strategic Director, in consultation with the Director of Finance, may vire money to reflect decisions about the use of the service reinvestment budget.
10. 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 a corporate reserve to support the overall budget strategy.

Corporate Budgets

11. 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

11. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
12. 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).
13. Directors may spend earmarked reserves on the purpose for which they have been created.
14. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.
15. The City Mayor may transfer any sum between earmarked reserves.

Other

16. 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:

Title of proposal	Council tax increase for 2026/27
Name of division/service	Corporate
Name of lead officer completing this assessment	Catherine Taylor, Financial Strategy Manager
Date EIA assessment commenced	3 rd November 2025
Date EIA assessment completed (prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes)	26 th January 2026
Decision maker	Council
Date decision taken	25 February 2026

EIA sign off on completion:	Signature	Date
Lead officer	Catherine Taylor	25 January 2025
Equalities officer (has been consulted)	Surinder Singh	26 January 2025
Divisional director	Amy Oliver	28 January 2026

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 the 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-	427	1.08	0.22
A	77,948	1.29	0.26
B	26,960	1.51	0.30
C	15,584	1.72	0.52

D	6,664	1.94	0.73
E	3,403	2.37	1.16
F	1,531	2.80	1.59
G	612	3.23	2.02
H	42	3.88	2.67
Total	133,171		

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.

175

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%, and the Universal Credit standard allowance is increasing above inflation. Local Housing Allowance rates will be frozen for 2026/27, representing a real-terms cut for this group of claimants. [NB council and housing association tenants are not affected by this as their rent support is calculated differently and their full rent can be compensated from benefits].

4. 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 was 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.

178

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.

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

180

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.

181

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.

18
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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.

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?

Mitigating actions:

186

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 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.

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.

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, assuming the recommendations in this report are approved.

The forecasts are volatile, and the key risks are described at paragraph 2 below. In particular, a change in annual spending requirement will have a multiplicative effect on available reserves (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).

	2026/27	2027/28	2028/29
	£m	£m	£m
Net service budget	438.2	481.8	504.7
Provision for pay inflation	6.6	13.2	19.8
Corporate budgets (including capital finance)	7.8	6.8	10.5
Housing Benefits	2.5	2.5	2.5
Costs of new waste contract			2.5
General contingency for risk	2.0	2.0	2.0
Planning Total		2.0	4.0
Expenditure total	457.1	508.3	546.0
Income:			
Council tax	178.0	187.9	198.5
Collection Fund surplus	0.2		
Retained business rates	145.1	148.4	151.4
Revenue Support Grant	117.0	153.7	168.9
Recovery Grant	11.7	11.7	11.7
Extended Producer Responsibility for Waste	7.4	6.0	5.2
Income total	459.4	507.6	535.7
Recurring budget gap	2.2	(0.7)	(10.3)

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
At the beginning of the year	193.8	65.8	65.3	61.8
Add: Forecast rates pool surplus	7.1			
<i>Reserve restatements:</i>				
Transfer to capital fund	(90.0)			
Set aside for DSG deficit	(4.5)	(2.7)	(2.8)	
Set aside for LGR transitional costs	(14.0)			
Budget surplus / (gap)	(26.6)	2.2	(0.7)	(10.3)
At the end of the year	65.8	65.3	61.8	51.5

2. Assumptions and Risks

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

<u>Spending</u>	Assumptions – central scenario	Risks
Pay costs	We assume a pay award averaging 3% each year	Inflation has fallen since its peak of 11.1% in 2022, although it remains above the 2% target. It stood at 3.4% in the year to December 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 £2.5m 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. The central assumption is that this can be restricted to £2.5m per year.	Difficult to predict costs of new contract at this stage.
Other service cost pressures	A £2m 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. A planning provision of £2m has been included for 2027/28 rising to £4m by 2028/29.	Costs assume the delivery of proposed savings for which delivery plans will be vital. Some are subject to consultation, which may result in a different decision to that currently proposed.

Departmental savings	The budget strategy assumes savings totalling £20m by 2027/28, of which £14m has been achieved to date.	The savings forecasts have been reduced to reflect areas where the original targets now appear unrealistic. A risk remains 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 is forecast to reach £100m by March 2028. These projections assume that government funding will be received to cover 90% of the deficit in 2026/27 and 2027/28 (in line with the arrangements for deficits up to March 2026).	The level of funding available for deficits arising in 2026/27 and 2027/28 has not yet been confirmed. A lower level of funding would increase the amount we have to fund from our own resources.

<u>Income</u>	Assumptions – central scenario	Risks
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>	<p>Significant empty properties and / or business liquidations reduce our collectable rates.</p> <p>The response to current changes to rateable values and reliefs is difficult to predict.</p> <p>Risks are limited by a government safety net in 2026/27, although the level of protection will reduce in future years.</p>
Government grant	Allocations are based on the settlement published in February 2026.	<p>We do not expect any significant changes, but the final confirmed settlement has not yet been received (at the time of writing).</p> <p>Other grant funding streams outside the main settlement may change, particularly in future years of the strategy</p>
Extended Producer Responsibility funding	The provisional allocation for 2026/27 (£7.4m) is included in the 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

1. As part of the overall budget strategy described in the main report, all earmarked reserves are reviewed to release funds where possible. General Fund reserves are set aside for specific purposes; the forecast amounts at the beginning of the 2026/27 financial year are set out below:

Description of Reserve(s)	Forecast balance at 31/3/26 £m	Notes
Departmental ring-fenced resources	7.7	Grant funding, with conditions attached.
Partnership funding	9.4	Originating from joint working arrangements (often with the health service). While these may be legally part of our reserve balances, there is a clear expectation that they remain within these projects. Diverting these to other purposes would risk our ongoing relationship with partners.
Insurance Fund	2.2	Meets costs of our self-insured insurance claims. Needs to be sufficient for this purpose and is periodically reviewed by actuaries.
Severance Fund	4.7	Meets staff redundancy and other termination costs.
Workforce development	3.4	For investment in the workforce, including trainees and apprentices. Despite the budget crisis (or because of it) it is important that we maintain funds for this.
Service transformation fund	5.7	Likely to play a more prominent role in achieving savings through service modernisation.
Building Schools for the Future	6.1	To manage lifecycle maintenance costs of the schools redeveloped under the BSF programme.
Welfare reserve	1.3	Supports welfare reform and provides welfare support more generally.
Cost of technology	6.2	Required for ongoing investment in ICT systems and development work including the implementation of a new finance system detailed in the capital programme report elsewhere on the agenda.
Elections fund	1.4	Funds future local elections.
Waste procurement strategy	9.4	To prepare for a new contract, to take effect from May 2028, and to provide funds for necessary capital investment.

Local Government reorganisation	14.0	To meet the transitional costs associated with moving to a new structure of local government.
DSG deficit reserve	4.5	Funding set aside to meet the costs of the cumulative DSG deficit balance once the current statutory override ends.
TOTAL	76.0	

2. The forecasts above include setting aside funds to meet future liabilities on the DSG high needs deficit and the transitional costs of local government reorganisation (see para. 9 of the main report).

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. Our policy for charging council tax on substantially unfurnished empty properties from 1st April 2026 will be:

Description	Tax charge as a percentage of the standard tax (inclusive of premium)
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 1st 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 1st 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 st 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 st 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 sale (12 months' limit)
Class H	Long term empty homes and second homes	Dwellings being actively marketed for let (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

Weekly Net Income

1	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
2	80%	£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
3	60%	£233.56 to £285.45	£233.56 to £285.45	£311.41 to £363.30	£363.31 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
4	40%	£285.46 to £337.35	£285.46 to £337.35	£363.31 to £415.20	£415.21 to £467.10	£467.11 to £519	£233.56 to £285.45	£233.56 to £285.45	£311.41 to £363.30	£363.31 to £415.20	£415.21 to £467.10
5	20%	£337.36 to £389.25	£337.36 to £389.25	£415.21 to £467.10	£467.11 to £519	£519.01 + £570.90	£285.46 to £337.35	£285.46 to £337.35	£363.31 to £415.20	£415.21 to £467.10	£467.11 To £519
6	0%	£389.26 +	£389.26 +	£467.11 +	£519.01 +	£570.91 +	£337.36 +	£337.36 +	£415.21 +	£467.11 +	£519.01 +

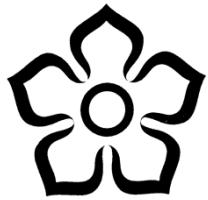
3. The alternative would be to freeze the bandings at their 2025/26 cash levels. This would lead to some households receiving lower levels of support or dropping out of the scheme entirely.

Flexible Use of Capital Receipts policy

1. The law states that capital receipts can only be used for capital expenditure, or to repay debt. They cannot be used to support revenue expenditure. However, the Secretary of State does have the power to issue directions allowing capital receipts to be used for revenue expenditure. There are two areas where this is used:
 - (a) To support councils who cannot balance their budgets. These are issued specifically to the authority concerned (with conditions);
 - (b) To support transformation projects. This is a permission issued to authorities generally, and covers the period until March 2030.
2. This report seeks to provide the Council with the authority to use the general permission.
3. The permission enables us to use receipts to fund expenditure “that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.” Severance costs can also be capitalised.
4. Use of the permission requires a plan to be approved prior to the start of the year and sent to the Secretary of State. Once submitted, it can be updated at any time.
5. This policy is not an integral part of our budget strategy, and has been prepared solely to give us another tool to manage the budget during 2026/27.

