

Leicester
City Council

Democratic and Civic
Support
City Hall
115 Charles Street
Leicester
LE1 1FZ

16 February 2015

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 2015 at FIVE O'CLOCK in the afternoon, for the business hereunder mentioned.

Monitoring Officer

AGENDA

- 1. LORD MAYOR'S ANNOUNCEMENTS**
- 2. DECLARATIONS OF INTEREST**
- 3. MATTERS RESERVED TO COUNCIL**
 - 3.1 General Fund Revenue Budget 2015/16 to 2016/17.
 - 3.2 Housing Revenue Account Budget 2015/16
- 4. ANY OTHER URGENT BUSINESS**

Filming and Recording the Meeting

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- ✓ to respect the right of others to view and hear debates without interruption;
- ✓ to ensure that the sound on any device is fully muted and intrusive lighting avoided;
- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

Wednesday, 25 February 2015

DECISIONS RESERVED TO COUNCIL

3.1 GENERAL FUND REVENUE BUDGET 2015/16 TO 2016/17

The proposed budget is detailed in the attached report, subject to any further amendments to be recommended following consultation on the draft proposals. The formal recommendations to Council will be presented to Council at its meeting on 25 February.

A copy of the report is attached. Also attached is the minute of the meeting of the Overview Select Committee held on 15 January 2015, along with the relevant minute extracts from Scrutiny Commissions which considered the proposals.

Trade Union responses to the budget are also attached.

Council is recommended to approve the recommendations in the report of the Director of Finance subject to any amendments recommended by the City Mayor.

3.2 HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2015/16

A copy of the report is attached.

The Council is recommended to:

- (i) To approve the Housing Revenue Account (HRA) budget for 2015/16 as given in Appendix A to the report, including the efficiency savings and growth items detailed in section 3.
- (ii) To agree a rent increase of 2.2% and a service charge increase of 2.2% excluding heating charges and communal cleaning charges.
- (iii) The City Mayor is delegated to agree heating charges and communal cleaning charges later in 2015.
- (iv) The charge for right to buy pre-sale questionnaires is increased to £125.

**Sir Peter Soulsby
City Mayor**



Council

25th February 2015

General Fund Revenue Budget 2015/16 to 2016/17

Report of the Director of Finance

1. Purpose

- 1.1 The purpose of this report is to request the Council to consider the City Mayor's proposed budget for 2015/16 to 2016/17. The report also identifies the subsequent impact.
- 1.2 The proposed budget 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.
- 1.3 An earlier version of this report was published in December, for consultation purposes.

2. Summary

- 2.1 Members will not need reminding of the severity of the Council's medium term financial position.
- 2.2 In the budgets approved since 2011, £85m per annum of savings have been approved. Based on the public spending cuts implied by the Chancellor's March 2014 budget, further substantial savings are expected between now and 2018/19.'
- 2.3 The Council changed its approach to budgeting with effect from 2014/15. The current approach can be summarised as follows:-
 - (a) Budgets for 2013/14 and 2014/15 provided for significant sums to be added to reserves. As at 31st March 2015, it is estimated that general reserves will stand at £49m;

- (b) Apart from a minimum working balance, these reserves will be used in future years' budgets to reduce the scale of savings required. This buys time to properly review services and make savings in a managed way. We have termed this approach the "managed reserves strategy";
 - (c) The current plan to achieve savings is the "spending review programme" – a programme of 18 service reviews designed to save up to £35m per annum;
 - (d) The outcome of individual service reviews will be given effect by changing the budget at the time review conclusions are approved – we will not wait until February when the next budget is set. This enables savings to be achieved as early as possible;
 - (e) Any savings from the spending review programme achieved before they are needed will enable the managed reserves strategy to be extended (i.e. the savings can be used to buy more time);
 - (f) The approved budget each year will consequently reflect spending review decisions already taken. No savings expectations have been placed on departments beyond this, except that they manage within their existing bottom line budgets.
- 2.4 The budget is, therefore, best perceived as a snapshot of decisions taken by a point in time. It does not of itself introduce new policy decisions affecting service levels.
- 2.5 The 2015/16 budget allows a further sum to be added to reserves, but the amount is smaller than in previous years. It is planned to use the reserves we do have to reduce the burden of cuts required in both 2016/17 and 2017/18 in a way which avoids a "cliff edge" situation in later years.
- 2.6 Some spending review decisions are now reflected in this budget. Further savings will be incorporated into the budget in due course.
- 2.7 Even if the spending review achieves the full £35m of savings, it is anticipated that around £25m of additional savings will be required by 2018/19. Plans to achieve these will be developed after the next Government has published its detailed plans for public spending.
- 2.8 Whilst departments have been asked to plan to a balanced bottom line, this has proved a challenge for the Adult and Social Care Department. This is largely due to the Government underfunding the costs of new Care Act responsibilities, and due to the pressures of increasing need which are only partly being met with monies from the Better Care Fund.

- 2.9 The budget proposes a tax rise of 1.99%, and assumes a further increase of 2% in 2016/17.
- 2.10 In the exercise of its functions, the City Council (or City Mayor) must have due regard to the Council's duty to eliminate discrimination, and advance equality of opportunity for protected groups and foster good relations between protected groups and others. As stated above, the budget under consideration is a continuation of the status quo in terms of main policy commitments; and instead of policy changes, identifies financial pressures on existing plans and policies. There are no proposals for decision on specific courses of action that could have an impact on different groups of people. Therefore, there are no proposals to carry out an equality impact assessment on the budget per se apart from the proposed council tax increase (this is further explained in paragraph 10 and the legal implications at paragraph 21). Where necessary, the City Mayor has considered equality impact assessments for decisions already taken which affect service quality, and will do so for future spending review decisions. However, the Council is committed to promoting equality of opportunity for its residents; and regardless of where the legal duty 'bites', it is unarguable that huge cuts have had an impact, particularly on vulnerable residents. Consequently, at paragraph 10 below, an overview of the cumulative impacts is provided; together with some mitigating actions.
- 2.11 Government funding announced for 2015/16 is a matter of particular concern, not solely because of the level of cuts, but also because of the disproportionate impact of the cuts on deprived authorities. This is further discussed in paragraph 11 below.

3. **Recommendations**

- 3.1 Subject to any amendments recommended by the Mayor, the Council is asked to:-
- (a) approve the budget strategy described in this report, and the formal budget resolution for 2015/16 which will be circulated separately;
 - (b) note the outcome of the local government finance settlement for 2015/16;
 - (c) note the comments received on the draft budget from scrutiny committees, trade unions and other partners;
 - (d) approve the budget ceilings for each service, as shown at Appendix One to this report;
 - (e) approve the scheme of virement described in Appendix Two to this report;
 - (f) note my view that reserves are adequate and estimates used to prepare the budget are robust;
 - (g) note the equality implications arising from the cumulative impact of service cuts in recent years, as described in paragraph 10;
 - (h) approve the prudential indicators described in paragraph 17 of this report and Appendix Three;
 - (i) approve the proposed policy on minimum revenue provision described in paragraph 18 of this report;
 - (j) agree that finance procedure rules applicable to trading organisations (4.9 to 4.14) shall be applicable only to City Catering, operational transport, highway maintenance and fleet management functions;
 - (k) to amend the treasury strategy, as described at section 19 of this report.

4. **Budget Overview**

4.1 The table below summarises the proposed budget, and shows the forecast position for the following three years:-

	<u>2015/16</u> £m	<u>2016/17</u> £m	<u>2017/18</u> £m	<u>2018/19</u> £m
<u>Service budget ceilings</u>	242.3	242.1	242.1	242.1
<u>Corporate Budgets</u>				
Capital Financing	14.1	14.4	14.2	13.6
Building Schools for the Future	1.0	1.0	1.0	1.0
Hardship awards (council tax)	0.5	0.5	0.5	0.5
Miscellaneous	1.1	0.8	1.3	1.4
Contribution to Capital	6.0			
Contingency	3.0			
<u>Future Provisions</u>				
Inflation		3.2	6.3	9.4
National Insurance increase		3.0	3.0	3.0
Planning provision		3.0	6.0	9.0
Severance		8.0		
<u>Managed reserves policy</u>	6.9	(20.0)	(21.2)	
TOTAL SPENDING	274.8	256.1	253.2	280.0
<u>Resources – Grant</u>				
Revenue Support Grant	78.2	53.6	30.8	18.3
Business rates top-up grant	44.5	45.4	46.7	48.2
New Homes Bonus	7.3	8.5	8.2	7.8
New Homes Bonus Adjustment Grant	0.3			
<u>Resources – Local Taxation</u>				
Council Tax	85.8	88.2	90.6	93.1
Business Rates	54.4	55.6	56.6	58.4
Collection Fund Surplus	4.4			
TOTAL RESOURCES	274.8	251.3	232.9	225.8
Projected tax increase	1.99%	2.0%	2.0%	2.0%
Gap in resources		4.8	20.2	54.2
Underlying gap in resources		24.8	41.4	54.2

4.2 Future forecasts are volatile and will change. At present, the Council only has certainty over its grant position for 2015/16 and will not know anything further until after the general election.

4.3 The forecast gap in 2018/19 makes no allowance for inflation other than for pay awards. In real terms, the gap for that year is £7m higher. Even this figure does not make allowance for increasing demand on services.

5. **Council Tax**

5.1 The City Council's proposed tax for 2015/16 is £1,301.95, an increase of 1.99% on 2014/15.

5.2 The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part). Separate taxes are raised by the police authority and the fire authority. These are added to the Council's tax, to constitute the total tax charged.

5.3 The total tax bill in 2014/15 for a Band D property was as follows:-

	£
City Council	1276.55
Police	176.48
Fire	59.25
Total tax	1512.28

5.4 The actual amounts people are paying in 2014/15, however, depend upon the valuation band their property is in and their entitlement to any discounts, exemptions or benefit. 80% of properties in the city are in band A or band B.

5.5 The formal resolution sets out the precepts issued for 2015/16 by the Police and Crime Commissioner and the fire authority, together with the total tax payable in the city.

6. **Construction of the Budget**

6.1 By law, the role of budget setting is for the Council 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").

6.2 The proposed budget ceilings are shown at Appendix One to this report.

6.3 The ceilings for each service have been 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) Decisions taken by the Executive in respect of spending reviews which are now being implemented have been deducted from the ceilings.
- 6.4 Ceilings have been increased for the costs of the two year pay award, agreed at the end of 2014, and reflect the current level of the living wage commitment.
- 6.5 Following a decision of the Council when approving the 2013/14 budget, no inflation has been added to budgets for either running costs or income, except for:-
- (a) Payments to independent sector providers of adult social care;
 - (b) Payments to BIFFA under the waste disposal PFI contract.
- 6.6 In practice this means that, apart from the above exceptions, departments are seeing cash freezes in their non-pay budgets.
- 6.7 The following spending review decisions have been formally taken by the Executive, and budgets reduced accordingly:-

	<u>2014/15</u> £000	<u>2015/16</u> £000	<u>Full Year</u> £000
Neighbourhood Services (South)	0	80	106
Neighbourhood Services (West)	32	66	132
Voluntary and Community Sector	66	132	132
Homelessness Service	333	567	700
Park and Ride	10	50	50
Total	441	895	1,120

6.8 The following spending review conclusions have not been subject to a formal executive decision, but have been actioned under management authority:-

	<u>2014/15</u> £000	<u>2015/16</u> £000	<u>2016/17</u> £000
Highways efficiency savings	0	309	309
External communications	85	105	105
Total	85	414	414

6.9 As can be seen, some reviews also include adjustments to the 2014/15 budget, which will be reflected in that year's outturn.

6.10 The two reviews which have not been formally reported reflect the following:-

- (a) Highways efficiency savings arise from offsetting management costs with off-street parking income, reduction in the costs of service level agreements with the County Council, implementation of fixed penalty notices, and the use of parking income to pay for travel concessions;
- (b) The review of external communications resulted in the reduction of Leicester Link to three issues per year supported by other communication channels, and the generation of extra income from the CCG (for dedicated space) and the HRA (for incorporating the former "Housing News").

6.11 Two more substantial reviews are close to the point of decision, and are included on the corporate plan of key decisions. Engagement has taken place with the Council's trade unions. The two reviews are:-

- (a) Corporate services, where proposals to make savings of £3.9m from central services will be made;
- (b) Technical Services (covering repairs and maintenance, fleet management, property and facilities management, and highway design and maintenance) which is on track to achieve £3m per annum.

7. How Departments will live within their Budgets

7.1 As stated above, the role of the Council is to determine the financial envelopes within which the City Mayor has authority to act. In some cases, changes to past spending patterns are required to enable departments to live within their budgets. Action taken, or proposed by the City Mayor, to live within these budgets is described below. As stated above, these budgets have already been reduced to reflect the effect of spending review decisions.

Adult Social Care

- 7.2 The position of the Adult Social Care Department is strongly influenced by:-
- (a) The pressures of continuing to provide services, and to contain the cost. In practice, this has proved difficult to achieve as explained below;
 - (b) The creation of new statutory duties, funding for which will be made available by the Government but which is expected to be substantially short of the amount required.
- 7.3 In 2015/16, the Better Care Fund will come into existence. The BCF amounts to £3.8bn nationally (although none of it is new public spending). The fund is controlled by the Health and Wellbeing Board; and is intended to help integrate health and social care services, reduce hospital stays and protect social care. In creating the BCF, the Government has explicitly recognised the pressures on social care services arising from increased demand, and stated that the fund can be used to support them.
- 7.4 The Health and Wellbeing Board has agreed that £5.65m of additional monies will be provided for social care services in 2015/16, rising to £6m in 2016/17.
- 7.5 In part, the BCF will address the budget pressures faced by the department, including the impact of growing numbers of people requiring services. Nonetheless, the department has experienced severe budget difficulties in 2014/15 (amounting to £3.7m at period 6); some of these pressures will continue into 2015/16 and beyond.
- 7.6 The more significant pressures which will continue into 2015/16 include the impact of growth in the cost of care (over and above the forecast costs arising from demographic growth). In 2015/16, these pressures will be compounded by the effect of delay in achieving previously agreed savings (particularly in relation to in-house elderly persons' homes) but offset by the fact that previous years' budget savings will achieve greater reductions in 2016/17 than were built into previous budgets. The pressures are being, or will be, contained by:-
- (a) Promoting the independence of customers, so they will be less reliant on statutory social care;
 - (b) Ensuring that eligibility criteria are strictly applied, which will reduce the numbers of new customers receiving support and contain the level of support offered to individuals in line with eligible needs;

- (c) Reviewing the entitlement of customers to ongoing care, including free care under the Mental Health Act;
- (d) Additional funding from the health service.

7.7 All reviews will result in packages which meet the needs of those who meet the eligibility threshold being introduced by the Care Act. No individual review will be subject to a financial savings target for that review.

7.8 Apart from the specific growth pressures identified below, it is forecast that the budget will be balanced in 2016/17 although the underlying position is volatile.

7.9 In addition to the general pressures facing the service, the following growth pressures remain:-

	<u>2015/16</u> £000	<u>2016/17</u> £000
Better Care Fund – Shortfall	274	654
Care Act – expected funding shortfall	648	1,348
Independent Sector Inflation	292	584
Deprivation of Liberty Standards	200	200
Project Team to deliver Spending Review	332	332
	1,746	3,118

7.10 The items in the above table are:-

- (a) The amount the Better Care Fund could afford falls short of the amount which was requested earlier in the year;
- (b) The Care Act creates new rights for service users and carers. The most significant financial impact arises from the “lifetime cap”. At present, customers with savings or higher levels of income must fund their own care. From 2016/17, once care costs have exceeded £72,000 in an individual’s lifetime, the Council must fund any further costs. Records will need to be created well in advance of 2016/17. Funding has been announced for 2015/16 and estimated for 2016/17. The cost of new duties cannot be ascertained yet with certainty, but a substantial shortfall is envisaged (a common position across the country);

- (c) As stated in paragraph 6 of this report, when calculating budget ceilings, fees to independent sector care providers are excluded from the general rule that running cost budgets are not inflated. Despite this, it is envisaged that independent sector fees will increase by more than inflation, and the estimated costs of this are reflected in the above table. This arises in large part because the minimum wage is expected to continue increasing in real terms;
- (d) The department faces the pressure of increasing numbers of “deprivation of liberty” applications following Supreme Court rulings. These are estimated to cost £0.2m per annum; No new funding for this pressure has been announced;
- (e) A project team is being created, to help generate savings expected from the spending review programme and to deliver this budget.

7.11 The following actions are planned to meet the above pressures:-

	<u>2015/16</u> £000	<u>2016/17</u> £000
Social Care Team redirected to Care Act duties	556	556
Efficiency savings	271	710
Promoting Independence Reviews	950	950
	<hr/> 1,777	<hr/> 2,216

7.12 The items in the above table are explained below:-

- (a) In previous budgets, a saving of £556,000 was planned from deletion of a social care team. This was not actioned, as the new duties of the Care Act became apparent before the proposal could be implemented. The team has been retained, and will be redirected to carry out these new duties (thus avoiding additional recruitment);
- (b) A number of efficiency measures are proposed. These include a reduction in use of in-house transport by maximising independent travel, a reduction in safeguarding support provided to residential homes (not individuals), and introduction of a £5 per week charge for managing an individual's finances (which other authorities also charge);
- (c) "Promoting Independence Reviews" are detailed reviews of packages of care costing between £100 and £500 per week with a view to reducing reliance on statutory services. The approach seeks to redesign care packages, such that some elements will help care users to regain independence, thus benefitting them and reducing future service cost. A pilot study, based on work done at another authority, suggests that 30% of reviews would result in cost savings. The Council will, of course, continue to assess people's needs in line with our statutory obligations. The newly created project team will work on these reviews. Members will recall that a review of high cost packages has taken place over the last two years.

7.13 The above measures will leave a shortfall of £0.9m in 2016/17. Additional BCF monies may be made available in that year (firm figures for the BCF nationally only exist for 2015/16) and the department will continue to seek further savings. The department's services are also being reviewed as part of the spending review programme.

Public Health

7.14 In 2013/14, public health responsibilities transferred from the NHS to the Council. A new grant was paid for these services. This grant will increase from £22m in 2014/15 to an estimated £26m in 2015/16; the increase covers the costs of new responsibilities for the Healthy Child Programme from October 2015. In a full year, the estimated extra funding will rise from £4m to over £8m. At the time of writing, the additional grant is not formally confirmed, and the budget will be adjusted to reflect it in due course.

- 7.15 The Council is taking the opportunity provided since the transfer of functions to consider its public health duties holistically, and to consider which services (pre-existing or inherited) best promote public health. The amount we spend on public health exceeds the grant available, and the Council has the opportunity to reshape services (whether funded by the grant or the General Fund) to improve outcomes. Thus, for instance, in 2014/15 some grant monies were used to create outdoor gyms in parks.
- 7.16 The function is directed by the Public Health Division of the Adult Social Care and Health Department, which also commissions the majority of services funded by grant.
- 7.17 Substance misuse services are commissioned and managed by the Adult Social Care Division, and provided (in the main) by Leicestershire Partnership Trust. These services are within the scope of the spending review programme, and efficiency savings are being sought.
- 7.18 The new services transferring in October include health visiting services for children aged 5 and under, and family nurse partnership services (a targeted service for teenage mothers).

Education and Children's Services

- 7.19 The Education and Children's Services portfolio has faced substantial spending reductions since 2010/11, largely as a result of specific grant streams ceasing or being cut back rapidly.
- 7.20 Pressures facing the service include:-
- (a) Cuts of £1.5m in Education Services Grant (ESG). ESG is a grant paid to local authorities and academies to cover the cost of services which are not reflected in individual schools' budgets. These include school improvement, education and welfare services, and some regulatory functions. It is paid per pupil, and the Government is reducing the rate from £115 to £87 per pupil in 2015/16. This will create a budget pressure of £1.35m. This pressure is exacerbated by the expected loss of Education Services Grant arising from conversions of Rushey Mead and Northfields schools to academies. It is offset slightly due to the effect of increasing pupil numbers.
 - (b) Costs of home to school transport have continued to exceed the available budget in recent years – in 2014/15 an over-spend of £0.5m is estimated. Approximately 1100 SEN pupils receive transport from our in-house service or from taxis. The Government has legislated to

put in place Education Health and Care Plans (EHCPs), which replace statements of educational need. As part of the process of implementing EHCPs, travel requirements will be discussed face to face with parents to ensure that the best arrangements are in place. Where appropriate, independent travel training will be arranged which is in the best interest of the young person. It will take 3 years to convert all SEN pupils to EHCPs, but it is envisaged that this work will reduce the current budget pressure by around £0.1m in 2016/17;

- (c) The budget for 2014/15 assumed savings from a review of adventure playgrounds: the existing budget has subsequently been maintained.

