



Leicester  
City Council

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

15 February 2016

Sir or Madam

I hereby summon you to a meeting of the LEICESTER CITY COUNCIL to be held at the Town Hall, on WEDNESDAY, 24 FEBRUARY 2016 at FIVE O'CLOCK in the afternoon, for the business hereunder mentioned.

**Monitoring Officer**

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**AGENDA**  
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- 1. LORD MAYOR'S ANNOUNCEMENTS**
- 2. DECLARATIONS OF INTEREST**
- 3. STATEMENTS BY THE CITY MAYOR/EXECUTIVE**
- 4. MATTERS RESERVED TO COUNCIL**
  - 3.1 General Fund Revenue Budget 2016/17
  - 3.2 Capital Programme 2016/17 to 2018/19
  - 3.3 Housing Revenue Account (HRA) Budget (including HRA Capital Programme) 2016/17.

## 5. ANY OTHER URGENT BUSINESS

### **Fire & Emergency Evacuation Procedure**

- The Council Chamber Fire Exits are the two entrances either side of the top bench or under the balcony in the far left corner of the room.
- In the event of an emergency alarm sounding make your way to Town Hall Square and assemble on the far side of the fountain.
- Anyone who is unable to evacuate using stairs should speak to any of the Town Hall staff at the beginning of the meeting who will offer advice on evacuation arrangements.
- From the public gallery, exit via the way you came in, or via the Chamber as directed by Town Hall staff.

### **Meeting Arrangements**

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- Please do not take food into the Council Chamber.
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- The Council is committed to transparency and supports efforts to record and share reports of proceedings of public meetings through a variety of means, including social media. In accordance with government regulations and the Council's policy, persons and press attending any meeting of the Council open to the public (except Licensing Sub Committees and where the public have been formally excluded) are allowed to record and/or report all or part of that meeting. Details of the Council's policy are available at [www.leicester.gov.uk](http://www.leicester.gov.uk) or from Democratic Support. If Members of the public intend to film or make an audio

recording of a meeting they are asked to notify the relevant Democratic Support Officer in advance of the meeting to ensure that participants can be notified in advance and consideration given to practicalities such as allocating appropriate space in the public gallery etc.

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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.



## DECISIONS RESERVED TO COUNCIL

### **3.1 GENERAL FUND REVENUE BUDGET 2016/17**

Council is requested to consider the City Mayor's proposed budget for 2016/17. The technical recommendations to Council will be published ahead of the meeting on 24 February 2016.

A copy of the report is attached. Also attached is the minute of the meeting of the Overview Select Committee held on 28 January 2016, along with a minute from the meeting of the Health and Wellbeing Scrutiny Commission and the Adult Social Care Commission held on 14 January 2016.

Trade Union responses to the budget are also attached.

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

### **3.2 CAPITAL PROGRAMME 2016/17 TO 2018/19**

Council is asked to approve a capital programme for 2016/17 to 2018/19. The technical recommendations to Council will be made published ahead of the meeting on 24 February 2016.

A copy of the report is attached. Also attached is the minute of the meeting of the Overview Select Committee held on 28 January 2016.

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

### **3.3 HOUSING REVENUE ACCOUNT (HRA) BUDGET (INCLUDING HRA CAPITAL PROGRAMME) 2016/17**

Council is asked to consider approval of the City Mayor's proposed Housing Revenue Account budget for 2016/17.

A copy of the report is attached.

The Council is recommended to:

- i) set the 2016/17 budget, the first of the four Rent Reduction Budgets, as a balanced budget with no use of reserves;
- ii) implement the government's 1% rent reduction, which will result in a £2.2m reduction in income in 2016/17 and an estimated £11.7m a year by 2019/20;
- iii) implement the 2016/17 HRA budget described in this report (Appendix A), and the HRA capital programme (Appendix B);

- iv) implement a 0.9% increase in hostel core rents and a 0% increase in warden assisted rents (supported housing rents are exempt from the 1% rent reduction in 2016/17)
- v) increase service charges and garage rent by 0.9% (CPI+1%) (excluding heating and cleaning charges);
- vi) implement the proposed spending reductions set out in Table 4 and Appendix C, except that a further report to Executive is brought on the STAR service before a decision is made on three current vacancies;
- vii) approve a £1m policy provision for building new council houses (Appendix B – capital programme); and
- viii) request the Executive to consider the outcome of work on the HRA Spending Review Phase 3 in the summer of 2016 to identify a total reduction in spending of c£11.7m pa by 2019/20, compared to the current business plan.

**Sir Peter Soulsby  
City Mayor**



Council

Date: 24<sup>th</sup> February 2016

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## General Fund Revenue Budget 2016/17

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### 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 2016/17. The report also identifies the impact of the budget on 2017/18 and subsequent years.
- 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.

#### 2. Summary

- 2.1 The Council's financial position is exceptionally severe. Five years of budget reductions have seen the Council's grant from central government fall by £86m per year (37% in real terms). This had led to cuts of £100m per year being made to the Council's services.
- 2.2 The Government published its Comprehensive Spending Review (CSR) on 25<sup>th</sup> November, and the finance settlement for local government on 8<sup>th</sup> February. These confirmed that substantial cuts will continue, at least until 2020.
- 2.3 The Council's approach to achieving budget reductions in the last 2 years has been based on the following approach:-
  - (a) An in-depth review of discrete service areas, in order to save £35m per year (the "Spending Review Programme");
  - (b) The building of reserves, in order to "buy time" to avoid crisis cuts and to manage the spending review programme effectively. This is termed the "Managed Reserves Strategy".

- 2.4 During the course of 2015/16, additional reviews were added to the Spending Review Programme, with a consequent increase in the amount sought to £45m per year. Savings of £15m per year have been approved to date, and these are included in the budget you are asked to approve. Decisions will be taken on the remaining savings over the next 2 years, with the majority expected to be taken in 2016/17. A full schedule of the spending review programme has been provided at Appendix Eight.
- 2.5 The Council will have an estimated £54m in reserves at the end of March. After allowing £15m for a minimum prudent balance, £39m is available to support future budgets.
- 2.6 The position we face is considerably more serious than it was 12 months ago. This is due to the following:-
- (a) The scale of grant reductions in the next 4 years – by 2019/20, total cuts will rise to £123m per year since 2010/11 (53% in real terms);
  - (b) The substantial pressures faced by local authorities nationally in the field of social care – both the costs of providing for the growing population of vulnerable adults and the growth in numbers of looked after children (the latter compounded by a social care recruitment crisis);
  - (c) New Government initiatives which have not been fully funded. In particular, the national living wage is expected to cost our care providers £21m per annum by 2020/21, costs which the fragile care market will be unable to bear without increasing charges to the Council.
- 2.7 The combination of these pressures means the Council's budget for 2019/20 is forecast to be £55m in excess of available income. This is £25m more than would be available, even if the Spending Review Programme delivers everything expected of it, and the ability of social care services to make a contribution is now increasingly unrealistic.
- 2.8 The Managed Reserves Strategy has served us well, and reserves are sufficient to bridge the funding gap in 2016/17. However, 2016/17 is the last year in which this will be possible and a major funding gap needs to be addressed before 2017/18. Without the managed reserves strategy, we would be facing crisis cuts now.
- 2.9 The approach put forward is as follows:-
- (a) To set a one year budget for 2016/17, which recognises the additional social care pressures;
  - (b) To pursue the remaining spending reviews vigorously, with a view to banking savings as early as possible. As these are not anticipated in the budget projections, savings achieved in 2016/17 will reduce the reserves required in that year, and enable more to be carried forward



to 2017/18. Such savings will also reduce the Council's annual spending, and erode the forecast gap of £55m in 2019/20.

- 2.10 The Spending Review Programme alone, however, will not be enough. During the course of 2016/17, the Executive will seek to review the entirety of the Council's budget. Where money can be saved, proposals will be developed in accordance with normal processes.
- 2.11 Given the scale of the challenge faced, it is inevitable that some extremely difficult decisions are going to be required.
- 2.12 In the CSR, the Government stated that social care authorities would be able to increase tax by an additional 2% over and above the usual referendum limits. Consequently, the budget proposes a tax rise of just below 4%. It is noted that the extra 2%, which will be permitted for 4 years, will raise around £8m in additional revenue by 2019/20. This amounts to just one quarter of the total spending pressures in adult care.
- 2.13 In the exercise of its functions, the City Council (or City Mayor) must have due regard to the Council's duty to eliminate discrimination, to advance equality of opportunity for protected groups and to foster good relations between protected groups and others. The budget is, in effect, a snapshot of the Council's current commitments and decisions taken during the course of 2015/16. 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 11 and the legal implications at paragraph 21). Where required, the City Mayor has considered the equalities implications of decisions when they have been taken and will continue to do so for future spending review decisions.

### 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 2016/17 which will be circulated separately;
  - (b) note the outcome of the local government finance settlement for 2016/17;
  - (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 during 2016/17, and that estimates used to prepare the budget are robust;
- (g) note the equality implications arising from the proposed tax increase, as described in paragraph 11;
- (h) approve the prudential indicators described in paragraph 18 of this report and Appendix Three;
- (i) approve the proposed policy on minimum revenue provision described in paragraph 19 of this report and Appendix Four;
- (j) agree that finance procedure rules applicable to trading organisations (4.9 to 4.14) shall be applicable only to City Catering, operational transport and highway maintenance.

#### 4. Budget Overview

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

|  | <u>2016/17</u><br>£m | <u>2017/18</u><br>£m | <u>2018/19</u><br>£m | <u>2019/20</u><br>£m |
|--|----------------------|----------------------|----------------------|----------------------|
| <b><u>Service budget ceilings</u></b>          | 259.3                | 265.5                | 264.6                | 267.0                |
| <b><u>Sums to be Allocated to Services</u></b> |                      |                      |                      |                      |
| Pay inflation 2016/17                          | 1.8                  | 1.8                  | 1.8                  | 1.8                  |
| <b><u>Corporate Budgets</u></b>                |                      |                      |                      |                      |
| Capital Financing                              | 13.3                 | 13.3                 | 13.4                 | 13.6                 |
| Miscellaneous Central Budgets                  | (1.3)                | (1.4)                | (0.7)                | (0.2)                |
| Contribution to Severance Costs                | 5.0                  |                      |                      |                      |
| Service Transformation Fund                    | 3.0                  |                      |                      |                      |
| Contingency                                    | 3.0                  |                      |                      |                      |
| Contribution to Capital                        | 1.0                  |                      |                      |                      |
| <b><u>Future Provisions</u></b>                |                      |                      |                      |                      |
| Inflation                                      |                      | 3.4                  | 6.8                  | 10.2                 |
| Apprentices levy                               |                      | 1.0                  | 1.0                  | 1.0                  |
| Planning provision                             |                      | 3.0                  | 6.0                  | 9.0                  |
| <b><u>Managed reserves Strategy</u></b>        | (21.9)               | (17.0)               |                      |                      |
| <b>TOTAL SPENDING</b>                          | <b>263.2</b>         | <b>269.6</b>         | <b>292.8</b>         | <b>302.3</b>         |
| <b><u>Resources – Grant</u></b>                |                      |                      |                      |                      |
| Revenue Support Grant                          | 62.4                 | 48.1                 | 38.4                 | 28.4                 |
| Business rates top-up grant                    | 44.9                 | 45.9                 | 47.2                 | 48.7                 |
| New Homes Bonus                                | 9.4                  | 9.2                  | 5.8                  | 5.5                  |
| <b><u>Resources – Local Taxation</u></b>       |                      |                      |                      |                      |
| Council Tax                                    | 93.7                 | 98.1                 | 102.8                | 107.6                |
| Business Rates                                 | 54.0                 | 54.6                 | 56.0                 | 57.3                 |
| Collection Fund Surplus – Council Tax          | 4.1                  |                      |                      |                      |
| Collection Fund Deficit – Rates                | (5.2)                |                      |                      |                      |
| <b>TOTAL RESOURCES</b>                         | <b>263.2</b>         | <b>255.9</b>         | <b>250.1</b>         | <b>247.6</b>         |
| Projected tax increase                         |                      | 4.0%                 | 4.0%                 | 4.0%                 |
| Gap in resources                               |                      | 13.6                 | 42.6                 | 54.8                 |
| Underlying gap in resources                    |                      | 30.6                 | 42.6                 | 54.8                 |

4.2 Future forecasts are volatile and will change. Resources forecasts are subject to the risks and caveats described at sections 12 and 13 below.

4.3 The forecast gap in 2019/20 makes no allowance for inflation other than for pay awards. In real terms, the gap for that year is some £7m higher.