The Plan

6. No revenue expenditure has been capitalised using capital receipts prior to 2026/27.
7. Use of the flexibility will have no impact on the Council’s prudential indicators, as the receipts to be used have not been factored into any other plan in 2026/27. Use of the flexibility will not affect the Council’s authorised borrowing limit or operational boundary in the Treasury Strategy (also on today’s agenda).
8. Should funds not be available in the severance fund or the transformation fund, we will consider using capital receipts for the following:
 - (a) Delivery of the savings described in the budget report (see above) – up to £4m.
 - (b) To support transformation work that improves the efficiency of our services – up to £6m
 - (c) Implementation costs of new structures under local government reorganisation arrangements – up to £14m.
9. The scheme of virement (Appendix 2) delegates authority to the City Mayor to make amendments during the year and submit a revised plan to the Secretary of State.



Leicester
City Council

Minute Extract

Adult Social Care Scrutiny Commission

Held: Thursday, 15 January 2026 at 5:30 pm

P R E S E N T:

Councillor March - Chair

Councillor Batool
Councillor Kaur Saini
Councillor Russell

Councillor Joannou
Councillor Orton
Councillor Sahu

In Attendance

Councillor Dawood, Assistant City Mayor, Adult Social Care

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1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

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

The Head of Finance (Education and Social Care) gave an overview of the reports, key points to note were as follows:

- The General Fund Revenue Budget set out the budget for 2026/27 and the medium term strategy for the following two years.

- The recent conclusion of the Government's Fair Funding consultation would be included in the final budget presented to Council in February.
- A budget gap continued to be forecasted, and previous the strategy would continue with five strands:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and homelessness
 - A reduction in the Capital programme
 - Releasing one off monies
 - A programme of property sales
- The scope for additional investment in services was limited but included areas which had previously been awarded grants.
- For Adult Social Care, the budget would provide additional growth, taking the net budget from £179m in 2025/26 to £191.5m, mainly due to the increasing costs of providing care.
- Cost increases were due to the need to support more people, particularly those of working age, and due to inflation driven by an increase in the National Living Wage.
- There was an aim to reduce costs by decreasing the numbers of new entrants to Adult Social Care, and through partnership work.
- There was a funded action plan in place relating to the CQC assessment.
- The Three-Year Draft Capital Programme worth £129m. It was fully financed from council resources, government grants and borrowing.
- The final budget would be updated and presented to Council in February 2026 and would include the finance settlement.

The Chair invited questions and comments from the Commission. The following key points were discussed:

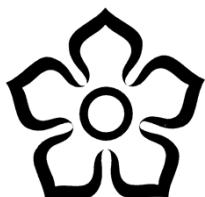
- Members questioned whether the budget could support demand to progress from the most recent CQC "requires improvement" rating. It was noted that investment was supported by Equalities Impact Assessments and depended on effective budget management and available reserves.
- Savings from reoccurring vacancies had been reinvested.
- Creative thinking around vacancies could have immediate benefits but could mean a change of culture. Training processes could mitigate new risks.
- Members supported an approach of positive communications to boost recruitment.
- The social care levy position had increased but the growth of adult social care needs far exceeded this.
- Members queried if there was partnership work with universities to aid with recruitment shortfalls. It was confirmed that there was an apprenticeship / student placement scheme in place with De Montfort University for Social

Work Degrees. Social Work apprenticeships were run by Warwickshire University and OT placements were offered at Coventry University.

- Members requested a budget amendment to specify the amount that comes in through the Adult Social Care precept, versus the amount the budget needs to increase by to meet need, to emphasise the point of the adult social care levy and show how the gap needs to be funded.
- Members requested a budget amendment to emphasise within the Capital Programme that there was a policy provision around supported living.
- In reference to a previous paper relating to the enhanced element of PIP it was noted that the report identified the maximum that could theoretically be achieved based on assumed rates of benefits awards, but this was not budgeted for in full. The change came into policy this year relating to higher rates of benefits (the mobility element is excluded). The budget included a £250k additional income provision. Around £500k had been achieved, nothing that assumed income is reduced in the first year as there were additional staffing costs for implementation, along with appeals to changes.
- Members requested figures on income to the Council from disability benefits and asked how much additional money was required for staffing.
- Regarding right sizing of care packages, it was confirmed that statutory support would remain in place as required, there was an Early Action programme leading to less requirement for support.

AGREED:

- 1) That the reports be noted.
- 2) Members requested a budget amendment to highlight the policy provision for supported living within the Capital Programme.
- 3) Members requested a budget amendment to specify the amount that comes in through the Adult Social Care precept, versus the amount the budget needs to increase by to meet need. Also, to emphasise the point of the ASC social levy and show how the gap needs to be funded.
- 4) Members requested figures on Council income from disability benefits.
- 5) Members requested figures on how much additional money was needed for staffing.



Leicester
City Council

Minute Extract of the Meeting of the
PUBLIC HEALTH AND HEALTH INTEGRATION SCRUTINY COMMISSION

Held: TUESDAY, 27 JANUARY 2026 at 5:30 pm

P R E S E N T :

Councillor Pickering (Chair)
Councillor Agath (Vice Chair)

Councillor Haq

Councillor Sahu

Councillor March

Also Present

Assistant City Mayor – Councillor Dempster virtually

7. DRAFT GENERAL FUND REVENUE BUDGET 2026/27

The Director of Finance submitted a report to the Commission 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 Head of Finance, Education and Social care presented the report. The following was noted:

- The Draft General Fund Revenue Budget set out the budget for 2026/27 and the medium term financial strategy for the following 2 years. It was based on the government's Fair Funding consultation which ran over the summer. While the results were awaited, a forecast budget gap remained. As a result, the 5 strand strategy from the previous year would continue as follows:
 - To deliver budget savings
 - Constrain growth in areas such as Social Care and homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies
 - A programme of property sales
- The budget built in growth to meet ongoing costs in Social Care, homelessness and housing benefits. The scope for additional investment was limited but provision was made, particularly where services had previously been funded through grants which were no longer received.

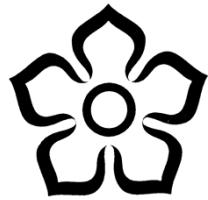
In discussions with Members, the following was noted:

- Members stated that it was difficult to scrutinise the budget without clarity on how the additional funding would be spent and asked for greater transparency ahead of Budget Council in February. It was acknowledged that confirmation of the Public Health Grant was still awaited, however members requested sufficient detail to allow questions to be addressed in advance.
- Officers advised members not to assume that the additional funding represented new money. It was explained that in recent years funding had been received through several separate streams, including the core Public Health Grant, additional funding for substance misuse and alcohol services, and further funding that was ringfenced for specific purposes such as increasing access to treatment. In addition, in the previous year, and potentially the year before, additional funding had been received for stop smoking services as part of the government's smoke free generation initiative.
- It was further explained that these funding streams had now been amalgamated into a single allocation. As a result, the grant appeared to increase from approximately £32m to £37m, however this did not represent a real increase in funding. It was stated that the actual uplift was likely only sufficient to cover inflationary costs and that there was no additional new money. Officers confirmed that, notwithstanding this, the total Public Health grant for next year was approximately £37m and that a breakdown of planned spend could be provided to members.
- Members raised questions about whether funding had been lost through ICB investment and whether any reductions were expected in the current year. In response, it was explained that this did not represent a direct reduction in funding but related to the way services were delivered. Challenges were highlighted around running costs and the impact on staffing availability, particularly in relation to vaccination programmes and outbreak response, and it was noted that additional resources were required to support this work.
- Concerns were also raised about vaccination uptake and whether the ICB had a responsibility to continue funding vaccination programmes to enable greater investment in other preventative services. It was suggested that a stronger focus on prevention would deliver longer term savings and members asked whether additional funding was being sought.
- It was clarified that the £10m figure referenced was not recognised and that plans were in place to spend the same amount on vaccination programmes in the next financial year as in the current year. It was confirmed that close joint working with the ICB continued and that staffing costs accounted for approximately one third of running costs. Members were advised that immunisation and screening teams would continue to operate across the Leicester's, Northampton and Rutland (LNR) Cluster, with efficiencies introduced through new ways of working. It was also stated that there was a strategic intention to shift further towards prevention, with increased investment in this area, and assurance was given that there would be no direct reduction in screening or immunisation resources.

- Members sought confirmation that there would be no direct or indirect cuts to current Public Health services over the next 12 months. It was confirmed that, at that point in time, officers were not aware of any service reductions. It was explained that a reduction of approximately one third in ICB running costs related to commissioning, coordination, and organisational structures as clusters were brought together in line with national expectations, and that frontline service provision, including vaccinations delivered through general practice, pharmacies, and roving units, would continue. Members were assured that any future changes would be subject to impact assessments and further discussion with partners.
- Members also referred to previous discussions regarding a potential 6% reduction in mobile vaccination and immunisation support. It was confirmed that since the previous meeting an allocation had been received from NHS England and that officers were hopeful the roving vaccination service would continue.

AGREED:

1. The Public Health and Health Integration Scrutiny Commission note the report.
2. A breakdown of the previous year's Public Health budget and the final budget for 2026/27 be provided to members to support scrutiny and improve understanding of growth and new programmes.



Leicester
City Council

Minute Extract

Children, Young People and Education Scrutiny Commission

Held: Tuesday, 20 January 2026 at 5:30 pm

P R E S E N T:

Councillor Batool – Chair
Councillor Bonham – Vice Chair

Councillor Dr Moore
Councillor Westley

Councillor Singh Sangha

In Attendance

Assistant City Mayor- Children and Young People, Councillor Pantling
Dr Joycelin Eze-Okubuiro

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1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27. Both items were taken together.