- 7.21 The paragraphs below describe actions taken to address these budget pressures.
- 7.22 Non-statutory work in PRUs, special schools and in children's centres by the educational psychology service will now be commissioned by the Council from the high needs block of Dedicated Schools' Grant rather than be paid for by the General Fund. Other services provided for the youth offending service and social care will be paid for by these areas, rather than by the educational psychology service. This will result in savings to the General Fund of £0.5m.
- 7.23 The Council currently spends £0.1m to support quality improvements across the childcare sector in Leicester from the General Fund. A substantial amount of funding was transferred from local authorities to the early years block of DSG, to support early years' education following the demise of the Early Intervention Grant. Given the substantial funds in this block, it is far more appropriate that this is used to fund the quality improvement programme. This has been approved by the Schools' Forum.
- 7.24 An intention to carry out a review of the school improvement service was included in the previous year's budget. The DfE carried out a consultation on reductions to the Education Services Grant earlier this year. As part of this, they clarified their expectation that local authorities should only fund a statutory school improvement service with any additional school improvement work paid for by schools. As a result of this and the reduction in the grant, it has been necessary to reduce the size of the service further saving a further £0.3m.
- 7.25 There are a number of other areas where savings will be made totalling £0.4m. These include efficiencies from children's social care running costs following a recent reorganisation and integration of teams, IT related savings in Early Help and additional non-budgeted income from fines for non-school attendance.

- 7.26 If the Council approves the budget, there will be ongoing pressures of £0.8m in 2015/16 falling to £0.65m in 2016/17. Work is taking place to identify additional savings, but the shortfall could be financed from departmental reserves if necessary.

City Development and Neighbourhoods

- 7.27 The department provides a wide range of statutory and non-statutory services which contribute to the well-being and civic life of the city. It aims to make Leicester a great city for living, working, visiting and staying. The department brings together divisions responsible for local services in neighbourhoods and communities, economic strategy, regeneration, the environment, culture, heritage, sport, libraries, tourism and property management. The department's budget in 2014/15 is £70m.
- 7.28 The department is able to live within its budget for 2015/16 to 2016/17. It is also contributing to the savings required by the Council from the spending review programme. Projects include:-
- (a) Transforming Neighbourhood Services, which is reviewing the local services in the city area by area. The review covers library services, community services, adult skills and neighbourhood based customer services; and is considering how local services can be reconfigured to protect provision whilst saving costs. In the areas which have been reviewed to date, this has resulted in the relocation of services into a reduced number of buildings, thus saving money on maintaining facilities. Community engagement has been paramount throughout;
 - (b) Sports and Leisure, which is examining how these services can best be run in future;
 - (c) A review of parks and open spaces, covering the cost of the activity and a review of the land being maintained. A database of assets has been prepared, and cost attributable to the maintenance of each can be calculated as an aid to decision making;
 - (d) A review of technical services (property, highways design and maintenance, facilities management, fleet management and housing maintenance).
- 7.29 The department is also delivering a major programme of strategic initiatives, including the market redevelopment, and the "Connecting Leicester" programme.

7.30 The main budget pressures facing the department are:-

(a) The challenge of maintaining sports income in a competitive environment. Initiatives have been put in place and are planned to increase usage, and a business manager has been recruited. Non-essential expenditure has been curtailed. This service is also subject to a spending review;

(b) A pressure of £250,000 due to a shortfall in landscaping work.

7.31 These pressures are being addressed by management action, supported by the street lighting project delivering savings ahead of schedule.

Housing Portfolio

7.32 The costs of providing rented housing to tenants are not part of the general fund, and are reported as part of the Housing Revenue Account which is approved separately. In 2014/15, the Council plans to spend £85m on this function.

7.33 The general fund includes £6m for other housing services, the majority of which is spent on housing advice; and services which prevent and respond to homelessness. Sums are also spent on renewal and development.

7.34 There are no significant pressures to be addressed, and savings of £0.3m in 2014/15 rising to £0.7m in 2016/17 have been identified as part of spending review work. These savings arise from internal efficiencies and will not require changes to the current homelessness strategy.

Corporate Support and Resources

7.35 The key challenge facing the Corporate Resources and Support Department is to be as cost effective as possible, in order to maximise the amount of money available to run public facing services. In this context, the department has reduced staffing by around 200 in recent years, and made savings of some £12m per annum.

7.36 The department will continue to face significant challenge to be cost effective, and expects to save £3.9m per annum as a consequence of spending review proposals.

7.37 The department is able to manage within its budget ceilings for 2015/16, having absorbed new spending pressures. These pressures include:-

- (a) Pressures on the Legal Services budget, due to reduced funding as work on BSF and equal pay claims approaches its end;
- (b) The loss of a net £75,000 income in a full year arising from the transfer of land charges work to the Land Registry (dependent upon the passage of legislation);
- (c) Pressures on IT Services amounting to some £0.4m per annum, arising from the need to retain key staff in a competitive market and to support increased demand (e.g. for network connectivity, devices for remote working and systems development to support service transformation);
- (d) A cut of £0.2m in the housing benefit and council tax support administration grant;
- (e) Loss of £0.1m income as a consequence of withdrawal from ESPO (although in reality this was simply re-cycled money from within the ESPO membership);
- (f) Pressures on the coroner's service.

7.38 These pressures are being addressed by adjusting staffing levels to reflect reduced workload, where applicable; careful budget management and the holding of vacancies in advance of the spending review; and the creation of a provision to manage external pressures on the coroner's budget.

7.39 Additionally there is risk to the budget in 2015/16 and 2016/17 arising from:-

- (a) The ongoing cost of individual electoral registration. £200,000 per annum has been added to the budget in previous years, and transitional grant was received from the Government in 2014/15. It is currently unknown if the Government will provide any further funding from 2015/16 onwards;
- (b) The impact of the introduction of Universal Credit, which will see a reduction in housing benefit workload as it transfers to the DWP. Further cuts in housing benefit administration grant are anticipated as a consequence.

7.40 Contracts for the Council's main finance and HR systems are due to end in 2017. Projects to re-tender these are being funded from departmental reserves, and the outcome of re-tendering may be further revenue savings. Potentially, however, there will be a requirement for future capital investment in order to achieve these savings.

7.41 In 2013/14, the DWP ceased to provide crisis grants to vulnerable people. The function transferred to local authorities, and £1.9m was made available in each of 2013/14 and 2014/15. The Government has announced that this funding will cease – section 10 of this report explains how it is proposed to mitigate the effect of this on vulnerable residents.

8. Corporately held Budgets

8.1 In addition to the service budget ceilings, a number of budgets are held corporately. The key ones are described below (and shown in the table at paragraph 4).

8.2 The budget for **capital financing** represents interest and debt repayment costs on past years' capital spending. This budget is not managed to a cash ceiling, and is controlled by the Director of Finance. Costs which fall to be met by this budget are driven by the Council's approved treasury management strategy.

8.3 **Building Schools for the Future** (BSF) is a substantial programme of investment in secondary schools, partly funded by conventional finance and partly through the Private Finance Initiative (PFI). At the inception of the programme, the Council agreed to share the additional costs arising from this scheme with schools. The programme will be substantially complete by 2015/16. The sum remaining in corporate budgets represents the Council's contribution to costs for schools, and will be added to the budget of the Education and Children's Services Department on completion.

8.4 £0.5m per annum has been set aside for the costs of **hardship awards** to council tax payers who find it difficult to pay. In 2013/14, Government welfare reforms required the Council to introduce a council tax reduction scheme; this resulted in low income taxpayers being required to contribute to their council tax for the first time.

8.5 **Miscellaneous corporate budgets** include external audit fees, pensions costs of some former staff, levy payments to the Environment Agency, monies to mitigate the impact of budget reductions on protected groups under the Equality Act, bank charges, the carbon reduction levy, monies approved for the accommodation review, the effect of pension increases, and other sums it is not appropriate to include in service budgets. These budgets are offset by the effect of charges from the general fund to other statutory accounts of the Council. Charges to other statutory accounts will increase as a consequence of additional charges proposed to the HRA following review. These increases are further described in the report to Council on the HRA budget.

8.6 The budget includes a proposed contribution of £6.0m to the **capital programme**. This is further explained in the approved capital programme, but in essence enables us to plan capital spending on the basis of capital receipts received rather than receipts forecast to be received. The £6m provides money to plug a one-off gap caused by this policy change. The policy change itself is designed to make the capital programme “crisis proof” if there is a mid-year market downturn, given that compensatory revenue monies are unlikely to be available.

8.7 A **contingency** of £3m has been included in the budget for 2015/16. This reflects the risks identified in section 15 of this report. The contingency will only be used as a very last resort.

9. **Future Provisions**

9.1 This section of the report describes the future provisions shown in the table at paragraph 4 above. These are all indicative figures – budgets for these years will be set in February prior to the year in question.

9.2 The provision for **inflation** includes money for:-

(a) An assumed 1% pay award each year from 2016/17;

(b) A contingency for inflation on running costs for services unable to bear the costs themselves. These are: waste disposal, and independent sector residential and domiciliary care.

9.3 Provision has also been made for an increase in the costs of **national insurance** in 2016/17. This arises from the Government’s decision to replace the state second pension with a single flat rate scheme. Organisations which have previously “opted out” of the state second pension have received a rebate in their national insurance contributions; this includes local authorities, who have their own occupational pension scheme. This rebate will cease in 2016/17, at an estimated cost of £3m per annum.

9.4 A **planning provision** has been provided in future years to reflect the severe difficulties in making accurate forecasts and to manage uncertainty. This is reviewed on an annual basis.

9.5 Provision has been made for further **severance** costs (see paragraph 14 below).

10. **Budget and Equalities (Irene Kszyk, Head of Equalities)**

- 10.1 The Council is committed to promoting equality of opportunity for its local residents; both through its policies aimed at reducing inequality of outcomes experienced by local residents, 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.
- 10.2 Since April 2011, in accordance with section 149 of the Equality Act, the Council has been required by law to "have due regard" to the need to:-
- (a) eliminate discrimination;
 - (b) advance equality of opportunity between protected groups and others;
 - (c) foster good relations between protected groups and others.
- 10.3 Protected groups under the public sector equality duty are characterised by age, disability, gender re-assignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.
- 10.4 Advancing equality of opportunity under our public sector equality duty includes removing and minimising disadvantage, meeting the needs of protected groups which are different to others (particularly the disabled), and encouragement to participate in public life.
- 10.5 Consideration of equality implications is a continuing requirement under the duty, and this is reflected in the way that we approach equality impact assessments for service changes. The starting point for any equality assessment is to understand who may be affected by a course of action under consideration, and how people with a protected characteristic(s) could be affected. The effect could be positive (where a person achieves improved outcomes) or negative (where a person is disadvantaged by a proposed course of action). Where people/service users are likely to be disadvantaged, consideration is given to how that disadvantage can be reduced or removed. The duty does not require us to avoid any such disadvantage, but to be aware that it could take place. It is the responsibility of the decision maker to balance the need for change which may disadvantage people on the basis of their protected characteristic(s) against public benefits that would arise from the decision being made. Consequently, it is a requirement of our public sector equality duty that decision makers give due regard to anticipated equalities implications arising from a proposal, whether they are positive or negative. The process for developing proposals can include consultation with the public in general and service users specifically, in order to better understand potential impacts and mitigating actions that would reduce disadvantage. The main equality implications are summarised in reports to decision makers as a

record of what has been considered. We also seek to understand the wider implications of decisions being taken, and periodically aggregate the equality impacts of individual decisions to ensure (as far as possible) that no one protected characteristic is being disproportionately disadvantaged by our decisions.

- 10.6 The budget sets financial ceilings for each service which act as maxima above which the City Mayor cannot spend (subject to his power of virement). The ceilings set reflect the budget strategy approved by the Council in February 2014 (and, indeed, February 2013) – no additional savings targets have been allocated to services other than those implied by spending review decisions. Decisions to live within the ceilings have been, or are being, taken by managers or the City Mayor; and where necessary these decisions are subject to a full equality assessment. Hence, a specific impact assessment has not been done for the budget as a whole (because there are no specifically identifiable impacts). When spending review decisions are taken, these are also subject to their own impact assessments. An assessment has, however, been carried out in respect of the proposed tax increase (see below).
- 10.7 The period of national spending restraint (and local spending cuts) that we are living through has undoubtedly, however, had an impact on service users and city residents. Consequently, it is felt important that the cumulative impact of changes in recent years is summarised for members, and that mitigating measures for anticipated negative impacts are identified.
- 10.8 The impact of service changes over the last three years should be considered against the background of the socio-economic profile of the city's residents:-
- (a) The city's population is young compared to the rest of the country, and is increasing. 55% of the city's population is under the age of 34; the number of senior citizen households has declined from 23,000 in 2001 to 18,000 in 2011;
 - (b) The city has relatively low educational attainment and skills levels, particularly for disadvantaged children (notwithstanding improvements between 2001 and 2011). There remain 29% of adults in the city with no qualifications; and as of October 2014, there were 6,810 job seekers' allowance claimants;
 - (c) There is high and increasing ethnic diversity – 51% of residents classified themselves as white in the 2011 census, compared to 64% in the 2001 census;
 - (d) Leicester is a deprived city, ranking as the 25th most deprived in the country (IOD 2010). However, unlike other cities in the country, there is no strong link between ethnicity and poverty. There are currently

34,000 people claiming housing benefit in the city, and 43,000 claiming council tax support. Whilst 44,000 people receive universal child benefit, 33,000 also receive income support in the form of child tax credit.

- 10.9 Taking together all our budgets since 2011/12, the focus of service change proposals has been to minimise frontline service impacts in general, and the impacts on the most disadvantaged/deprived residents in particular. This includes:-
- (a) substantial reductions being made in management, administration and back office services;
 - (b) the generation of efficiency savings wherever possible;
 - (c) in many cases, targeting of services where reductions have been made, moving away from universal models of provision;
 - (d) service re-design.
- 10.10 During this continuing process of change, our public sector equality duty requires us to continually assess whether we are continuing to meet the needs of our service users, and that our actions do not unintentionally disadvantage anyone on the basis of their protected characteristic(s). Service changes have been made in consultation with our service users to ensure that we reflect their concerns and priorities.
- 10.11 An example of this is the work being undertaken within the Transforming Neighbourhood Services programme. The city has been divided into six areas, and officers meet with local residents in each to determine what local infrastructure or services are important to them. In the two areas that have been completed, local residents have prioritised retention of local service provision (as distinct from the facility which provides it). This has had the result that some community facilities have been 'decommissioned' for alternative use. Remaining facilities are redeveloped where necessary, and services relocated within retained premises to continue serving the local community. The result has been expanded local library service provision and co-location of local services for easier access. It has also enabled us to transfer assets to local community groups so that community resources continue to be maintained. This methodical, planned, approach will in turn take place in other areas of the city.
- 10.12 These service changes are continually being assessed from an equalities perspective, to ensure that potential negative impacts on people are identified early on in the process. In this way, action can be planned to reduce those impacts where possible. Impacts are assessed against other broader changes as well, such as the Government's welfare reforms, to ensure (as far as possible) that no one group of protected characteristics is disproportionately

disadvantaged. Currently those most at risk of finding it hard to make ends meet are households with children (where women are often lone parents); and households without work, including those who cannot work because of a sickness or disability. Prospects remain challenging, as a higher than average proportion of Leicester's full time paid employees are in low paid/low skill jobs.

- 10.13 During the past four years the council has prioritised keeping frontline services in place. But our approach to providing them has changed, requiring us to focus on a stricter assessment of statutory entitlement and encouraging self-service where possible to reduce delivery costs. The council has provided support to service users to become more independent where possible, while ensuring that their needs continue to be met. For services such as homelessness, this has become a strategic approach to delivery, providing support as and when required to prevent people from becoming homeless instead of dealing with the problem after it has arisen. The council actively monitors the implementation of these actions to ensure service users' needs continue to be met appropriately. The main protected characteristics affected by service changes so far have tended to be age (both elderly in regard to adult social care provision, and children through early years, school and play provision); and disability (through children's and adult social care right to control initiatives). Other protected groups have tended to be affected in proportion to the overall population.
- 10.14 The city's diverse population requires the council to manage diversity effectively, and ensure that the needs of specific protected characteristics are met appropriately within the relevant service context. The protected characteristic of race (and the need to be mindful of resulting cultural and language differences across different racial groups) must be considered to ensure user access and take up. Religion and belief can shape service provision as well (e.g. for burial services and school catering). Patterns of service use and take up can also be shaped by gender preferences; differing needs (for pregnant women or women with babies); or social practices (for example, single sex leisure provision). Gender can influence personal outcomes, and the council monitors provision and take up to ensure that there is no indirect discrimination in the way that it delivers its services. The council works with the local LGBT community to remove barriers that prevent this specific area of need being met within its service provision. The nature of the equality impacts by protected characteristic vary as illustrated above, reflecting the wide range of services provided by the council.
- 10.15 The Council is taking a number of steps to help mitigate the impact of its budgets, and wider changes, on its citizens. Given the likelihood of considerably more cuts in our funding, these will become all the more vital in the coming years. These include:-

- (a) The setting aside of a provision of £0.2m per year for the Executive to spend on measures to mitigate the most significant impacts, particularly where these are cumulative on any given group (whether protected or not);
- (b) The setting aside of £0.5m per annum in the budget to support people unable to pay council tax charges due to hardship;
- (c) A continued emphasis on supporting businesses who recruit apprentices to help promote employment and address skills levels. A key aim of the Economic Action Plan more generally is to improve employment opportunities and skills;
- (d) Administration of a number of programmes of discretionary relief, including discretionary housing payments. Underspendings on such funds in 2013/14 have been consciously set aside to provide continued support in future years, and to compensate for the cessation of the Government's welfare support grants. This policy will continue with any underspends in 2014/15;
- (e) A rigorous approach to carrying out equality impact assessments for individual proposals affecting service provision (and the setting aside of a contingency in the budget to enable proposals to be modified if the impact on a protected group is too severe).

10.16 A separate equality assessment has been carried out in respect of the council tax increase which the council is being asked to approve. This is attached as Appendix Seven to the report. The conclusion of the EIA is:-

- (a) The aim of the increase is to avoid adverse impacts on service provision which would be required if services had to be reduced instead;
- (b) The impact is not significantly higher than prevailing inflation. Households paying the full double occupation charge without relief will (in most cases) pay no more than 38p per week in additional tax;
- (c) Whilst inflation on household goods has reduced the standard of living for many households in recent years, especially low income households who have faced the highest increases, inflation is now falling (particularly in relation to energy and food);

- (d) Mandatory reductions to council tax are available to households with the lowest means. This can be topped up with discretionary relief (on a time limited basis) to as much as 100% of the total tax.

11. **Government Grant**

11.1 As can be seen from the table at paragraph 4, Government grant is a major component of the Council's budget. The system of providing grant support changed in 2013/14, when local government started to keep 50% of business rates; prior to 2013/14, business rates were collected locally but handed over to central Government to redistribute on the basis on need.

11.2 Government grant support now principally consists of:-

- (a) Revenue Support Grant, which is distributed on the basis of needs formulae that existed prior to 2013/14. Cuts in Government funding, however, have been applied simply by cutting each authority's RSG allocation proportionately. This has had a disproportionate impact on those authorities who are most dependent on Government grant (i.e. deprived authorities such as Leicester);
- (b) A top-up to local business rates. The sums payable were calculated in 2013/14, and now simply increase by inflation each year. Business rates top-up grant is designed to reflect authorities' differing abilities to raise business rates (authorities with substantial amounts of highly rated businesses pay a tariff into the system, which funds the top-ups to less affluent authorities);
- (c) New Homes Bonus. This is a grant paid to authorities which roughly matches the council tax payable on new homes, and homes which have ceased to be empty on a long-term basis. The grant is calculated with reference to a 2010/11 baseline, and will grow each year until 2016/17; in 2017/18, 2011/12 will be used as the baseline, and the baseline will roll forward in the following years. Members are asked to note that New Homes Bonus is not additional money; the money to fund it has been "topliced" from the national provision for Revenue Support Grant.

11.3 The impact of these policies, and Government cuts, can be seen from the table below:

	2013/14 £m	2014/15 £m	2015/16 £m	Cuts 13/14 to 15/16
Revenue Support Grant	133.0	108.7	78.2	41.2%
Top-Up Grant	42.2	43.5	44.5	
New Homes Bonus	3.9	5.9	7.3	
New Homes Bonus Adjustment	0.8	0.3	0.3	
Grant Total	179.9	158.4	130.3	27.6%

11.4 The Government uses a concept called “spending power” to measure the impact of cuts on the totality of an authority’s ability to spend. This includes all grants (including specific grants), council tax and business rates. The grants included in the definition are arguable. However, adopting the Government’s own definition, outcomes over the 2 years from 2013/14 to 2015/16 range from growth of 2.9% (Wokingham) and 3.4% (Surrey) to cuts of 11.1% (Knowsley) and 10.8% (Liverpool) amongst single purpose/upper tier authorities. Leicester, on this definition, loses 9.6%. These figures understate the true loss (for instance, they include the whole of the Better Care Fund, much of which will be spent by the NHS).

11.5 The Council is seeing significant increases in its New Homes Bonus entitlement. This is partly because of the effect of using a 2010/11 baseline as described above. However, significant efforts have been made to reduce the stock of empty properties, and to ensure that only properties which are truly empty are recorded as such. In total this has led to an increase of £0.5m in New Homes Bonus when compared to the stock of empty properties in 2013/14.