## 5. **Council Tax**

5.1 The City Council's proposed tax for 2016/17 is £1,354.01 an increase of just below 4% compared to 2015/16.

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 2015/16 for a Band D property was as follows:-

|                  | <b>£</b>        |
|------------------|-----------------|
| City Council     | 1,301.95        |
| Police           | 180.00          |
| Fire             | 60.43           |
| <b>Total tax</b> | <b>1,542.38</b> |

5.4 The actual amounts people are paying in 2015/16, 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 2016/17 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 No provision has been made for the cost of the 2016/17 pay award, as this has not yet been settled. The amount required will be allocated during the year. An amount has, however, been added to budget ceilings (£2.5m per year) to meet the cost of national insurance increases arising from the Government's decision to abolish "contracted out" rates. No allowance was made for this in the Government's finance settlement.
- 6.5 Additional funding has been built into the budgets of the Adult Social Care and Children's Services Departments to meet the cost pressures each faces. This is not our normal practice – apart from an allowance for demographic growth in adult care, and a standard rate of inflation on payments to independent sector care providers, our approach has been to require all departments to live within their existing budget ceilings. This approach would not have been sustainable in 2016/17.
- 6.6 Apart from the above, no inflation has been added to departments' budgets for running costs or income, except for costs arising from the waste disposal PFI contract. In practice, this means the City Development and Neighbourhoods Department and the Resources Department are seeing real-terms cuts in their non-pay budgets.
- 6.7 The following spending review decisions have been formally taken since February 2015, and budgets reduced accordingly.

|                     | <u>16/17</u><br><u>(£000)</u> | <u>17/18</u><br><u>(£000)</u> | <u>Full Year</u><br><u>(£000)</u> | <u>Decision</u><br><u>Date</u> |
|---------------------|-------------------------------|-------------------------------|-----------------------------------|--------------------------------|
| Corporate Resources | 3,875                         | 3,875                         | 3,875                             | 23.02.15                       |
| Welfare Advice      | 200                           | 200                           | 200                               | 06.03.15                       |
| Technical Services  | 1,703                         | 2,578                         | 2,821                             | 25.05.15                       |
| IT                  | 1,200                         | 2,400                         | 2,400                             | 03.08.15                       |
| <b>Total</b>        | <b>6,978</b>                  | <b>9,053</b>                  | <b>9,296</b>                      |                                |

- 6.8 Additionally, management savings of £64,000 per year have arisen from the Homelessness Review, and have been built into the budget.
- 6.9 A full schedule of reviews included in the programme is provided at Appendix Eight.
- 6.10 The budget ceiling of the Health and Wellbeing Division has been reduced to reflect Government cuts to the public health grant, amounting to £2.2m in

2016/17. This consists of £1.6m in-year cuts announced in 2015/16, and a further £0.6m announced for 2016/17 (on 11<sup>th</sup> February).

## 7. How Departments will live within their Budgets

- 7.1 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, budgets have already been increased to reflect spending pressures in two departments and reduced to reflect the effect of spending review decisions and cuts in public health grant. The departmental commentary below also explains in more depth the pressures facing social care, and the budget increases the Council is asked to approve.

### Adult Social Care

- 7.2 As stated above, the budget for the department has been increased in 2016/17 to reflect the pressures upon it. These are as follows:-

|  | <u>£000</u>   |
|--|---------------|
| National living wage   | 4,935         |
| Increase in number and cost of care packages   | 9,484         |
| Care Act related   | 694           |
| Deprivation of Liberty costs   | 360           |
|  | <hr/>         |
|  | 15,473        |
| Less:-   |               |
| Additional savings from previous years' decisions<br>(EPHs and organisational reviews) | (1,471)       |
|  | <hr/>         |
| Total budget increase  | <u>14,002</u> |

- 7.3 The **national living wage** is due to increase to £7.20 per hour from 1<sup>st</sup> April 2016, which will lead to a significant cost for independent sector care providers. Given the fragility of the care market, providers will inevitably seek additional funding from the City Council. The Government has partially recognised this issue, and has permitted social care authorities to increase council tax by 2% for each of the next 4 years, over and above the referendum limit. However, this increase will only generate a further £1.8m in 2016/17, around a third of what is required.
- 7.4 The increase in the cost of **care packages** arises from a growing population of older people, and other vulnerable adults requiring care; together with growing numbers with complex care needs. This is a national issue, which is being experienced across the country. In past years, the Council has received additional funding through formula grant to reflect the increase in population; this ceased in 2013/14. Subsequently, additional funding has

been made available via the Better Care Fund (BCF). The Government has committed to increase the BCF by a further £1.5bn per year by 2019/20, but nothing will be received in 2016/17.

- 7.5 Government funding was provided in 2015/16 to part fund the additional costs of supporting carers, and to support schemes to allow service users to defer residential care charges following implementation of the **Care Act**. This funding is reducing in 2016/17.
- 7.6 **Deprivation of Liberty Safeguards** (DoLs) continue to place a significant cost and administrative burden on local authorities. In March 2014, a Supreme Court judgement (known as the Cheshire West ruling) resulted in many more people who should be made subject to DoLs. We have seen a 400% increase in the number of applications since 2013/14, and this has been reflected in the budget for 2016/17. The government did provide some additional one off funding in 2015/16, although insufficient to address the issue.
- 7.7 Additional savings will offset the above costs – these arise principally from the review of elderly persons’ homes in earlier years, which will save more in 2016/17 than it did in 2015/16.
- 7.8 The director is working on a number of measures to contain costs. These include:-
- (a) A reduction of “inflow” at the front door of the service by providing community based alternatives;
  - (b) Reducing and controlling the increasing costs of existing service users;
  - (c) Identifying opportunities to reduce the number of residential placements for clients with learning disabilities and mental health conditions by transferring such residents to supported living settings;
  - (d) A review of the commissioning of intermediate care and reablement jointly with the CCG;
  - (e) A review of administration and other support resource;
  - (f) A further review of non-statutory services.
- 7.9 It is expected that these measures will enable the department to live within its budget in 2016/17, and will make more significant contributions to managing cost from 2017/18.

- 7.10 The following assumed pressures have been reflected in the forecasts at paragraph 4.1. These are currently broad estimates, which will be reviewed during 2016/17 with a view to containing the costs as far as possible:-

|                               | <u>2017/18</u><br><u>£000</u> | <u>2018/19</u><br><u>£000</u> | <u>2019/20</u><br><u>£000</u> |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| National living wage          | 8,600                         | 12,300                        | 16,400                        |
| Other pressures               | 8,900                         | 6,200                         | 4,500                         |
| Total assumed budget increase | <u>17,500</u>                 | <u>18,500</u>                 | <u>20,900</u>                 |

- 7.11 The “other pressures” in the above table are net of assumed savings which will be realised from the measures described above, and from assumed BCF contributions. No significant contribution is expected from the Better Care Fund until 2018/19 (see paragraph 12 below).

#### Health and Wellbeing Division

- 7.12 The budget ceiling of the Health and Wellbeing Division has been reduced to reflect Government cuts to specific grant (the public health grant), as described at paragraph 6 above. Spending reductions will be necessary for the division to live within its budget ceiling.
- 7.13 Spending reductions of £1m per year have already been achieved during 2015/16, leaving a further £1.2m to achieve. Significant amounts of spending are locked up in longer term contracts, reducing the scope for immediate compensatory action. Decisions will be taken after following normal processes, including the consideration of equality impact assessments, but options will inevitably include:-
- (a) A reduction in the Evaluation and Intelligence function. The impact of this will be a reduction in capacity to assess and understand local health issues, and to use this intelligence to inform services;
  - (b) Staffing reductions in the central public health team, which will be achieved by more efficient ways of working, and will not affect front-line services;
  - (c) Negotiated savings in existing contracts, which will have some impact on activity we can commission. Savings will be focussed on the areas which have the least impact on front line services;
  - (d) Non-implementation of additional planned spending on lifestyle services, which promote physical activity. The Council’s approach to these activities will need to be reviewed during 2016 in light of the longer term pressures facing the service, at which time the whole financial envelope can be re-assessed. Increasing spending in advance of the review is not feasible in the current climate;



- (e) Reductions to domestic violence and alcohol liaison nursing services, with these responsibilities mainstreamed into other core services.

7.14 Further reductions of £0.6m to £0.7m per year are expected in each of 2017/18 to 2019/20, which will necessitate a thorough review of the future shape of the service during 2016.

#### Education and Children's Services

7.15 Like adult care, the budget for Education and Children's Services has been increased for 2016/17. This is explained in the following table:-

|  | <b><u>£000</u></b> |
|--|--------------------|
| Looked after children costs              | 7,100              |
| Social worker recruitment                | 2,100              |
| Other pressures                          | 970                |
|  | <hr/>              |
|  | 10,170             |
| <u>Less</u> use of departmental reserves | (6,962)            |
|  | <hr/>              |
| Total budget increase                    | <u>3,208</u>       |

7.16 The increase in costs of **looked after children** is a national concern. At the date of writing this report, there are 629 looked after children compared with 545 at the beginning of 2015/16. A significant number of the children requiring placements are very vulnerable, and some have complex behaviours including self-harm. As a result, there has continued to be an increase in the number of very expensive external residential placements and it is assumed that this trend will continue to move upwards, and peak in 2016/17.

7.17 Extra costs of **social worker recruitment** arise from a national shortage of qualified social workers. This has resulted in continued reliance on more expensive agency staff. Due to the shortage in the market, the service has recruited newly qualified social workers, using our existing "assessed and supported year in employment" framework. Whilst this approach will reduce costs in the medium term, newly qualified social workers have restricted caseloads and can only deal with children in need cases. The cost of additional social workers is expected to peak in 2016/17, when compared with the current budget.

7.18 **Other pressures** arise because one-off funding of £0.8m was provided in the 2015/16 budget, to meet the funding gap in that year. In practice, considerably more will be needed, as members will be aware from budget monitoring reports during the course of the year. It was originally envisaged that recurrent savings would be found in 2016/17 to bridge the gap: in the

current circumstances, there is no chance of this being achieved. A further £0.2m has been invested in tackling child sexual exploitation. In the last two years there has been significant media attention on this issue; a growing understanding by the police, social care and other partners about the incidence and the impact on children and young people; and the link between missing children and sexual exploitation. Growing public awareness has led to a national increase in referrals of vulnerable children and young people who are at risk of, or have been involved in, CSE. In Leicester, there has been a similar rise and the £0.2m will be invested in resources to tackle this issue further.

- 7.19 The department will use £7.0m from its own **reserves** to minimise the amount of additional funding required. To facilitate this, the Executive will grant approval to transfer £5m of unspent education capital monies in 2015/16 to the revenue budget. This will reduce the amount of departmental reserves required to balance the budget pressures the department is experiencing in 2015/16, thus enabling these reserves to support the budget more effectively across both years.
- 7.20 The director is working on measures to reduce the number of children coming into care. These include an expansion of our existing multi-systemic therapy (MST) team which provides an intensive family intervention for young people aged 11-17 years with seriously problematic behaviours. We are also setting up a new MST team for children aged 6-17 years who are the subject of abuse and neglect. We are working closely with the DfE's MST sector advisor and have received some set up funding for the abuse and neglect team. In addition to the MST provision, we are also increasing the level of intensive short term support for those children who are on the edge of coming into care (using resources from the Youth Service, Youth Offending Service and Family Support Service).
- 7.21 Savings from these initiatives should give rise to reductions in the cost of the looked after children's service from 2017 onwards. The following assumed pressures have been reflected in the forecast at paragraph 4.1, taking into account this mitigating action:-

|         | <u>£000</u> |
|---------|-------------|
| 2017/18 | 7,900       |
| 2018/19 | 6,300       |
| 2019/20 | 6,300       |

- 7.22 As part of the CSR and the settlement, the Government announced cuts in Education Services Grant (ESG). Education Services Grant is provided to authorities for services to schools. In 2016/17, the funding rate will fall from £87 to £77 per pupil. This will cost the Council around £0.4m and will be absorbed within the departmental budget.

- 7.23 Over the next four years, ESG will be cut by a total of £600m nationally, which is equal to 75% of the available sum. If replicated locally, this would give rise to a £3.5m per year grant loss to the department. The Government has promised to consult during 2016 on proposals to “reduce the local authority role in running schools and remove a number of statutory duties.” The forward estimates at paragraph 4.1 do not allow for this loss of grant, and we await further information on what duties would be taken from us.
- 7.24 Regardless of any Government funding cut, the process of conversion to academies gives rise to loss of Education Services Grant, at an amount (now) equal to £77 per pupil.

#### City Development and Neighbourhoods

- 7.25 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, transport, regeneration, the environment, culture, heritage, sport, libraries, tourism, housing and property management. The department’s budget in 2015/16 is £72m.
- 7.26 The department is able to live within its budget for 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) Using Buildings Better, which is an extension of Transforming Neighbourhood Services and is reviewing building use throughout the city;
  - (c) Sports and Leisure, which is examining how these services can best be run in future;
  - (d) A review of homeless services, which has achieved £0.8m p.a. to date. These savings are reflected in the budget;
  - (e) A review of technical services (property, highways design and maintenance, facilities management, fleet management and housing maintenance). Savings of £3m have been approved to date, and reflected in the budget. The scope of this review has recently been

extended to include transportation, highways, energy and environment teams.

7.27 The main budget pressures facing the department are:-

- (a) Sports income, as our sports facilities are facing competition from new private sector 'budget' gyms. This is being addressed through income generation initiatives and the spending review of sports provision;
- (b) Pressures on bereavement services income of around £0.2m, due to new crematoria opening in the county;
- (c) Income pressures at the newly opened household waste recycling centre at Gypsum Close. The facility is currently new, and it is expected that patronage will increase.

7.28 These pressures are being addressed through management action.

#### Corporate Services and Support

7.29 The key challenge facing the department is to be as cost effective as possible, in order to maximise the amount of money available to run public facing services.

7.30 Two substantial spending reviews have been completed since February 2015, and are now in implementation. These are:-

- (a) A review of support services, which will save £3.9m in a full year. Savings principally come from the Finance Division; and the Delivery, Communications and Political Governance Division;
- (b) A review of IT, which will save £2.4m per year when it is fully implemented.

7.31 The department is able to manage within its budget ceilings for 2016/17, having absorbed new spending pressures. These pressures include:-

- (a) Reductions in the housing benefit administration grant: this has fallen by £2.1m per year since 2011/12, despite a largely static caseload;
- (b) The pressures associated with transferring the Revenues and Benefits Service to Universal Credit. Universal Credit will replace a number of current benefits with a single monthly payment. The new payment will be administered by the DWP, who have different systems to us, and transitional problems (and workload) are envisaged;
- (c) An increasing volume of child protection legal case work (activity has increased by over 100% in the last two years);
- (d) An increase in the coroner's workload;

(e) An increase in the cost of elections.

## 8. **Sums to be Allocated to Services**

8.1 £1.8m has been set aside for the cost of the **2016/17 pay award**. This has not yet been settled, and it is assumed that an award of 1% will eventually be made (in line with Government guidelines for the public sector).

## 9. **Corporately held Budgets**

9.1 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).