The Head of Finance (Education and Social Care) gave an overview of the reports, key points to note were as follows:

- The Draft General Fund Revenue Budget sets out the budget for 2026/2027 and the medium term financial strategy for the next two years. It was based on the government's Fair Funding consultation which ran over the summer, results were awaited but a budget gap was still forecasted. Hence the five strand strategy from last year would continue as follows:
 - To deliver budget savings
 - Constrain growth in areas such as Social Care and homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies
 - A programme of property sales
- The budget built in growth to meet ongoing costs in social care, homelessness and housing benefits. The scope for additional investment was limited but some provision was made, particularly in areas previously funded from grants no longer received.
- Items relating to children's services included significant investment in future years as the growth forecasts are refreshed annually.
- There would be increased in house provision with an improved quality of accommodation and we expect that this will lead to lower rates of placement breakdowns.
- Attention was drawn to paragraph 6.1.3 of the Draft General Fund Revenue Budget which noted the position on the Dedicated Schools Grant, known as the DSG. The cumulative deficit was forecast to be £44.8m by the end of the financial year. The High Needs deficit for children with SEND was due to insufficient funding. The Government had indicated that future deficits may be centrally funded from April 2028, but there was no clarity currently on how existing deficits would be addressed. Any remaining deficit may fall to the Council to fund from its resources.
- The Draft three year capital programme 2026/27 was worth £129m, fully funded from council resources, government grants and borrowing.
- A three year budget was better for planning, especially for capital projects running across several financial years.
- Specifically for children's services, £12.9m was provided to continue the School's Capital Maintenance Programme.
- Two new children's homes were planned for 2027, jointly funded by the DfE (not included in the Capital report but referenced in the Revenue report)
- Both of the papers would be updated and presented to Council in February and would include updated figures following the finance settlement.

The Chair invited questions and comments from the Commission. The following key points were discussed:

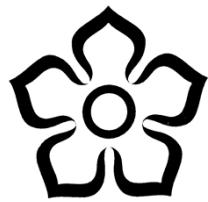
- Any underspends were transferred to general reserves.

- In response to a question from members on the draft Capital Programme (Appendix 5), it was explained that the £1m allocation in 2026/27 related to school buildings and was based on condition and maintenance needs. The DfE's funding formula meant this was considered an increase despite appearing lower than projections in later years. The methodology used by the DfE was not known to the council but would take age and condition of the buildings into account.
- In terms of key risks to the budget and related mitigations it was noted that risk assessments were completed. A highlighted risk involved the complexities of placements and the subsequent impact on budget. Potential growth was built into the budget.
- The DSG deficit was another known area of risk.
- In response to Member questions, it was noted that although increases in numbers of looked after children could be relatively small, associated costs could be high. Budget projections were as robust as possible, informed by previous years' data, local market conditions alongside ongoing preventative work. The Family Help model would help to reduce the numbers of children in care. A corporate contingency is also available if risks materialise.
- Regarding the High Needs Block Deficit, significant work had taken place to reduce EHCP numbers over the previous 18 months. This was helping to manage costs, but the deficit would remain.
- Funding was flexible for Early Help and targeted across the city to meet local need and reduce demand for child protection plans. Early pilot findings were expected shortly and were positive so far.

Agreed:

- That the reports be noted.

Cllr Dr Moore left the meeting for these items due to a Declaration of Interest.



Leicester
City Council

Minute Extract

Culture and Neighbourhoods Scrutiny Commission

Held: Thursday, 22 January 2026 at 5:30 pm

P R E S E N T:

Councillor Zaman – Chair
Councillor Halford – Vice Chair

Councillor Dr Barton

Councillor Chauhan

Councillor Dave

Councillor Haq

Councillor Waddington

In Attendance

Deputy City Mayor - Councillor Cutkelvin

Assistant City Mayor – Councillor Dempster

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Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

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

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

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

- It was noted that the draft settlements were complex and included the amalgamation of existing grants.
- The Revenue report set out the budget for 2026/27, and the medium-term financial strategy for the following two years.
- The draft Budget reflected the Government's Fair Funding consultation over the summer; however, despite an improved financial position, a budget gap remained, requiring continuation of the five-strand strategy agreed by Council last year, including the following:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and Homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies to buy time
 - A programme of property sales, which was now planned to reduce the cost of borrowing
- It was proposed that the strategy be extended to March 2029.
- The budget built in scope to meet ongoing cost increases in Social Care, homelessness and housing benefits.
- The scope for additional investment was limited but included amounts for areas previously supported by grants that were no longer available.
- Revenue Budget points directly relevant to the Culture and Neighbourhoods Scrutiny commission included:
 - £300k for a dedicated team to help deal with Ash Die Back
 - £300k to part fund a team to tackle anti-social behaviour and enforce public space protection orders
 - £1m to replace the loss of the UK Shared Prosperity Fund, to enable partial continuation of the work that was funded from this grant
- The final budget would be updated and presented to Council on the 25th February and would include the updated figures following the draft finance settlement, currently being worked through.
- The General Fund Draft Capital Report sought approval of just under £130m over the next three years.
- In 2025/26, the Capital Programme moved to being funded primarily through government grants and borrowing, and this approach would continue in 2026/27.

- The aim was to alleviate the revenue pressure placed by borrowing Capital Programme, by using £60m of capital receipts.
- Draft Capital Programme points directly relevant to the Culture and Neighbourhoods Scrutiny commission included:
 - £345k for depot improvements and transformation works
 - £450k for public toilet refurbishment
 - £225k for the Historic Building grant fund
 - £75k to continue the programme to refresh festival decorations
 - £430k for Heritage Interpretation panels
 - £450k to replace grounds maintenance machinery
 - £185k for mobile CCTV equipment to tackle fly tipping and street scene offences
 - £360k for replacement tree planting
 - £650k for 3G Pitch Replacements
 - £50k feasibility for the Curve automation system
 - £350k as possible match funding for the Voices of Leicester project

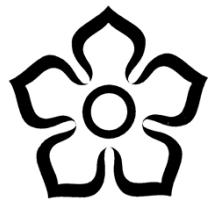
In response to member discussion, the following was noted:

- Members expressed concern that the draft budget would leave the incoming administration in 2028 with significant unresolved issues.
- Savings on back-office functions appear to be under-performing with current pressures now impacting frontline services. It was clarified that reported progress was against a three-year target, with remaining savings representing residual requirements, and that Finance and Corporate Services have fully achieved their savings for 2025/26.
- Members queried the final figures being presented at the Council meeting rather than first to the Overview Select Committee. It was confirmed in response that this was the case and that the same draft reports would be submitted to the OSC.
- The savings were profiled out and there may be changes in the final report where savings are not deliverable. Alternative considerations were in the pipeline for Libraries and Community Centres.
- All divisions were required to deliver savings, with continual challenge to all directors across the different service areas.
- In response to a member question on The Dedicated Schools Grant, it was noted that this question would be best directed to the Children, Young People and Education Scrutiny Commission (CYPE). A recent CYPE task group had recently made several recommendations, and it was noted that Leicester City benchmarked well against other authorities in relation to deficit.
- There was a £60m target set for asset sales. Yield consideration was taken into account for any potential assets to be sold.

- Members suggested that it would be helpful to show savings as a percentage of the overall budget for each division.

AGREED

- 1) That the reports be noted.
- 2) For more figures to be circulated on savings as a percentage of the overall budget for each division.



Leicester
City Council

Minute Extract

Economic Development, Transport and Climate Emergency Scrutiny Commission

Held: Wednesday, 14 January 2026 at 5:30 pm

P R E S E N T:

Councillor Waddington – Chair

Councillor Cassidy – Vice Chair

Councillor Bonham

Councillor O'Neill

Councillor Osman

Councillor Porter

Councillor Rae Bhatia

In Attendance:

Sir Peter Soulsby – City Mayor
Deputy City Mayor - Councillor Cutkelvin
Assistant City Mayor - Councillor Whittle

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1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

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

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27.

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

- It was noted that the draft settlements were complex and included the amalgamation of existing grants.
- The Revenue report set out the budget for 2026/27, and the medium-term financial strategy for the following two years.
- The draft Budget reflected the Government's Fair Funding consultation over the summer; however, despite an improved financial position, a budget gap remained, requiring continuation of the five-strand strategy agreed by Council last year, including the following:
 - Budget savings of £23m
 - Constraining growth in areas such as Social Care and Homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies to buy time
 - A programme of property sales, which was now planned to reduce the cost of borrowing
- It was proposed that the strategy be extended to March 2029.
- The budget built in scope to meet ongoing cost increases in Social Care, homelessness and housing benefits.
- The scope for additional investment was limited, but includes amounts for areas previously supported by grants that were no longer available.
- Revenue Budget points directly relevant to the EDTCE Scrutiny commission included:
 - £450k to cover the shortfall in market income
 - £1m to replace the loss of the UK Shared Prosperity Fund
- The General Fund Draft Capital Report sought approval of just under £130m over the next three years.