11.6 We have no grant figures for years beyond 2015/16, and 2016/17 spending plans will be set after the general election. The table at paragraph 4 assumes the national amounts available for local government will fall by:-

(a) 2016/17 – 10%

(b) 2017/18 – 11%

(c) 2018/19 – 6%

11.7 The figures are based on projections prepared by the Office for Budget Responsibility at the time of the Chancellor’s March 2014 budget, and they

assume that the public spending totals published at that time will be delivered. They also assume continued protection for education and the NHS.

- 11.8 No attempt has been made to update these spending assumptions. The OBR has published further figures in support of the 2014 Autumn Statement (which would make the projections worse). However, the three main political parties have all published targets for the period after the election indicating how much they would be prepared to borrow – none of these targets are consistent with the plans currently implied by the Autumn Statement.
- 11.9 Because the brunt of cuts to date has been borne by unprotected services (i.e. excluding education and the NHS), projections are volatile. Slight increases in cuts at national level have led to significant additional reductions being made to unprotected services such as local government. Consequently, as the Institute of Fiscal Studies has pointed out, any easing of fiscal targets could have a material impact on our position provided that the money which becomes available as a consequence is allowed simply to filter through to us and not used for other priorities. In practice, none of the parties has published sufficient detail about their tax and spending plans to assess this; and it would be highly imprudent to assume that the future outlook will be significantly improved after the election.

12. **Local Taxation Income**

12.1 Local tax income consists of three elements:-

- (a) the retained proportion of business rates;
- (b) council tax;
- (c) surpluses arising from previous collection of council tax and business rates.

Business Rates

12.2 Local government now retains 50% of the rates collected, as discussed above. In Leicester, 1% is paid to the Fire Authority, and 49% is retained by the Council. This is known as the “business rate retention scheme”.

12.3 Estimates of rates payable by businesses have been based upon:-

- (a) the existing rateable value;
- (b) changes in rateable value for known developments;

- (c) estimates of the cost of reliefs;
 - (d) provision for successful appeals; and
 - (e) an assumption that underlying rates (excluding the effect of inflation) are broadly stable based on most recent experience (an improvement from earlier budgets).
- 12.4 Allowance has also been made for the new, local discretionary relief policy which was approved by the Executive in January.
- 12.5 Since the introduction of business rates retention, the Government has made a number of changes to the way business rates operate. These include:-
- (a) capping of the annual rates increase to 2% (normally, rates increase in line with inflation each year) in 2014/15 and 2015/16;
 - (b) continued extension of the temporary doubling of reliefs for small businesses;
 - (c) additional reliefs, including relief for some retail premises (£1,000 was awarded in 2014/15, rising to £1,500 in 2015/16).
- 12.6 Now that local authorities retain 50% of rates, these measures have given rise to loss of income. Under the “New Burdens Doctrine”, the Government pays grant to authorities as compensation. Estimates of the amounts due are included in the figures shown as rates income. (The 2% cap also affects top-up grant, which is also compensated).
- 12.7 The most difficult element in estimating rates income is the effect of appeals by rate payers, which can result in refunds going back a number of years. 49% of any such refunds fall to be paid by the Council, even where they relate to periods prior to introduction of the business rate retention scheme.
- 12.8 Any future academy conversions will have an impact on rates income, as academies are entitled to mandatory rate relief. The conversion of Rushey Mead and Northfields schools to academy status will cost £140,000 per annum in lost income.
- 12.9 During 2013/14, the Council was part of a “business rates pool” with the other authorities in Leicestershire. Pools are beneficial in cases where shire district councils’ rates are expected to grow, as pooling increases the amount of rates which can be retained in these areas. Conversely, if district councils’ rates

decline, this transfers risk to the pool authorities. The pool benefitted Leicester and Leicestershire by £0.7m in 2013/14.

- 12.10 The pool was suspended for 2014/15, owing to lack of clarity on the DCLG's financial framework, and the late production of accounting regulations. At the time of suspension, the pool faced an unacceptable level of risk. Regulations are now in place, and the pool will be formed again in 2015/16.

Council Tax

- 12.11 Council tax income is estimated at £85.8m in 2015/16, based on a tax increase of 1.99%. For planning purposes, a tax increase of 2% has been assumed in 2016/17 and thereafter.
- 12.12 Council tax income is expected to be higher than was forecast when the budget was set for 2014/15. This is because of an increase in our council tax base (the number of properties/people liable to pay tax). The base has been increasing partly due to new properties, partly due to the work which has taken place to reduce the numbers of empty properties, and partly due to reductions in the number of people claiming council tax support.
- 12.13 The Government has offered a grant payment to those authorities which freeze council tax in 2015/16. The grant is equivalent to a 1% tax rise, calculated (curiously) as if the old council tax benefit system had never been abolished. In practice, the amount on offer is worth more than 1%, amounting to £1.0m in the city's case (a 1.99% tax rise amounts to £1.7m).
- 12.14 Income raised from a tax rise forms part of our base budget from 2015/16 onwards, and thus is received every year. There are no guarantees that the freeze grant would be received after 2015/16.
- 12.15 The Council is unable to increase tax by 2% or more without first seeking endorsement by means of a local referendum.

Collection Fund Surplus

- 12.16 Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true. Since business rates retention was introduced, collection fund surpluses or deficits can arise in respect of both council tax and business rates.
- 12.17 Surpluses are shared with the Government, police, and fire authorities. The Council's share will amount to £4.4m for reasons explained below.

- 12.18 A surplus of £3.1m has arisen in respect of council tax. This is greater than the usual level of surplus: this has happened because of the introduction of council tax reduction schemes in 2013/14. A number of assumptions had to be made for the first time that year, including the amount required for non-payment in respect of taxpayers with low income. Those assumptions have proved to be too pessimistic.
- 12.19 A surplus of £1.3m has arisen in respect of business rates. This has arisen for two reasons:
- (a) 2013/14 was the first year we were required to estimate a business rate surplus, and (at the time this was done) Government regulations were still being made. Higher forecasts were made for the cost of backdated appeals than has subsequently proved necessary;
 - (b) Some new assessments have boosted income, such as ASDA on Exploration Drive, the King Richard III Centre, the University Conference Centre and Leicester Food Park.

13. **General Reserves and the Managed Reserves Strategy**

- 13.1 It is essential that the Council has a minimum working balance of reserves in order to be able to deal with the unexpected. This might include:-
- (a) an unforeseen overspend;
 - (b) a contractual claim;
 - (c) an uninsured loss.
- 13.2 In the current climate, the Council also needs to guard against slippage in the achievement of budget savings.
- 13.3 The Council has agreed to maintain a minimum balance of £15m of reserves. The Council also has a number of earmarked reserves, which are further described in section 14 below.
- 13.4 In the 2013/14 budget strategy, the Council approved the adoption of a managed reserves strategy. This involved contributing monies to reserves in 2013/14 and 2014/15, and drawing down reserves in later years. In practice, this policy has “bought time” to more fully consider how we address the substantial cuts we are facing.

- 13.5 As a consequence of the managed reserves strategy, cuts required in 2016/17 and 2017/18 are less than would otherwise have been the case. Forecast reserve balances are:-

	2015/16	2016/17	2017/18
	£m	£m	£m
Brought forward	49.3	56.2	36.2
Planned increases	6.9		
Planned reductions		(20.0)	(21.2)
		<hr/>	<hr/>
Carried forward	56.2	36.2	15.0
Less minimum required balance			(15.0)
			<hr/>
Available balance			0.0
			<hr/>

- 13.6 Clearly these forecasts are volatile, accumulating as they do the risk inherent in every expenditure and income forecast in this budget report.

14. **Earmarked Reserves**

- 14.1 Appendix Four shows the Council's earmarked revenue reserves as they stood on 31st March 2014, and as projected by March 2015. These figures were included in the revenue monitoring report for period 6. The reserves have been set aside, sometimes over a number of years, for specific purposes. Of the ringfenced reserves:-

- (a) school monies are ringfenced by law, and cannot be spent on other purposes;
- (b) NHS monies have been given for specific purposes by the NHS.

- 14.2 The balance on the BSF reserve is falling substantially, as the BSF programme moves to completion. Part of the reserve has now been specifically allocated to contribute to the costs of maintaining the newly improved buildings (as agreed with the Education Funding Agency).

- 14.3 The capital reserve is committed to fund the capital programme, and the forecast balance will be used to fund slippage.

- 14.4 In 2011/12, the Council set up an earmarked reserve to meet the costs of severance. Since then, severance costs have been incurred in respect of 1000 employees (800 FTEs) at a cost of over £15m. The balance on this reserve is projected to be £9m at the end of 2014/15, and it is believed that this will be sufficient to meet costs of severance arising from the Spending Review Programme. There is not sufficient funding to meet any additional

severance costs required to achieve the total of £54m per annum by 2018/19 and it is estimated that a further £8m will be required for severance in 2016/17. This will be reviewed when the 2016/17 budget is set.

14.5 The insurance fund exists to meet claims against the Council for which we act as our own insurer (there is a further “provision” for actual known claims which stood at £5.3m in March 2014).

14.6 The welfare reform reserve is described in paragraph 10, and will be used to support individuals in crisis. Grant for this purpose (formerly received from the DWP) will cease.

15. **Risk Assessment and Adequacy of Estimates**

15.1 Best practice requires me to identify any risks associated with the budget, and the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.

15.2 In the current climate, it is inevitable that the budget carries significant risk.

15.3 In my view, whilst very difficult, the budget for 2015/16 is achievable subject to the risks and issues described below. For budgetary control purposes, the budget of the Council is split into departments, with a strategic director accountable for spending within budget. Inevitably, some individual service reductions will not achieve the full expected savings, and issues will surface during the course of the year which will unexpectedly cost money. The Council has always, however, operated flexible budget management rules which enable pressures to be dealt with as they arise.

15.4 The paragraphs below deal with what I believe to be the most significant risks in the budget.

15.5 The most significant risk in 2015/16 is the pressures on the Adult Social Care budget, and the implications of the Care Act. The ASC budget has been under considerable pressure in 2014/15; these pressures totalled £3.7m at the end of period 6, and essentially arise from the cost of new placements and delays in achieving previously approved savings. The Care Act will impose new duties, as described above in paragraph 7.

15.6 Beyond 2015/16, there is uncertainty about the level of funding available to the Better Care Fund. It is explicitly permitted to use the Better Care Fund to cover the costs of demographic growth in adult care, but we do not know whether the fund will increase in future years to reflect further growth at national level.

- 15.7 In the longer term, risks to the budget strategy arise from not delivering the Spending Review Programme (or slippage in delivering the programme) and the risk that future grant levels are below current assumptions.
- 15.8 A further risk is economic downturn, nationally or locally. This could result in further cuts to revenue support grant, falling business rate income, and increased cost of council tax reductions for tax payers on low incomes. It could also lead to a growing need for Council services and an increase in bad debts.
- 15.9 The budget seeks to manage these risks as follows:-
- (a) a £3m contingency has been included in the 2015/16 budget. In addition to managing risk, this provides resource for the City Mayor to revisit any proposed service reductions, particularly if needed to satisfy our equality duties. Should the contingency prove insufficient, the managed reserves strategy will need to be revisited;
 - (b) a minimum balance of £15m reserves will be maintained;
 - (c) a planning contingency is included in the budget from 2016/17 onwards (£3m per annum accumulating).
- 15.10 Subject to the above comments, I believe the Council's general and earmarked reserves to be adequate. I also believe estimates made in preparing the budget are robust. (Whilst no inflation is provided for the generality of running costs in 2015/16, some exceptions are made, and it is believed that services will be able to manage without an allocation).

16. **Consultation on the draft Budget**

- 16.1 The Council is committed to consulting the public and service users on significant decisions which affect them. Consultation took place on the budget strategies for 2012/13 and 2013/14, and also takes place with those affected by proposed changes arising from spending reviews.
- 16.2 Given the nature of the budget, consultation has been tailored to reflect the scope of the decisions being taken. Thus, a public consultation exercise has not been carried out. Comments have been sought from:-
- (a) Business community representatives (a statutory consultee): no comments have been received;

- (b) The Council's scrutiny function: minutes of the Overview Select Committee; Adult Social Care Commission; Children, Young People and Schools Commission and the Housing Commission have been circulated separately with this agenda. Sections of paragraph 7 of this report, in respect of adult social care, have been revised to reflect a number of the comments made;
- (c) The Council's trade unions: a response from Unison has been received, and their response is shown at Appendix Five;
- (d) Key partners and other representatives of communities of interest: Responses are summarised at Appendix Five, and full responses are available from the report author.

16.3 It is intended to carry out a substantial public consultation exercise in preparation for the 2016/17 budget, after the new Government has published its spending plans.

17. **Borrowing**

17.1 Local authority capital expenditure is self-regulated, based upon a code of practice (the "prudential code").

17.2 The Council complies with the code of practice, which requires us to demonstrate that any borrowing is affordable, sustainable and prudent. To comply with the code, the Council must approve a set of indicators at the same time as it agrees the budget. The substance of the code pre-dates the recent huge cutbacks in public spending.

17.3 Since 2011/12, the Government has been supporting all new general fund capital schemes by grant. Consequently, any new borrowing has to be paid for ourselves and is therefore minimal.

17.4 Attached at Appendix Three are the prudential indicators which would result from the proposed budget. A limit on total borrowing, which the Council is required to set by law, is approved separately as part of the Council's treasury strategy.

17.5 The Council will continue to use borrowing for "spend to save" investment which generates savings to meet borrowing costs.

18. **Minimum Revenue Provision**

18.1 By law, the Council is required to charge to its budget each year an amount for the repayment of debt. This is known as “minimum revenue provision” (MRP). The purpose of this section of the report is to propose a policy in respect of calculating MRP.

18.2 Historic supported borrowing will be charged to revenue at a rate equal to 4% of outstanding debt.

18.3 For other borrowing, the policy statement members are asked to endorse is as follows:-

(a) **basis of charge** – where borrowing pays for an asset, the debt repayment calculation will be based on the life of the asset; where borrowing funds a grant or investment, the debt repayment will be based upon the length of the Council’s interest in the asset financed (which may be the asset life, or may be lower if the grantee’s interest is subject to time limited restrictions); where borrowing funds a loan to a third party, the basis of charge will normally be the period of the loan. The charge would normally be based on an equal instalment of principal, but could be set on an annuity basis where the Director of Finance deems appropriate;

(b) **commencement of charge** – 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 in which the asset becomes operational. Where expenditure will be recouped from future income, and the receipt of that income can be forecast with reasonable certainty, the charge may commence when the income streams arise;

(c) **asset lives** – the following maximum asset lives are proposed:-

- Land – 50 years;
- Buildings – 50 years;
- Infrastructure – 40 years;
- Plant and equipment – 20 years;
- Vehicles – 10 years;
- Loan premia – the higher of the residual period of loan repaid and the period of the replacement loan;

(d) **voluntary set-aside** – authority to be given to the Director of Finance to set-aside sums voluntarily for debt repayment, where she believes

the standard depreciation charge to be insufficient, subject to such decisions being reported annually as part of the revenue outturn.

18.4 The treasury strategy for 2015/16 (approved by the Council in January) permits the use of investment balances to support some investment projects which achieve a return. To facilitate this strategy, approval is also sought to permit the Director of Finance to adopt different approaches to the above policies where appropriate to reflect the financing costs of such schemes.

19. **Other**

19.1 This budget strategy is related to the treasury strategy, in that investment income and the cost of borrowing are a key feature of our projections.

19.2 The treasury strategy was approved on 22nd January, and is significantly different to previous strategies reflecting an environment where no new borrowing is expected.

19.3 The annual investment strategy permits investments in the UK public sector other than the UK Government, up to a ceiling of £80m for the sector as a whole. This represents an appropriate maximum for a balanced portfolio. However, it limits the amount we can lend to local authorities, with whom we currently have around £100m of investments. Local authority investments need to be maintained pending development of other limbs of the strategy; additionally, local authorities are about as safe a place as there is to deposit money, and there is no need to have a low cap. Consequently, it is proposed that 2.6 (iii) of the annual investment strategy should be revised to say (in respect of permitted investments):-

“Investments in the UK public sector other than the UK Government:-

- (a) £160m in the local authority sector as a whole;
- (b) £20m per individual local authority;
- (c) £60m in the sector as a whole, apart from local authorities;
- (d) £10m per individual body, other than local authorities.”

20. **Financial Implications**

- 20.1 This report is exclusively concerned with financial issues.
- 20.2 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made unless the member concerned declares the arrears at the outset of the meeting and that as a result s/he will not be voting. The member can, however, still speak. The rules are more circumscribed for the City Mayor and Executive. Any executive member who has arrears outstanding for 2 months or more cannot take part at all.

21. **Legal Implications (Kamal Adatia, City Barrister)**

- 21.1 The budget preparations have been in accordance with the Council's Budget and Policy Framework Procedure Rules – Council's Constitution – Part 4C. The decision with regard to the setting of the Council's budget is a function under the constitution which is the responsibility of the full Council.
- 21.2 At the budget-setting stage, Council is estimating, not determining, what will happen as a means to the end of setting the budget and therefore the council tax. Setting a budget is not the same as deciding what expenditure will be incurred. The Local Government Finance Act, 1992, requires an authority, through the full Council, to calculate the aggregate of various estimated amounts, in order to find the shortfall to which its council tax base has to be applied. Council can allocate more or less funds than are requested by the Mayor in his proposed budget.
- 21.3 As well as detailing the recommended council tax increase for 2015/16, the report also complies with the following statutory requirements:-
- (a) Robustness of the estimates made for the purposes of the calculations;
 - (b) Adequacy of reserves;
 - (c) The requirement to set a balanced budget.
- 21.4 Section 65 of the Local Government Finance Act, 1992, places upon local authorities a duty to consult representatives of non-domestic ratepayers before setting a budget. There are no specific statutory requirements to consult residents, although in the preparation of this budget the Council will undertake tailored consultation exercises with wider stakeholders.
- 21.5 As set out at paragraph 2.10 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 section 10. 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. As a consequence, there are no service-specific ‘impact assessments’ that accompany the budget, and instead the Council has considered the cumulative impact of the budget proposals over time when applying “due regard” to approving this year’s 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 Seven.

21.6 Judicial review is the mechanism by which the lawfulness of Council budget-setting exercises are most likely 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.