9.2 The budget for **capital financing** represents the cost of interest and debt repayment 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, which was approved by the Council in January. Following a review of the way debt is allocated between the General Fund and the Housing Revenue Account (as described in the separate report to the Council on the HRA budget), savings of £0.7m p.a. have been made in this budget.

9.3 **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 set aside to assist council taxpayers suffering hardship 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. In 2016/17 only, £1m is included in these budgets to meet the Council's contribution to additional costs arising from the Building Schools for the Future programme, which is almost complete. It is anticipated that a review of the schools' funding formula will result in these costs being met from the Dedicated Schools' Grant in future years.

9.4 Provision has been made for additional **severance costs**. The need for severance provision is discussed further in paragraph 15 below.

9.5 Provision has been made to increase sums set aside for **service transformation**. Previous budgets have made £8m available for monies which have been set aside to help deliver the spending review programme, and to invest in infrastructure to manage change. Of sums committed, £2.5m has been set aside for building and other works to ensure the successful implementation of the Transforming Neighbourhood Services programme; £1m has been set aside to modernise the Council's finance and HR systems, which will enable these services to manage with fewer staff; and sums have been made available to provide expert input and project management support

for reviews. £1.5m remains uncommitted, and it is appropriate to increase this sum given the scale of challenges faced.

9.6 A **contingency** of £3.0m has been included in the budget for 2016/17. This reflects the risks identified in section 16 of this report. The contingency will only be used as a very last resort.

9.7 A £1m contribution to the **capital programme** is proposed. This is described in the separate report on your agenda.

## 10. **Future Provisions**

10.1 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.

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

(a) An assumed 1% pay award each year from 2017/18;

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

10.3 £1m per annum has been set aside for the new **apprentice levy** announced by the Government in the CSR. This will amount to 0.5% of payroll, but at present there is insufficient clarity about how the new levy will work. It is not known what (if any) training costs incurred by the Council will be met by the new levy: in the event that we can use the levy to meet current costs, the amount required will be less than £1m. This will depend on how the Government defines an apprentice.

10.4 A **planning provision** has been provided in future years to reflect the severe difficulties in making accurate forecasts and to manage uncertainty. The amount of this provision is reviewed on an annual basis. The provision currently made is a cumulative £3m per year, each year to 2019/20.

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

11.1 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.

11.2 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.
- 11.3 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.
- 11.4 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.
- 11.5 Consideration of equality implications is a continuing requirement under the duty, and this is reflected in the way that we approach our assessment of equality impacts 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 review the equality impacts of individual decisions to ensure (as far as possible) that no one protected characteristic is being disproportionately disadvantaged overall.
- 11.6 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). Decisions on services to be provided within the service envelopes and ceilings cited are taken by managers or the City Mayor; and equalities implications are continually considered. 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 specific service considerations with potential equality impacts). When decisions are taken on spending review recommendations, these are subject to their own impact assessments. However, because the proposed tax increase being recommended in this report could have an impact on those required to pay it, an assessment has been carried out to inform decision makers. This is provided at Appendix Five.

- 11.7 The assessment suggests that the impact of the increase on household finances will be limited because it is mitigated by price reductions in other areas of household expenditure.
- 11.8 However, the assessment raises the potential impact of future Government welfare reforms, particularly the anticipated adverse impact of reduced Universal Credit benefits on households with children. Although the Council is not responsible for addressing equality implications arising from the continued welfare reforms, some of our services do mitigate the impacts of these reforms on individual households.
- 11.9 Therefore, the key equality implication for the budget is the value of the proposed tax increase in enabling the Council to maintain its range of services to local residents and in so doing continue to mitigate adverse impacts facing individual households. The equality impact assessment in Appendix Five details the protected characteristics of the households affected. Being able to continue mitigating adverse impacts for local people is evidence that the council is meeting its public sector equality duty aim of continuing to promote equality of opportunity. In essence, the tax rise helps to maintain a higher level of public service which in turn helps reduce disadvantage.
- 11.10 The issue of structural inequality within the UK compared to other countries is subject to constant debate. Atkinson's recent publication on this subject links inequality to inequality of opportunity and suggests that it is hard to reduce inequality of opportunity without doing something about inequality of outcomes. The range of Council services on offer to local residents does seek to improve inequality of outcomes (a fundamental role of the local state).
- 11.11 Our public sector equality duty is a continuing duty, even after decisions have been made and proposals have been implemented. Periodically, earlier decisions are reviewed to establish whether proposed mitigating actions were carried out, and their impact. The spending review programme provides the necessary data to enable this review to take place.
- 11.12 Within the budget is a provision of £0.2m to help mitigate equalities impacts of any future service decision which would otherwise have a disproportionate effect. Similarly, there is a contingency of £3m in the budget to provide flexibility when future decisions are made.

## 12. **Government Grant**

- 12.1 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.



12.2 Government grant support now principally consists of:-

- (a) **Revenue Support Grant (RSG)**, which is distributed on the basis of needs formulae that existed prior to 2013/14. Cuts in grant since 2013/14, however, have been made without reassessing needs. In 2014/15 and 2015/16, reductions were made simply by cutting each authority's RSG allocation proportionally. This had a disproportionate impact on those authorities most dependent on Government grant (i.e. deprived authorities such as Leicester). A fairer approach has been adopted in the 2016/17 settlement, which is expected to apply for the next four years. This approach will cut grant with reference to total budget rather than just grant. However, there has been no re-assessment of need (for instance recognition of increased population); and the cuts made in the last two years have not been recalibrated and remain in our baseline. Thus, it remains very much the case that cuts since 2013/14 have disadvantaged deprived authorities;
- (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 numbers of highly rated businesses pay a tariff into the system, which funds the top-ups to less affluent authorities);
- (c) **New Homes Bonus (NHB)**. 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. 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. The system of New Homes Bonus is expected to change, and the Government wishes to reduce the amount it pays by £800m. Until now, the grant has been paid for six years, and the Government is proposing to reduce this to four. The Government is also considering reduced allocations for authorities with no (or out of date) local plans; and for homes built only after a successful planning appeal. They are also considering rewarding councils only for homes built over and above a specified expected level of growth. None of these measures will affect 2016/17. The figure shown at paragraph 4.1 also includes an estimated £0.2m of "New Homes Bonus Adjustment Grant" in 2016/17.

12.3 The Government also controls **specific grants** which are given for specific rather than general purposes. These grants are not shown in the table at paragraph 4.1, as they are treated as income to departments (departmental budgets are consequently lower than they would have been).

12.4 The CSR and settlement include changes to some specific grants:-

- (a) The **Education Services Grant** is being cut, as described at paragraph 7 above;

- (b) The **Better Care Fund** is being increased by £1.5bn per year. This increase is not new money: around half the cost is being met from proposed cuts to New Homes Bonus (described above); and the remainder is reflected in the amount available for Revenue Support Grant. No money will be available in 2016/17, and only £100m in 2017/18, perhaps reflecting the slow pace at which the Government proposes to reform NHB. Details of how much Leicester will receive are not yet known, although the Government intends to skew distribution towards deprived authorities (recognising that the extra 2% tax rise skews resources towards affluent authorities). Notwithstanding this, the total BCF on offer is insufficient to fully redress the imbalance of additional social care support in favour of more affluent authorities.

12.5 In addition to grant figures for 2016/17, the Government has provided indicative figures for the subsequent three years. The Government has offered authorities a formal four year settlement, if we want one. It is unclear yet what additional certainty this would bring, or the conditions expected. We would, however, be required to produce an “efficiency plan”: it is assumed that this plan will need to demonstrate use of our reserve balances. We will have until October to make a decision.

12.6 The final local government finance settlement provided some extra, transitional money to those authorities who unexpectedly lost out from the change to the way RSG cuts are calculated. These are generally more affluent authorities.

### 13. Local Taxation Income

13.1 Local tax income consists of three elements:-

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

#### Business Rates

13.2 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”.

13.3 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 appeals) are broadly stable based on most recent experience.
- 13.4 The most difficult element in estimating rates income is the effect of appeals by rate payers. 49% of resulting refunds fall to be paid by the Council, and significant delays in resolving appeals by the Valuation Office Agency creates considerable uncertainty. As appeals can no longer be backdated to periods before 2015/16, this has removed an element of volatility, but the introduction of this change has had a major impact on the collection fund (see below). Further uncertainty will be caused by national revaluation in 2017.
- 13.5 The Council is 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 is currently forecast to benefit Leicester and Leicestershire by £3m in 2015/16, but this figure is extremely difficult to forecast. The final figure will be confirmed in September.
- 13.6 Since localising business rates, the Government has made incremental changes to the way business rates operate. This includes limiting inflationary increases to 2%, and extending the “temporary” doubling of relief to small businesses from year to year. The Government compensates lost income to local authorities by means of a separate grant, which has been included in the rates income figures. (The 2% cap also affects top-up grant, which is similarly compensated).
- 13.7 The Comprehensive Spending Review includes a statement that local authorities will retain 100% of business rates income “by 2020”. By 2019/20, an extra 50% of retained rates would exceed the nationally forecast RSG. This does not, however, mean that authorities will be better off. The Government will ensure that the changes are “fiscally neutral” at national level by adding to the responsibilities which authorities must pay for (and, seemingly, by ceasing certain specific grants – public health grant has been suggested). Passing the responsibility for attendance allowance to local authorities has also been suggested. How the change will affect us locally is not known – the Government plans to carry out a reassessment of need which may be to our benefit (depending how it is done). The table at paragraph 4.1 shows forecast RSG in years when 100% retention might have been implemented, disregarding any such change.

### Council Tax

- 13.8 Council tax income is estimated at £93.7m in 2016/17, based on a tax increase of just below 4%. For planning purposes, a tax increase of just below 4% has been assumed in all years from 2017/18 to 2019/20.

- 13.9 The Council is unable to increase tax by 4% or more without first seeking endorsement by means of a local referendum. This “referendum limit” is 2% higher than it was in 2015/16: this concession is only available to social care authorities, and is designed to help mitigate the growing costs of social care (including the national living wage). Over 4 years, the extra income amounts to £8.0m, which (as can be seen from paragraph 7 above) falls well short of meeting the estimated additional costs. The policy of allowing increases in council tax, as opposed to providing more central funding, also exacerbates the disproportionate impact Government policy has had on deprived authorities. A tax rise of 2% is worth far more in affluent areas with high property values. Figures produced by the Institute of Fiscal Studies suggest that, over 4 years, the extra tax would provide a 5% increase in Adult Social Care budgets in Manchester but (at the opposite end of the scale) a 17% increase in Wokingham. The Government will partially address this in the way it distributes the proposed additional BCF monies.
- 13.10 Nonetheless, even after allowing for the additional 2%, council tax income is expected to be higher than was forecast when the budget was set for 2015/16. 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, and partly due to reductions in the number of people claiming council tax support.
- 13.11 The additional 2% for adult care comes with strings, which seek to ensure that authorities using the increased flexibility spend the money on adult social care. Given the budget pressures in this area, these conditions will not present a problem.
- 13.12 In previous years, the Government has offered grant to authorities which freeze their council tax. No such offer has been made for 2016/17.

#### Collection Fund Surpluses/Deficits

- 13.13 Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true.
- 13.14 The Council has a **council tax collection fund surplus** of £4.1m, after allowing for shares paid to the police and fire authorities. This is the highest figure in recent years, and arises for two reasons:-
- (a) An increase, by around 2,000, of the number of properties in the city during 2015/16;
  - (b) The impact of the introduction of council tax reduction schemes. These schemes were introduced by the Government in 2013/14, and all tax payers are now required to make a contribution to their tax bills. This has clearly had an impact on the incomes of low paid families. However, the impact on our income has been less than expected, and the amounts set aside for non-payment have proved to be too pessimistic.

13.15 Consequently, the council tax income forecast for 2016/17 reflects a lower provision for non-collection than was used in 2015/16.

13.16 The Council has a **business rates collection fund deficit** of £5.2m, after allowing for shares falling on the Government and fire authority. This is due to the impact of appeals by ratepayers. Until 2015/16, it was possible to appeal against a rating assessment, and (if successful) receive refunds dating back to 2010 (and in some cases, 2005). In November 2014, the Government announced that backdating would cease for appeals submitted after March 2015. Perhaps inevitably, a substantial number of new appeals were received in March 2015, many prompted by rating agents. Many of these appeals remain unresolved by the Valuation Office Agency. The Council is therefore required to make estimates of success based on very limited information: it is hoped that the eventual costs will be less than forecast. The deficit is also affected by some high profile national appeals: Virgin Media is appealing against the rates payable for all its installations, and rates payable by GPs' surgeries have been reduced.

#### 14. **General Reserves and the Managed Reserves Strategy**

14.1 In the current climate, it is essential that the Council maintains reserves to deal with the unexpected. This might include continued spending pressures in demand led services, or further unexpected Government grant cuts.

14.2 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 15 below.

14.3 In the 2013/14 budget strategy, the Council approved the adoption of a managed reserves strategy. This involved contributing money to reserves in 2013/14 and 2014/15, and drawing down reserves in later years. This policy has bought time to more fully consider how we address the substantial cuts we are facing. By achieving spending review savings ahead of time, it was also possible to make a contribution to reserves in 2015/16. In all, £39m is available to support future budgets.

14.4 As a consequence of the managed reserves strategy, the Council is able to balance the budget for 2016/17, and reduce the speed at which cuts are required. Nonetheless, the situation is fast becoming critical. Forecast reserve balances are:-

|                               | <b>2016/17</b> | <b>2017/18</b> |
|-------------------------------|----------------|----------------|
|                               | <b>£m</b>      | <b>£m</b>      |
| Brought forward               | 54.0           | 32.1           |
| Planned use                   | (21.9)         | (17.0)         |
| <b>Carried forward</b>        | <b>32.1</b>    | <b>15.0</b>    |
| Less minimum required balance |                | (15.0)         |
| <b>Available balance</b>      |                | <b>0.0</b>     |

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

#### 15. Earmarked Reserves

15.1 Appendix Six shows the Council's earmarked revenue reserves as they stood on 31<sup>st</sup> March 2015, and as projected by March 2016. 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.