- In 2025/26, the Capital Programme moved to being funded primarily through government grants and borrowing, and this approach would continue in 2026/27.
- The aim was to alleviate the revenue pressure placed by borrowing Capital Programme, by using £60m of capital receipts.
- Draft Capital Programme points directly relevant to the EDTCE Scrutiny commission included the allocation of:
 - Just over £16m for the continuation of the highways maintenance programme
 - £12.35m in local transport grants to support transport networks
 - £150k for the maintenance work at the LCB depot
 - £1.2m for local environmental works
 - £900k towards flood strategy work

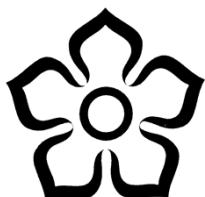
The Chair invited questions and comments from the Commission, asking that matters be addressed separately for each item. The following key points were discussed in relation to the Draft General Fund Revenue Budget:

- The draft report included fair funding figures from the summer consultation.
- Proposals regarding parking charges were separate decisions and would be reported independently.
- It was clarified that Pride in Place and UK Shared Prosperity Fund were different funds. Pride in Place would be reflected in the Capital Programme Report to Council.
- Key Points discussed for the Draft Three Year Capital Programme included:
- Final figures on pot-hole management, including multi-year grant figures would be included within the final report.
- Under the Highways Grant, the amount of capital funding for road maintenance was as follows:
 - 2026/27 - £5.6m
 - 2027/28 - £6.6m
 - 2028/29 - £7.1m
 - 2029/30 - £8.1m
- 95.7% of identified pothole maintenance tasks have been completed.
- Maintenance work in flooding hotspots was ongoing. Coordination with the water supplier had resulted in issues being prioritised, and an additional £300k each year had been allocated to address them.
- Regarding the demolition of Rally House, members highlighted concerns with the site being temporarily used as a carpark.

- It was agreed that members could highlight specific issues to the Assistant City Mayor for Environment and Transport.
- Members queried issues with street lighting along the A46/47 and Hastings Road, and it was agreed that issues could be sent to the Director Planning - Development and Transportation.
- Issues with road cleaning could be taken up at the Overview Select Scrutiny with the Committee.

AGREED:

- That the reports be noted.



Leicester
City Council

Minute Extract of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: TUESDAY, 13 JANUARY 2026 at 5:30 pm

P R E S E N T:

Councillor O'Neill – Chair
Councillor Bajaj – Vice Chair

Councillor Aqbany
Councillor Gregg

Councillor Gopal
Councillor Singh Sangha

In Attendance:
Deputy City Mayor – Councillor Cutkelvin
* * * * *

1. DRAFT GENERAL FUND REVENUE BUDGET 2026/27 AND DRAFT THREE YEAR CAPITAL PROGRAMME 2026/27

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

The Director of Finance submitted two reports to the Commission 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 two reports were The Draft General Fund Revenue Budget 2026/27 and The Draft Three Year Capital Programme 2026/27.

The Head of Finance presented the reports concurrently. The following was noted.

The Draft General Fund Revenue Budget 2026/27:

- The Draft General Fund Revenue Report sets out the budget for 2026/27 and the medium term financial strategy for the following two years.
- The Budget reflects the Governments Fair Funding Consultation from the summertime and despite the improved financial position that arises as a consequence, the Council was still forecasting a budget gap and the strategy agreed by Council last year would continue.
- The strategy included the following five strands:
 - Budget savings of £23M
 - Constraining growth in areas such as Social Care and Homelessness

- A reduction in the Capital Programme
- Releasing one off monies to buy time
- A programme of property sales, which is now planned to reduce the cost of borrowing
- The Report sets out the progress against each of those strands and proposes continuing with this strategy and extending it to March 2029.
- The budget builds in growth to meet ongoing cost increases in Social Care, Homelessness and Housing Benefits.
- Given the underlying financial pressures, the scope for additional investment is limited, but a small amount is included particularly around areas previously funded from grants, that would no longer be received.
- Investments were continuing in the provision of temporary accommodation, which would save money in cost in supporting people staying in B&Bs and the revenue impact of this is reflected in the report.
- Money was included in the budget for an increase in the number of properties leased from private landlords and this is expected to save £3.9M.
- In addition funding was being made available for additional staff to undertake the increasing volume of work and ensure the focus remained on prevention.
- The final budget would be updated and presented to Full Council on 25th February 2026 and would include the updated figures following the draft finance settlement which the Finance Team were currently working through.

Draft Three Year Capital Programme:

- The General Fund Draft Capital Report seeks approval of just under £130M over the next three years.
- For the Final Report for Full Council this will increase to reflect multi-year grant settlements which will have since been released.
- In 2025/26 the Capital Programme changed to be mainly funded from government grants and borrowing and this approach would remain in place for 2026/27.
- The Revenue Budget would reflect the consequences of the decisions taken in the Capital Report. The report does note that the Council will look to alleviate the revenue pressure placed by borrowing, by using £60M of capital receipts to fund the Capital Programme.
- Of particular interest to the Housing Commission there will be £50M in addition for the acquisition of approximately 250 self-contained properties for use as temporary accommodation and this builds on the £45M approved by Full Council in March 2024 and along with other measures would directly result in annual cost avoidance of over £6M a year.
- In addition disabled facilities grants continued to be included at just under £1.9M per year.

In response to comments and questions from Members, the following was noted:

- A question was raised on Right to Buy (RTB) Scheme, it was noted that the RTB featured more in the Housing Revenue Account (HRA) which would be heard later in the agenda. The report being discussed could

include properties the Council were looking to acquire, could be properties that had previously been bought by council tenants.

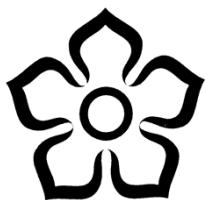
- Members discussed the Council's approach to meeting demand for temporary accommodation and the wider actions being taken to address housing need within the city. It was noted that the £45 million investment approved previously had made a significant difference, alongside a further £30 million allocation, in reducing reliance on bed and breakfast accommodation.
- It was highlighted that demand for assistance remained at historically high levels, with around 60% of households being prevented from becoming homeless and permanent accommodation being secured for the remaining 40% and that demand continued to exceed what existing funding could accommodate, with planning assumptions based on demand levels from the previous 1 to 2 years in order to avoid the use of bed and breakfast accommodation wherever possible.
- In response to questions regarding the £50m addition to the capital programme, it was clarified that the Council was not constructing new properties but was purchasing accommodation from the existing housing market.
- Members were informed that £50 million had been allocated for temporary accommodation acquisitions, enabling the purchase of 90 self-contained units for single households and 160 family accommodation units.

Recommendations:

The Commission recommended that the additional funding allocated towards temporary accommodation, including the £45 million approved by full Council in the previous year, be noted and commended. The Commission recognised that the funding had been highly successful in reducing the number of families and individuals placed in bed and breakfast accommodation and, notwithstanding earlier questions regarding governance, expressed its strong support for the continuation of this approach and ongoing investment in this area.

AGREED:

1. That the Commission note the report.
2. That a report on Temporary Accommodation is added to the work programme.



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: MONDAY, 2 FEBRUARY 2026 at 5:30 pm

P R E S E N T:

Councillor Joel - Chair

Councillor Batool
Councillor Kitterick
Councillor O'Neill
Councillor Pickering
Councillor Rae Bhatia
Councillor Zaman

Councillor Dave
Councillor March
Councillor Osman
Councillor Porter
Councillor Waddington

In Attendance:

City Mayor – Sir Peter Soulsby
Deputy City Mayor – Councillor Cutkelvin
Assistant City Mayor – Councillor Whittle

* * * * *

206. DRAFT GENERAL FUND REVENUE BUDGET 2026/27

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

It was noted that cost mitigating work had been undertaken in social care, and it was suggested to roll this into a third year as it had been very successful.

Members were invited to ask questions and make comments, the following was noted:

- With regard to queries about the recommendations made by the Adult Social Care Scrutiny Commission, it was noted that comments from the commissions were collated, and it was up to the City Mayor if they were incorporated in the budget.
- In response to queries about figures that were not yet available, it was noted that these figures would be updated and members would be made aware of their implications. It was further clarified that with relation to

Core Spending Power, this included Council Tax rises, and did not take inflation or cost pressures into account. It was noted that government money would help, but it would not prevent the Council from going into reserves over the next four years and spending more than its income.

- It was further added that Core Spending Power increases quoted by Government were based on the 2024/25 financial year, and some of these increases had already been built into the strategy. It was also noted that some of the increase was due to the recognition of the deprivation in the City, deprivation also links to additional costs.
- With regard to Local Government Reorganisation (LGR), it was acknowledged that there would be initial costs, but these would be offset by savings and the payback was quick. It was added that the government had confirmed that they expected existing council budgets to fund LGR.
- With regard to underspend in Adult Social Care (ASC), it was explained that this was often in relation to vacancies, and income came from the NHS for package costs.
- It was further noted with regard to ASC that contracts with providers had an annual increase to take account in rises in the national living wage. Significant improvements had been made in 2025/26, and package costs had been brought down.
- In response to points made about providing resources for Adventure Playgrounds, it was noted that the City Mayor had been meeting with five of them and the issues they faced included issues around tenure and land and they were looking for ways to be more sustainable.
- In response to points made on the reliance on reserves, it was explained that it was necessary to work to a balanced income and expenditure budget, and this was always the target. The Council had a budget strategy that did not need capital receipts or a capitalisation directive. There had been lower use of reserves than last year, so the approach was working.
- In response to points made on the ASC precept, it was explained that the ASC precept this year had been £3.5m, but growth had been £13m, so the increase had not been covered.

A recommendation was MOVED by Cllr Kitterick and SECONDED by Cllr Waddington that the provision of resources to allow the sustainable continuation of the Adventure Playground network.