22. **Other Implications**

Other Implications	Yes/No	Paragraph References within the report
Equal Opportunities	Y	Paragraph 10
Policy	Y	The budget sets financial envelopes within which Council policy is delivered
Sustainable and Environmental	N	The budget is a set of financial envelopes within which service policy decisions are taken. The proposed 2015/16 budget reflects existing service policy.
Crime & Disorder	N	
Human Rights Act	N	
Elderly People/People on Low Income	N	

23. **Report Author**

Mark Noble
 Head of Financial Strategy
 9th February 2015

Appendix One

Budget Ceilings 2015/16

	Budget 2014/15 £k	From previous budgets £k	Spending Reviews £k	Inflation & cost changes £k	Other changes £k	Budget ceilings 15/16 £k
<u>1. City Development & Neighbourhoods</u>						
<u>1.1 Local Services and Enforcement</u>						
Divisional Management	333.5			3.5		337.0
Street Scene Enforcement	2,030.8			48.8		2,079.6
Business Regulation	1,575.5			30.3		1,605.8
Licensing & Pollution	(266.3)			14.5		(251.8)
Cleansing & Waste Management	15,113.6			284.1		15,397.7
Parks & Open Spaces	6,892.2			211.9		7,104.1
Standards & Development	569.1			15.0		584.1
Community Safety	874.1			5.7		879.8
<i>Divisional sub-total</i>	27,122.5	0.0	0.0	613.8	0.0	27,736.3
<u>1.2 Culture & Neighbourhood Services</u>						
Arts & Museums	5,560.5			86.6		5,647.1
Library Services	3,439.8			54.2		3,494.0
Sports Services	3,387.3			114.2		3,501.5
Community Services	2,903.1		(113.3)	36.2		2,826.0
Divisional Management	271.1			3.4		274.5
<i>Divisional sub-total</i>	15,561.8	0.0	(113.3)	294.6	0.0	15,743.1
<u>1.3 Planning, Transportation & Economic Development</u>						
Transport Strategy	9,366.5		(40.0)	52.8		9,379.3
Traffic Management	2,085.6			44.7		2,130.3
Highways Design & Maintenance	6,437.4		(309.0)	4.5		6,132.9
Planning	1,151.7			38.0		1,189.7
Economic Regeneration & Enterprise	(4.3)			35.9		31.6
Divisional Management	87.8			3.0		90.8
<i>Divisional sub-total</i>	19,124.7	0.0	(349.0)	178.9	0.0	18,954.6
<u>1.4 City Centre</u>						
	518.3			5.6		523.9
<u>1.5 Property Services</u>						
Property Management	7,079.1			155.7		7,234.8
Environment team	311.6			6.4		318.0
Energy Management	183.5			12.8		196.3
Fleet Management (Trading)	(247.2)	(400.0)				(647.2)
<i>Divisional sub-total</i>	7,327.0	(400.0)	0.0	174.9	0.0	7,101.9
<u>1.6 Departmental Overheads</u>						
	682.8			4.5		687.3
DEPARTMENTAL TOTAL	70,337.1	(400.0)	(462.3)	1,272.3	0.0	70,747.1

	Budget 2014/15 £k	From previous budgets £k	Spending Reviews £k	Inflation & cost changes £k	Other changes £k	Budget ceilings 15/16 £k
<u>2.Adults & Housing</u>						
<u>2.1 Adult Social Care & Safeguarding</u>						
Management	443.5			10.0		453.5
Safeguarding & Emergency Duty Team	1,232.4			28.8		1,261.2
Independent Living	4,402.6			108.1		4,510.7
Assessments & Commissioning	62,648.4	(2,200.0)		1,146.4		61,594.8
<i>Divisional sub-total</i>	68,726.9	(2,200.0)	0.0	1,293.3	0.0	67,820.2
<u>2.2 Care Services & Commissioning</u>						
Care Services Management	243.0			2.8		245.8
Residential Care (In-House)	1,877.8			66.0		1,943.8
Day Opportunities (In-House)	4,085.2			94.6		4,179.8
Commissioned Services	7,534.5			45.5		7,580.0
Drugs & Alcohol Action Team	6,282.7			0.0		6,282.7
Directorate	404.3			8.2		412.5
<i>Divisional sub-total</i>	20,427.5	0.0	0.0	217.1	0.0	20,644.6
<u>2.3 City Public Health & Health Improvement</u>						
Sexual health	4,192.6					4,192.6
NHS Health Checks	1,101.0					1,101.0
Children 5-19	1,801.7					1,801.7
Smoking & tobacco	1,227.0					1,227.0
Substance Misuse	462.5					462.5
Physical Activity	992.5					992.5
Other public health	3,675.7	149.0			(16.0)	3,808.7
<i>Divisional sub-total</i>	13,453.0	149.0	0.0	0.0	(16.0)	13,586.0
<u>2.4 Housing Services</u>	5,145.4		(234.0)	171.6		5,083.0
<u>2.5 Public Health grant income</u>	(21,995.0)				16.0	(21,979.0)
DEPARTMENT TOTAL	85,757.8	(2,051.0)	(234.0)	1,682.0	0.0	85,154.8

	Budget 2014/15 £k	From previous budgets £k	Spending Reviews £k	Inflation & cost changes £k	Other changes £k	Budget ceilings 15/16 £k
3. Education & Children's Services						
3.1 Strategic Commissioning & Business Support						
Divisional Budgets	598.0			5.5		603.5
Operational Transport	(111.6)					(111.6)
School Support Services	4,728.5	(160.0)		14.1		4,582.6
<i>Divisional sub-total</i>	5,214.9	(160.0)	0.0	19.6	0.0	5,074.5
3.2 Learning Quality & Performance						
Raising Achievement	2,484.0			46.6		2,530.6
Adult Skills	(896.9)					(896.9)
Learning Quality & Performance	2,055.4			42.3		2,097.7
Special Education Needs and Disabilities	3,379.1			62.6		3,441.7
<i>Divisional sub-total</i>	7,021.6	0.0	0.0	151.5	0.0	7,173.1
3.3 Children, Young People and Families						
Children In Need	7,155.7			119.4		7,275.1
Looked After Children	25,534.9			214.0		25,748.9
Early Help Targeted Services	9,824.8			198.7		10,023.5
Early Help Specialist Services	5,304.0			125.4		5,429.4
<i>Divisional sub-total</i>	47,819.4	0.0	0.0	657.5	0.0	48,476.9
3.4 Departmental Resources						
Departmental Resources	(488.8)			15.1		(473.7)
Education Services Grant	(6,273.6)					(6,273.6)
<i>Divisional sub-total</i>	(6,762.4)	0.0	0.0	15.1	0.0	(6,747.3)
DEPARTMENTAL TOTAL	53,293.5	(160.0)	0.0	843.7	0.0	53,977.2
4. Corporate Resources Department						
4.1 Delivery, Communications & Political Governance						
	7,011.0		(86.1)	98.5		7,023.4
4.2 Financial Services						
Financial Support	6,243.9			150.7		6,394.6
Revenues & Benefits	4,699.4			178.8		4,878.2
<i>Divisional sub-total</i>	10,943.3	0.0	0.0	329.5	0.0	11,272.8
4.3 Human Resources						
	2,850.9			80.8		2,931.7
4.4 Information Services						
	8,725.3			148.9		8,874.2
4.5 Legal Services						
	2,226.1			78.4		2,304.5
DEPARTMENTAL TOTAL	31,756.6	0.0	(86.1)	736.1	0.0	32,406.6
GRAND TOTAL -Service Budget Ceilings	241,145.0	(2,611.0)	(782.4)	4,534.1	0.0	242,285.7

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. Strategic 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. Strategic 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. Strategic directors are responsible, in consultation with the appropriate Assistant Mayor if necessary, for determining whether a proposed virement would give rise to a change of Council policy.
5. Movement of money between budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services.
6. The City Mayor is authorised to increase or reduce any budget ceiling. The maximum amount by which any budget ceiling can be increased during the course of a year is £5m. Increases or reductions can be carried out on a one-off or permanent basis.
7. The Director of Finance may vire money between budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision.
8. Nothing above requires the City Mayor or any director to spend up to the budget ceiling for any service.

Corporate Budgets

9. The following authorities are granted in respect of corporate budgets:
 - (a) the Director of Finance may commit the council tax hardship fund;

- (b) 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;
- (c) the City Mayor may determine the use of the in-year budget contingency, including using it to supplement any budget ceilings (within the limit at paragraph 6 above) or corporate budgets;
- (d) the Director of Finance may allocate the sum held for BSF.

Earmarked Reserves

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
11. Strategic directors may add sums to an earmarked reserve, from:
 - (a) a budget ceiling, if the purposes of the reserve are within the scope of the service budget;
 - (b) a carry forward reserve, subject to the usual requirement for a business case.
12. Strategic directors may spend earmarked reserves on the purpose for which they have been created.
13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.

Recommended Prudential Indicators

1. Introduction

1.1 This appendix details the recommended prudential indicators for general fund borrowing and HRA borrowing.

2. Proposed Indicators of Affordability

2.1 The ratio of financing costs to net revenue budget:

	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
General Fund	5.1	5.6	5.6
HRA	9.9	9.7	9.7

2.2 The estimated incremental impact on council tax and average weekly rents of capital investment decisions proposed in the general fund budget and HRA budget reports over and above capital investment decisions that have previously been taken by the Council are:

	2015/16 Estimate £	2016/17 Estimate £
Band D council tax	0.0	0.0
HRA rent	0.0	0.0

3. Indicators of Prudence

- 3.1 The forecast level of capital expenditure to be incurred for the years 2014/15 and 2015/16 (based upon the Council capital programme, and the proposed budget and estimates for 2015/16) are:

Area of expenditure	2014/15 Estimate £000s	2015/16 Estimate £000s
Children's services	10,768	27,920
Young People	1,003	0
Social Care & Safeguarding	116	0
Resources ICT	0	689
BSF	59,542	5,000
Transport	15,601	17,149
Cultural & Neighbourhood Services	4,657	855
Environmental Services	3,942	3,919
Economic Regeneration	29,422	18,965
Adult Care	1,318	6,455
Property	18,072	3,720
Housing Strategy & Options	5,312	2,809
Total General Fund	149,753	87,481
Housing Revenue Account	28,337	27,567
Total	178,090	115,048

- 3.2 The capital financing requirement measures the authority's underlying need to borrow for a capital purpose is shown below. This includes PFI recognised on the balance sheet.

	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
General Fund	388.5	384.9	367.3	350.2
HRA	217.1	215.5	214.1	213.0

4. Treasury Limits for 2015/2016

- 4.1 The Treasury Strategy includes a number of prudential indicators required by CIPFA's prudential code for capital finance. The strategy has already been approved by the Council (in January).

Earmarked Reserves

	<u>Year end balance</u> <u>31st March 2014</u> <u>£'000</u>	<u>Net Change in</u> <u>2014-15</u> <u>£000s</u>	<u>Forecast balance</u> <u>31st March 2015</u> <u>£'000</u>
<u>Ring-fenced Reserves</u>			
Schools' Balances	21,401	-	21,401
NHS Joint Working Projects	16,829	(9,461)	7,368
DSG not delegated to schools	14,586	-	14,586
School Capital Fund	4,545	-	4,545
Schools Buy Back	1,276	604	1,880
On Street Parking	800	(800)	-
Total ring-fenced	59,437	(9,657)	49,780
<u>Corporate reserves</u>			
Building Schools for the Future - Financing	23,566	(14,204)	9,362
Building Schools for the Future - Lifecycle Costs	-	5,000	5,000
Capital Reserve	19,227	(9,727)	9,500
Severance	13,347	(4,347)	9,000
Insurance Fund	7,409	-	7,409
Job Evaluation (inc. Schools Catering)	1,225	-	1,225
Total corporate	64,774	(23,278)	41,496
<u>Other</u>			
Welfare Reform Reserve	2,990	-	2,990
CDN Departmental Reserve	2,988	(1,450)	1,538
Childrens Services Funds	2,463	(1,900)	563
Connexions Closure	2,186	(800)	1,386
Financial Services divisional reserve	1,585	(400)	1,185
Energy Reduction Reserve	1,362	1,500	2,862
Looked After Children Placements Reserve	1,330	-	1,330
Social Care Replacement IT System	1,218	(933)	285
Economic Action Plan	1,169	-	1,169
IT Reserves	1,096	(630)	466
Strategic Initiatives	1,043	(244)	799
Preventing Homelessness	936	(190)	746
Service Transformation Fund	2,747	831	3,578
Adult Social Care budget pressures	-	3,203	3,203
HR divisional reserve	677	(35)	642
Housing divisional reserve	651	(554)	97
Highways Maintenance	418	-	418
Legal Services Divisional Reserve	380	(150)	230
Individual Electoral Registration	380	-	380
Delivery Communications & Political Governance	338	-	338
Independent Living Support Reserve	331	-	331
City Council Elections	300	-	300
Other - Miscellaneous reserves	1,695	(813)	882
Total other	28,283	(2,565)	25,718
TOTAL EARMARKED RESERVES	152,494	(35,500)	116,994

Comments from Partners

1. This appendix summarises responses received from partner organisations, or members of those organisations. Full responses are available from the report author (the response from Unison is shown in full).

2. **Unison** has responded as follows:-

“UNISON was briefed on the budget proposals on 9th December 2014 and we were told, once again, that this year’s budget takes the same approach as last year – so once again it’s going to be another round of cuts heaped upon cuts!

The City Mayor informed us that, when they approved the budget for 2013/14, the council also approved a strategy which balanced the budget for 2014/15. When questioned by us, the City Mayor only stated that there had to be some £51 million of savings by 2018, but he would not give us any specific proposals. He did, however, say that services and jobs will be cut, and this will be achieved by reviewing all council services.

Like last year, this piecemeal approach to cuts essentially prevents the public from seeing the totality of the reductions in services in Leicester. Worryingly, it also stops the trade union side from being able to hold the administration to account until it is too late. Put simply, UNISON believe that Leicester City Council are hiding behind a policy of Organisational Change/Reviews and carrying out, by stealth, the coalition government’s programme of public sector cuts.”

The City Mayor has sent a response.

3. The **Schools’ Forum** met on 15th January, and discussed the general fund budget strategy in addition to the schools’ block budget. It was reported that pressures on the service included further cuts to the Education Service Grant, and spending on home to school transport. Savings have been identified in a number of areas including commissioning non-statutory psychology work from DSG and reductions in school improvement work. Members of the forum advised that it would be helpful to know specifically which services were being considered for cuts, in order either to help save them or make plans for coping without them in the future. Members from the special school sector expressed an interest in contributing towards the review of placements in social care.

4. The **Tenants' and Leaseholders' Forum** met on 29th January. They commented that:-
- (a) They appreciated the difficult financial situation the council faces;
 - (b) They were concerned that exhausting reserves would leave the city at risk (in practice, we aim to maintain a minimum of £15m after the managed reserves strategy has run its course);
 - (c) They have concerns about the impact of a 2% tax increase on people's ability to pay;
 - (d) They would like to be kept informed about progress on service reviews and consulted on recommendations (if possible, inviting the City Mayor to a future meeting);
 - (e) They would like the Council to prioritise services to the most vulnerable people living in the city, those in housing need and on improving areas outside of the city centre.
5. A response has been received on behalf of the **Mental Health and Learning Disability Partnership Boards**. The boards appreciate the difficult position the Council is in, and that adult social care cannot be fully protected from any efficiencies which need to be made. However, they express acute awareness of the impact of cuts on vulnerable people, and are concerned that concentrating resources on those who meet criteria increases the risk to those who do not. This could be a false economy as these individuals become more vulnerable (and cost more) in the long term unless there is investment in crisis response, early intervention and preventative services. They also believe:-
- (a) The Council should invest its reserves in order to generate income;
 - (b) There is benefit in working with partners who have money to invest in projects such as extra care (which they welcomed);
 - (c) Derelict buildings should be brought into use to provide more housing;
 - (d) Mental health should be a priority in the budget, and the service needs to be looked at holistically to understand the benefits;
 - (e) Too many people (particularly with mental health needs) live in residential care, diverting resources from independent living support and preventative services; and

- (f) There needs to be greater joint working between adult care and health, particularly in respect of joint assessments and joint personal budgets;

The Adult Social Care Department and the Health and Wellbeing Board were asked to convey the message that CCG/NHS lack of funding is affecting people's lives: lack of investment in the VCS was mentioned, as were services such as counselling and advocacy.

- 6. A response has been received from **The Race Equality Centre**. This challenges the way equality considerations have been taken into account on various grounds. The Head of Equalities is contacting the chief executive, to explain the Council's position, and the City Mayor is also replying.
- 7. The **Forum for Older People** met on 11th February. The budget was presented and questions answered. Concerns were expressed about:
 - (a) The impact of Government cuts on local services;
 - (b) The potential impact of funding cuts on adult care services (and concern was expressed about the reverse auctions for care being held by some authorities).

Forecast Departmental Budgets

	<u>2015/16</u> £000s	<u>2016/17</u> £000s
City Development and Neighbourhoods	70,747	70,681
Adult Care and Housing	85,155	85,070
Education and Children's Services	53,977	53,977
Corporate Resources	32,407	32,380
TOTAL	242,286	242,108

Equality Impact Assessment (EIA) Template

Title of spending review/service change	Proposed 2% council tax increase for 2015/16
Name of division/service	Financial Services
Name of lead officer completing this assessment	Irene Kszyk/Mark Noble
Date EIA assessment completed	30th January 2015
Decision maker	Council
Date decision taken	25th February 2015

1. Setting the context

Describe the proposal, the reasons it is being made, and the intended change or outcome.

This EIA focuses on the proposed 2% council tax increase for 2015/16 as recommended in the General Fund Revenue Budget report.

The proposed tax increase will help the council to maintain its budgeted policy commitments through designated spending envelopes for its departments during 2015/16, as set out in the budget report. As explained in paragraph 2.3 of the budget report, the council is undertaking a series of spending reviews to make savings in a managed way, in anticipation of further future reductions in our funding. Therefore decisions regarding service changes and expenditure levels will be made in an informed manner with full equalities implications considered throughout the service review process and at the time of decision.

Most households in the city are required to pay council tax. Those households with low incomes are eligible for the council tax reduction scheme which covers up to 80% of their council tax bill. Those facing additional financial hardship are eligible for discretionary relief covering (up to) the remainder of their council tax costs.

Many households have experienced a number of years of externally driven inflationary pressures on their household incomes. The council is mindful of the impact of these inflationary pressures, and seeks to balance any increase in council tax proportionally. The proposed 2% council tax increase can be compared with forecast inflation in 2015/16 (September 2014 to September 2015, as estimated by the OBR) of 1.2% on the CPI measure and 2.1% on the

RPI measure. Thus, the increase slightly exceeds forecast inflation using the official CPI rate but is close to the older measure (RPI).

The intended outcomes of this proposed increase in council tax are:

(a) To maintain levels of service provision and to avoid potential adverse impacts on service users which would eventually arise if service levels had to be reduced instead;

(b) To ensure that the impact of the tax rise is not significantly greater than that of prevailing inflation. Households paying the full double occupation charge without relief will (in most cases) pay no more than 38p per week in additional tax;

Whilst inflationary increases on household goods have reduced the standard of living for many households in recent years, especially low income households who have faced the highest increases, inflation is now falling (particularly in relation to energy and food), easing pressures on household incomes.

Mandatory reductions to council tax are available to households with the lowest means. This can be topped up with discretionary relief (on a time limited basis) to as much as 100% of the total tax.

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.

	Is this a relevant consideration? What issues could arise?
<p>Eliminate unlawful discrimination, harassment and victimisation How does the proposal/service ensure that there is no barrier or disproportionate impact for anyone with a particular protected characteristic (as set out in our PSED) with needs that could be addressed by that service?</p>	<p>The council has continued to monitor the impact of welfare reform requiring benefit recipients to pay a portion of their council tax, those who have received discretionary relief because of financial hardship, and those who have not paid their council tax. The Revenue and Benefits Service has been proactive in contacting those who have struggled with payment of their council tax to signpost them to further assistance and support available as appropriate to their individual circumstances.</p>

<p>Advance equality of opportunity between different groups How does the proposal/service ensure that its intended outcomes promote equality of opportunity for users? Identify inequalities faced by those with specific protected characteristic(s).</p>	<p>The proposed 2% council tax increase helps the council to maintain its current policy commitments regarding service provision to local residents, thereby not disadvantaging residents (or any particular group of residents) through reductions in service provision which would otherwise have been required (if not now, then certainly by 2017/18).</p> <p>Those who experience financial hardship regarding payment of council tax are also likely to face other obstacles or barriers in their day to day lives. Those with the lowest means are entitled to a reduction in tax, through the Council's council tax reduction scheme (a scheme required by statute which grants relief on the basis of applications). The Council also provides a discretionary council tax relief scheme for those who face the most extreme hardship. The discretionary scheme, as well as other related forms of welfare relief (such as discretionary housing payments), seeks to temporarily mitigate the impacts of financial hardship. These measures also provide an opportunity to engage with people affected on longer term options to put their finances on a sustainable footing.</p>
<p>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?</p>	<p>Before the Council implemented its council tax reduction scheme, it carried out a public consultation. The findings of this consultation identified support for helping vulnerable people affected by the changes (disabled people, households with children, and other vulnerable groups). The various discretionary support schemes are a fair means to balance the need to fund service provision with the need to minimise personal financial hardship.</p>

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3. Who is affected?

Outline who could be affected, and how they could be affected by the proposal/service change. Include current service users and those who could benefit from but do not currently access the service.

Council Tax Payers and Council tax reduction scheme:

The council has approximately 130,000 domestic properties on the valuation list for council tax purposes. 80% of the city's properties are in Bands A and B. The tax increase will apply to all households, subject to any discounts or reliefs they are entitled to, but will be most keenly felt by those on the lowest incomes relative to their overall liability.

11% of households had received 100% council tax benefit prior to the introduction of the council tax reduction scheme. Following Government reforms, these households are now required to contribute a proportion of council tax – the council scheme provides that the maximum available support is 80% of the tax payable on a band B property. For most working age people, this means they have to pay at least 20% of their bill. Pensioners are exempt from these changes and continue to receive up to 100% relief. The council also has a discretionary relief fund that provides emergency funding for cases of extreme financial hardship, and the scheme specifically identifies financially vulnerable groups: there is overlap between these groups and protected groups under the PSED. Nonetheless, entitlement to relief depends on personal hardship, not membership of a vulnerable group per se.

The table below shows the impact of a 2% tax increase on the weekly amount payable by payers in each band, and the amount payable by working age households receiving maximum relief. It also shows the number of households in each band, but many of these receive other reliefs (principally the 25% single person discount). Only 60% are liable to the full charge, prior to any assessment of council tax reduction entitlement.