15.2 Of the £41m shown for the managed reserves strategy, £39m is used to support the budget as described above. The remaining £2m has been earmarked for improvements required following the recent Ofsted inspection.

15.3 The balance on the BSF reserve has fallen substantially in recent years, as the BSF programme moves to completion. Part of the remaining reserve has now been specifically allocated to contribute to the costs of maintaining the newly improved buildings (as agreed with the Education Funding Agency).

15.4 The capital reserve is committed to fund the capital programme, and the forecast balance will be used to fund slippage. The balance will fall by a further £5m once the action described at paragraph 7.19 is taken.

15.5 In 2011/12, the Council set up an earmarked reserve to meet the costs of severance. Severance costs have now been incurred in respect of 1190 employees (930 FTEs) at a cost of over £18m. The balance on this reserve is projected to be £9m at the end of 2015/16, and it is believed that this will be insufficient to achieve the balance of cuts required by 2019/20. Consequentially, the budget for 2016/17 includes provision for a further £5m.

15.6 The insurance fund exists to meet claims against the Council for which we act as our own insurer.

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

- 16.1 Best practice requires me to identify any risks associated with the budget, and section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.
- 16.2 In the current climate, it is inevitable that the budget carries significant risk.
- 16.3 In my view, although very difficult, the budget for 2016/17 is achievable subject to the risks and issues described below.
- 16.4 The most substantial risks are in social care, specifically the risks of further growth in the cost of care packages, and inability to contain the costs of looked after children. These risks are the ones which will require the most focussed management attention in 2016/17.
- 16.5 In the longer term, the risks to the budget strategy arise from:-
- (a) non-achievement, or delayed achievement, of the remaining spending review savings;
  - (b) failure to achieve sufficient savings over and above the spending review programme;
  - (c) loss of future resources, particularly in the transition to 100% business rates retention.
- 16.6 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.
- 16.7 The budget seeks to manage these risks as follows:-
- (a) a £3m contingency has been included in the 2016/17 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 2017/18 onwards (£3m per annum accumulating);
  - (d) savings from the Council's new minimum revenue provision policy are being saved until they are required (see paragraph 19).

16.8 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 2016/17, some exceptions are made, and it is believed that services will be able to manage without an allocation).

17. **Consultation on the draft Budget**

17.1 The Council is committed to consulting the public and service users on significant decisions which affect them. A significant consultation exercise 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.

17.2 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: the budget was discussed at the Overview Select Committee on 28<sup>th</sup> January, and a meeting of the Health and Wellbeing and Adult Social Care Commissions on 14<sup>th</sup> January. Minute extracts have been circulated with this report;

(c) The Council's trade unions: comments have been received from Unison, and have been circulated with this report. The City Mayor will send a response;

(d) Key partners and other representatives of communities of interest.

17.3 Comments from partners and other communities of interest are summarised at Appendix Seven, but the general theme of these representations is concern at the impact of service cuts, particularly in relation to packages of care. Fuller responses are available from the report author.

18. **Borrowing**

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

18.2 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.



- 18.3 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.
- 18.4 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.
- 18.5 The Council will continue to use borrowing for "spend to save" investment which generates savings to meet borrowing costs.

19. **Minimum Revenue Provision**

- 19.1 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 Council approved a new policy in November, 2015. This new policy is proposed unamended for 2016/17 and shown at Appendix Four.
- 19.2 The new MRP policy results in revenue account savings when compared to the old policy, although these are paper rather than real savings – they result from a slower repayment of historic debt.
- 19.3 The proposed budget for 2016/17 would use the savings made in that year to set aside additional monies for debt repayment (voluntarily). This creates a "virtuous circle", i.e. it increases the savings in later years when we will need them more.
- 19.4 The approach to savings in 2017/18 and later years will be considered when the budgets for those years are prepared. At present, the capital financing estimates assume that the previous policy continues to apply.
- 19.5 Members are asked to note that the extent of savings available from the policy change will tail off in the years after they are fully brought into account.

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. The 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 2016/17, 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 has undertaken tailored consultation exercises with wider stakeholders.
- 21.5 As set out at paragraph 2.13 the discharge of the 'function' of setting a budget triggers the duty in s.149 of the Equality Act, 2010, for the Council to have "due regard" to its public sector equality duties. These are set out in paragraph 11. 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. 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 Five.

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

22. **Other Implications**

| <b>Other Implications</b>           | <b>Yes/No</b> | <b>Paragraph References within the report</b>   |
|-------------------------------------|---------------|---|
| Equal Opportunities                 | Y             | Paragraph 11  |
| 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 2016/17 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

12<sup>th</sup> February 2016

## Appendix One

|  | Latest<br>budget<br>2015/16<br>£000s | Spending<br>Reviews -<br>FYE<br>£000s | Inflation<br>&<br>technical<br>changes<br>£000s | Other<br>changes<br>£000s | Virements<br>£000s | Budget<br>2016/17<br>£000s |
|--|--------------------------------------|---------------------------------------|---|---------------------------|--------------------|----------------------------|
| <b>1. City Development &amp; Neighbourhoods</b>                |                                      |                                       |   |                           |                    |                            |
| <b>1.1 Local Services and Enforcement</b>                      |                                      |                                       |   |                           |                    |                            |
| Divisional Management  | 236.4                                |                                       | 4.1   |                           |                    | 240.5                      |
| Regulatory Services  | 4,337.4                              |                                       | 106.3   |                           | (0.9)              | 4,442.8                    |
| Waste Management   | 14,925.4                             |                                       | 178.8   |                           | 150.0              | 15,254.2                   |
| Parks & Open Spaces  | 5,566.9                              | (1,200.0)                             | 183.9   |                           | 0.1                | 4,550.9                    |
| Standards & Development  | 793.5                                |                                       | 24.4  |                           | 0.8                | 818.7                      |
| <i>Divisional sub-total</i>                                    | <b>25,859.6</b>                      | <b>(1,200.0)</b>                      | <b>497.5</b>                                    | <b>0.0</b>                | <b>150.0</b>       | <b>25,307.1</b>            |
| <b>1.2 Culture &amp; Neighbourhood Services</b>                |                                      |                                       |   |                           |                    |                            |
| Arts & Museums   | 5,843.5                              |                                       | 85.4  |                           | 0.4                | 5,929.3                    |
| Neighbourhood Services   | 6,249.8                              | (92.5)                                | 82.1  |                           | (1.1)              | 6,238.3                    |
| Sports Services  | 3,688.3                              |                                       | 105.4   |                           | (250.2)            | 3,543.5                    |
| Divisional Management  | 220.0                                |                                       | 4.1   |                           | 0.9                | 225.0                      |
| <i>Divisional sub-total</i>                                    | <b>16,001.6</b>                      | <b>(92.5)</b>                         | <b>277.0</b>                                    | <b>0.0</b>                | <b>(250.0)</b>     | <b>15,936.1</b>            |
| <b>1.3 Planning, Transportation &amp; Economic Development</b> |                                      |                                       |   |                           |                    |                            |
| Transport Strategy   | 8,338.2                              |                                       | 45.5  |                           | (120.5)            | 8,263.2                    |
| Traffic Management   | 2,037.7                              | (175.0)                               | 45.2  |                           | 27.3               | 1,935.2                    |
| Highways Design & Maintenance                                  | 6,193.9                              |                                       | 82.2  |                           |                    | 6,276.1                    |
| Planning   | 1,213.2                              |                                       | 40.3  |                           | (0.2)              | 1,253.3                    |
| Economic Regeneration & Enterprise                             | 19.2                                 |                                       | 30.5  |                           | 2.5                | 52.2                       |
| Divisional Management  | 188.5                                |                                       | 3.7   |                           |                    | 192.2                      |
| <i>Divisional sub-total</i>                                    | <b>17,990.7</b>                      | <b>(175.0)</b>                        | <b>247.4</b>                                    | <b>0.0</b>                | <b>(90.9)</b>      | <b>17,972.2</b>            |
| <b>1.4 City Centre</b>   | <b>318.5</b>                         |                                       | <b>4.2</b>                                      |                           |                    | <b>322.7</b>               |
| <b>1.5 Investment</b>  |                                      |                                       |   |                           |                    |                            |
| Property Management  | 7,418.6                              | (346.0)                               | 186.3   |                           | 90.9               | 7,349.8                    |
| Environment team   | 317.2                                |                                       | 4.5   |                           |                    | 321.7                      |
| Energy Management  | 184.2                                |                                       | 9.9   |                           |                    | 194.1                      |
| <i>Divisional sub-total</i>                                    | <b>7,920.0</b>                       | <b>(346.0)</b>                        | <b>200.7</b>                                    | <b>0.0</b>                | <b>90.9</b>        | <b>7,865.6</b>             |
| <b>1.6 Housing Services</b>                                    | <b>4,865.2</b>                       | <b>(181.0)</b>                        | <b>139.6</b>                                    |                           |                    | <b>4,823.8</b>             |
| <b>1.7 Departmental Overheads</b>                              | <b>789.3</b>                         |                                       | <b>6.8</b>                                      |                           | <b>100.0</b>       | <b>896.1</b>               |
| <b>1.8 Fleet Management</b>                                    | <b>1,009.1</b>                       | <b>(902.0)</b>                        | <b>2.9</b>                                      |                           |                    | <b>110.0</b>               |
| <b>DEPARTMENTAL TOTAL</b>                                      | <b>74,754.0</b>                      | <b>(2,896.5)</b>                      | <b>1,376.1</b>                                  | <b>0.0</b>                | <b>0.0</b>         | <b>73,233.6</b>            |

|  | Latest<br>budget<br>2015/16<br>£000s | Spending<br>Reviews -<br>FYE<br>£000s | Inflation<br>&<br>technical<br>changes<br>£000s | Other<br>changes<br>£000s | Virements<br>£000s | Budget<br>2016/17<br>£000s |
|--|--------------------------------------|---------------------------------------|---|---------------------------|--------------------|----------------------------|
| <b>2.Adults</b>  |                                      |                                       |   |                           |                    |                            |
| <u>2.1 Adult Social Care &amp; Safeguarding</u>        |                                      |                                       |   |                           |                    |                            |
| Management   | 559.1                                |                                       | 4.3   |                           |                    | 563.4                      |
| Safeguarding & Emergency Duty Team                     | 1,440.6                              |                                       | 4.9   | 360.0                     |                    | 1,805.5                    |
| Independent Living                                     | 4,163.9                              |                                       | 80.1  | 674.0                     |                    | 4,918.0                    |
| Assessments & Commissioning                            | 63,764.8                             |                                       | 1,067.0   | 12,334.0                  |                    | 77,165.8                   |
| <i>Divisional sub-total</i>                            | <b>69,928.4</b>                      | 0.0                                   | 1,156.3   | 13,368.0                  | 0.0                | <b>84,452.7</b>            |
| <u>2.2 Care Services &amp; Commissioning</u>           |                                      |                                       |   |                           |                    |                            |
| Care Services Management                               | 137.6                                |                                       | 2.8   |                           |                    | 140.4                      |
| Residential Care (In-House)                            | 2,445.0                              |                                       | 36.5  | (1,540.0)                 |                    | 941.5                      |
| Day Opportunities (In-House)                           | 4,227.4                              |                                       | 75.5  | (190.0)                   |                    | 4,112.9                    |
| Commissioned Services                                  | 4,578.0                              | (100.0)                               | 51.7  | 2,284.0                   | (40.0)             | 6,773.7                    |
| Drugs & Alcohol Action Team                            | 6,282.7                              |                                       |   |                           |                    | 6,282.7                    |
| Directorate  | 410.8                                |                                       | 8.1   | 80.0                      |                    | 498.9                      |
| <i>Divisional sub-total</i>                            | <b>18,081.5</b>                      | (100.0)                               | 174.6   | 634.0                     | (40.0)             | <b>18,750.1</b>            |
| <u>2.3 City Public Health &amp; Health Improvement</u> |                                      |                                       |   |                           |                    |                            |
| Sexual Health  | 4,390.6                              |                                       |   |                           |                    | 4,390.6                    |
| NHS Health Checks                                      | 891.0                                |                                       |   |                           |                    | 891.0                      |
| Children 0-19  | 6,074.5                              |                                       |   |                           | 4,257.0            | 10,331.5                   |
| Smoking & Tobacco                                      | 1,197.0                              |                                       |   |                           |                    | 1,197.0                    |
| Substance Misuse                                       | 443.0                                |                                       |   |                           |                    | 443.0                      |
| Physical Activity                                      | 2,048.2                              |                                       |   |                           |                    | 2,048.2                    |
| Health Protection                                      | 69.0                                 |                                       |   |                           |                    | 69.0                       |
| Public Mental Health                                   | 321.0                                |                                       |   |                           |                    | 321.0                      |
| Public Health Advice & Intelligence                    | 350.0                                |                                       |   |                           |                    | 350.0                      |
| Staffing & Infrastructure                              | 1,914.4                              |                                       |   |                           |                    | 1,914.4                    |
| Other public health                                    | 108.3                                |                                       | 48.0  |                           |                    | 156.3                      |
| Savings to be allocated                                | 0.0                                  |                                       |   | (2,243.0)                 |                    | (2,243.0)                  |
| <i>Divisional sub-total</i>                            | <b>17,807.0</b>                      | 0.0                                   | 48.0  | (2,243.0)                 | 4,257.0            | <b>19,869.0</b>            |
| <u>2.4 Public Health grant income</u>                  | <b>(26,200.0)</b>                    |                                       |   | 2,243.0                   | (4,257.0)          | <b>(28,214.0)</b>          |
| <b>DEPARTMENT TOTAL</b>                                | <b>79,616.9</b>                      | <b>(100.0)</b>                        | <b>1,378.9</b>                                  | <b>14,002.0</b>           | <b>(40.0)</b>      | <b>94,857.8</b>            |