Upon being put to the vote, the recommendation was AGREED.

The City Mayor committed to update members on this before Full Council.

AGREED:

- 1) That the report be noted.
- 2) That the recommendations for Full Council be noted by the committee.
- 3) That comments made by members of this commission to be taken into account by the lead officers.
- 4) OSC recommended that it would like the provision of resources to allow for the sustainable continuation of the Adventure Playground network.

Councillor Kitterick left the meeting following the consideration of this item.

Treasury & Investment Strategies 2026/27

Decision to be taken by: Council

Date of meeting: 25 February 2026

Lead director: Amy Oliver, Director of Finance



Useful information

- Ward(s) affected: All
- Report author: Chris Raymakers
- Author contact details: chris.raymakers@leicester.gov.uk
- Report version number: 2

1. Summary

1.1 This report proposes:

- A Treasury Policy framework. (Appendix 1)
- A Treasury Management Strategy for the governance of the Authority's borrowing and cash balances during 2026/27. (Appendix 2)
- The Investment Strategy defining the Authority's approach to making and holding investments, other than those made for normal treasury management purposes. (Appendix 3)

1.2 The Capital Strategy and relevant prudential indicators form part of the 2026/27 Capital Programme report found elsewhere on the Council's agenda.

2. Recommended actions/decision

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

2.2 The Council is recommended to approve:

- The Treasury Policy at Appendix 1, including the 12 treasury Management Practices.
- The Treasury Management Strategy at Appendix 2 (including Treasury Limits at Appendix 2a, and Treasury Investment Strategy at Appendix 2b).
- The Investment Strategy at Appendix 3.

3. Scrutiny / stakeholder engagement

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

4. Background and options with supporting evidence

Background

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

4.2 The legislation requires the Authority to set its treasury strategy for borrowing and to prepare an annual investment strategy (for treasury management investments). This strategy sets out the Authority's policies for managing its treasury management investments and for giving priority to the security and liquidity of those investments. The Treasury Management Strategy (Appendix 2) should be read in conjunction with the Capital Strategy which is included in the 2026/27 Capital Programme Report elsewhere on the Council's agenda.

4.3 The Treasury Limits are included at Appendix 2a, whilst the relevant prudential indicators are included with the 2026/27 Capital Programme Report.

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

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

4.6 The strategy for borrowing for the capital programme will result in additional prudential borrowing. This impacts the treasury and prudential limits as capacity within the Authorised and Operational boundaries is needed. The budget strategy also envisages the sale of assets to the value of £60m over the next 3 years, the resultant cash receipts in 2026/27 are reflected in the treasury strategy indicators.

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

5.1 Financial implications

The report is exclusively concerned with financial issues.

Signed: Amy Oliver
Dated: 21/11/2025

5.2 Legal implications

The report proposes a treasury policy (appendix 1), a treasury management strategy (appendix 2) and an investment management strategy (appendix 3) to be adopted. The proposals are in accordance with the Council's statutory duties under the Local Government Act 2003 and statutory guidance. This includes each of the policies and strategies having regard to the CIPFA Prudential Code and those in appendices 1 and 2 having regard to the CIPFA Code of Practice on Treasury Management as well.

Signed: Kevin Carter Head of Law - Commercial, Property & Planning
Dated: 21 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.

While there are no direct equality implications arising from this report, implications may be associated with subsequent investment and expenditure decisions, and these must be considered individually at that point.

Signed: Equalities Officer, Surinder Singh
Dated: 21 November 2025

5.4 Climate Emergency implications

It is widely recognised that investment has implications for global, national and local efforts to address the climate emergency. Decisions by investors over where to place their investments can, for example, help to fund solutions to climate change but they can also lead to funding of projects and activities – such as new fossil fuel exploration and extraction – which increase carbon emissions. In addition, the growing impacts of climate change such as increasingly extreme weather events can affect the risks associated with some investments.

To the extent that it is relevant to the types of investment made by the council, and subject to meeting the policy objectives set out in the Treasuring Investment Strategy and the Investment Strategy, consideration should be given to:

- a. Seeking information about the climate implications of potential investments before making decisions;

- b. Investing positively to help finance action which helps tackle the climate emergency;
- c. Avoiding making investments which would/could fund damaging activities.

Signed: Phil Ball, Sustainability Officer, Ext 37 2246

Dated: 21st November 2025

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

N/A

6. Background information and other papers:

Treasury Policy 2025/26, presented to Council 19 February 2025

Treasury Management Strategy 2025/26, presented to Council 19 February 2025

Investment Strategy 2025/26, presented to Council 19 February 2025

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

7. Summary of appendices:

Appendix 1 – Treasury Policy

Appendix 2 – Treasury Management Strategy

Appendix 2a – Treasury Limits

Appendix 2b – Treasury Investment Strategy

Appendix 3 – Investment Strategy

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

No

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

No – a decision for Council.

Treasury Policy 2026/27

Treasury Management Policy Statement (TMPS)

- 1.1 The overall aim of the Authority's treasury activity is to minimise the Authority's net financing costs, whilst maintaining an appropriate level of liquidity and taking a prudent approach to risk.
- 1.2 The Authority defines the policies and objectives of its treasury management activities as follows:-

"The management of the authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks".
- 1.3 The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instruments entered into to manage these risks.
- 1.4 This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.
- 1.5 The Authority will create and maintain, a Treasury Policy (i.e. this document), which is approved by full Council when revised. This will be supported by suitable Treasury Management Practices (TMPs, shown below), setting out the manner in which the Authority will seek to achieve these policies and objectives, and prescribing how the Authority will manage and control those activities.
- 1.6 The Council will receive a report on an annual strategy in advance of each year, and the Overview Select Committee (OSC) will receive twice yearly reports on performance and quarterly prudential indicator updates.
- 1.7 The Council delegates responsibility for the execution and administration of treasury management decisions to the Director of Finance (DoF) who will act in accordance with this policy statement and TMPs; and CIPFA's Standard of Professional Practice on Treasury Management. Monitoring of the function will be undertaken by the OSC.
- 1.8 In practice the following matters are delegated to the DoF:
 - Decisions on borrowing, investments, leasing and other forms of finance;
 - Renegotiation and premature repayment of loans;
 - Entering into associated contracts;
 - Selection of treasury advisors;

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

2. Treasury Management Practices

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

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

3. TMP1 – Risk Management

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

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

- 3.3 Borrowing and investment strategy will be undertaken with regard to the implications for the Authority's budget, whilst not missing opportunities to save money over the longer term.
- 3.4 The DoF will keep a list of the organisations the Authority will invest with (mainly by lending money), and limits for each. These "counterparty lists" will reflect a prudent attitude towards organisations with whom funds may be deposited. The counterparty policy will be established within the annual treasury strategy.
- 3.5 The DoF will ensure the Authority complies with legal requirements. We will demonstrate such compliance, if required to do so, to all parties with whom the Authority deals. In framing the counterparty policy, the DoF will ensure that there is evidence of counterparties' powers, authority and compliance with regulatory requirements.
- 3.6 The DoF will use systems to prevent the risk of fraud or loss and will maintain contingency management arrangements.
- 3.7 The DoF will look to mitigate any losses to the Authority if interest rates move the wrong way.
- 3.8 The DoF will make sure that borrowing is phased so we don't have to borrow too much all at once and will refinance maturing loans and other financing arrangements as necessary.
- 3.9 The DoF will manage exposure to exchange rate risk, inflation risk and price risk.
- 3.10 Members are asked to note that the avoidance of all risk is neither appropriate nor possible and a prudent balance will need to be struck between mitigating risk and maximising returns.

4. TMP2 – Performance Measurement

- 4.1 The Authority will continually monitor treasury management performance.
- 4.2 We will evaluate borrowing and investment decisions by reference to external data, which may include:-
 - i) Benchmarks derived from financial market data;
 - ii) Benchmarks provided by the Authority's treasury advisors.
- 4.3 The DoF will obtain a comprehensive annual review of the Authority's treasury position, prepared by independent treasury advisors.
- 4.4 The main vehicle for such reviews to be reported to elected members are the six-monthly reviews of treasury management activities reported to OSC. Prudential Indicator updates are included within the Capital Programme Monitoring every quarter.

5. **TMP3 – Decision-making and analysis**

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

6. **TMP4 – Approved instruments, methods and techniques**

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

Loans

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

Other Capital Finance

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

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

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

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

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

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

- 7.1 The DoF will make sure the duties of staff are properly organised and written down.
- 7.2 The principle on which this will be based is a clear distinction between those charged with setting treasury and management policies, and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds.
- 7.3 If the DoF intends to depart from these principles (for example due to staff sickness) additional monitoring and reporting arrangements will be put in place.
- 7.4 The DoF will ensure that there are clear written and communicated statements of the responsibilities of each role, and the arrangements for absence cover. Delegation arrangements will also be documented.
- 7.5 The DoF will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

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

- 8.1 Regular reports will be taken to members. As a minimum, the following reports will be prepared:-
 - i) An annual report to the City Mayor and Council on the strategy to be pursued in the coming year;
 - ii) A twice annual report to OSC on the performance of the treasury management function, on the effects of the decisions taken in the past year, and on any circumstances of non-compliance with the Authority's treasury management policy or strategy.

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

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

10. **TMP8 – Cash Management**

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

11. **TMP9 – Money Laundering**

- 11.1 The Authority may become the subject of an attempt to involve it in the laundering of money. The DoF will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff are properly trained.
- 11.2 A policy to prevent the Authority's unwitting involvement in money laundering has been established.