Band	No. of Households	Weekly Increase	Maximum Relief	Minimum Weekly Increase
A-	210	£0.27	£0.22	£0.05
A	78,625	£0.33	£0.26	£0.07
B	25,537	£0.38	£0.30	£0.08
C	15,238	£0.43	£0.30	£0.13
D	6,648	£0.49	£0.30	£0.18
E	3,120	£0.60	£0.30	£0.29
F	1,446	£0.71	£0.30	£0.40
G	601	£0.81	£0.30	£0.51
H	38	£0.98	£0.30	£0.67
Total	<u>131,463</u>			

Financial pressures on city households

Many households in the city have been financially challenged by the recession which started in 2008. The Joseph Rowntree Foundation in its 2014 update of its Minimum Income Standard identified substantial increases in the costs of key household goods between 2008 and 2014, compared to the Consumer Prices Index rise of 19% during the same period: food has risen by 26%; domestic energy by 45%; and bus travel by 37%. Its analysis of the adequacy of safety-net benefits in meeting its assessed Minimum Income Standard presented different gaps for different types of households:

- For a single working age person, benefits met 39% of their requirements;
- For a couple with more than 2 children, benefits met 57% of their requirements
- For a lone parent with more than 1 child, benefits met 57% of their requirements
- For a pensioner couple, benefits met 95% of their requirements

The Office of National Statistics analysed the price experience of different types of UK households between 2003 and 2014. The largest differences are between households at the top and bottom of the expenditure distribution. Households that spend relatively little each month have experienced faster price growth than households who spend more: those among the lowest spending households experienced average annual inflation of 3.3% compared with 2.3% for those among the highest spending households. These differences compound over this period, and consequently the prices of products purchased by the former group

have risen by 45.5%, compared with just 31.2% for the latter.¹

While the general picture of child poverty presents a significant fall of around 5% between the middle of the 1990s and the 2000s, the Institute for Fiscal Studies² is projecting an increase in child poverty of 3.4% by 2020 as a result of the widening gap between those on low incomes needing social security support and those who don't receive such benefits.

Recent changes to inflationary outlook

The inflationary outlook for the UK has changed considerably since the Chancellor's Autumn Statement in early December 2014³. The inflation rate has fallen, from the anticipated 1.5% expected by the Office for Budget Responsibility to the current level of 0.5%. Oil prices have fallen by over half, but their reduction at the fuel pump and in terms of household energy cost is much slower (petrol prices have reduced by 21% compared to their highest point last summer; domestic fuel has only recently been reduced by 3.5% with increased reductions to 5% expected in a few months' time). Both trends are forecast to continue for the next year. Average salary levels which have remained relatively flat since the recession are also projected to increase during 2015. Food prices are currently affected by a supermarket "price war".

Implications of above trends:

Household incomes have been squeezed for a number of years because of the significant inflationary costs of basic household goods. Recent decreases in oil prices and in the rate of inflation will reduce inflationary pressures on household incomes and help mitigate the effect of a 2% increase in council tax, particularly for low income households. A 2% increase is, in any event, not substantial compared to forecast inflation. Discretionary support will continue to be available for those whose financial circumstances warrant it.

¹ Office for National Statistics: Variation in the inflation experience of UK households: 2003-2014

² Institute of Fiscal Studies: The Effect of the Coalition's Tax and Benefit Changes on Household Incomes and Work Incentives, 2015

³ Local Government Information Unit Policy Briefings: Autumn Statement 2014: Analysis, 17 December 2014
13451MNCAP – General Fund Revenue Budget 2015-16 to 2016-17

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, etc.

The Revenue and Benefits Service carried out an equality impact assessment of its first year of the new Council Tax Reduction Scheme in September 2014, to assess the impact it has had on different groups on the basis of their protected characteristic. Its analysis is based on actual data collected, and enables the council to check that its original assumptions for the scheme were correct. Another EIA will be undertaken next time the scheme is reviewed. This is in keeping with our ongoing Public Sector Equality Duty which extends beyond the original decision to implement the scheme. The EIA reported some gaps in information on protected characteristics. Equality profiles are requested from scheme participants, but as they are at the discretion of the individual, gaps do appear. The service continues to request monitoring information and explains why it is important.

Recent research reports by think tanks such as the Institute for Fiscal Studies, the Joseph Rowntree Foundation, and IPPR North capture information on differential impacts on low income people arising from economic trends in general, and on the impact of welfare reforms. Their analysis tends to focus on household types instead of protected characteristics, but is still useful in enabling us to understand the factors that influence local take up and potential impacts over time.

5. Consultation

What **consultation** have you undertaken about the proposal with current service users, potential users 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 council has consulted key stakeholders on its budget proposals, but because the budget is an envelope setting exercise which does not change the status quo in terms of policy commitments, consultation with the general public has not taken place.

The only consultee to comment on the tax rise is the Tenants' and Leaseholders' Forum, who were anticipating a lower increase and have concerns about people's ability to pay. Other consultees have not raised tax as an issue.

Consultation does take place when needed in relation to individual spending reviews (e.g. the transforming neighbourhoods programme; which has led, by consensus, to a programme of relocating facilities saving money by reducing our stock of buildings).

6. Potential equality Impact

Based on your understanding of the service area, any specific evidence you may have on service users and potential service users, 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.

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:	Risk of negative impact:	Mitigating actions:
Age	<p>The main age group for consideration is 18 to retirement – those of working age. As a result of the Government exemption for pensioners, this age cohort will always have to pay part of their council tax</p> <p>The impact on low income households with children is described in the separate section on non-protected characteristics below.</p>	<p>Given that inflationary pressures affecting household incomes are reducing, and the low level of the proposed increase, the council tax increase will not place a substantial financial burden on most household budgets.</p> <p>Households who are experiencing financial pressures as a result of worklessness and the impact of welfare reforms could be adversely affected by this proposed increase.</p>	<p>Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties.</p> <p>Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.</p>
Disability	<p>Disabled residents of working age are required to pay part of their council tax.</p> <p>Disabled people often face significant barriers to employment and are proportionately more likely to be workless. Because of this impact on their household income, they would often be eligible to apply for the council tax reduction scheme.</p>	<p>This is dependent upon their income and whether this entitles them to a reduction.</p> <p>Analysis of council tax discretionary relief awards has shown that over 50% of the total number granted is connected to disability (32%) or mental health (23%).</p>	<p>Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties.</p> <p>Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.</p>

Protected characteristics	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Gender Reassignment	The impact of the proposal is dependent upon household income, which in turn is usually dependent upon employment status.	This is dependent upon their personal circumstances and the extent to which being transgender has affected their employment status and access to work.	Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties. Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.
Marriage and Civil Partnership	The impact of the proposal is dependent upon household income, which in turn is usually dependent upon employment status. There is no evidence to suggest that such households are more likely than others to face financial hardship.	This is dependent upon their personal circumstances and their household income. Evidence that couples without children have relatively limited take up of discretionary tax relief.	Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties. Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.

Protected characteristics	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Pregnancy and Maternity	<p>Once they have a child, individuals could be considered to be vulnerable under the council tax reduction scheme.</p> <p>Pregnant women or women with babies face greater barriers to accessing work and are more likely to be workless. Their level of need is dependent upon their household circumstances</p>	<p>This is dependent upon their personal circumstances and their household income.</p>	<p>Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties. Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.</p>
Race	<p>The impact of the proposal is dependent upon household income, which in turn is usually dependent upon employment status.</p> <p>Unusually in Leicester, there is no strong correlation between race and deprivation.</p> <p>Those unable to speak English experience significant barriers to work and are more likely to be workless. Visible minorities can experience barriers to employment.</p>	<p>This is dependent upon their personal circumstances and their household income.</p> <p>More White people than BME people take up discretionary relief (62.3% compared to 28.2%; ethnicity was not disclosed for 9.5%)</p>	<p>Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties.</p> <p>Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.</p>

Protected characteristics	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Religion or Belief	The impact of the proposal is dependent upon household income, which in turn is usually dependent upon employment status.	This is dependent upon their personal circumstances and their household income.	Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties. Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.
Sex	The impact of the proposal is dependent upon household income, which in turn is usually dependent upon employment status. Women or men in certain situations are classified as vulnerable by the discretionary relief scheme: those who are parents of dependent children under 5; those who are victims of domestic violence; those who are foster carers; those who are care or hostel leavers; those who are drug/alcohol dependent; war widows/widowers.	This is dependent upon their personal circumstances and their household income. More men than women take up discretionary relief: 56.7% compared to 43.3%.	Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties. Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.

Protected characteristics	Impact of proposal:	Risk of negative impact:	Mitigating actions:
Sexual Orientation	<p>The impact of the proposal is dependent upon household income, which in turn is usually dependent upon employment status.</p> <p>There is no evidence to suggest that such households are more likely than others to face financial hardship.</p>	This is dependent upon their personal circumstances and their household income.	<p>Working age residents with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties.</p> <p>Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.</p>

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

The key factor that will determine whether someone is affected by the proposal will be their household income and employment status. This determines whether they are required to pay all the council tax on their property or just part of it. Those who are workless because of barriers they face in getting work tend to be represented in higher numbers in the claims population.

The discretionary relief scheme also identifies a group of vulnerable people who because of their personal circumstances may be eligible to have their entire council tax bill supported through discretionary council tax relief. The actual test, however, is of whether someone faces personal hardship.

Anyone with a protected characteristic can experience a sudden drop in income that would affect their ability to pay council tax. Their recourse to financial support provided through the council tax reduction scheme is dependent upon the outcome of a standard means test/assessment. There is also provision for sudden financial hardship.

Other groups	Impact of proposal:	Risk of negative impact:	Mitigating actions
Children in poverty	The child's parent or guardian would be responsible for claiming benefit and the council tax reduction based upon the household's circumstances. Children under 5 are considered to be a vulnerable group within the discretionary relief policy	Households with children in poverty may still be required to pay a portion of their council tax. Those who face significant financial hardship and are unable to pay council tax are also eligible for discretionary council tax relief.	Parents or guardians with low means are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties. Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.
Other vulnerable groups – young, single people	As a result of the high unemployment rate for young people, relatively low rates of pay for newly created jobs, the cost of living and limited benefits many young, single people are likely to face significant financial hardships. Young, single people can be found across the protected characteristics.	Young people are liable for payment of council tax from the age of 18. Those under 18 are not liable. Risk of negative impact is dependent upon their age, their personal circumstances and their household income.	Young people with low means liable for council tax are eligible to apply for reduced payment of council tax, up to a maximum reduction of 80% of the charge in band A or B properties. Those who experience significant financial hardship and are unable to manage council tax payments even after an 80% reduction are eligible to apply for discretionary council tax relief. Other forms of welfare relief are also available, depending on their personal circumstances.

7. Monitoring the Impact

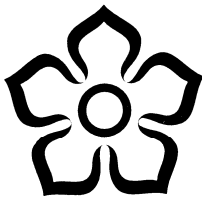
The Revenue and Benefits Service will continue to monitor take up and payment of all aspects of council tax relief.

They will continue to review take up trends and discretionary relief required to determine what groups of people are being particularly disadvantaged by this particular welfare reform.

8. 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
Addressing need for assistance in payment of council tax	Ongoing monitoring of take up of discretionary council tax relief, to determine who is requesting it and why.	Caroline Jackson, Head of Revenue and Benefits Service	Ongoing
Fair scheme for council tax payment and discretionary relief	Review take up of discretionary council tax relief to determine whether intended outcomes are being achieved.	Caroline Jackson, Head of Revenue and Benefits Service	Ongoing



Leicester
City Council

DRAFT MINUTE EXTRACT

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 15 JANUARY 2015 at 5:30 pm

P R E S E N T :

Councillor Dawood (Chair)

Councillor Senior (Vice Chair)

Councillor Chaplin	Councillor Newcombe
Councillor Cooke	Councillor Porter
Councillor Grant	Councillor Singh
Councillor Kitterick	Councillor Waddington

Also Present:

Sir Peter Soulsby - City Mayor
Councillor Palmer - Deputy City Mayor

Youth Council Representatives:

Arshad Daud
Nikhil Gondalia
Brahmpreet Kaur Guati

* * * * *

73. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Osman, Westley, and Willmott.

74. DECLARATIONS OF INTEREST

Councillor Senior declared an Other Disclosable Interest in items 10 and 11 of the published Agenda "Draft General Fund Budget 2015/16 to 2016/17" and "Draft Capital Programme 2015/16", as her partner was employed by the Council.

Councillor Porter declared an Other Disclosable Interest in item 12 of the published Agenda “City Council Golf Courses – Call-in of Decision”, as he was involved in campaigns for the retention of open spaces.

Councillor Clarke declared an Other Disclosable Interest in items 10 and 11 of the published Agenda “Draft General Fund Budget 2015/16 to 2016/17” and “Draft Capital Programme 2015/16”, as a member of his family was employed by the Council.

Councillor Newcombe declared an Other Disclosable Interest in items 10 and 11 of the published Agenda “Draft General Fund Budget 2015/16 to 2016/17” and “Draft Capital Programme 2015/16”, as members of his family were employed by the Council.

In accordance with the Council’s Code of Conduct, the above interests were not considered so significant that they were likely to prejudice the Councillors judgement of the public interest.

The Councillors were not, therefore, required to withdraw from the meeting.

83. DRAFT GENERAL FUND REVENUE BUDGET 2015/16 TO 2016/17

The Director of Finance submitted a draft of a report which was to be submitted to Full Council on 25 February 2015 to consider the City Mayor’s proposed budget for 2015/16 to 2016/17. It was reported that the budget plan covered the same period as the Government’s national spending plans and identified the subsequent impact.

Minute extracts from the following Commission meetings were circulated and noted:

- Housing Scrutiny Commission – 10 December 2014
- Children, Young People and Schools Scrutiny Commission – 6 January 2015
- Adult Social Care Scrutiny Commission – 8 January 2015

The City Mayor was invited to comment on the report and he referred to the need to continue to undertake spending reviews in accordance with the approach summarised in the report.

In considering the report the Committee made the following points:

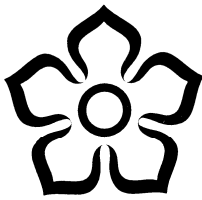
- It was requested that monitoring information should be submitted to Housing Scrutiny Commission before any further cuts to the homelessness budget were made.
- In respect of the issues highlighted within the minute circulated from the

meeting of the Adult Social Care Scrutiny Commission, members considered that a danger existed in identifying targets for savings from care packages, as this might imply that financial factors affected assessments. The preference was to describe the review work in narrative form without a savings target. The City Mayor commented that, given the dire financial situation, every service was being pressed to find savings, and adult social care was such a large part of the budget that it could not be excluded. It was therefore right to set targets for reviews, to help ensure that the department focused on the need to make the savings. This did not imply that individual packages would be top-sliced: they would be assessed in line with the Council's legal duties.

- The need to ensure that adequate provision existed for school transport within the Childrens, Young People and Schools' allocations was expressed, as it was reported that parents were facing financial difficulties in enabling children to get to school where allocated places were more than 2 miles from home.
- In response to a question, the City Mayor commented on the reasons why it was appropriate to make a contribution from the revenue budget for the capital programme.

RESOLVED:

that the points raised in the debate, and the recommendations to be considered at Full Council, be noted.



Leicester
City Council

DRAFT MINUTE EXTRACT

**Minutes of the Meeting of the
CHILDREN, YOUNG PEOPLE AND SCHOOLS SCRUTINY COMMISSION**

Held: TUESDAY, 6 JANUARY 2015 at 5:30 pm

P R E S E N T:

Councillor Willmott (Chair)
Councillor Unsworth (Vice-Chair)

Councillor Clarke
Councillor Cleaver

Councillor Grant
Councillor Dr Moore

In Attendance:

Councillor Dempster, Assistant City Mayor - Children, Young People and Schools

Also Present:

Arshad Daud, Youth Representative
Ms Rabiha Hannan, Faith Representative (Muslim)
Yash Sharma, Youth Representative
Ryanvir Singh, Youth Representative
Guled Yaqub, Youth Representative

* * * * *

55. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bhatti and Cole and from Anu Kapur (Leicester Secular Society), Carolyn Lewis (Church of England Diocese) and Bernard Monaghan (Roman Catholic Diocese).

56. DECLARATIONS OF INTEREST

Councillor Dr Moore declared an Other Disclosable Interest in the general business of the meeting, as her company was teaching a Looked After Child.

Councillor Clarke declared an Other Disclosable Interest in the general business of the meeting, as he had a daughter in Key Stage 1.

In accordance with the Council's Code of Conduct, these interests were not considered so significant that they were likely to prejudice the respective

Councillors' judgement of the public interest. They were not, therefore, required to withdraw from the meeting.

63. GENERAL FUND BUDGET 2015/16 TO 2016/17

The Strategic Director Children's Services submitted a report outlining the 2015/16 – 2016/17 draft budget proposals for the Education and Children's Services portfolio.

Councillor Dempster, (Assistant Mayor with responsibility for Children, Schools and Young People), reminded the Commission of the funding cuts that the Council needed to make. Some service reconfiguration already had been done and this would continue as needed. It was important that services did not simply react to requirements for financial cuts, but that their structure reflected best practices, that they were not duplicated and that they worked in a joined up way with other services.

The Commission questioned whether the Council could meet from other sources the funding that would be lost under the proposed budget. For example, it was suggested that funding allocated to the capital programme could be used for revenue purposes.

The Assistant Mayor explained that learning services would be delivered in a different way. Some had been lost, but some had moved to schools, so schools now needed to provide peer to peer support for these. The Strategic Director Children's Services explained that this could include getting some subject specialists from sources such as outstanding secondary schools, not the local authority. It was recognised that schools could find it difficult to challenge each other, but this would be part of the development of new ways of operating. With regard to transferring funding from the capital programme, it was suggested that this could be imprudent, as capital investment could bring benefits to the city beyond just the provision of, for example, a new building.

Rabiha Hannan, (Faith Representative), addressed the Commission at the invitation of the Chair, welcoming the work being done with limited resources. However, she noted that there did not appear to be a financial allocation for community relations. In reply, the Assistant Mayor explained that this type of expenditure was no longer allocated in that way, but came within a range of things, such as encouraging participation by young people and funding for the local Safeguarding Board.

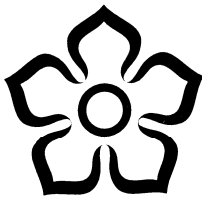
The Commission questioned whether sufficient funding had been made available for primary provision, both for the next financial year and in to the future, including contingency funding in case of unforeseen increases in the population. The Assistant Mayor assured Members that capital finance was available for the programme to increase the number of primary places and additional funding had been put in to expanding the admissions service. Funding would continue to be made available to ensure that the right number of pupil places was provided, but this had to be a long term plan.

Consideration also had to be given to the impact on schools, both immediately and in the future. For example, they could not be required to increase their Published Admission Number, as this could result in several hundred extra pupils going through schools over a number of years, which the schools could be unable to cope with. Consequently, as need continued to be identified, funding would be made available to meet pupil place planning challenges.

The Commission also questioned whether the issue of 5-year old pupils travelling over 2 miles to school had been resolved, as officers had indicated that funding was not available for bus passes or taxis for parents/carers travelling to school with those children. The Assistant Mayor advised that she was not aware of anything indicating that no such funding was available and undertook to look in to where this information had come from. In the meantime, she reiterated her previous undertaking that funding would be made available for these bus passes or taxi journeys.

RESOLVED:

- 1) That the report be noted; and
- 2) That the Overview Select Committee be asked to consider the points raised during this Commission's discussion on this report for inclusion in its comments to Council on the 2015/16 – 2016/17 draft budget proposals.



Leicester
City Council

Minutes of the Meeting of the
ADULT SOCIAL CARE SCRUTINY COMMISSION

Held: THURSDAY, 8 JANUARY 2015 at 5:45 pm

P R E S E N T :

Councillor Chaplin (Chair)
Councillor Riyait (Vice Chair)

Councillor Alfonso
Councillor Dawood

Councillor Kitterick
Councillor Willmott

In Attendance

Councillor Rita Patel – Assistant City Mayor (Adult Social Care)

* * * * *

61. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Cutkelvin.

It was noted that Philip Parkinson had resigned from Healthwatch and would not therefore be present. The Chair suggested that the Healthwatch membership of the scrutiny commission should be discussed at the Joint Health and Wellbeing and Adult Social Care on 27 January 2015.

62. DECLARATIONS OF INTEREST

Councillor Willmott declared an 'Other Disclosable Interest' in that he had a relative, for whom in exercised power of attorney, in a residential / nursing home in the city.

66. ADULT AND SOCIAL CARE REVENUE BUDGET 2015/16 - 2016/17

The Strategic Director for Adult Social Care and Health presented the Draft Adult and Social Care Revenue Budget 2015/16 – 2016/17. During the

presentation, the Strategic Director made a number of points including the following:

- The service was facing unprecedented demand and it would be necessary to call on reserves in order to balance the budget. They were working to ensure that individuals' critical or substantial needs were met but in view of the financial situation, difficult decisions had to be made.
- The council were working to maximise reserves and ensure that money was spent wisely.
- They were in dialogue with colleagues in the Clinical Commissioning Group to see if more money would be available from them to meet demand and support the health agenda.
- In response to a question as to how the shortfall in the current year would be addressed, the Strategic Director explained that they would have to use reserves; however, going forward they would need to review all aspects of delivery and reduce demand. A member of the commission expressed some concern at this, saying that the application of stricter criteria would reduce supply rather than demand.

There followed a detailed discussion relating to the budget, during which members raised queries and comments, including the following:

- It was queried whether the reported crisis in the Leicester Royal Infirmary (LRI) Emergency Department was related to reductions in care packages. The Strategic Director responded that the council were offering greater support to Health colleagues with the packages they provided and negotiations were taking place regards the contribution of Health to those services.
- It was noted that it was proposed that eligibility criteria would be strictly applied and reassurance was sought that this criteria wouldn't change and those people who were at critical or substantial risk would have their needs met. The Strategic Director noted that the Care Act would introduce a mandatory eligibility threshold from April.
- A member referred to the proposed efficiencies and commented that a review of care packages and the implementation of £5 per week charge for managing an individual's finances could result in a service user being £55 per week worse off. In view of this, concerns were expressed about safeguarding issues.