|  | Latest<br>budget<br>2015/16<br>£000s | Spending<br>Reviews -<br>FYE<br>£000s | Inflation<br>&<br>technical<br>changes<br>£000s | Other<br>changes<br>£000s | Virements<br>£000s | Budget<br>2016/17<br>£000s |
|--|--------------------------------------|---------------------------------------|---|---------------------------|--------------------|----------------------------|
| <b>3. Education &amp; Children's Services</b>              |                                      |                                       |   |                           |                    |                            |
| <b>3.1 Strategic Commissioning &amp; Business Support</b>  |                                      |                                       |   |                           |                    |                            |
| Divisional Budgets   | 878.6                                |                                       | 3.0   | (97.9)                    | (150.0)            | 633.7                      |
| Operational Transport                                      | (111.6)                              |                                       |   |                           |                    | (111.6)                    |
| School Support Services                                    | 0.0                                  |                                       |   |                           |                    | 0.0                        |
| <i>Divisional sub-total</i>                                | <b>767.0</b>                         | 0.0                                   | 3.0   | (97.9)                    | (150.0)            | <b>522.1</b>               |
| <b>3.2 Learning Quality &amp; Performance</b>              |                                      |                                       |   |                           |                    |                            |
| Raising Achievement  | 1,807.0                              |                                       | 47.8  |                           |                    | 1,854.8                    |
| Adult Skills   | (870.4)                              |                                       |   |                           |                    | (870.4)                    |
| School Organisation & Admissions                           | 906.2                                |                                       | 9.3   |                           |                    | 915.5                      |
| Special Education Needs and Disabilities                   | 6,705.8                              |                                       | 50.8  |                           |                    | 6,756.6                    |
| <i>Divisional sub-total</i>                                | <b>8,548.6</b>                       | 0.0                                   | 107.9   | 0.0                       | 0.0                | <b>8,656.5</b>             |
| <b>3.3 Children, Young People and Families</b>             |                                      |                                       |   |                           |                    |                            |
| Children In Need   | 7,000.5                              |                                       | 108.7   | 2,300.0                   |                    | 9,409.2                    |
| Looked After Children                                      | 25,947.6                             |                                       | 299.1   | 7,100.0                   |                    | 33,346.7                   |
| Safeguarding & QA  | 2,092.7                              |                                       | 37.6  |                           |                    | 2,130.3                    |
| Early Help Targeted Services                               | 8,715.5                              |                                       | 153.2   |                           |                    | 8,868.7                    |
| Early Help Specialist Services                             | 5,108.2                              |                                       | 102.1   |                           |                    | 5,210.3                    |
| <i>Divisional sub-total</i>                                | <b>48,864.5</b>                      | 0.0                                   | 700.7   | 9,400.0                   | 0.0                | <b>58,965.2</b>            |
| <b>3.4 Departmental Resources</b>                          |                                      |                                       |   |                           |                    |                            |
| Departmental Resources                                     | 393.9                                |                                       | 15.3  | (6,369.1)                 | 150.0              | (5,809.9)                  |
| Education Services Grant                                   | (4,743.1)                            |                                       |   | 275.0                     |                    | (4,468.1)                  |
| <i>Divisional sub-total</i>                                | <b>(4,349.2)</b>                     | 0.0                                   | 15.3  | (6,094.1)                 | 150.0              | <b>(10,278.0)</b>          |
| <b>DEPARTMENTAL TOTAL</b>                                  | <b>53,830.9</b>                      | <b>0.0</b>                            | <b>826.9</b>                                    | <b>3,208.0</b>            | <b>0.0</b>         | <b>57,865.8</b>            |
| <b>4. Corporate Resources Department</b>                   |                                      |                                       |   |                           |                    |                            |
| <b>4.1 Delivery, Communications &amp; Political Govern</b> | <b>6,153.9</b>                       | (574.2)                               | 72.4  |                           |                    | <b>5,652.1</b>             |
| <b>4.2 Financial Services</b>                              |                                      |                                       |   |                           |                    |                            |
| Financial Support  | 6,709.1                              | (680.0)                               | 132.9   |                           | 40.0               | 6,202.0                    |
| Revenues & Benefits  | 5,760.8                              | (270.0)                               | 128.6   |                           |                    | 5,619.4                    |
| <i>Divisional sub-total</i>                                | <b>12,469.9</b>                      | (950.0)                               | 261.5   | 0.0                       | 40.0               | <b>11,821.4</b>            |
| <b>4.3 Human Resources</b>                                 | <b>4,551.4</b>                       | (700.8)                               | 68.8  |                           |                    | <b>3,919.4</b>             |
| <b>4.4 Information Services</b>                            | <b>10,522.7</b>                      | (600.0)                               | 124.5   |                           | (42.7)             | <b>10,004.5</b>            |
| <b>4.5 Legal Services</b>                                  | <b>2,166.6</b>                       | (300.0)                               | 71.7  |                           | 42.7               | <b>1,981.0</b>             |
| <b>DEPARTMENTAL TOTAL</b>                                  | <b>35,864.5</b>                      | <b>(3,125.0)</b>                      | <b>598.9</b>                                    | <b>0.0</b>                | <b>40.0</b>        | <b>33,378.4</b>            |
| <b>GRAND TOTAL -Service Budget Ceilings</b>                | <b>244,066.3</b>                     | <b>(6,121.5)</b>                      | <b>4,180.8</b>                                  | <b>17,210.0</b>           | <b>0.0</b>         | <b>259,335.6</b>           |

**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 allocate the 2016/17 pay award;
  - (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 Director of Finance may use monies set aside for severance to meet the costs of terminating employment;
- (d) the City Mayor has determined principles by which the Service Transformation Fund is deployed (a formal decision in July, 2013);
- (e) 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.

#### 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:

|              | <b>2016/17<br/>Estimate<br/>%</b> | <b>2017/18<br/>Estimate<br/>%</b> | <b>2018/19<br/>Estimate<br/>%</b> |
|--------------|-----------------------------------|-----------------------------------|-----------------------------------|
| General Fund | 5.1                               | 5.2                               | 5.4                               |
| HRA          | 11.7                              | 11.9                              | 12.1                              |

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:

|                    | <b>2016/17<br/>Estimate<br/>£</b> | <b>2017/18<br/>Estimate<br/>£</b> | <b>2018/19<br/>Estimate<br/>£</b> |
|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Band D council tax | 0.0                               | 0.0                               | 0.0                               |
| HRA rent           | 0.0                               | 0.0                               | 0.0                               |

**3. Indicators of Prudence**

3.1 The forecast level of capital expenditure to be incurred for the years 2015/16 and 2016/17 (based upon the Council capital programme, and the proposed budget and estimates for 2016/17) are:

| Area of expenditure               | 2015/16<br>Estimate<br>£000s | 2016/17<br>Estimate<br>£000s |
|-----------------------------------|------------------------------|------------------------------|
| Children's services               | 22,961                       | 30,280                       |
| Young People                      | 597                          | 0                            |
| Social Care & Safeguarding        | 185                          | 0                            |
| Resources ICT                     | 914                          | 2,535                        |
| BSF                               | 7,500                        | 0                            |
| Transport                         | 29,546                       | 19,144                       |
| Cultural & Neighbourhood Services | 730                          | 0                            |
| Environmental Services            | 1,467                        | 2,830                        |
| Economic Regeneration             | 16,037                       | 10,646                       |
| Adult Care                        | 2,734                        | 16,453                       |
| Property                          | 8,170                        | 4,026                        |
| Housing Strategy & Options        | 2,898                        | 2,850                        |
|                                   |                              |                              |
| <b>Total General Fund</b>         | <b>93,739</b>                | <b>88,764</b>                |
|                                   |                              |                              |
| Housing Revenue Account           | 23,939                       | 24,000                       |
|                                   |                              |                              |
| <b>Total</b>                      | <b>117,678</b>               | <b>112,764</b>               |
|                                   |                              |                              |

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

|              | 2015/16<br>Estimate<br>£m | 2016/17<br>Estimate<br>£m | 2017/18<br>Estimate<br>£m | 2018/19<br>Estimate<br>£m |
|--------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund | 371                       | 353                       | 336                       | 319                       |
| HRA          | 214                       | 213                       | 212                       | 211                       |

#### 4. Treasury Limits for 2016/2017

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

**Minimum Revenue Provision Policy**

**1. Introduction**

- 1.1 This policy sets out how the Council will calculate the minimum revenue provision chargeable to the General Fund in respect of previous years' capital expenditure, where such expenditure has been financed by borrowing.

**2. Basis of Charge**

- 2.1 Where borrowing pays for an asset, the debt repayment calculation will be based on the life of the asset.
- 2.2 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).
- 2.3 Where borrowing funds a loan to a third party, the basis of charge will normally be the period of the loan (and will never exceed this). 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.

**3. Commencement of Charge**

- 3.1 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.

**4. Asset Lives**

- 4.1 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;

5. **Voluntary Set Aside**

- 5.1 Authority is given to the Director of Finance to set aside sums voluntarily for debt repayment, where she believes the standard depreciation charge to be insufficient, or in order to reduce the future debt burden to the authority.

6. **Other**

- 6.1 In circumstances where the treasury strategy permits use of investment balances to support investment projects which achieve a return, the Director of Finance may adopt a different approach to reflect the financing costs of such schemes.

**Equality Impact Assessment**

1. The purpose of this appendix is to present the equalities impact of the proposed 3.99% tax increase.

Purpose of the Increase

2. There are two elements to the proposed tax increase:
  - (a) A 2% increase to address Adult Social Care funding shortfalls outlined in this report (proposed by the Chancellor in his autumn budget statement);
  - (b) A 1.99% increase in council tax to enable the council to maintain its budgeted policy commitments through designated spending envelopes during 2016/17, as set out in the budget report.

Who is affected by this proposal?

3. Since April 2013, as part of the Government's welfare reforms, all working age households in Leicester have been required to contribute towards their council tax bill. Our council tax reduction (CTR) scheme requires working age households to pay at least 20% of their council tax bill and sets out to ensure that the most vulnerable householders are given some relief in response to financial hardship they may experience. In addition, the Council has a hardship fund and individuals may apply to the council for relief in emergency situations.
4. NOMIS figures for the city's working age population from July 2014 – June 2015 indicate that there are 160,000 economically active residents in the city, of whom 8% are unemployed. As of May 2015, there were 33,000 working age benefit claimants (15% of the city's working age population of 226,000), with 26,000 in receipt of out of work benefits. The working age population is inclusive of all protected characteristics.

How are they affected?

5. The chart below sets out the financial impact of the proposed council tax increase on different properties, before any discounts or reliefs are applied. It shows the weekly increase in each band, and the minimum weekly increase for those in receipt of CTR.
6. For band B properties (80% of the city's properties are in bands A or B) the proposed annual increase in council tax is £40.49; the minimum annual increase for households eligible for CTR would be £8.10.

| <b>Band</b>  | <b>No. of Households</b> | <b>Weekly Increase</b> | <b>Maximum Relief</b> | <b>Minimum Weekly Increase</b> |
|--------------|--------------------------|------------------------|-----------------------|--------------------------------|
| A-           | 240                      | £0.56                  | £0.44                 | £0.12                          |
| A            | 79446                    | £0.67                  | £0.53                 | £0.14                          |
| B            | 25996                    | £0.78                  | £0.62                 | £0.16                          |
| C            | 15444                    | £0.89                  | £0.62                 | £0.27                          |
| D            | 6714                     | £1.00                  | £0.62                 | £0.38                          |
| E            | 3215                     | £1.22                  | £0.62                 | £0.60                          |
| F            | 1456                     | £1.44                  | £0.62                 | £0.82                          |
| G            | 597                      | £1.66                  | £0.62                 | £1.04                          |
| H            | 38                       | £2.00                  | £0.62                 | £1.38                          |
| <b>Total</b> | <b>133146</b>            |                        |                       |                                |

What risk does this proposed increase pose for those who will be required to pay the additional amount of council tax?

7. To meet our Public Sector Equality Duty, a decision maker must assess the risk and extent of any adverse impact, and the ways such risk may be eliminated, prior to the adoption of a decision.
8. The key consideration in respect of the tax increase is the potential impact it will have on a household's income, and therefore their standard of living (the Equality and Human Rights Commission has identified standard of living as an equality outcome within its equality measurement framework).
9. The supermarket ASDA publishes a tracker of UK household expenditure. In the year to December, 2015, this revealed:-
  - (a) The price of vehicle fuel has dropped by 14%;
  - (b) The cost of home electricity and gas fell by 4.1%;
  - (c) Food and drink prices fell by 2.7%.
10. This is in keeping with the July 2015 findings of the Joseph Rowntree Foundation's annual update of their Minimum Income Standard (MIS). The MIS for the UK in 2015 showed that the cost of their 'basket of goods and services' stayed stable in 2015 as a result of no overall inflation.
11. The Bank of England and other financial forecasters predict a slight increase in inflation for the last quarter of 2016 of up to 1%. This may lead to a slight increase in the cost of household goods, but the cost of oil is expected to remain low for another year, and maintain the above "basket" of household expenditure at current levels. Therefore, there is little likely risk of households being significantly economically disadvantaged as a result of the proposed council tax increase. The proposed additional costs will be capable of being offset by other household expenditure trends.

12. However with the introduction of Universal Credit, there is a potential risk in the medium term to households dependent on benefits as their main or necessary supplementary source of household income. Some such households may lose a significant proportion of their income compared to current levels of benefit. The Institute for Fiscal Studies' recent Green Budget explains who the likely losers will be: lone parent families are expected to lose £1,000 a year as a result of reductions in their work allowance; and owner-occupiers and families with significant amounts of unearned income or financial assets will see the biggest reductions in their benefit entitlements. Many non-working families without private income or assets will see no change in the amount they receive, and some low-income working families (particularly those in rented accommodation and single-earner couples with children) will see their entitlements increase.
13. The Council has mitigating actions in place to address specific financial hardship, such as CTR relief and discretionary housing payments that eligible residents can apply for. Some council services target the effects of these externally generated impacts (for example, initiatives that tackle food poverty amongst children), providing opportunities for mitigating the impacts of Government welfare reform policies. Maximising the council's budget also helps ensure these mitigating actions can be maintained and provided as and when required.