12. **TMP 10 – Staff training and qualifications**

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

13. **TMP11 – Use of external service providers**

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

14. **TMP12 – Corporate Governance**

- 14.1 Treasury management activity will comply with our usual corporate governance principles. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 14.2 The Authority places high value on the use of independent treasury advisors. It looks to such advisors to present an independent view of the Authority's treasury investments and borrowings.

Treasury Management Strategy 2026/27

Summary

1. Treasury management is the process by which our borrowing is managed, and our cash balances are invested. Whilst there are links to the budget process, the sums in this report do not form part of the budget. To the extent that the Authority has money it can spend, this is reflected in the budget report. Cash balances reported here cannot be spent, except to the extent already shown in the budget report or the accounts.
2. The Authority has incurred debt to pay for past capital expenditure.
3. The Authority also has cash balances. These are needed for day-to-day expenditure (e.g. to pay wages when they are due) although some form our reserves. Historically we have used our cash balances to reduce the need to undertake new borrowing. However, as our earmarked capital resources for the capital programme are spent and reserves are used up and with limited capital resources for the capital programme, our cashflow analysis shows the need for prudential borrowing.
4. This strategy comes into immediate affect once approved at Council and will cover 2026/27 and the remaining period of 2025/26.

Background

5. The authority follows requirements under the Treasury Management Code and the Prudential Code, both published by CIPFA. The codes were revised in 2021.
6. The Authority must ensure it is able to meet its budgeted annual expenditure. The first main function of the treasury management operation is to ensure that cash flow to meet this expenditure is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.
7. The second main function is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing needs of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.
8. The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Economy

9. The UK economy has been going through a period of low growth since coming out of the COVID pandemic and lockdowns. Inflation and interest rates both increased to significant levels before starting to fall back in 2024. During 2025/26 interest rates have been cut to 4% with the Bank of England expected to make further cuts in early 2026 to stimulate further growth. Inflationary pressures have continued fuelled by volatile prices for gas, electricity and petrol along with the increases in national Insurance. However, inflation has stabilised in the third quarter of 2025 and is expected to fall back towards the government target of 2% during 2026.

Reporting

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

Borrowing

11. The Authority currently has £193m of long-term debt. This comprises £174m borrowed from the Public Works Loans Board (PWLB) and £19m from Unitary Status with Leicestershire County Council

12. Borrowing has been carried out through the PWLB during 2025/26, and this will continue to be the principal lender for the Council's capital works.

13. Early repayment of debt is a tool at the Council's disposal, and it will continue to consider this as an option should economic conditions be favourable.

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

15. Prior to 2024/25 the Council had maintained healthy cash balances and had not needed to borrow for several years. This position has now shifted as reserves and cash balances have been reduced and the council has borrowed to fund the capital programme.

16. For many years the PWLB has been the dominant lender to local authorities, which seems likely to continue and is where the majority of our long term borrowing is held. We will consider long term loans from other sources such as banks, pension funds, UK local authorities and government backed financial institutions if that reduces costs. PWLB loans are no longer available to local authorities planning to buy investment properties primarily for yield, although the Authority intends to avoid that activity. The Strategy also grants sufficient delegated power to the Director of Finance to access new lenders if required.

17. The Housing Revenue Account operates under separate rules (though within the same legal regime) whereby interest has to be accounted for but the principal does

not have to be repaid through the application of Minimum Revenue Provision (MRP) from the revenue account. Our general approach is that for the HRA we will not repay principal for historic debt, but we will do so for new borrowing. New borrowing for the HRA will also be allowed for when a new income stream is created such as acquisitions of rental properties or new build but will not be used for general maintenance.

18. The PWLB allows borrowing for HRA capital expenditure at 0.4% cheaper than the certainty rate. The government has announced that this concessionary rate will be extended until March 2026, and as much of our capital expenditure undertaken through borrowing is HRA related, we will utilise this to borrow.

Investments

19. The effort involved in treasury management has previously revolved mainly around management of our cash balances. These fluctuate during the course of a year, dependent on circumstances (e.g. closeness to employees' pay day). However, these balances fell in 2024/25 to around £50m at the end of that year. Now that the Council has altered its borrowing strategy and the funding of the capital programme it is expected that total investments will average at around £100m in 2025/26 and 2026/27

20. The Authority continues to manage substantial investments, but this is not "spare cash". There are three reasons for the level of investments:-

- a. Whilst the Government no longer supports capital spending with borrowing allocations, the Council is still required to raise money in the budget each year to repay debt, technically known as the Minimum Revenue Provision or MRP. Because of the extra costs of repaying PWLB debt, we are not usually able to repay any actual debt and therefore the cash is available to invest.
- b. The Council has working balances arising from our day-to-day business (e.g. council tax received before the payment of salaries, and capital grants received in advance of capital spending).
- c. The Council has reserves, which are held in cash until we need to spend them. These have fallen in recent years.

21. The key to investment management is to ensure our money is safe, whilst giving the Council security around its liquidity and achieving highest possible returns consistent with this.

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

- a. The credit worthiness of bodies we lend money to;
- b. The economic environment in which all financial institutions operate;
- c. What would happen if a financial institution did, in fact, run into trouble?

23. The world economic situation appears fragile and unpredictable however Governments are trying to stimulate growth which so far in 2025/26 has been slow.

24. Inflation has stabilised and is currently at 3.4%, the stabilisation of inflation in 2025 has resulted in the Bank of England reducing base rate to 3.75%.

25. The Council does not regard any financial institution as a safe haven over the medium term. Therefore, a high bar for credit worthiness has been set. With the advice from the Council's Treasury advisors a list of appropriate counterparties is monitored on a monthly basis in order to spot any 'red flags'.

26. The key to the Council's treasury investment strategy is therefore to diversify our investments (not 'keeping all the eggs in one basket'), invest with local authorities, public sector bodies backed by the Government and UK based financial institutions with high credit ratings.

27. In respect of return, the Bank of England base rate has fallen by 25bps in May, August and December 2025, taking the official Base Rate to 3.75%. There is a strong prospect of a further rate cut early in 2026/27.

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

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

- a) We will lend on a secured and unsecured basis to the largest UK banks and building societies for periods not exceeding one year, subject to our treasury advisors' advice.
- b) We will lend for longer periods, and to smaller banks or building societies, if our money is secured (i.e. if we can take possession of the bank's assets in the event of failure to repay);
- c) Lending to other local authorities has long been a cornerstone of our investment strategy, and this will continue. No local authority has ever defaulted on a loan. We may lend to local authorities for up to 3 years, enabling us to secure greater returns. We will seek advice from our advisors for any loan in excess of 24 months.
- d) We will place money with pooled investments, such as money market funds. These are professionally managed funds, which place money in a range of financial assets, some based overseas. This helps achieve diversification. In cases where money is not secured, we will make sure funds can be returned very quickly. Interest rates on money market funds are low because we can get our money back quickly (we need to have funds available at "instant" access); and
- e) We will lend to the Government and other public sector bodies.

30. In addition to the above, we have a limit of up to £30m in commercial property funds. These are pooled investments similar to "unit trusts". This continues the current strategy. Such funds are expected to pay dividends at a rate of approximately 3.5%. Current investments are valued at £4.33m. However, with such funds there is always a risk that values will decrease, though it is hoped that capital values will rise over the long term. Performance has been disappointing since we invested in these funds in 2018, though the capital losses have been outweighed by the income received to date. This limit is in place as we currently have investments in property funds and the limit allows for any gain from existing investments. There is no current intention to invest new funds into property funds.

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

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

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

Commercial Investments

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

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

Credit Rating Requirements for Investments

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

37. The credit rating of UK borrowers will rarely exceed that of the UK Government and consequently a reduction in the credit rating of the UK Government may result

in credit rating downgrades for a large number of borrowers. Fitch has in August 2025 maintained the outlook for the UK Government as AA-.

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

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

Premature Repayment of Debt

40. One tool of treasury management is the premature repayment of debt to achieve savings. This is something we used to do routinely, but (as discussed above) this not been viable for PWLB loans in recent years. We will take such opportunities if they present themselves at a sensible cost. Any capital premium (i.e. additional cost) usually has to be charged to the revenue account over the life of the old loan, the life of any replacement loan or any shorter period.

41. The Council has a significant proportion of its debt with over 25 years to run which are historic and reflect past circumstances and Government policies at that time. New long-term borrowing is likely to be taken at the shorter end of the market which will create a more even spread of maturity dates and will alleviate the need to reschedule current historic debt. In practice, we are unlikely to repay any PWLB loans during the remainder of 2025/26 or in 2026/27. However, we would evaluate any options that became available.

42. Historically the Council has borrowed money on a maturity basis, where the entire amount of principal is repaid at the end of the term. In 2025/26 and beyond the Council will consider a mix between Maturity and Equal Instalments of Principal repayments which allows the Council to spread its exposure to repayment as well taking advantage of reducing interest rates over the next few years.

Management of Interest Rate Exposure

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

44. For the foreseeable future the main risk arises from uncertainty around the interest earned on investments rather than interest paid on existing borrowing. If we need to borrow in the medium term though, there will be an interest rate risk depending on the timing of such borrowing. It is likely that interest earned on investments will decrease over the next few years as balances to invest are managed to minimise the need to borrow and interest rates gradually decrease.