The Strategic Director responded that, compared to other comparator local authorities, Leicester was providing greater levels of provision. In future, with the restraints on the budget, the council would not be in a position to be so generous and it would be necessary to look at other options; perhaps from within the community. It was explained that all care packages would be assessed on a phased basis.

- It was noted that section 7.11 (b) of the report referred to a proposed reduction in the safeguarding and commissioning teams and concern was expressed at this and its effect on safeguarding of individuals. The Strategic Director explained that this referred to support to residential care homes to help them improve their performance. However there were now other teams that provided this support and some of this work would be carried out by the Care Quality Commission. Members recommended that the report be amended to avoid any misunderstanding that there would be reductions in the teams that supported the safeguarding of individuals.
- Members referred to the proposed review of the entitlement of customers to ongoing care, including free care under the Mental Health Act. A question was raised as to what would happen if following an assessment it was agreed that a Section 117 no longer applied and whether care and support would be withdrawn abruptly. The Strategic Director confirmed that if a Section 117 no longer applied, but people still had eligible needs, care would not be withdrawn but be covered under a community care arrangement as a care package and it would not be free.
- Members expressed concern that a hard budget line, as detailed in section 7.10 of the report in respect of the Promoting Independence Reviews would send out a wrong message and lead to cynicism. It was felt that a budget narrative would be more appropriate. There were concerns that attaching a budget saving before reviews were conducted would pre-determine the outcome of individual reviews. Views were expressed that this could leave the council open to challenge that assessments were budget driven rather than driven by need. It was also suggested that monies could be transferred on a one-off basis from the contingency sums in the Capital Programme.

Councillor Willmott, seconded by Councillor Kitterick, proposed that the Executive be asked to remove the cost breakdown of savings for Promoting Independence Reviews, totalling £950,000 from the report. They recommended that the savings anticipated via reviews of mental health care and domiciliary care could be expressed as a narrative. Upon being put to the vote, this motion was carried.

- A question was raised as to when the Strategic Director became aware that there would be a shortfall in the budget. The Strategic Director explained that she only knew of the situation when she was recently appointed to the post.
- The Strategic Director was asked as to whether she felt that the budget over spend had been exacerbated by the council being slow to bring in personalisation of people's budgets. Members heard that the council had embraced personalisation. People had been helped to become less dependent and to build on this there was a need to talk to staff about

how they could help people enhance what they could do.

- The Strategic Director was questioned whether there might be an increase in the over spend. The Strategic Director replied that this was possible but they were trying their best to avoid that happening.
- The Chair referred to the Better Care Fund and questioned whether discussions had taken place with Health colleagues as to the impact of this on the budget. Assistant City Mayor Patel explained that the council would be talking to their partners about the detail, but they were not at a stage to do this yet.
- A concern was expressed that the budget referred to proposals for the next two years but there needed to be a forecast on the budget and demands for a 5 year period to understand the long term picture.
- Members queried the proposals for a reduction in use of in-house transport by maximising independent travel. The Director for Care Services and Commissioning explained that people were encouraged and trained to use public transport; they could also use their personal budgets for taxis which offered more flexibility. It was anticipated that in-house transport would still be offered for those people with more severe disabilities. Members commented that not everyone could use buses and public transport and the in-house transport provided a very important service to families and gave respite to carers. Concerns were expressed that this was the wrong time to make such spending cuts when the Better Care Fund was still an unknown quantity.

The Chair, seconded by Councillor Alfonso, proposed that the breakdown of costs for efficiency savings of £271,000 as detailed in section 7.10 and in-house transport savings as outlined in 7.11(b) of the report be removed. Upon being put to the vote, this was carried.

RESOLVED:

- 1) that the commission note the Draft General Fund Budget 2015/16 to 2016/17;
- 2) that the commission recommends that the Executive remove the cost breakdown of Efficiency Savings of £271,000 and Promoting Independence Reviews of £950,000 from section 7.10 of the draft budget report, and that the savings anticipated through reviews be expressed as a narrative instead;
- 3) that the reference to a reduction in the safeguarding and commissioning teams in section 7.11 (b) of the report be revised to clarify that these teams do not support the safeguarding of individuals.

Housing Revenue Account Budget 2015/16

Report to Council : 25th February 2015
Report of Assistant Mayor for Housing : Cllr Connelly



City Mayor

Useful information

- Ward(s) affected: All
- Report authors: Ann Branson Director of Housing - 375101
Pete Coles Principal Accountant Housing - 374077

1. Recommendations to Council

- 1.1 To approve the Housing Revenue Account (HRA) budget for 2015/16 as given in Appendix A, including the efficiency savings and growth items detailed in section 3.
- 1.2 To agree a rent increase of 2.2% and a service charge increase of 2.2%, excluding heating charges and communal cleaning charges.
- 1.3 The City Mayor is delegated to agree heating charges and communal cleaning charges later in 2015.
- 1.4 The charge for right to buy pre-sale questionnaires is increased to £125.

2. Background

- 2.1 The HRA funds work and services to meet the following key priorities :-
 - a) provide decent homes;
 - b) create thriving safe communities so neighbourhoods are attractive and safe places where people want to live;
 - c) make Leicester a low carbon city and reduce fuel poverty;
 - d) provide appropriate housing to meet peoples' changing needs; and
 - e) make Leicester a place to do business.

This report sets out spending programmes to achieve these aims (Appendices A & B).

- 2.2 To apply the proposed increase to rents and service charges from 1st April 2015 Council will need to agree the proposals in February 2015 so that the authority can comply with the statutory requirement to give tenants at least a month's notice of any variation in their rents and service charges.

3. Report

Rent Setting

- 3.1 The national social housing rent policy set by Government is for annual rent increases of Consumer Price Index (CPI) plus 1%. Based on September 2014 CPI this would be a rent increase of 2.2%. This would raise an additional £1.72m of income to the HRA.
- 3.2 The national social rent policy does not have to be followed and higher increases could be implemented. There are however, mechanisms in place to ensure rent increases are not excessive. The primary method for guarding against excessive rents is through the use of limits to the subsidy that the authority is able to reclaim for housing benefit awarded.
- 3.3 The policy of rent convergence (where social landlords would eventually charge

similar rents) ended in 2014-15. The new rent policy from 2015-16 onwards for increases of CPI+1% will result in lower rent increases. The impact of this will be reduced income to the HRA over the longer term. Assumptions made in the 30 year business plan will need to be revisited to reflect reduced income and the impact of less funding being available for future capital investment and for repayment of debt.

Budget Reductions

3.4 Savings of £654k have been identified as part of the HRA Spending Review and will be implemented from 2015-16. The new savings identified arise from changes to the responsive repairs service agreed by Executive on 30th September 2014 and the remainder of the savings are as a result of internal efficiencies.

Spending review savings	£k
Repairs & Maintenance	504
Management and Landlord Services	150
Total	654

3.5 This brings the total savings identified for the Spending Review to £3.25m. The Executive have asked for further reports on potential savings from 2016-17 onwards.

Budget Growth

3.6 In setting the 2015-16 budget the following assumptions have been made:

Growth	£k
HRA spending review – unidentified savings re-profiled	1,100
Employee costs (pay award and employer pension contributions)	520
Materials inflation	160
Open Spaces	1,200
Review of general fund charges	(250)
Bad Debt provision	200
Total growth	2,930
Split:	
Repairs & Maintenance	1,240
Management & Landlord Services	605
Other services to tenants	885
Bad Debt Provision	200
Total	2,930

3.7 The 2014-15 budget included identified savings of £2.6m and a further £1m of unidentified savings. During the year £2.5m was implemented leaving a shortfall of £1.1m and the 2015-16 budget has been adjusted accordingly.

3.8 Pay inflation of 1.2% reflects the agreed employer pay award of 2.2% effective January 2015 to March 2016 and incorporates 1% already included in the 2014-

15 budget. The actuarial valuation increased the employer pension contribution rate from 19.7% to 20.7% resulting in a 2.4% increase in employer pension contributions. Material costs are increased in line with RPI at 2.3%.

3.9 A review has been carried out to ensure that the costs of maintaining all the Council's open space land is correctly calculated, and that charges are correctly apportioned between the General Fund and HRA as required by law. This has resulted in a proposed increase in the cost to be met by the HRA. Whilst the Council has no discretion over this, the charge will give increased "ownership" of estate amenities to the HRA. The general fund is, as members will be aware, subject to significant cutbacks as a consequence of government grant reductions, and meeting this cost from the HRA may help protect services which tenants value from the effect of future general fund cuts.

3.10 The Council has been reviewing the way it shares costs between the HRA and General Fund, as a consequence both of spending reductions and to ensure charging policies are kept up to date. The overall effect is small gain to the HRA of £0.25m. A number of central administrative services make charges to the HRA; following changes in central services' spending patterns, it is clear that the amount being paid by the HRA needs to be reduced, and savings of around £1.4m per year will accrue to the HRA. Conversely, however, income from estate shops is currently included in the HRA; these are simply managed by the Council in the same fashion as all similar Council owned properties, and should no longer be seen as part of the HRA. Additionally, it is proposed to treat homeless persons' hostels as HRA assets, which would bring us into line with other authorities' practice (we have a choice about this) and the net cost of running them will fall to the HRA. Changes in respect of shops and hostels will be made once the current programme of works to shops is complete, and valuations have been prepared. It is anticipated that this will result in a (notional) capital transfer from the GF to the HRA, which will increase the capacity of the HRA to borrow for new investment. The use of this additional headroom will be considered when the 2016-17 capital programme is prepared.

3.11 Bad Debt provision increases by £200k to reflect the risk to income collection from universal credit.

3.12 Revenue growth included in the 2014-15 budget for a painting programme and landscaping improvements (£500k) continue into 2015-16. No other significant service growth items have been identified. Where there are small revenue growth items these have been contained within the existing budget.

Capital

3.13 The HRA capital programme (Appendix B) is included in the Council's overall programme, which was approved by the Council in January. The HRA capital programme is subject to the same rules regarding capital as the rest of the Council's capital programme. The programme is split into two parts: "immediate starts", being schemes which have authority to commence once Council has approved the programme; and "policy provisions", where the purpose of funding is defined but money will not be released until specific spending proposals have been approved by the Executive.

3.14 Additional schemes totalling £2.43m, funded from revenue, are included in the capital programme as already approved by the Council in January. These schemes are:

Scheme	£k
Playground Equipment (<i>policy provision</i>)	100
Investment in Shops (<i>policy provision</i>)	300
External Wall Insulation (<i>policy provision</i>)	500
Housing Information System Phase 2 (<i>immediate start</i>)	400
Affordable Housing Programme (<i>policy provision</i>)	840
Balcony Improvements (<i>immediate start</i>)	290
Total	2,430

3.15 A further £2.2m is available for the Affordable Housing Programme arising from Right to Buy receipts ring fenced for one-for-one replacement affordable housing. This will be invested in: an Extra Care scheme, conversion of Lower Hastings Street and Loughborough Road hostels, and grants to Housing Associations for general needs housing. Together with the £0.8m revenue funding available this will bring the total amount in the Affordable Housing Programme policy provision to £3m.

3.16 The HRA currently has balances which exceed the amount required as a prudent minimum (see 3.17 below), and it is proposed that £2.4m is made available for additional capital investment schemes. Decisions on priority projects will be made by the Executive.

HRA Balances

3.17 A minimum working balance of £5m is set aside for uninsured and unexpected events.

3.18 A major repairs fund has been created with an opening balance of £0.5m. This is set aside for future one-off capital schemes and planned contributions will be made to this fund as required by the HRA business plan. A £2.4m capital investment fund is set aside for new schemes expected to start during 2015/16 but had not been programmed when consultation took place on the HRA budget. Decisions on priority projects will be made by the Executive.

3.19 A small general balances fund of £0.06m is unallocated.

4. Financial Implications: Rod Pearson, Head of Finance (Adults, Public Health and Housing)

4.1 The report is wholly concerned with financial matters. Decisions around income (rent) and expenditure need to be taken with a long term perspective so that, amongst other things, sufficient funding is available to maintain the decent homes standard for current and future tenants. Long term modelling has assumed rental income will increase in line with government guidelines.

5. Legal implications: Jeremy Rainbow, Supervisory Legal Executive.

- 5.1 The Council is obliged to set a budget for an accounting year that will not show a deficit (s76 Local Government and Housing Act 1989). There is discretion as to the amount of rent set but this is constrained by this requirement to balance the budget. Under the self-financing system there are limits placed upon the amount the Council can borrow for the HRA. These are set out in determinations made by the Secretary of State pursuant to s171 Localism Act.
- 5.2 The Council decision is also constrained by the requirement to ring-fence the HRA (s75 and Schedule 4 Local Government and Housing Act 1989) which are in essence that only monies received and spent for the obligations and powers under the Housing Act 1985 can be paid into and out of the Housing Revenue Account.

6. Climate Change and Carbon Reduction implications - Louise Buckley, Graduate Project Officer (Climate Change), 372 293

- 6.1 Leicester City Council has a corporate target to reduce city wide carbon dioxide emissions to 50% of the 1990 level by 2025 and Housing Services continue to play a significant role in meeting this. Priority 3 of the HRA Capital Programme sets out the areas of work covered by the HRA 2015/16 budget that will contribute to meeting the Councils target, including commitments to; ensure no properties have a SAP rating below 75, continue installing external wall insulation, provide energy saving advice to tenants.

7. Equalities implications_ Irene Kszyk, Corporate Equalities Lead, ext. 374147

- 7.1 Appendix F of the report sets out how the council proposes to meet its five major priorities for investment in its council homes and their neighbourhoods. The delivery of these priorities contributes directly to our fulfilling our Public Sector Equality Duty (PSED). For example, providing decent homes (priority 1) helps tenants achieve social benefits such as improvements in educational achievement and health, reducing crime, and helping to tackle poverty/deprivation. These outcomes enhance tenants' equality of opportunity in regard to life chances/opportunities. Initiatives related to physically efficient homes (priority 3) help alleviate fuel poverty and poor living conditions with their potential negative impacts on those with limited incomes. Priority 2 enhances external social spaces as well as supports tenant engagement in decisions that affect them. All of these actions help foster good relations between different groups of people within a shared local neighbourhood setting that all can take pride in and enjoy.
- 7.2 The above benefits cited benefit all protected characteristics. The attached Equality Impact Assessment template provides a profile of council tenants as of the end of September 2014 and how needs of people with different protected characteristics are met through the implementation of the HRA budget. The main negative impact identified is that of any proposed rent rises in conjunction with welfare reform initiatives that could see some tenants falling into arrears. A range of different available forms of support to tenants in financial need are presented as mitigating actions to this negative impact. The full Equality Impact Assessment

(EIA) is in Appendix H.

8. Background information and other papers:

Files held by Director of Housing and Director of Finance

9. Summary of appendices:

Appendix A: Proposed HRA budget

Appendix B: Proposed Housing Capital Programme

Appendix C: Impact of proposed rent increase by property type

Appendix D: Comparison of average rents in Leicester

Appendix E: Recommendations for other charges and payments 2014/15

Appendix F: How priorities were assessed for Expenditure

Appendix G: Summary of Tenants views.

Appendix H: Equality Impact Assessment (EIA)

11. 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.

12. Is this a “key decision”?

The decisions will be taken by the Council at its meeting in February 2015.

Housing Revenue Account Budget 2015-16

	2014-15 <i>Revised</i> £	2015-16 £
Expenditure		
<u>Repairs & Maintenance</u>	28,110,100	27,550,000
Reduction		(504,000)
Growth		1,240,000
	28,110,100	28,286,000
<u>Tenancy Management</u>	12,696,600	12,197,000
Reduction		(150,000)
Growth		606,000
	12,696,600	12,653,000
<u>Capital Programme (revenue financing)</u>	27,002,000	21,500,000
Growth		2,430,000
	27,002,000	23,930,000
Other Expenditure		
Bad debt provision	1,200,000	1,400,000
Interest Charges	9,010,000	9,010,000
Other services to tenants	4,849,500	6,855,000
Support Services	7,874,600	6,455,000
	22,934,100	23,720,000
Total HRA Expenditure	90,742,800	88,589,000
Rent - Dwellings	(78,484,000)	(80,098,000)
Rent - Other	(1,399,800)	(1,065,000)
Other Income	(5,257,000)	(5,321,000)
Total Income	(85,140,800)	(86,484,000)
(Surplus)/Deficit	5,602,000	2,105,000
Total working balances b/fwd	(15,671,000)	(10,069,000)
Total working balances c/fwd	(10,069,000)	(7,964,000)
Work balances allocated:		
Minimum working balance	(5,000,000)	(5,000,000)
Major Repairs Fund	(500,000)	(500,000)
Additional Capital Investment 2015-16	(2,400,000)	(2,400,000)
General balances	(2,169,000)	(64,000)
	(10,069,000)	(7,964,000)

APPENDIX B

HRA Capital Programme 2015-16

	<i>Revised Budget 2014-15</i>	2015-16	2016-17
	£k	£k	£k
<u>Decent Homes</u>			
Kitchens & Bathrooms	5,859	5,670	6,300
Central Heating Boiler Replacements	3,201	4,140	3,900
Rewiring	2,237	2,450	2,200
Re-roofing	319	480	280
Structural Works/Damp Proof Courses	434	440	440
Soffits & Fascia	453	460	460
New Central Heating	182	180	180
Condensation Initiatives	400	430	430
Window & Door replacement	250	240	240
Door Entry Systems - upgrades	359	360	360
Door Entry Systems - new	88		
St Peter's Tower Block Refurbishment	1,920	1,320	1,320
	15,702	16,170	16,110
<u>Business Investment</u>			
E Communications Repairs Service (Mobile Working)	498	130	130
Housing Information System Retendering	859		
Technological Advancements	100		
CCTV renewal	300		
	1,757	130	130
<u>Environmental and Improvement Works</u>			
Environmental Works/Communal Area Improvements	1,617	1,240	1,240
Disabled Adaptations	1,413	1,200	1,200
Supported Housing Improvements (ASC)	100	100	100
LeicesterCare Alarms	10		
General Safety Works	481	490	490
Fire Risk Works (Communal Works)	477	910	420
Exchange Redevelopment	200	60	
Waylighting	168	150	150
Elevated Walkways	255	150	150
Neighbourhood Transformation	105	100	100
Playground Equipment	50		
Investment in shops	108		
Concrete Paths renewal	100	100	100
Braunstone 3-bed to 2-bed conversion	300	0	0
Energy initiatives for hard to heat homes	500	550	550
Loft Insulation	275	150	150
Braunstone EWI 2014 Phase 1	350		
St Leonards Lift	100		
Courtyard Improvements	80		
Braunstone EWI 2014 Phase 2	330		
Charnwood Door Entry	150		
Playground Upgrades	50		
Laybys on Housing Estates	250		
Balcony Improvements - <i>new</i>		290	
	7,469	5,490	4,650

Increasing Affordable Housing

Affordable Housing Programme	4,304		
Lower Hastings Street hostel conversion	500		
	4,804	0	0

Policy Provisions

External Wall Insulation		500	500
Affordable Housing Programme		3,040	
Playground Equipment - <i>new</i>		100	100
Investment in shops - <i>new</i>		300	300
Northgate phase 2 - <i>new</i>		400	
	0	4,340	900

Total HRA	29,732	26,130	21,790
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Financed by:

Revenue	25,428	23,930	21,790
Right to Buy receipts	0	2,200	0
Borrowing	4,304	0	0
	29,732	26,130	21,790

Impact of rent increase by property type

Property Type	2014-15 average weekly Rent	2.20%	
		Average rent increase	New average rent
	£	£	£
Bedsit	54.18	1.19	55.37
1 bed flat	60.84	1.34	62.18
1 bed house	65.84	1.45	67.29
2 bed flat	71.99	1.58	73.57
2 bed house	75.60	1.66	77.26
3 bed flat	79.84	1.76	81.60
3 bed house	81.99	1.80	83.80
4+ bed house	95.37	2.10	97.46
All Stock	73.44	1.62	75.06

Based on 50 week rent year

Comparison of 2014-15 Average Rents in Leicester

Property Type	HRA	Housing Association	Private Sector (LHA rate)
	£	£	£
Bedsit	52.09	54.50	59.00
1 bed	58.49	66.37	86.54
2 bed	70.95	80.70	109.62
3 bed	77.80	88.58	126.92
4+ bed	91.69	104.93	161.54

Notes:

1. All rents are shown on a 52 week basis.
2. Private Sector rents are from the current 'Local Housing Allowances' for Housing Benefit purposes (April 2014). They are based on a survey of all local private sector rents and are set 30% up from the lowest rent.
4. All council housing meets the 'Decent Homes Standard' while 41% of private rented homes in the city fail to meet this standard (source: 2009/10 Private Sector Stock Survey).
5. Leicester City Council's homes had an average energy efficiency ("SAP") rating of 83.1 as at 1st April 2011. This compares to a private sector equivalent rating of 42.0 (source: 2009/10 Private Sector Stock Survey).
6. The housing association rents are from the Housing Association Statistical Data Return 2014 to the Homes and Communities Agency.
7. Council tenancies are secure tenancies while private sector tenancies are almost all assured shorthold tenancies, which give little security.