What protected characteristics are affected?

14. The Revenue and Benefits Service undertook an impact analysis of the Council Tax Reduction Scheme in May 2014, one year into its operation, and produced this chart setting out the equalities considerations and main protected characteristics for different working age claimant households.

| Household type                    | Equality implications  | Protected characteristic of those affected*            | Actual number of claimants (March 2013) |
|-----------------------------------|--|--|---|
| All working age                   | <p>The working age population will be responsible for council tax payments. The Government has exempted pensioners from having to contribute to their council tax payments.</p> <p>Some groups with protected characteristics face the greatest barriers to work and as such are disproportionately represented within the claims population. This includes people with disabilities, people with responsibility for young children, and people who may struggle with English.</p>   | <p>Age</p> <p>Disability</p> <p>Gender</p> <p>Race</p> | 27,776                                  |
| Single parent, up to 2 children   | <p>Single parent families have higher numbers of claimants who are female. Women who are single parents and receiving CTR may be disproportionately affected by the payment of the tax and of enforcement actions taken to recover unpaid tax.</p> <p>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.</p> <p>More men than women take up discretionary relief: 56.7% compared to 43.3%.</p> | Gender   | 6,280                                   |
| Single parent, 3 or more children | Evidence that welfare reforms are likely to have greater financial impact on households with higher numbers of children.   | <p>Disability</p> <p>Gender</p> <p>Race</p>            | 2,017                                   |
| Couple, no children               | No equality issues identified other than first above for all working age claimants.  |  | 1,898                                   |
| Couple, up to 2 children          | No equality issues identified other than first above for all working age claimants.  |  | 2,315                                   |



| Household type   | Equality implications   | Protected characteristic of those affected* | Actual number of claimants (March 2013) |
|--|---|---|---|
| Couple, 3 or more children   | Evidence that welfare reforms are likely to have greater financial impact on households with higher numbers of children. Some BME households have higher numbers of children and women are more likely to be a primary carer.   | Gender<br>Race                              | 1,751                                   |
| Disabled people  | 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.<br>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%). | Disability                                  | 1,524                                   |
| New and emergent communities: people who may struggle with English | Unusually in Leicester, there is no strong correlation between race and deprivation.<br>Those unable to speak English experience significant barriers to work and are more likely to be workless. Visible minorities can experience barriers to employment. More white people than BME people take up discretionary relief (62.3% compared to 28.2%).   | Race  |   |
| Pregnancy and maternity  | Once they have a child, they could be considered to be vulnerable under the council tax reduction scheme.<br>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.   | Pregnancy and maternity                     |   |

| Household type   | Equality implications   | Protected characteristic of those affected* | Actual number of claimants (March 2013) |
|--|---|---|---|
| Households responsible for caring for others, including children | The barriers which may be present to the workplace and with regard to those households with responsibility for caring for others including disabled children. | Age<br><br>Disability                       | 396                                     |

\* The protected characteristics of gender reassignment, sexual orientation and religion and belief are less influential on the impact on households of welfare reforms than the above factors which relate more directly to household composition and level of assessed need.

How does the tax increase proposal help us meet our Public Sector Equality Duty?

15. The proposed council tax increase will have the following impact on meeting our PSED.
- (a) **Elimination of discrimination** - The payment of council tax is inclusive in its approach, and the council's CTR scheme enables mitigating action to be taken for those facing immediate financial hardship and pressing need, ensuring that this is a fair process. The main outcome of the proposal is the maintenance of budgeted levels of Adult Social Care service provision, thereby providing a range of equality outcomes related to health, personal safety and personal identity/independence/participation in community life. Maintenance of other budgeted council service levels promotes continued equality outcomes for service users that could otherwise be curtailed by requiring further immediate savings.
  - (b) **Promotion of equality of opportunity** - Many Council services directly address inequality of outcomes that groups with shared protected characteristics may experience, thereby promoting equality of opportunity. This is the case for Adult Social Care, as well as the range of other council services referred to in this report.
  - (c) **Fostering good relations** - Public consultation on the proposed council tax reduction scheme and on previous budget proposals has shown public support for the protection of services which support vulnerable people. This public awareness of the importance of meeting need for particular groups of people promotes inclusion between different groups. Being explicit about need and equality outcomes in decisions being taken by the Council actively promotes the PSED aim of fostering good relations.

## Earmarked Reserves

|  | <u>Year end balance</u><br><u>31st March 2015</u><br><u>£'000</u> | <u>Net Change in</u><br><u>2015-16</u><br><u>£000s</u> | <u>Forecast balance</u><br><u>31st March 2016</u><br><u>£'000</u> |
|--|---|--|---|
| <u>Ring-fenced Reserves</u>                    |   |  |   |
| DSG not delegated to schools                   | 19,803  | -  | 19,803  |
| Schools' Balances                              | 18,518  | (3,820)  | 14,698  |
| NHS Joint Working Projects                     | 5,802   | (606)  | 5,196   |
| School Capital Fund                            | 3,632   | (750)  | 2,882   |
| Schools Buy Back                               | 1,014   | 379  | 1,393   |
| <b>Total ring-fenced</b>                       | <b>48,769</b>   | <b>(4,797)</b>   | <b>43,972</b>   |
| <u>Corporate reserves</u>                      |   |  |   |
| Budget Strategy - Managed Reserves             | 34,029  | 6,907  | 40,936  |
| Building Schools for the Future                | 24,316  | (5,000)  | 19,316  |
| Capital Reserve                                | 15,792  | (5,792)  | 10,000  |
| Severance                                      | 10,495  | (1,000)  | 9,495   |
| Insurance Fund                                 | 8,813   | -  | 8,813   |
| Service Transformation Fund                    | 7,086   | (4,314)  | 2,772   |
| Welfare Reform Reserve                         | 5,027   | -  | 5,027   |
| Energy Reduction Reserve                       | 2,862   | (1,200)  | 1,662   |
| <b>Total corporate</b>                         | <b>108,420</b>  | <b>(10,399)</b>  | <b>98,021</b>   |
| <u>Other</u>                                   |   |  |   |
| Childrens Services Funds                       | 3,873   | (3,424)  | 449   |
| Financial Services divisional reserve          | 2,891   | (1,120)  | 1,771   |
| Adult Social Care Budget Pressures             | 2,000   | (2,000)  | -   |
| Channel Shift Reserve                          | 2,000   | -  | 2,000   |
| City Development & Neighbourhoods              | 1,855   | (1,455)  | 400   |
| Looked After Children Placements Reserve       | 1,525   | (1,525)  | -   |
| IT Reserves                                    | 1,521   | 288  | 1,809   |
| Strategic Initiatives                          | 1,043   | -  | 1,043   |
| Surplus Property Disposal Reserve              | 1,000   | -  | 1,000   |
| Preventing Homelessness                        | 899   | (74)   | 825   |
| Housing divisional reserve                     | 790   | -  | 790   |
| Social Care Replacement IT System              | 747   | (300)  | 447   |
| Economic Action Plan                           | 736   | (19)   | 717   |
| Outdoor Gyms Reserve                           | 727   | (5)  | 722   |
| HR divisional reserve                          | 689   | (65)   | 624   |
| Individual Electoral Registration              | 637   | (18)   | 619   |
| Improvements to Health & Wellbeing Reserve     | 610   | (568)  | 42  |
| Markets Reserve                                | 500   | (300)  | 200   |
| Legal Services Divisional Reserve              | 480   | (134)  | 346   |
| Highways Maintenance                           | 418   | (50)   | 368   |
| City Council Elections                         | 400   | (300)  | 100   |
| Delivery Communications & Political Governance | 338   | (234)  | 104   |
| Housing-related Support Reserve                | 331   | -  | 331   |
| Other - Miscellaneous reserves                 | 2,872   | (1,623)  | 1,249   |
| <b>Total other</b>                             | <b>28,882</b>   | <b>(12,926)</b>  | <b>15,956</b>   |
| <b>TOTAL EARMARKED RESERVES</b>                | <b>186,071</b>  | <b>(28,122)</b>  | <b>157,949</b>  |

**Comments from Partners**

1. Discussion took place at a meeting of the **Carers' Reference Group** on 2<sup>nd</sup> February, although this was not well attended. A series of questions was asked and answered about the cuts.
2. The **Mental Health Partnership Board** advised that people are very anxious about the potential loss of services arising from the cuts, and about potential reduction in packages of care; concerns which are compounded by the Government's welfare changes. They highly value the VCS and are concerned that small local projects will not survive any potential reduction in funding. However, they are sympathetic to the position the Council finds itself in, and are of the opinion that the health sector does not invest enough in mental health, and particularly in community/VCS services. They believe that mental health investment locally is below that of most CCGs.
3. The **Learning Disability Partnership Board** also expressed concerns about changes to benefits, potential reduction in packages of care, and potential loss of services. They felt the Council should look to other authorities to see how they have made efficiencies in other departments, in order to offer greater protection to ASC.
4. The **Autism Partnership Board** believes that the health sector should be investing more in post diagnostic and community/VCS services, and support that helps them to continue functioning.
5. The **Older People's Forum** received a presentation on the budget on 3<sup>rd</sup> February, and expressed concerns about the impact of cuts. Questions were asked and answered.
6. The budget was discussed with CCG partners on the Joint Integrated Commissioning Board (JICB). Comments were as follows:-
  - (a) Concerns that neither partner has any financial growth in its budget (the position of the CCG is, in reality, a standstill budget notwithstanding a headline increase in funding);
  - (b) Concerns about the impact of Council funding cuts on adult care services, and the consequential impact on the wider health economy;
  - (c) Concerns about how future BCF monies will be delivered, and ability to invest in transformational models when both sides are hard pressed to meet base level funding commitments.

## Appendix Eight

### Spending Review Programme

|     | <b><u>Review</u></b>         | <b><u>Scope</u></b>   | <b><u>Approved Savings (£000)</u></b> |
|-----|------------------------------|---|---------------------------------------|
| 1.  | Corporate Support Services   | All services covered by the Corporate Resources Department, except where scoped into other reviews (the principal exclusion is IT).   | 3,875                                 |
| 2.  | Using Buildings Better       | Operational and community buildings based in neighbourhoods. Subsumes the "Transforming Neighbourhood Services" Programme.  | 238                                   |
| 3.  | VCS Infrastructure Contracts | Support to corporate VCS projects, including those which build capacity for the sector as a whole.  | 132                                   |
| 4.  | HRA Accounting               | An accounting review, which has considered our approach to allocation of costs between the HRA and General Fund; and adopted a revised approach reflecting current best practice. | 3,969                                 |
| 5.  | Sports and Leisure           | The Council's nine sports facilities, sports development function, sport on parks, golf, and football investment strategy assets.   |                                       |
| 6.  | Open Spaces                  | Management of parks, allotments, play areas, trees, woodlands; and grounds maintenance for other Council portfolios.  |                                       |
| 7.  | Park and Ride                | The 3 park and ride services managed jointly with the County Council.   | 50                                    |
| 8.  | External Communications      | Leicester Link and other external communications with the public.   | 105                                   |
| 9.  | Substance Misuse Treatment   | Contracts for adult community based services, criminal justice and young people's treatment services.   |                                       |
| 10. | Welfare Advice               | Welfare advice, money advice and similar activities carried out in various departments.   | 200                                   |
| 11. | Investment Property          | All property in the Council's investment portfolio, other than car parks.   |                                       |
| 12. | IT                           | The efficiency and effectiveness of the IT service, seeking to use modern practices wherever possible.  | 2,400                                 |
| 13. | Homelessness Follow Up       | Services which aim to prevent homelessness, or meet the needs of homeless and vulnerably housed adults and families.  | 764                                   |

|     | <b>Review</b>              | <b>Scope</b>  | <b>Approved Savings (£000)</b> |
|-----|----------------------------|---|--------------------------------|
| 14. | Independent Living Support | Services provided by the Independent Living Support Service (will be considered in tandem with Adult Social Care more generally).                               |                                |
| 15. | Technical Services         | Facilities management across the Council's estate, property management and maintenance, transport and highways, fleet, stores, energy and environment services. | 3,130                          |
| 16. | Housing Maintenance        | Work to tenanted houses and other services to tenants. No savings are shown, because these remain in the Housing Revenue Account.                               |                                |
| 17. | Adult Social Care          | All adult social care provision, except where subject to separate review.   |                                |
| 18. | Children's Services        | All services provided by the Education and Children's Services Department, other than schools' budgets and those funded by Dedicated Schools' Grant.            |                                |
| 19. | Regulatory Services        | Neighbourhood protection, business regulation, licensing and community safety.  |                                |
| 20. | Cleansing                  | Waste management, street cleansing, public conveniences and the cleaner city team.  |                                |
| 21. | City Centre                | Contracts and projects managed by the City Centre Director.   |                                |
|     | <b>Total</b>               |   | <b>14,863</b>                  |



Leicester  
City Council

DRAFT MINUTE EXTRACT

Minutes of the Meeting of the  
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 28 JANUARY 2016 at 5:30 pm

P R E S E N T :

Councillor Singh (Chair)  
Councillor Dempster (Vice Chair)

Councillor Dr Barton  
Councillor Chaplin  
Councillor Cleaver  
Councillor Dawood

Councillor Grant  
Councillor Dr Moore  
Councillor Newcombe  
Councillor Patel

Councillor Porter  
Councillor Shelton  
Councillor Thomas  
Councillor Willmott

Also present:

Sir Peter Soulsby                      City Mayor  
Councillor Rory Palmer              Deputy City Mayor

In Attendance

Councillor Joshi  
Councillor Unsworth

\* \* \* \* \*

**72. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Senior.

**73. DECLARATIONS OF INTEREST**

Councillor Thomas declared that in respect of Item 9. General Fund Budget

2016/17, his wife had a personal budget from the Leicester City Council.