Leasing

45. The Authority owns some properties on lease, but other than this we do not generally use leasing as a method of financing, preferring instead to use our cash balances.
46. However, the Authority is required to follow IFRS16 for accounting purposes, which means that operating leases now appear on the balance sheet as assets. This impacts the Capital Financing Requirement (CFR) and enough headroom is built into treasury limits as the value of leases will change before the end of each year.

Treasury Advisors

47. The Authority uses MUFG as its external treasury management advisors.
48. The Authority recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.
49. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Treasury Limits for 2026/27

1. The Treasury Strategy includes a number of prudential indicators required by CIPFA's Prudential Code for Capital Finance, the purpose of which are to ensure that treasury management decisions are affordable and prudent. The recommended indicators and limits are shown below. One of these indicators, the "authorised limit" (para 3 below), is a statutory limit under the Local Government Act 2003. We are not allowed to borrow more than this.
2. The first indicator is that over the medium-term net borrowing will only be for capital purposes – i.e. net borrowing should not, except in the short-term, exceed the underlying need to borrow for capital purposes (the "capital financing requirement").
3. The authorised limits recommended for 2026/27 and for the remainder of 2025/26 are:-

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

4. "Other forms of liability" relates to loan instruments in respect of PFI schemes and to pre-unitary status debt managed by the County Council (and charged to the City Council). This also includes the estimated impact of IFRS16 leases.
5. The Authority is also required to set an "operational boundary" on borrowing which requires a subsequent report to scrutiny committee if exceeded. The approved limits recommended for 2026/27 and for the remainder of 2025/26 are:

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

6. The boundary proposed is based on our general day to day situation and is not absolute as there may be good, usually temporary, reasons to breach it. Its purpose is to act as a warning signal to ensure appropriate scrutiny.
7. The Authority has also to set upper and lower limits for the remaining length of outstanding loans that are fixed rate. This table excludes other forms of liability. Recommended limits are:

Upper Limit

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

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

Lower Limit

	£m
All maturities	0

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

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

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

	31/03/2025 Actual £m	2025/26 Estimated Average £m	2026/27 Estimated Average £m	2027/28 Estimated Average £m	2028/29 Estimated Average £m
External debt	174	209	229	240	256

10. Liability Benchmark

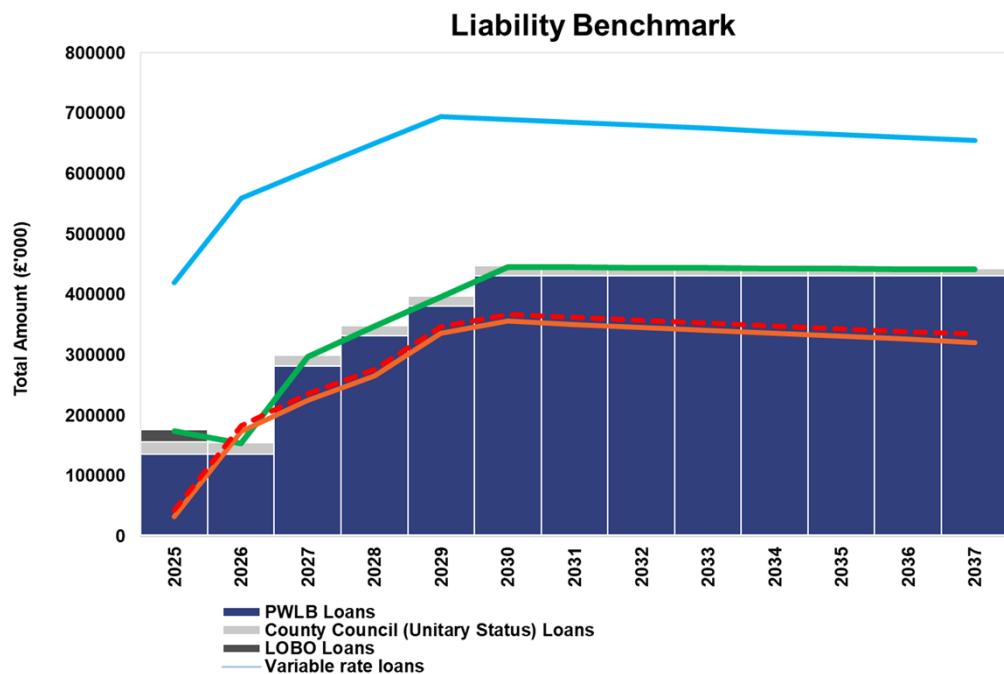
The Treasury Management Strategy is required to include the Liability Benchmark. This compares the underlying need to borrow for capital purposes with the external loans profile over the next 50 years, for existing and approved future expenditure.

The underlying need to borrow for capital purposes is called the Capital Financing Requirement (CFR). The CFR falls over time as loans are gradually repaid and rises with new borrowing. The historic Housing Revenue Account debt does not have to be repaid and will therefore remain in the CFR. The Authority is required

to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. We have presented at least 10 years as recommended by CIPFA.

There are four components to the Liability Benchmark: -

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



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

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

Statutory guidance is that debt should remain below the capital finance requirement, except in the short term. The authority has complied and expects to continue to comply with this requirement. The total debt including PFI and finance leases is £255m whereas our capital finance requirement was £595m.

11. Potential Effect of interest rate changes

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

	Effect of 1% change in interest rates	Effect of 1% change in interest rates as percentage of Net Revenue Budget
2026/27	£1m	0.22%
2027/28	£1m	0.20%
2028/29	£1m	0.18%

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

12. MIFID 11 Professional Client Status.

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

13. Use of Derivatives

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

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

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

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

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

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

Treasury Investment Strategy 2026/27

1. Introduction

- 1.1 This Treasury Investment Strategy complies with the DLUHC's Guidance on Local Government Investments and CIPFA's Code of Practice.
- 1.2 It states which investments the Authority may use for the prudent management of its treasury balances. It also identifies other measures to ensure the prudent management of investments.
- 1.3 Appendix 2a (above) limits the periods for which principal sums can be invested. This is to be assessed on our intentions with regard to each investment rather than its legal form.

2. Investment Objectives & Authorised Investments

- 2.1 All investments will be in sterling.
- 2.2 The Authority's investment priorities are:
 - (a) The **security** of capital; and
 - (b) **Liquidity** of its investments; and
 - (c) The **yield** (the return on investments)
- 2.3 The Authority will aim to achieve the **optimum return** on its investments commensurate with proper levels of security and liquidity. Liquidity is assessed from the perspective of the overall investment portfolio and will take account of the Authority's ability to borrow for cashflow purposes. The security of capital is the most important priority.
- 2.4 The following part of this appendix specifies how the Authority may invest, with whom and the credit worthiness requirements to be applied. Our treasury advisors provide daily updates to our counterparty list and we are able to utilise this for any new investments.

3. Approved Investments

259

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

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

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

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

3.3 International Development Banks

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

3.4 Environmentally and Socially Responsible Investments			
Type	Description	Investment Period	Controls
	<p>Investments which facilitate environmental and social objectives. Encompasses a range of legal structures including:</p> <ul style="list-style-type: none"> • Company shares (equity) • Loans and other interest bearing investments • Trust structure including the above and including ownership of land, buildings, plant, equipment and contractual rights (for example, the right to sell electricity) • Pooled investments • Specialist Real Estate Investment Trusts (REITS) such as those investing in supported housing. • Other investment types <p>Where an investment is better described elsewhere in this appendix (for example a regular money market fund that only contained ethical investments) that section of this appendix shall govern that investment.</p>	Up to 10 years	<p>No more than £20m in all such investments.</p> <p>For investments which can be sold to others in a financial market or which can be redeemed by the fund manager - approval by the Director of Finance, in consultation with the City Mayor, to the investment being added to the lending list of approved counterparties based on a written case, including specialist advice.</p> <p>For other investments approval by the Director of Finance in consultation with the City Mayor to the individual investment, on the basis of a written case, including specialist advice.</p> <p>Investments will only be made when it is assessed that there is a reasonable prospect that after 10 years the Authority would be able to have its initial investment returned plus the return that it would have gained on a cash investment.</p> <p>We will look for strong evidence of expertise from those who manage the pooled fund or who are otherwise involved in the management of the investment.</p> <p>Such investments need not be rated.</p> <p>Where the legal structure of the investment is not a widely used one appropriate due diligence will be undertaken.</p>

3.5 Other Pooled Investments (General)			
Type	Description	Investment Period	Controls
General	<p>A structure where a wide base of investors share a common pool of investments.</p> <p>The most common legal form involves an intermediate company. The company has legal title to a pool of investments. The underlying investors own the company with a claim to their share of the assets proportional to their investment in the company.</p>		<p>We will only invest in funds where there is evidence of a high level of competence in the management of the investments, and which are regulated.</p> <p>A list of approved counterparties will be maintained. Approval by Director of Finance to the body being added to the lending list on the basis of a written case, including advice from the Authority's treasury advisors.</p> <p>The investment period will reflect advice from our Treasury Advisors on a fund by fund basis.</p> <p>We will be alert to "red flags" and especially investments that appear to promise excessive returns.</p> <p>We look for diversification away from the banks permitted elsewhere in this lending list (though some overlap is unavoidable).</p> <p>No more than £180m to be invested in aggregate in all type of pooled investments (short term, long term, property and diversified investment funds).</p>
3.5.1 Pooled Investments – Shorter Dated Investments			
Type	Description	Investment Period	Controls
General	Investments of up to eighteen months.		There is no upper limit on shorter dated investments, other than the global limit for pooled investments above (£180m).
Money market funds	The underlying pool of investments consists of interest paying investments, for example deposits. The underlying borrowers include banks, other financial institutions and non-financial institutions of good credit worthiness. Banks may be UK or overseas.	Must have access to funds within one week	<p>Fitch rating of AAf (or equivalent).</p> <p>No more than £25m in any one fund except where our advisors recommend a lower figure.</p> <p>No more than £130m to be held in money market funds in total, this excludes money market plus funds.</p>

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

3.5.2 Pooled Investments – Longer Dated Investments

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

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

4. **Business Models**

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

Investment Management Strategy 2026/27

Summary

1. The Authority will facilitate investment which benefits the people of Leicester and at the same time makes a return. All such investment is required to meet a service need or promote regeneration as the main objective, although making a financial return on investments would be a positive secondary objective.
2. The Government's debt management office forbids lending to authorities which have recently invested or intend to invest in schemes "primarily for yield." The Authority does not invest primarily for yield and all schemes supported will have a service or regeneration main reason for investment.
3. The Authority is prepared to take greater risks in the furtherance of this Investment Strategy than it would be with the Treasury Management Strategy. This is because investments here are principally for service purposes such as regeneration, not primarily to generate a financial yield.
4. This strategy comes into immediate affect once approved at Council and will cover 2026/27 and the remaining period of 2025/26.