Other Service Charges and Payments – proposed 20145-16 charges

There are a number of charges associated with providing services to tenants as part of their rent. The following changes are proposed:

(i) Use of Guest Room (Sheltered Housing Schemes)

The current charge for use of the guest room at Sheltered Housing Schemes is £10 per night and it is proposed this remains the same.

(ii) Replacement Rent Swipe Cards

The current charge for a replacement swipe card is £5.00 and it is proposed this remains the same .

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. An appropriate charge is levied to recover the cost to the council of providing this information. Requests in connection with tenants' statutory rights under Right to Buy legislation is excluded from this charge. The charge is currently £106 and it is proposed this is increased to £125.

(iii) Other HRA Properties

There are 8 properties in the HRA that have a protected rent. In these cases it is proposed to increase their rents by 2.2% in line with the proposed rent increase for other HRA tenants.

(iv) Other Charges

This includes garages, cleaning of communal areas, waylighting, concierge/door entry and cable television services. It is proposed to increase all other charges by 2.2%, with the exceptional of cleaning of communal areas at this stage. The Housing Scrutiny Commission and the Tenants Forum have Task Groups looking into this issue and have asked that a decision on future charges is deferred until they have reported. This is likely to be in late Spring.

Payments

(vi) Disturbance Allowance

Disturbance allowances are paid when a full property electrical rewire is required and 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 allowance is currently £155 per dwelling. This was increased by 25% in 2011/12. For 2015/16 it is proposed that there is no change.

(vii) Decorating Allowances

Decorating allowances are paid to new tenants. The amount paid is based on the condition of the property in relation to decoration and is paid on a per room basis. The allowances are paid through a voucher scheme with a major DIY chain. Current allowances are set out below. They were increased by 25% in 2011/12 and it is proposed that no increase is applied in 2015/16.

Allowance amounts:-

Bathroom	£50.00
Kitchen	£62.50
Lounge	£75.00
Dining Room	£75.00
WC (where separate)	£25.00
Halls (flats/bungalows)	£50.00
Hall/Stairs/Landing	£87.50
Large Bedroom	£75.00
Middle Bedroom	£62.50
Small Bedroom	£40.00

How priorities are assessed for HRA Expenditure

1. The overall aim of Leicester City Council's housing services is to provide a decent home within the reach of every citizen in Leicester. This appendix sets out how we can best meet our five major priorities for investment in our 21,935 council homes and their neighbourhoods. These plans support the City Mayor's priorities of looking after our built and natural environment, supporting communities and neighbourhoods and making Leicester a low carbon city and a place to do business. They have been discussed with our tenants.
2. The priorities are:
 - Providing Decent Homes
 - Making our communities and neighbourhoods into 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
3. We have also made a commitment to our tenants to provide our services in an economic and effective way. One of the City Mayor's programme of Spending Reviews therefore covers the Housing Revenue Account. Work began in September 2013 and savings of £3.58m were agreed in the HRA budget starting in 2014/15. The potential for further savings over the next 3 years has been identified and further work is being done on a number of service and organisational reviews which together form the Housing Transformation Programme. Where this work proposes changes to services to tenants then the Tenants and Leaseholders Forum is consulted and the proposals are considered by the Housing Scrutiny Commission. For example, changes to the Repairs Service were consulted on and agreed this year.
4. Leicester's Housing Service has a long history of delivering continuous improvement and has a national reputation as being at the forefront of innovation and service delivery. Strong partnership and consultative working with tenants and other organisations has been the key to the improvement and progress achieved to date.

Priority One – Providing Decent Homes**Why is this a priority and what is our planned approach to achieving it?**

5. Nearly one in six homes in Leicester is a council house, flat or maisonette. It is crucially important that the City looks 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 3 or 4 years and not let the programmes for essential items with long life spans fall behind, e.g. roofs, boilers, wiring, kitchens and bathrooms.

6. 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.
7. The Government's decent homes target was met in 2011/12. However, to meet the standard on an on-going basis future investment for major works is required.
8. 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.
9. The Governments definition of a decent home is one that satisfies all of the following four criteria:
 - it meets the current statutory minimum standard for housing;
 - it is in a reasonable state of repair;
 - it has reasonably modern facilities and services; and
 - it provides a reasonable degree of thermal comfort
10. As well as achieving the Decent Homes Standard we also address tenants priorities. The majority of tenants see improvements made within their home as their priority and the priority element for improvement is kitchens and bathrooms. We have made a commitment to refurbish all kitchens and bathrooms by 2030.
11. From time to time major refurbishment or redevelopment projects are required. the current ones are St Peters Tower Blocks and demolition of The Exchange in Eyres Monsell. Future major projects could include Goscote House.
12. It is crucial we continue to repair and maintain homes. The Responsive Repairs Improvement Programme has identified more effective ways to provide a day- to- day repairs service and deal with emergencies. Changes to service offer, service hours, and response timescales have been agreed following consultation and are being introduced. The relationship between major planned expenditure and responsive repairs continues to be reviewed. Some responsive repairs will in future be batched into programmes of area based work. Responsive repairs are being reduced by introducing new planned programmes of capital work eg for concrete paths, way lighting and elevated walkways. A painting programme has been started for external work and communal areas. However at current levels of expenditure these will be very long term programmes (10 to 14 years and longer for painting). The balance between cost effective use of our own craft work force and seeking tenders from contractors is kept under review.
13. Significant repair and improvement work is done when properties become vacant and we are reviewing our processes in order to reduce the length of time homes are vacant while still ensuring that they are in the condition that will attract tenants to move in.

14. 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 2030	40 years / 30 years
Central Heating Boiler	Based on assessed condition (from annual service)	15 years (future life span of new boilers is expected to be on average 12 years)
Chimney	Based on assessed condition (from Stock Condition Survey/HHSRS)	50 years
Windows & Doors	Based on assessed condition (from Stock Condition Survey/HHSRS)	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2030	30 years / 20 years
Roof	Based on assessed condition (from Stock Condition Survey/HHSRS)	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition (from Stock Condition Survey/HHSRS)	80 years
Wall structure	Based on assessed condition (from Stock Condition Survey/HHSRS)	60 years

Achievements in 2014/15 and proposals for 2015/16

15. In 2014/15 expenditure of £14.695m for capital works on Decent Homes and £3.495m for revenue expenditure on responsive repairs and planned maintenance is predicted.
16. The proposed budget for 2015/16 includes £15.7m for capital works on Decent Homes and £3.495m for revenue expenditure on responsive repairs and planned maintenance

Programmed Element	
Kitchen & Bathroom	We plan to install 1,120 in 2014/15. By March 2015, 64% of all council properties will have had either a 'Leicester standard' kitchen or bathroom. During 2015/16 we plan do a further 1,100. The council has made a commitment to refurbish all kitchens and bathrooms by 2030.
Rewiring	We plan to rewire 1,650 homes in 2014/15 and a similar number in 2015/16.
Central Heating Boiler	Investment is calculated to replace central heating boilers every 15 years based on condition data from the annual gas service. We also aim to target the replacement of all the most energy inefficient boilers in

	the next two years. We plan to install 1300 new boilers in 2014/15 and 1700 in 2015/16.
Roofing and Chimneys	We estimate we will deal with 70 properties in 2014/15. During 2015/16 we plan to complete a further 100 properties.
Central Heating	We have 320 tenants who have chosen not to have central heating installed. Provision is made in the programme so when these properties become vacant or tenants choose to have central heating we can install. We will also connect individual properties in St Matthews to the District Heating system.
Windows & Doors	Investment is required to replace any windows and doors that are not yet uPVC double glazed and also there are 2,000 windows that were fitted before our own window factory was operating that have some quality issues and may need to be replaced. We calculate we will work on 75 properties in 2014/15 and we plan to do 55 in 2015/16. The amount of work on each property will vary.
Structural Works	Investment is required to address any structural works identified each year. We estimate that the effects of climate change could in time increase the amount of structural damage. In 2014/15 we estimate we will complete work on 374 properties and in 2015/16 we estimate 350 properties may need work..
Soffits, fascias & guttering	By replacing these items with uPVC we reduce long term maintenance costs. We now have a planned 13 year programme. We will complete 215 properties in 2014/15 and plan to do 215 in 2015/16.
Condensation Works	Investment is required to target those properties that have been identified as being more susceptible to condensation related problems as a result of their construction type or location. A multi option approach is being adopted along with the use of thermal imaging technology to produce property specific solutions. We calculate we will complete work on 450 properties in 2014/15 and 450 in 2015/16. Advice to tenants is also an important part of dealing with this issue and our approach has been improved.
Safety works and Fire risk works	Investment is required to implement the planned programme of fire safety measures as agreed with the Fire Service. A major part of this programme will be completed by the end of 2015/16.
St Peters Tower Block refurbishment including lifts	A major programme of work on four tower blocks in St Peters will provide new bathrooms and kitchens, install individual heat meter meters to give tenants more control over their heating bills , remove asbestos, upgrade pipework and risers for district heating and provide new lifts . The total cost of this project is £9.98m and it will be carried out over 4 years. 340 properties will benefit from this project which will be completed by 2017.

e-communications for repairs service	We are investing in software and new hand held devices that ensure we can efficiently allocate repair and maintenance jobs to craft operatives.
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17. We expect to carry out 90,000 responsive repairs during 2014/15 and a slightly smaller number in 2015/16. During 2014/15 and following consultation, changes have been agreed to the repair service, including identifying some repairs that will become tenants responsibilities, changing the normal service hours and reclassifying repairs and their timescales, introducing a category of batch repairs.
18. Maintenance work will be carried out across all the stock by specialist teams. It is estimated about 27,000 jobs will be carried out in 2014/15 and a similar number in 2015/16. In addition c39,000 jobs will be done checking, servicing and repairing gas appliances.

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

Why is this a priority and what is our planned approach to achieving it?

19. Creating sustainable communities is about more than housing – it means cleaner, safer, greener neighbourhoods in which people have confidence and pride.
20. The Environmental Works and Communal Areas Fund helps to deliver significant environmental improvements on estates, such as landscaping, new security measures, community facilities, pocket parks, fencing and communal area improvements. Tenants and Tenant Group representatives and Ward Councillors help decide where this money should be spent, based on their local needs and priorities. These schemes have helped to improve the overall image, appearance and general quality of life within our estates.
21. We base staff in local area offices so they can understand local issues and be involved with local stakeholder groups. As part of the Council’s Transforming Neighbourhood Services Programme housing offices are now in shared buildings in Eyres Monsell and St Matthews. More opportunities are being explored.

Achievements in 2014/15 and proposals for 2015/16

22. In 2014/15 the initial budget of £1.32m for Environmental and Communal Works was increased by a one-off sum of £500K. It was shared between all 6 Neighbourhood Housing Areas. Works included the re-design of bin areas and replacing wooden partitions, resurfacing courtyards to improve the appearance, improving the security of estates by the installation of gates and door-entry systems, upgrade lighting in garages and refurbishment of a shopping parade.
23. In Braunstone, local representatives, Tenant Associations and councillors chose to invest in the remodelling of stock, changing a small number of 3 bed houses to 2 and also 4 bed houses to 3 in order to address poor layout property design and small cramped bathrooms. The number of houses improved was increased in 2014/15 from a growth provision.

24. The fund also invested in the creation of front walls along key arterial routes around the City, enhancing the visual perception of the area.
25. Parking schemes are being developed to address local parking issues in St Matthews and Humberstone areas.
26. Bike shelters are being installed for tenants living in the West Court area of the City with pushchair shelters being installed in St Peters.
27. Work is being done to externally clad a number of flatted blocks in the Beaumont Leys area.
28. The Leicester at Work Scheme (see also priority 5) carries out painting, cleaning of alleyways, removal of graffiti and other works to improve the look and feel of the local environment, on schemes identified locally.
29. During 2014/15 new play equipment will be installed at two sites on Border Drive, (Abbey), at Coleman Road (Coleman), Garfield Street, (Latimer) and Upper Charnwood Street (Spinney Hill), Ashthorpe Road (Braunstone), Cedar Wood Close (Humberstone & Hamilton), Hillsborough Road (Eyres Monsell) and Montrose Road (Aylestone).
30. Demolition of phase 1 of The Exchange is complete and the new retail centre has opened. Demolition of the East Wing is dependent on all retail leases being terminated. The latest that the demolition will occur is 2017.
31. The programme of upgrading door entrance schemes will continue based on conditions surveys. In 2014/15 we will upgrade properties in Charnwood. The proposals for 2015/16 are to upgrade locations citywide.
32. Three new ongoing environmental programmes were introduced during 2014/15 which are already giving a marked improvement to the look of many areas. These were: a programme to replace bushes and grassed areas with appropriate tree and bulb planting, a programme for renewing concrete paths near bungalows and a programme to renew elevated walkways to flats.
33. We will continue to provide our services with local teams so that our staff know the neighbourhoods and communities in which they work. Estate Management officers are out and about on their 'patches' and many craft workers are also based locally.
34. District Managers attend Ward Community Meetings and other local forums. We work closely with the police and are involved in the local Joint Action Groups.
35. We published an Annual Report to tenants.
36. City Housing News is now part of Leicesterlink and is delivered to all homes in the City.
37. The Customer Service Centre runs a telephone advice line in working hours where tenants can report repairs and tenancy issues. Out of hours and emergency calls are taken by an external provider. Each year the customer services centre receives over 251,921 calls during the working day and a further 18,561 calls are made out of hours.

38. We respond vigorously to reports of anti-social behaviour and have CCTV on many parts of our estates. In the first 6 months of 2014/15 we received a total of 634 reports of anti-social behaviour that were then investigated and where necessary appropriate action was taken against perpetrators.
39. We work closely with the Tenants and Leaseholders Forum which has representatives from across the city. During 2014/15 the Tenants Forum have scrutinised:
 - The Responsive Repairs Improvement Programme;
 - Communal Cleaning;
 - Area Plan Presentations;
 - Capital Improvements;
 - Anti-social behaviour;
 - This proposed 2015/16 budget and rent rise.

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

Why is this a priority and what is our planned approach to achieving it?

40. Leicester City Council and its partners have committed to cut carbon emissions by 50%, relative to 1990 levels by 2025. Part of this target was to reduce residential CO2 emissions from 651,000 tonnes in 2006 to 530,000 tonnes by 2012, a reduction of 121,000 tonnes. Council Housing accounts for 16.75% of all residential housing in the city therefore its pro-rata contribution towards the carbon reduction target is 20,268 tonnes. Through the Housing Capital Programme CO2 emissions from council houses reduced by 44,586 tonnes between 2005 and March 2012, exceeding its pro-rata contribution two-years ahead of target.
41. This has been achieved by window replacements, new central heating installations, new energy efficient boilers and controls, internal and external wall and roof insulation and solar panels.
42. The most cost-effective opportunities for carbon savings in the council stock are diminishing now that all properties have double glazed uPVC windows and all cavity walls have been insulated. However, any further reductions will help towards the City target and will improve energy efficiency for individual tenants and reduce fuel poverty.
43. There are three areas of energy efficiency work to prioritise as funds become available. These are:
 - Completing external wall insulation on all suitable properties (1,350 homes left to do)
 - Installing individual meters for tenants on district heating schemes, (2800 from April 2015 onwards).
 - Doing specialist work on the most hard-to-heat houses. (those with a SAP rating of below 75, which is the level estimated to avoid fuel poverty . There are 1,496 left to do from April 2015 onwards)).

Achievements in 2014/15 and proposals for 2015/16.

44. During 2014/15 we continued our basic programme of installing more efficient boilers as boilers needed replacing, increasing loft insulation to 250mm and putting in double glazed windows and doors as demand arises. This work will continue in 2015/16.
45. During 2014/15 we installed external wall insulation to 151 houses in Braunstone. We propose to do a further 70 properties in Braunstone in 2015/16.
46. We brought 874 hard-to-heat properties up to at least SAP level 75. (the level estimated to avoid fuel poverty) Work on all the remaining hard to heat homes will be completed over the next two years.
47. Although the 2,800 tenants on district heating can control the heat in their radiators, they are not individually charged for the heat they use. A pilot scheme of installing 50 individual meters showed that on average tenants saved 33.35% when they could see the link between heat consumption and the bill they pay.
48. Individual meters will be installed in 340 homes as part of the St Peter Tower Block Scheme. We are looking at how they could be funded in the remaining homes.

Priority Four – Providing Appropriate Housing to match people’s changing needs

Why is this a priority and what is our planned approach to achieving it?

49. Leicester is a city with relatively low household incomes. For many, renting from the Council or a Housing Association is the only hope of a decent and settled home. As at 1st October 2014 there were 10,549 households on the Housing Register. The main issue for households applying for social housing is overcrowding, there are 3,529 households (33%) on the Housing Register living in overcrowded conditions. This includes 745 households who are severely overcrowded i.e. needing 2 or more extra bedrooms to meet their needs.
50. Right to Buy sales reduce the number of council houses available at social rent. Since April 2012 when the government increased the maximum discount and reduced the qualifying period Right to Buy sales have increased and have averaged 165 sales a year. In 2013-14 we sold 175 homes and in 2014-15 we expect to sell a further 200 homes.
51. The Leicester and Leicestershire Strategic Housing Market Assessment 2014 identified that Leicester’s net affordable housing need is 496 additional homes per year for the next 25 years to meet current and future demand from households who cannot afford to enter the private housing market.
52. Leicester’s Affordable Housing Strategy sets out the ways in which the Council can continue to enable new affordable housing to be built in the City. The Home and Community Agency’s funding programme for the Leicester and Leicestershire Housing Market Area for 2011-15 does not include sufficient funds for us to achieve the same amount of new supply of affordable housing as we have managed to deliver over the last few years so other ways of working have been identified. Regular reports monitor progress with the Affordable Housing Programme and lead to investment decisions..

53. Each year the Capital Programme funds the adaptation of tenants existing homes where Adult Social Care identify that the current tenant needs those adaptations. Unlike in the private sector, (Disabled Facilities Grants) there is no backlog of work.
54. The service works closely with Adult Social Care to provide supported and general needs housing for people identified by Adult Social Care's Supported Living Programme (for people with physical disabilities, mental health problems, learning difficulties and older people).
55. The service works closely with Children's Services to help Looked After Children, foster families, children leaving care and other vulnerable families.
56. By giving priority through the Housing Register the council continues to seek to reduce overcrowding and address other priority needs many of which can have an impact on health and mental health. The Easy Move Scheme gives help to tenants who are willing to downsize within social housing stock.
57. The STAR Service provides one-to-one support for council tenants who might otherwise lose their homes. Priority is given to support those in rent arrears, those who have previously been homeless and those who have other problems which may mean they are not coping or not complying with tenancy conditions.

What will we achieve in 2014/15 and what are we proposing for 2015/16?

58. The Affordable Housing Programme will deliver 230 housing association, 116 Council houses and 4 HomeCome properties during 2014/15.
59. The proposed budget for 2015/16 includes provision for borrowing and revenue contributions which together with use of right to buy receipts will allow building of more council houses on council owned land over the next four years. Three former homeless hostels. (Lower Hastings Street, Myrtle Road and Loughborough Road) will be converted to flats and houses.
60. During 2014/15 Council and Housing Associations will create 28 more wheelchair adapted homes for people on the Housing Register.
61. This year it is expected that work will be done in 750 homes to make them more suitable for existing Council tenants with disabilities or for those who have waited a long time on the Housing Register. This work will continue in 2015/16 in response to assessments by Adult Social Care.
62. 12 homes will have been created as part of the Supported Living Programme. Potential schemes for 2015/16 are being identified.
63. Vacant Council and Housing Association houses are advertised on Leicester HomeChoice. In the first six months of 2014/15 201 council tenants transferred within the stock to homes better suited to their need and 583 households become new council tenants. A further 156 households obtained Housing Association tenancies.
64. The Income Management Team continues to ensure rent is paid and tenants with arrears are given support to clear their debt. The team works closely with Housing Benefit and makes referrals for Discretionary Housing Benefit.

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

What is our planned approach to achieving this?

65. Contracts are placed through the Corporate Procurement unit which takes steps to use council spending to stimulate the local economy. All contracts have local labour clauses.
66. The service will continue the excellent record of training craft apprentices so they can develop the skills and knowledge to join the workforce and help maintain the stock. Many steps are taken to encourage women and ethnic minorities to join the craft workforce.
67. The Council's Leicester to Work initiative provides opportunities to the long term employed, unemployed, work experience for school students and graduates and work with ex-offenders.