Councillor Patel declared that in respect of Item 9, General Fund Budget 2016/17 her mother was in receipt of an Adult Social Care package.

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.

## **80. GENERAL FUND REVENUE BUDGET 2016/17**

Members were asked to consider and comment on the General Fund Revenue Budget 2016/17. The City Mayor introduced the budget and commented that members would be aware of the contents of the budget and the implications of the reduction in the government grant to local authorities. The situation was severe as five years of budget reductions had resulted in the council's grant from central government fall by £86m per year. Because of this, the spending reviews were necessary and they required a great deal of consideration, sensitivity, consultation and amendment throughout the year. Leicester, along with some other urban authorities had suffered disproportionate cuts. Spending reviews so far had enabled the council to undertake a managed reserves policy, some of which had been used to 'cushion' some of those reductions. The reserves however were coming to an end and they would run out next year; therefore it was necessary to continue with the programme of spending reviews.

The Director of Finance explained that there was a targeted spending review programme to make savings of £45m per year and from this, savings of £15m per year had been approved. The social care precept would allow the council to increase council tax by 2% to be used for Adult Social Care services,; however this would not meet the pressures arising from the increase in the national minimum wage.

The Chair praised the council's budget strategy which he said had proved its effectiveness. He then invited comments from Members.

Councillor Cleaver praised the way the council had managed its reserves which helped now to balance the budget; but questioned whether a budget that wasn't balanced would be an illegal budget. The Director of Finance responded that she was the council's Section 151 Officer and by law she had to ensure that the council set a balanced budget and that there was nothing unlawful within that budget.

Councillor Dr Moore queried the provision for inflation from 2017/19 to 2019/20 and the Director of Finance explained that they needed to include a figure for inflation. They used an inflation forecast from the council's advisors and these forecasts would be revised during the year.

Councillor Patel queried a provision of £0.2m and a contingency figure of £3m



in relation to the budget and equalities. She was aware of families, with adults or children with disabilities, who were finding it very difficult to get adaptations made to their house. Concerns were expressed that decisions made in Adult Social Care or Children's services impacted on the quality of life. The Director of Finance explained that the figure of £0.2m would allow for the council to consider the equality impact implications around the decisions that were made and not for people to bid for the money for projects. The budget was a high risk budget and had been for some years; the £3m contingency would help to manage the risk around difficult proposals. For 2015/16 the entire contingency sum would be required to fund the pressures in Adult Social Care.

Councillor Porter queried the budget figures, stating that figures of £85m, £45m and £15m had been quoted and he requested clarification. The Director of Finance replied that para 2.4 of the report referred to the Spending Review Programme with an increase in the amount sought to £45m per year. Of this, £15m had been achieved so far and £85m had been saved since 2010.

Councillor Chaplin, Chair of the Health and Wellbeing Scrutiny Commission referred to a meeting it held with the Adult Social Care Commission on 14 January 2016 to consider the budget. It was noted that para 7.8 of the report made reference that the Director (in Adult Social Care) would work on a number of ways to reduce and contain costs which would include 'reducing and controlling the increasing costs of service users'. At the meeting on 14 January, members had expressed a hope that this would not result in hours of care being taken away from existing service users. Concerns had also been expressed at the impact of the budget cuts on Better Care Together.

The Deputy City Mayor responded that there was no arbitrary target to reduce care packages; this would be inappropriate. The council had a duty to ensure that care needs were met and over the previous two years, more packages had increased than decreased. Some people's care needs may change however over time and they may need less care. Plans were aligned with Better Care Together but the council needed to know how much money would be coming from the NHS towards Adult Social Care as there were people being discharged from the NHS with care needs.

Councillor Chaplin expressed a hope that reviews into open spaces, sports and other related activities, took into consideration the positive impact they had towards promoting health and wellbeing. The Deputy City Mayor responded that in respect of public health, there was a broader range of services including leisure centres and transport which all contributed to public health

A reference was made to the protected characteristics in Appendix 5, para 16 of the report and disappointment was expressed that there was no other mention of the Lesbian, Gay, Bi-Sexual and Transgender (LGBT) communities in terms of the budget. The Deputy City Mayor explained that if there were specific implications of the council tax rise for the LGBT communities, then they should be identified and accounted for. He asked people to let him know if they were aware of any areas or examples where there were implications for this community which had not been identified.

Councillor Cleaver expressed a view that good Adult Social Care started in childhood with support from families and good children's services. Children who were fed well, encouraged to exercise and received a good education had better outcomes as they grew older.

Councillor Wilmott referred to the figures relating to the Deprivation of Liberty Safeguards (DoLs) and questioned why the figures had increased by 100% from those reported at the previous meeting in December. He said that the council's figures were considerably higher than some other local authorities and suggested that Leicester should look to see what those authorities were doing. He had asked for an explanation at the previous meeting but did not appear to have received one.

The Deputy City Mayor confirmed that he had written a response and would check whether this had been sent. The increase in DoLs was what he would have expected following the Cheshire West Judgement; the council were in the process of looking at their practice and this would include having a more effective review process. Councillor Willmott commented that he would like to return to this issue again.

Councillor Grant commented that there was insufficient detail in the budget to enable members to know whether the proposed savings were achievable. Councillor Grant was advised that the details of the savings and information about the reviews had been published on the council's website.

Councillor Thomas referred to the Adult Social Care budget and stated that there was a need to reassess everyone who had a care plan; they could be stressful but they were necessary. The government had introduced new rules and he was of the view that there would be more losers than winners under their new regime.

Councillor Dawood commented that the spending cuts affected the most deprived people and queried the non-statutory provision that might be available to them. There seemed to be a reliance on good will of the local community which might not always be there. The Deputy City Mayor responded that care needs did not always deteriorate; sometimes they remained the same or improved. They were currently looking at the backlog of reviews and this was important, because intervention might prevent further deterioration. Regarding non-statutory provision there was a need to maintain that infrastructure in communities. An Adult Social Care on-line portal would be available shortly which was easy to use. A query from a member of the public could result in more care being given, or if more appropriate, would signpost to the help and support available in the community.

Councillor Dawood queried whether there was a cost implication as more schools became academies. The Director of Finance responded that the Education Services Grant to local authorities would have been cut where a school moved to an academy, but this was now being cut by 75% anyway. There was however an impact on business rates as the local authorities now

retained part of those rates. With the rising number of academies and cut to the grant, local authorities were waiting for the government to clarify what their responsibilities would now be.

Councillor Dr Barton referred to the declining income in some service areas such as income from council sports facilities as people turned to private gyms. The Director of Finance explained that sports income would be addressed in the forthcoming sports spending review. With the current budget pressures, managers were managing their budgets very carefully.

Queries were raised relating to the cost of agency social workers. The City Mayor explained that this was expected to peak in 2016/17 but then the social workers who were newly qualified would be more experienced and there would be less of a reliance on agency staff.

Councillor Dr Moore referred to the cost arising from Looked After Children and queried how much was spent on external placements and whether these were a result of genuine need or parental pressure. The Director of Finance reported that the number of children in external placements had risen from 33 at the start of the financial year to 37 by the end of period 6. The City Mayor commented that the costs relating to Looked After Children were an issue across the country but there was a balance to be reached between meeting the needs of a child with complex needs and ensuring that s/he was looked after properly and safely in cost effective ways. They were looking at ways to meet that need and he thought that this was an issue that the Children, Young People and Schools Scrutiny Commission might wish to look at.

The Chair drew the discussion on the General Fund Revenue Budget to a close and asked for the comments for council to be noted. Councillor Chaplin added that there was a lack of detail relating to the Public Health budget and she urged members to be cautious.

AGREED:

that the comments of the Overview Select Committee in relation to the General Fund Revenue Budget 2016/17 be submitted to Council for the meeting on 24 February 2016.





Leicester  
City Council

Minutes of the Meeting of the  
HEALTH AND WELLBEING SCRUTINY COMMISSION AND ADULT SOCIAL  
CARE SCRUTINY COMMISSION

Held: THURSDAY, 14 JANUARY 2016 at 5:30 pm

P R E S E N T :

Councillor Chaplin (Chair)

Councillor Alfonso

Councillor Dr Chowdhury

Councillor Singh Johal

Members of the Adult Social Care Scrutiny Commission

Councillor Cleaver (Chair)

Councillor Bajaj (Vice-Chair)

Councillor Dawood

Councillor Halford

Councillor Joshi

Councillor Khote

Also In Attendance:

Councillor Palmer - Deputy City Mayor

Councillor Osman – Assistant City Mayor Public Health

Richard Morris, Chief Corporate Affairs Officer, Leicester City Clinical  
Commissioning Group

Philip Parkinson – Healthwatch Leicester

Surinder Sharma – Healthwatch Leicester

\* \* \* \* \*

**50. APOLOGIES FOR ABSENCE**

Apologies of absence were received from Councillors Bhavsar, Cutkelvin,  
Fonseca and Sangster.

**56. BUDGET 2016/17**

The Commission and Members of Adult Social Care Scrutiny Commission  
considered the draft General Fund Revenue Budget 2016/17 and its  
implications for services within the Health and Wellbeing and Adult Social Care

Commissions' terms of reference.

It was noted that there be a further opportunity to comment upon the draft budget when it was discussed at the Overview Select Committee on 28 January 2016.

The Deputy City Mayor commented that:-

- a) The Adult Social Care Budget continued to be subject to ongoing pressures.
- b) The increase in the national living wage from 1 April 2016 would lead to a significant cost for independent sector care providers who would inevitably seek additional funding from the Council. Although, the Government had recognised this issue by allowing councils responsible for providing social care to increase council tax by 2% for each of the next 4 years over an above the referendum limits, the additional income generated would be a round a third of what was required.
- c) The increase proposed in the Adult Social Care budget was to recognise and meet the acute and growing financial pressures through increased demand for statutory services and increased costs such as the national living wage. It was not a provision for extra growth.
- d) There would be a programme of Service Reviews looking at future savings but it should be recognised that there was limited scope for savings in non-statutory services.
- e) It was important to understand the severity of the current budget situation and the continued budget pressures to be faced over the next 5 years.

The Assistant City Mayor, Public Health commented:-

- a) Public Health services were spread across a number of service areas including health visiting and school nursing, some elements of adult social care as well as specific services relating to smoking cessation, reducing alcohol and drug consumption and mental health initiatives.
- b) The Government's recent decision for an in year reduction of 6% (£1.6 million) in the public health grant represented a significant impact upon service provision, and this would continue in future years.
- c) Further savings of 3.9% were required for 2016/17 and 2017/18. The Council had not received the final settlement yet, but the Commission would be informed when these were received.

The Director of Finance commented:-

- a) The Council received details of the financial settlement on 17 December

2015 and the draft budget proposals were published on 12 January 2016.

- b) There was a requirement to consult business rate payers on the proposals.
- c) The draft budget was published on the Council's website and comments could be submitted through the website, which would be reported to the Overview and Select Committee.

Following Members' questions it was noted:-

- a) That discussions would be held with care providers to discuss the implications of the impact of the national living wage upon services.
- b) All decisions on providing services within care packages were based upon meeting the needs of individuals following assessments using national criteria. Some packages could be increased and others could be reduced if the needs of the individual changed and their care package was reviewed.
- c) A significant amount of public health funds were being redirected to the NHS for services such as school nurses which reduced the availability to find the savings required for future years. Public Health would need to radically rethink ways of getting health benefits through other initiatives rather than those traditionally funded through public health grants.

Members of both Commissions made the following comments:-

- a) Investment in public health campaigns had proven outcomes in keeping people healthier for longer which reduced the burden on more expensive acute sector services.
- b) Members felt that older citizens appeared to be increasingly disadvantaged by current health provision as it was felt that the government were not adequately supporting the continuing demands for Adult Social Care and preventative services.
- c) Further discussion would be welcomed on the public health budget when the final settlement was known.
- d) The reviews for future savings were noted and the Health and Wellbeing Commission would keep under review the impacts upon smoking cessation and reducing the consumption of alcohol and drugs programmes.
- e) It should be recognised that sports, arts and cultural activities all contributed to health and wellbeing, combated isolation, helped to deliver good quality of life to people and helped people stay fit and well.

AGREED:

- 1) That the comments made by Members above be reported to the Overview Select Committee.
- 2) That Members be encouraged to make further comments either through the website or to the Chairs of the two Commissions.





## **Leicester City Branch**

### **2016 BUDGET RESPONSE**

UNISON Leicester City Branch members are feeling the enormity of the result of the General Election on 7<sup>th</sup> May 2015 and, although Leicester remains In Labour control, we face a massive challenge. It is safe to say that the pressure being put on the trade unions and management by the onslaught of the Tory Government is not going to end soon.

In fact the Comprehensive Spending Review that George Osborne announced in October 2015 made the situation worse.

The budget situation within Leicester City council is in a critical condition and we need to ensure that our members are treated fairly during this period and to this end we have been warning the City Mayor for the last few years to curb spending on what we saw were vanity projects and set aside funds for the storm we now face.

The City Mayor has said that they have to manage the budget through a Corporate Spending Programme and Organisational Reviews this has already resulted in approximately 900 jobs being lost since 2012.

This process has also allowed for hidden cuts by manipulation of council procedures (Job Evaluation) that has led to vacant posts being deleted and the downgrading of other staff that have been left behind. In fact the City Mayor has said *“If we are to have a sustainable future in the face of the massive cuts by government we will need to continue to integrate services and operate out of fewer buildings. It is inevitable that this process will involve jobs being re-engineered and where possible staff being supported to move into different roles.”*

Furthermore when asked to outline specific cuts that are going to be carried out the City Mayor said *“The scale of cuts is so great and the list of cuts would be so long that it would be impossible to write it!”* He also revealed to us that there would be 21 rolling reviews of council services designed to save £45 million.