Introduction

5. Government guidance requires the Authority to approve an Investment Strategy. This requirement has arisen because of Government concerns about some authorities borrowing substantial sums of money to invest in commercial property or other assets (sometimes a considerable multiple of their net revenue budget). Additionally, the Government's debt management office now forbids lending to authorities which have recently invested or intend to invest in schemes "primarily for yield." This is regardless of the funding source for the investment and the stated reason for the authority seeking the lending. The Authority does not invest primarily for yield and all schemes have a service or regeneration focus as the main reason for investment.
6. For the purposes of this strategy, an investment means any spending, or any interest-bearing loan to a third party which is (at least in part) intended to achieve a return for the Authority.
7. The strategy excludes capital investment in social housing for both permanent and temporary accommodation, which is not done to achieve an investment return.

Investments

8. The Authority's financial priorities for investment are:-
 - a) Security of capital – notwithstanding the above, this is the paramount consideration.
 - b) Yield (the return on investments) - this is important, but secondary to ensuring our capital is protected.

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

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

- a) In the case of the Corporate Estate, within the boundary of the Leicester, Leicestershire, and Rutland area. (Usually, within the city).
- b) If acquired for economic regeneration purposes, within or at the perimeter of the Leicester, Leicestershire, and Rutland area.
- c) Potentially further afield to better meet wider service objectives, such as low-carbon assets. We have made no such investments in recent years.

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

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

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

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

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

13. The Authority will not have more than £130m of exposure in respect of all activity covered by this strategy. Therefore, it is not possible to reach the maxima in all the above categories.
14. Limits on total external debt are included in the Treasury Management Strategy (Appendix 2).
15. The Authority can reduce its exposure, particularly if an investment is performing poorly, by writing down prudential borrowing using capital or revenue resources.
16. Where the Authority has an option of utilising third party contributions at the Authority's risk, the Director of Finance will determine if this represents value for money as an alternative to prudential borrowing.

What we invest in and how we assess schemes

17. Decisions to invest will be taken in accordance with the usual requirements of the Constitution. Executive decisions will be subject to normal requirements regarding notice and call-in. All decisions to use prudential borrowing require the approval of the City Mayor, unless previously approved by full Council. The criteria below set normal expectations for investment decisions, but it is impossible to provide a framework for all potential opportunities: we do not know what might be available in the future. The City Mayor may approve investments which do not meet the criteria within paragraphs 14 to 28 (the limits contained in paragraphs 8 and 9 will not be exceeded), but if he does so:-
 - a) The reason will be reflected in the decision notice;
 - b) The decision will be included in the next refresh of this strategy.
18. All proposals will be subject to a financial evaluation, and approval by the Director of Finance must be obtained. This will calculate expected return (see below), assess risk to the Authority's capital invested, and ability to repay any prudential borrowing. The evaluation must therefore give evidence of a financially robust proposal, regardless of the other merits. The results of the evaluation will be set out in the decision report. For small purchases of property within the Corporate Estate, a more streamlined evaluation can be prepared. Where the use of third-party contributions at the Authority's risk is recommended, as an alternative to prudential borrowing, the assessment of this method of financing will be included in the evaluation. All proposals for investment will explicitly describe what the main purpose the investment is being made, which cannot be primarily for yield.
19. Any investment for economic development purposes will accord with the Authority's adopted strategies, except for early-stage expenditure in contemplation of a new strategy.
20. The maximum prudential borrowing permitted for any given capital scheme by way of an Executive Decision is determined by Council when considering the capital programme and is currently £10m. Any proposals to borrow more than £10m on a particular scheme would be subject to specific approval by full Council.
21. Advances to third parties will normally require additional security where the total capital invested by the Authority exceeds £2m, e.g. the underwriting of risk by a third

party, or a charge on property with a readily ascertainable value and a number of potential purchasers.

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

- a) The usual yardstick for investment is that, on a prudent estimate of costs and income, investments must make a positive return when discounted at 5% per annum. A higher return may be sought where a project is riskier than normal;
- b) Where reasonably certain, growth in retained business rates can be included in the calculation of Net Present Value (NPV) until the date of the next national reset (although rates growth will continue to be accounted for as rates income, and not earmarked);
- c) Resultant savings in departmental budgets cannot be included in the calculation.

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

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

- a) Acquisition of commercial or industrial property for regeneration.
- b) Construction or development of commercial or industrial property for regeneration.
- c) Construction or development of non-HRA housing (noting that any housing acquired for permanent or temporary social housing is outside the scope of the Investment Strategy).
- d) Acquisition of land for development.
- e) Infrastructure provision at key development sites.
- f) Loans to businesses to support economic development.
- g) Acquisition or construction of low carbon energy investments.
- h) Arrangements to support provision of services. Including loans to support provision of temporary accommodation or children's residential care.

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

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

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

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

- a) The Authority's return will usually arise from an appreciation in land values and this must be reasonably assured with a ready market;
- b) This type of investment is riskier than the acquisition of tenanted property, and a higher return would normally be sought.

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

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

- a) Investment can be considered where future disposals can be assumed with a reasonable degree of confidence; and
- b) Developments that unlock strategic housing or commercial development on economic growth sites or contribute towards bringing forward linked developments.

31. Loans to businesses can be made at attractive rates (when compared to bank finance) for proposals which facilitate economic development, and where the Authority can be confident that the money will be repaid. The following criteria will be applied:-

- a) Loans would normally be repayable within 10 years (or the Authority has an asset which is readily realisable within that period, whether we choose to realise it or not);
- b) A minimum loan value of £100,000 will apply;

- c) Proposals must demonstrate that they are viable, i.e. there is a reasonable expectation that the capital and interest will be repaid;
- d) Security will usually be obtained (and always for higher value loans).

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

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

Monitoring of Investments

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

Capacity, Skills and Culture

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

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

Current Investments

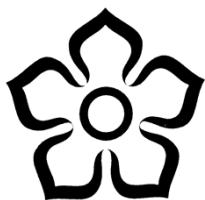
The Council has approved the following investments which fall within the remit of this strategy.

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

It should be noted that guidance from MHCLG (Ministry of Housing, Communities & Local Government) and CIPFA (Chartered Institute of Public Finance and Accountancy) warns against investment activity which is disproportionately large in relation to an authority's finances. However, with net land and property investment income from the Corporate Estate accounting for less than 2% of the Authority's net revenue budget in 2025/2026, this continues to represent a manageable risk in relation to the overall revenue budget.

b) **Loans to local businesses and organisations.** A number of loans have been made.

- Leicestershire County Cricket Club have repaid the loan of £2.45m, given to enable the Club to improve its facilities.
- A loan of £1.5m to Ethically Sourced Products Ltd (of which just under £1.0m remains outstanding). This loan carries a return equivalent to 4% per annum. This loan was due for repayment in December 2025.
- A loan of £450k in 2023 to Leicester Hockey Club, to improve sporting facilities at St Margaret's Pastures. The interest rate is 5% p.a.
- A loan of £1.5m to Leicester Community Sports Arena Ltd in 2023, to assist funding of expanded facilities at the (now) Mattioli Arena. The rate of interest is 5% p.a.
- A loan of £0.95m (of which £0.82m has been drawn down to date) to the Chapter of Leicester Cathedral to assist funding of the repair and restoration of Leicester Cathedral and the construction of a new Heritage Learning Centre. The interest rate is 5% p.a.



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: MONDAY, 2 FEBRUARY 2026 at 5:30 pm

P R E S E N T:

Councillor Joel - Chair

Councillor Batool
Councillor Kitterick
Councillor O'Neill
Councillor Pickering
Councillor Rae Bhatia
Councillor Zaman

Councillor Dave
Councillor March
Councillor Osman
Councillor Porter
Councillor Waddington

In Attendance:

City Mayor – Sir Peter Soulsby
Deputy City Mayor – Councillor Cutkelvin
Assistant City Mayor – Councillor Whittle

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208. TREASURY & INVESTMENT STRATEGIES 2026/27

The Director of Finance submitted a report outlining the Treasury & Investment Strategies for 2026/27.

It was explained that this report set out how money was managed over the year.

AGREED:

- 1) That the report be noted.
- 2) That the recommendations for Full Council be noted by the committee; and
- 3) That comments made by members of this commission to be taken into account by the lead officers.