Achievement in 2014/15 and proposals for 2015/16

68. During 2014/15 £22m worth of external contracts were funded by HRA. The Housing Division employs a workforce of over 850 staff funded through the HRA.
69. 73 people are on maintenance technicians apprenticeships.(AMT). For the September 2014 intake the five year apprenticeship was revised to be a four year scheme, because there are sufficient gas trained staff. 13 AMT's successfully ended their apprenticeships and all were offered jobs on the workforce. The scheme will be reviewed again in 2015/16 to ensure that training meets the needs of the business.
70. The Housing Neighbourhood Improvement Project continues to help the long term unemployed by giving pre-employment training, a period of work experience and a job interview in the division. By September 2014 the service had successfully employed 60 people as Neighbourhood Improvement Operatives. Their work involves grounds maintenance which improves the look and feel of the estates. Local tenants help decide what work should be done. It is proposed to continue this scheme in 2015/16 creating 30-40 fixed term 6 month contracts per year.
71. The scheme with In Training and Job Centre Plus continues to offer 8 weeks work experience for up to 10 clients at a time for those still receiving Job Seekers Allowance.
72. 2 graduates were employed during 2013/14 for up to 11 months in different parts of the Division. The scheme will continue in 2015/16.
73. Six new shops opened to replace the shops demolished at The Exchange.
74. During 2014/15 refurbishment work will be done in shopping parade at Marwood Road and Bewcastle Grove to help businesses to thrive in the local economy. It is planned to increase investment in local shopping parades during 2015/16.

Tenants and Leaseholders Forum – 5th December 2014

Feedback on the proposed 2015/16 HRA Budget and Capital Programme

The forum thinks the proposed 2.2% rent increase is reasonable and we are pleased the increase is less than last year. However, we want you to freeze the communal cleaning service charge until after the Housing Scrutiny communal cleaning task group has been concluded and their recommendations have been put forward.

We are happy with the hostels being transferred to the HRA and for the shops to be transferred to the General Fund

Overall, to our knowledge and understanding, the proposed capital programme is acceptable. However, we do not want as much money to be invested in shops. Why should the HRA pay to improve shops if they are going to be transferred to the General Fund?

If there was more money available we would like the money to be spent on:

- More new houses
- Kitchen and bathrooms, especially to allow people to have a new kitchen and bathroom, not just one or the other
- Improvements to existing play areas
- Repairs to concrete pathways
- Starting a programme to install external lifts to maisonettes
- External painting, including communal areas
- New central heating

If there was less money we would reduce spending on:

- Neighbourhood transformation
- New door entry systems
- Investment into new play areas
- Investments in shops

Equality Impact Assessment for service changes / budget proposals

Name of service	Housing
Lead officer and Contact details	Ann Branson, Director of Housing
List of other(s) involved	Heads of Service

What is this EIA about?

(Please tick✓)

Budget proposal for existing service or service contract to achieve savings	✓
Budget proposal for new or additional service expenditure	
Commissioning a new service or service contract	
Changing or removing an existing service or service contract	

Step 1: The proposal (how you propose to change the service)

Question 1:

What is the proposal/proposed change?
<p>The Housing Revenue Account (HRA) budget report is proposing a 2.2% average rent increase for council tenants across the city for 2014/15. The income will be spent on:</p> <ul style="list-style-type: none"> • Repairs and maintenance • Tenancy management • Funding for the HRA Capital Programme • Support Services/Central Charges • Interest charges & bad debt provision <p>The report is also proposing a general increase in service charges, which will impact upon <22,000 council tenants and approximately 660 leaseholders across the city.</p>
Who will it affect and how will they likely be affected?
<p>Question 2 gives a demographic breakdown of Leicester City Council tenants. The proposals will affect all Leicester City Council tenants across the city. With the proposed budget, the repairs and maintenance and tenancy management services will be maintained for all tenants. A capital programme will be resourced to meet our service priorities, agreed by the Tenants' and Leaseholders' Forum.</p> <p>Most tenants in receipt of full housing benefit will continue to have any rent increase covered by their benefit entitlement. Therefore, there will be no requirement for them to pay any more. We know that 29.64% of tenants receive full housing benefit. The negative impact of having to pay more rent will affect 70.36% of tenants who receive partial housing benefit or none at all.</p>

In addition to this we know that just under 2000 tenants are affected by the Welfare Reforms that has been implemented since April 2013. For people receiving partial or no Housing Benefit, any rent increase may not be covered by their Housing Benefit entitlement. This will particularly affect people of a working age, those that are under occupying properties and larger families. This could disproportionately affect households from some BME backgrounds where larger families are more likely.

The impact will be dependent on tenants' financial situation, family circumstances and bedroom occupancy rates.

Despite the proposed rent increase our research shows that council rents still remain lower than registered social landlords operating in the city and lower than those charged by private landlords.

The Housing Capital Programme generally benefits all tenants and residents in the city. Projects to improve individual properties are decided on their condition or to meet health and safety regulations, rather than a protected characteristic of a tenant.

Over the next 3 years we are proposing that a substantial amount of money is invested in the refurbishment of the 5 St Peter's tower blocks. This will affect 440 properties in this area of the city. We know that about 50% of tenants in the Centre area of the city are of a BME background and therefore this project will have the greatest impact on this protected group.

The proposed investment on play equipment will benefit children living on our estates.

Investment in disabled adaptations will benefit our tenants with a disability, to enable them to live more independently in the home. We currently have 265 tenants identified as having a disability. We know there is an under recording in this area, so the investment proposal will impact on a larger number of tenants with a disability than currently identified.

Investment in Affordable Housing and Supported housing will help those on the Housing Register, including both existing tenants and those wishing to transfer and those who are not yet council tenants. The Allocation Policy prioritises those with the protected characteristics of disability, pregnancy and maternity (if homeless) and to some extent, age.

Question 2:

What is the equality profile of current service users?

Age		
Age of applicant	Number of Tenants	% of Tenants
Under 18	31	0.1%
19 to 24	864	3.9%
25 to 44	8,079	36.7%
45 to 54	4,313	19.6%
55 to 74	5,803	26.4%
75+	2,775	12.6%
Unknown	145	0.7%
Ethnic Origin		
Ethnicity	Number of Tenants	% of Tenants
Asian	2,348	10.7%
Black	1,808	8.2%
Chinese	26	0.1%

Mixed/Dual Heritage	278	1.3%
White	11,740	53.3%
Other Ethnic origin	385	1.7%
Not given / Unknown	5,425	24.6%

Disability

Disability	Number of Tenants	% of Tenants
Yes	265	1.2%
No	1,283	5.8%
Unknown	20,462	93.0%

Sexuality

Sexuality	Number of Tenants	% of Tenants
Bisexual	30	0.1%
Gay (female / lesbian)	7	0.0%
Gay (Male)	5	0.0%
Heterosexual / straight	1,267	5.8%
Other	42	0.2%
Prefer not to say	176	0.8%
Unknown	20,483	93.1%

Religion

Religion	Number of Tenants	% of Tenants
Atheist	64	0.3%
Bahai	0	0.0%
Buddhist	3	0.0%
Christian	468	2.1%
Hindu	43	0.2%
Jain	1	0.0%
Jewish	0	0.0%
Muslim	286	1.3%
No religion	476	2.2%
Other	76	0.3%
Prefer not to say	123	0.6%
Sikh	10	0.0%
Unknown	20,457	92.9%

Do you anticipate any changes to your service user profile as a result of your proposal/proposed change? If yes, how will it change?

No

What are the main service needs and/or issues for those receiving the service because of their protected characteristic?	
	Service needs and/or issues by protected characteristic
Age	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service along with quality tenancy and estate management services and supporting advice services.</p> <p>Some older people require help and support such as an alarm system to enable them to remain safely in their homes.</p>
Disability	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service along with quality tenancy and estate management services and supporting advice services.</p> <p>Some disabled people may require adaptations to their properties to enable them to live more independently in their homes.</p> <p>Some disabled people may experience harassment or discrimination because of their disability and may need to access appropriate support and advice from Tenancy and to rate Management Officers and Floating Support services such as STAR.</p>
Gender reassignment	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service along with quality tenancy and estate management services and supporting advice services.</p> <p>Some people may experience harassment or discrimination because they are transgender and will need to access appropriate support and advice from Tenancy Management Officers.</p>
Pregnancy and maternity	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service along with quality tenancy and estate management services and supporting advice services.</p>
Race	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service along with quality tenancy and estate management services and supporting advice services.</p> <p>Some people may experience racial harassment or discrimination and may need to access appropriate support and advice from Tenancy Management Officers.</p> <p>Welfare Benefit reforms may have a disproportionate effect on households from some BME communities where larger families</p>

	<p>are more likely and therefore make any increases in rent or charges less affordable.</p> <p>50% of tenants in the Centre area of the City are of a BME background and properties in this area are more likely to have service charges attached to them. It could be that people in receipt of partial or no housing benefit in this area of the city will be negatively impacted upon the greatest.</p> <p>Some people may struggle to understand the changes proposed and access appropriate support, particularly where their first language is not English</p>
Religion or belief	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service along with quality tenancy and estate management services and supporting advice services.</p> <p>Some people may experience harassment or discrimination because of their religion and may need to access appropriate support and advice from Tenancy and Estate Management Officers.</p>
Sex (gender)	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service and quality tenancy and estate management services and supporting advice services.</p> <p>Some people may experience harassment or discrimination because of their gender and may need to access appropriate support and advice from Tenancy and Estate Management Officers.</p>
Sexual orientation	<p>The principle provision is that of a suitably sized and located decent home, maintained through effective and a timely repairs service along with quality tenancy and estate management services and supporting advice services.</p> <p>Some people may experience harassment or discrimination because of their sexual orientation and may need to access appropriate support and advice from Tenancy and Estate Management Officers.</p>

Question 3:

Will the proposal have an impact on people because of their protected characteristic? Tick the anticipated impact for those likely to be affected and describe that impact in the questions 4 & 5 below.

	No impact ¹	Positive impact ²	Negative impact ³	Impact not known ⁴
Age		√	√	
Disability		√	√	
Gender reassignment		√	√	
Pregnancy and maternity		√	√	
Race		√	√	
Religion or belief		√	√	
Sex (gender)		√	√	
Sexual orientation		√	√	

Question 4:

Where there is a positive impact, describe the impact for each group sharing a protected characteristic. How many people are likely to be affected?

The proposals within the HRA budget will have a positive impact for all our tenants through the ongoing maintenance and improvement of our housing stock. This will ensure homes are provided to a decent standard for current tenants and people accessing council housing in the future.

The proposals will have a positive impact for those tenants in receipt of full Housing Benefit, who will not be impacted upon by Welfare Reforms (up to 37% of tenants). The proposed rent increase will be covered by their housing benefit entitlement, so these tenants will not need to pay anything extra.

The budget proposes funding to support improvement to the energy efficiency of the stock by installing further external wall and other measures. This investment will positively impact across all protected groups and mitigate the impact of rent rises.

Over the next 3 years we are proposing that a substantial amount of money is invested in the refurbishment of the 5 St Peter's tower blocks. This will affect 440 properties in this area of the city. We know that about 50% of tenants in the Centre area of the city are of a BME background and therefore this project will have the greatest impact on this protected group.

Investment in disabled adaptation will benefit our tenants and future tenants with a disability, to enable them to live more independently in the home.

¹ The proposal has no impact (positive or negative) on the group sharing a protected characteristic.

² The proposal addresses an existing inequality experienced by the group sharing a protected characteristic (related to provision of services or facilities).

³ The proposal disadvantages one or more of the group sharing a protected characteristic.

⁴ There is insufficient information available to identify if the group sharing a protected characteristic will be affected by the proposal.

Question 5:

Where there is a negative impact, describe the adverse impact for each group sharing a protected characteristic. How many people are likely to be affected?

The negative impact of having to pay more rent will affect 70.36% of tenants who are in receipt of partial housing benefit or none at all.

In addition to this we know that about 2000 tenants are affected by the Welfare Reforms that have been implemented since April 2013. These people previously receiving full, partial or no Housing Benefit. For these people any rent increase may not be covered by their Housing Benefit entitlement. This will particularly affect people of a working age, those that are under occupying properties and larger families. This could disproportionately affect households from some BME backgrounds where larger families are more likely.

The impact will be dependent on tenants' financial situation, family circumstances and bedroom occupancy rates.

How can the negative impact for each group sharing a protected characteristic be reduced or removed?

Ensure there is a process of early indicators which will monitor tenants with protected characteristics who fall into arrears.

Ensure relevant information is provided and publicised.

Tenancy Management Officers to support tenants at an early stage to maximise income and reduce expenditure and provision in the proposed budget to increase debt advisors in the Income Management Team to address the likely increase in rent arrears cases due to Welfare Reform.

Targeted use of Council support services (including STAR) in the early approach to supporting vulnerable and impacted tenants specifically around advice options, income collection and income maximisation.

Changes to the Allocations Policy that give greater priority to help people move to more suitable accommodation on the grounds of affordability.

Energy efficiency measures that reduce heating bills will help mitigate the impact of the rent rise. Part of the programme is targeted on those with particularly hard to heat properties.

Question 6:

Which relevant stakeholders were involved in proposing the actions recommended for reducing or removing adverse impacts arising from the proposal?

Leicester City Council staff

What data/information/analysis have you used to inform your equality impact findings?

Analysis of Registered Social Landlords and private landlords rents
Statistical information and reports contained within Housing Services IBS computer system

Supplementary information

Question 7:

Is there other alternative or comparable provision available in the city? Who provides it and where is it provided?
Yes, properties can be rented across the city from Registered Social Landlords and private landlords.
Can this alternative or comparable provision help reduce or remove the negative impacts identified in Question 5? If not, why not?
No, our research shows that despite the proposed rent increase Leicester City Council rents remain lower than Registered Social Landlords and private sector rents. Tenants will also be affected by Welfare Reforms in other tenure types.
Would service users negatively affected by the proposal be eligible to use this alternative or comparable provision? Would it meet their identified needs?
People are eligible to apply for Registered Social Landlords or private rented accommodation. However, as their rents are higher than Leicester City Council they may be in a worse financial situation.

Question 8:

Will any particular area of the city be more affected by the proposal than other parts of the city? What area and why?
Properties in the Centre area of the city tend to have proportionally more services charges attached to their properties, due to their design, 50% of tenants in the Centre area of the City are of a BME background. It could be that people in receipt of partial or no housing benefit in this area of the city will be negatively impacted upon the greatest, needing to pay all or part of the proposed service charge increase.

Question 9:

Is it likely that there may be other sources of negative impacts affecting service users over the next three years that need to be considered? What might compound the negative effects of this proposal? Describe any additional negative impacts over time that could realistically occur.
More tenants could be affected by Welfare Reform as these are fully implemented and Universal Credit is introduced. This could mean more tenants find themselves in a position where their housing benefit does not cover future rent increases.

Question 10:

Will staff providing the service be affected by the proposal/proposed changes? If yes, which posts and in what way?
All existing budget proposals incorporate service efficiencies with no current direct impact upon permanent staff.

Date completed31/10/14

Step 2: Consultation on the proposal : *to be completed after consultation ends*

Question1:

What consultation on the final proposal has taken place? When, where and who with?

Question 2:

What potential impacts did consultation stakeholders identify?
•
What positive equality impacts were identified? For people with which protected characteristics?
What negative equality impacts were identified? For people with which protected characteristics?
•

Question 3:

Did stakeholders indicate how positive impacts could be further promoted? How?
•
Did stakeholders indicate how negative impacts could be reduced or removed? How?
•

Date completed

Step 3: The recommendation (the recommended decision on how to change the service) *to be completed after Council decision*

Question 1:

Has your recommended proposal changed from the proposal in Step 1 as a result of consultation and further consideration?

Yes No If 'no', go to Question 2.

If yes, describe the revised proposal and how it will affect current service users?
What are the equality implications of these changes? Identify the likely positive and negative impacts of the final proposal and the protected characteristic affected.
How can any negative impacts be reduced or removed?

Question 2:

Are there any actions⁵ required as a result of this EIA?

Yes No

If yes, complete the action plan on the next page.

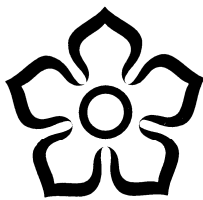
Date completed

Step 4: Sign-off

This EIA completed by	Name	Signature	Date
Lead officer	Chris Burgin		
Countersigned by Equalities Officer	Irene Kszyk		
Signed off by Divisional Director	Ann Branson		

Completion - Keep a copy for your records, and **send an electronic copy** of the completed and signed form to the [Corporate Equalities Lead](#) for audit purposes

⁵ Actions could include improving equality information collected or identifying the actions required to mitigate adverse impacts identified in the EIA.



Leicester
City Council

Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: WEDNESDAY, 10 DECEMBER 2014 at 5:30 pm

P R E S E N T :

Councillor Newcombe (Chair)
Councillor Alfonso (Vice Chair)

Councillor Aqbany
Councillor Joshi

Councillor Mayat
Councillor Potter

Councillor Westley

In Attendance

Councillor Connelly: Assistant City Mayor, Housing

* * * * *

31. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor V Patel and the Director of Housing.

32. DECLARATIONS OF INTEREST

Members were asked to declare any interests they had in the business to be discussed on the agenda.

Councillor Westley declared that members of his family were council tenants.

Councillor Aqbany declared that a family member was a council lessee.

Councillor Joshi declared that a family member was a council tenant.

Councillor Newcombe declared that he was a council lessee.

Councillor Potter declared that she and a member of her family were council tenants.

In accordance with the Council's Code of Conduct, the interests were not considered so significant that they were likely to prejudice the Councillors' judgement of the public interest. Councillors were not therefore required to withdraw from the meeting during consideration and discussion on the agenda items.

36. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2015/16

Councillor Connelly, Assistant City Mayor, Housing presented the Housing Revenue Account Budget for 2015/16. He explained that a rent increase of 2.2% was proposed, which was the lowest proposed rent increase in the previous 6 years. He added that he had hoped to avoid an increase in rent and was aware of the financial difficulties that people were experiencing. He also recognised that most the council tenants did not qualify for housing benefit, but that there was a need to maintain investment in housing stock. Assistant City Mayor Connelly welcomed the comments from the Tenants and Leaseholders Forum and agreed to their request to freeze the communal cleaning service charge until after the Housing Scrutiny Communal Cleaning Task Group had concluded its work and their recommendations had been put forward.

Members generally commented that the rent increase was regrettable but necessary in order for the council to continue to invest in their properties. Councillor Potter commented however, that she would not support the rent increase and asked for consideration to be given to people who did not receive housing benefit. She added that some people were on very low wages, received no financial help and would not be in a position to pay increased rent.

Some members expressed views that private landlords generally charged higher rents and did not have the same high standards that the city council did, though a comment was made that this was not the case in the Netherhall area of the city.

A reference was made to the Tenants' and Leaseholders' Forum and a concern was expressed that the forum did not represent every estate in the city. There followed some discussion as to how best to ensure that people were aware that the forum existed and as to whether there was a better system for representing tenants. It was agreed that this would be subject to a task group review and a scoping document would be brought to a future meeting of the commission. It was further agreed to ask Councillor Potter to seek residents who would like to engage with the review.

The Chair questioned as to how the proposed 2.2% rent increase compared to other local authorities. The Head of Finance, Adult Social Care and Housing, responded that the figure had not been checked against other local authorities' proposals, but this could be investigated.

Concerns were expressed relating to the possible impact of the Transforming Neighbourhood Services strategy and whether older people would need to travel further to their housing office if there were more shared council buildings.

There were also concerns as to whether there would be confidentiality issues if services shared the same buildings. Assistant City Mayor Connelly responded that he would not pre-judge the outcome of the consultation, but he felt that with care, it would be possible to run all services from the same building and maintain confidentiality. The Transforming Neighbourhood Services Strategy would be brought to the relevant scrutiny commissions for consideration. The Scrutiny Policy Officer reported that the Neighbourhood Services and Community Involvement Scrutiny Commission were looking into the Transforming Neighbourhood Services and he offered to copy the Housing Scrutiny Commission into the appropriate information.

In response to concerns raised in relation to private landlords, Assistant City Mayor Connelly responded that the scrutiny commission had looked into this before. There were examples where private landlords and also some Housing Association landlords were not investing in their properties; and this had shown up in councillors' case work. He added that 2.2% was the lowest rent increase that the council could afford to implement without there being a detrimental effect on investment in council housing stock.

A suggestion was made that the Housing Scrutiny Commission carry out a piece of work on Housing Associations and it was agreed that this should be added to the work programme.

Concern was raised relating to a particular case of a family, with a child with severe disabilities, who were told that their property could not be adapted to meet the child's needs. This was resolved after the councillor intervened. Assistant City Mayor Connelly responded that he was disappointed at what had happened, but there were 22000 houses in the council stock and this was not indicative across the city. He believed that the council provided an excellent service.

RESOLVED:

- 1) that the commission note the proposed 2.2% rent increase;
- 2) that the commission welcome the freezing of the communal cleaning service charge until after the Housing Scrutiny Communal Cleaning Task Group has put forward their recommendations;
- 3) that it be agreed for a review to be carried out relating to how best the Tenants' and Leaseholders' Forum could represent tenants and for Councillor Potter to be asked to seek residents who might wish to engage in the review; and
- 4) for some work in relation to Housing Associations be added to the work programme.