Further additional pressure announced by government is the 1% rent cut resulting in a £27m loss in income for the council by 2020, leading to the need for even greater service reductions in the Housing Department than originally planned and severely impacting on Leicester City Council's ability to build more social housing.

It is our understanding that for the first time in living memory Leicester City Council have been unable to set a 2 or 3 year budget program and compelled to set a "one year budget whilst they take stock". Even if the current painful spending review program, delivers in full Leicester City Council. The Council admits we face an extremely difficult outlook and as such the City Mayor needs to adopt a more open approach and tell the people of Leicester what these cuts will mean to local communities in a city that's already had a 37% real term grant cut since 2010.

As the cuts begin to bite the City Mayor needs to look carefully at the impact on stripping away preventative services such as Children's Centres and the work they do would have a detrimental impact on Statutory Services such as in Social Care that are already stretched. There is also the future impact of Universal Credit in deprived cities like Leicester again this will have an impact on the most vulnerable.

The Authority has had to set aside another £17 million for redundancy and severance pay; when pushed they indicated another 700 job losses would come from these reviews. UNISON Leicester City Branch have made it clear that over 50 Organisational Reviews have already been carried out in a range of services including Children's and Adult Social Care, Housing Services, Housing Options, Hostels, Property services, Neighbourhood Services and Corporate Support (Including Human Resources, Finance and Information Technology).

As such there is very little left to slash without causing great pain and anxiety to our members. Unfortunately the City Mayor appears to have tunnel vision with regards to supporting the City Centre, Economic Development and Businesses and has taken his eye off the ball in terms of local communities and the employees of the council.

Gary Garner

UNISON BRANCH SECRETARY

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Mobile: 07976348296



Council

Date: 24<sup>th</sup> February 2016

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## Capital Programme 2016/17 to 2018/19

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### Report of the Director of Finance

#### 1. Purpose

- 1.1 The purpose of this report is to ask the Council to approve a capital programme for 2016/17 to 2018/19.

#### 2. Summary

- 2.1 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants' rents, and the proceeds of asset sales (capital receipts). Money can also be borrowed for capital purposes, but the scope for this is limited as borrowing affects the revenue budget.
- 2.2 Traditionally, the Council has prepared a multi-year capital programme. In recent years, however, the economic downturn has severely affected our ability to generate receipts and shorter programmes have been prepared, usually of one year's duration.
- 2.3 However, things have recently changed. For the most significant capital grants, multi-year allocations were provided by the Government before the general election. Furthermore, improved market conditions have contributed to more buoyant receipts. The Council has also changed its policy regarding capital receipts: instead of anticipating receipts, we have waited until they are received before planning to spend them. This has created increased certainty.
- 2.4 Consequently, the proposed programme in this report covers 3 years, 2016/17 to 2018/19. The third year, however, is indicative and will be revised during 2017/18.

- 2.5 The capital programme submitted for approval consists of schemes to the value of £108m. As in 2014/15 and 2015/16, the capital programme complements the Economic Action Plan: whilst the focus of the latter is economic regeneration, which inevitably has a bias towards the city centre, the capital programme is heavily weighted towards investment in the city's neighbourhoods.
- 2.6 The capital programme is split into two parts:-
- (a) "Immediate Starts", being schemes which have authority to commence once the Council has approved the programme. These are fully described in this report;
  - (b) "Policy Provisions", where the purpose of the funding is defined but money will not be released until specific spending proposals have been approved by the Executive. There is less detail about these schemes than there is about immediate starts.
- 2.7 The report makes proposals for new spending. Some capital expenditure will, however, be incurred in 2016/17 or later years arising from earlier capital approvals; the most significant of these is an estimated £17m to be incurred on building works to create new school places and improve the educational estate.
- 2.8 Unlike last year, the programme presented does not include HRA schemes. Given the uncertainty created by the introduction of a rent cap by the Government, planning for the HRA has necessarily been carried out in parallel with the revenue budget. Approval to the HRA capital programme is being sought by means of a separate report on your agenda.
- 2.9 The proposed programme is over committed by £5.3m across the 3 years. However, the programme for 2018/19 is provisional and will be supported by additional receipts. The programme for 2016/17 to 2018/19 is over programmed by £0.8m, which is not a cause for concern.

### 3. **Recommendations**

- 3.1 The Council is asked to:-
- (a) Approve the capital programme described in this report and summarised at Appendix 2, subject to any amendments proposed by the City Mayor;
  - (b) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules and finance procedure rules;
  - (c) Delegate authority to the City Mayor to determine a plan of spending for each policy provision; and to commit expenditure up to the maximum available;

- (d) For the purposes of finance procedure rules:
- Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes (but see below for the Local Growth Fund);
  - Designate the highways maintenance programme as a programme area, within which the director can reallocate resources to meet operational requirements;
  - Designate the transport improvement programme as a single programme area (schemes 1 to 3 at Appendix Two).
- (e) Determine that the City Mayor may increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources;
- (f) Determine that the City Mayor may reduce or delete any capital programme provision, subject to a maximum of 20% of scheme value for “immediate starts”; and may transfer any “policy provision” to the “immediate starts” category;
- (g) In respect of the Local Growth Fund:-
- Delegate to the City Mayor approval to accept the Government’s funding offer each year, and to add this to the capital programme;
  - Delegate to the Strategic Director, City Development and Neighbourhoods, in consultation with the Director of Finance, authority to allocate the funding to individual projects (in effect, implementing decisions of the LLEP);
  - Agree that City Council schemes funded by LGF can only commence after the City Mayor has given approval;
  - Delegate to the Director of Finance authority to reallocate LGF funding between projects to ensure the programme as a whole can be delivered;
  - Note that City Council contributions to LGF projects will follow the normal rules described above.
- (h) Delegate to directors, in consultation with the relevant assistant mayor, authority to incur expenditure in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure.

#### 4. **Key Policy Issues**

- 4.1 The key concern of capital planning is to deliver strategic objectives and meet (as far as is possible) a level of need which considerably exceeds available resources.

- 4.2 The capital programme contained in this report is heavily focussed on neighbourhood works, and thus complementary to the Economic Action Plan which has a greater city centre focus. Included within the programme is £24m for two major transport improvement projects to the north of the city; £44m to expand, build and improve schools; £7m for highways maintenance; £7m for extra care and £6m for disabled facilities grants. There are other minor provisions (as usual) for local environmental works, street scene improvements and empty homes.
- 4.3 The Economic Action Plan seeks to significantly enhance the economic viability of the city, and the job opportunities available. Resources made available to the EAP have amounted to £88m at the time of writing, of which £33m is externally funded (principally Local Growth Fund and ERDF grant).
- 4.4 A major policy issue is the need to plan additional school places to reflect rising pupil numbers. Substantial works have already taken place to create 4,500 new places at primary schools, but substantial new funds have been set aside for a comprehensive programme of increasing school capacity. School condition surveys are being carried out, which will enable essential maintenance and improvement work to be carried out at the same time as expansion. Expansion is also envisaged at secondary level. The money made available is in addition to the monies set aside in the 2015/16 capital programme.
- 4.5 The Building Schools for the Future (BSF) programme of secondary school improvement is now almost complete, and has resulted in a substantial improvement to the city's secondary school stock.
- 4.6 Investment in adult care is essential to maximise the independence of vulnerable people, to address the historic over-reliance on residential care, and to prevent unnecessary admission and re-admission to hospital. The programme provides £6.7m to address the need and demand for extra care accommodation, which is both effective and popular. Extra care also helps reduce the revenue costs of the adult social care service, when compared to the alternative of residential care.
- 4.7 In previous years, the Government has allocated grant for Adult Social Care, which was not ring-fenced. Since 2015/16, this money has been paid to the Better Care Fund, and consequent decisions on its allocation will fall to the Health and Well-being Board. Proposals will be made to the board for spending of £1m per year on projects which meet these objectives.
- 4.8 A key objective of transport planning is to address the accessibility of the city centre to public transport, and the £13.5m scheme to redevelop the Haymarket Bus Station is well advanced. A key focus of the new programme is to facilitate long-term plans to improve access from the north-west and north-east of the city. The city's overall transport needs also include the development of strategic and local cycle routes, measures to improve the flow of buses, additional 20mph schemes and schemes to maintain and improve

the condition and efficiency of the roads network. All these objectives are addressed in the proposed programme.

## 5. **Resources**

- 5.1 Resources available to the programme consist primarily of Government grant (the HRA programme is primarily supported by tenants' rent monies). Most grant is unringfenced, and the Council can spend it on any purpose it sees fit.
- 5.2 For control purposes, the Council has split resources into corporate and service resources.
- 5.3 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250,000. This provides flexibility for small schemes to be added to the programme without a report to the Executive. In this programme, most resources are designated as corporate resources.
- 5.4 The rest of this section describes the resources available to the Council. A full schedule is shown at Appendix One.
- 5.5 In 2015/16, the Council changed its policy regarding capital receipts. Instead of anticipating receipts, we have waited until they are received before planning to spend them. This increases the resilience of the capital programme at a time when revenue budgets are being cut dramatically – in future, if receipts fail to materialise due to market downturn, it will not be possible to use revenue monies to plug the gap.
- 5.6 The exception to the above is receipts expected from the sale of council housing, where tenants exercise their "Right to Buy". RTB receipts are now layered, with different layers being available for different purposes. A sum of £0.6m per year will be available for general purposes. (This is highly predictable, and will arise almost regardless of the actual value of RTB sales in 2016/17 onwards). A further tranche is available, but must be used for new affordable housing or returned to the Government (and, as noted later in this report, opportunities are being sought to use these receipts for extra care developments). The new policy with regard to capital receipts, however, means resources for 2018/19 are understated. When the programme is revised, any new receipts received by that time will be added to the amount available.

5.7 £60m of unringfenced grant is expected to be available to support the programme. The table below shows the amounts, and compares this to 2015/16:-

|                         | <u>15/16</u><br><u>(£000)</u> | <u>16/17</u><br><u>(£000)</u> | <u>17/18</u><br><u>(£000)</u> | <u>18/19</u><br><u>(£000)</u> |    |
|-------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----|
| Basic need              | 6,603                         | 6,933                         | 21,986                        | 5,000                         | ** |
| Education – maintenance | 3,874                         | 3,874 *                       | 3,874 *                       | 3,500                         | ** |
| Integrated transport    | 2,556                         | 2,556                         | 2,556                         | 2,556                         | *  |
| Highways maintenance    | 2,613                         | 2,395                         | 2,323                         | 2,102                         | *  |
| Adult Social Care       |                               |                               |                               |                               |    |
|                         | 15,646                        | 15,758                        | 30,739                        | 13,158                        |    |

5.8 Most of the allocations for 2016/17 and 2017/18 were announced prior to the election. However, those figures marked with a single asterisk have only been advised provisionally, and those with a double asterisk have not been advised and estimates have therefore been made.

5.9 The resource schedule also includes a number of ring-fenced resources. The most significant of these is £19.6m of Local Growth Fund monies, which have been awarded to support development of the two major transport programmes (although in practice, money has been top-sliced from the amount allocated nationally for integrated transport). Additionally, the Council has to support these schemes with match funding from its own programme.

5.10 Money for disabled facilities grant is ring-fenced, and is provided to support the making of grants to householders in the private sector requiring disabled adaptations. This money is now being paid to the Better Care Fund instead of to housing authorities. Nonetheless, the statutory duty on local authorities to make grant available remains, and the Health and Well-being Board is expected to pass sums received directly to the City Council. A sum of £1m has been estimated based on grant received in 2015/16 – 2016/17 allocations have not yet been announced.

5.11 The Council will also make use of £200,000, which is the balance of sums provided regionally to support re-payable home repair grants.

5.12 Resources of £6.5m have been brought forward from the previous capital programme, as a consequence of ceasing plans to develop an Intermediate Care Unit. This is to enable the Council to focus on community based options, which are more popular and effective, and are in line with health sector priorities. In the new programme, this resource has been wholly set aside for extra care.



5.13 The programme includes £3.5m of prudential borrowing, which will be used to fund routine vehicle, plant and equipment replacement. Of these, 95 diesel fleet vehicles will be replaced with ultra-low emission vehicles.

5.14 The programme also makes use of a revenue contribution of £1m from the general fund budget, which is probably the last time any such contribution can be afforded.

## 6. **Proposed Programme – Immediate Starts**

6.1 This section of the report describes those schemes which can commence without any further approval. The whole programme is summarised at Appendix 2.

6.2 £23.7m is provided for the **Leicester North West Major Transport Scheme**, and the **North City Centre Access Improvement Programme**. The majority of this cost will be met by Local Growth Fund.

(a) The Leicester North West Major Transport Scheme, which started on site in July 2015, is being promoted jointly with Leicestershire County Council. The scheme, focussed on improving the A6 and A50 corridors, consists of junction improvements to address congestion, bus priority measures such as bus lanes, and improved pedestrian and cycling facilities such as new routes and crossings. It directly supports proposals for major development as part of the regeneration of Waterside and proposed urban extension developments to the North and West of Leicester.

(b) The North City Centre Access Improvement Programme will help to connect the city centre with existing and proposed neighbourhoods at Belgrave and Abbey Meadows, together with new development sites at Belgrave Circle and the new Community Sports Arena on Charter Street. Works are underway at Memory Lane and Charter Street, and a new bridge crossing the Grand Union Canal from Charter Street to Abbey Park is expected to commence in the New Year. Additional schemes will include improvements between Belgrave Gate and Belgrave Road/Abbey Park Road and new/improved links supporting buses, cycling and walking in the area between the New Haymarket Bus Station and St Margaret's Bus Station.

6.3 £3.5m is provided for **Other Transport Improvement Schemes**. This includes money for cycle and pedestrian improvements, including a contribution towards funding the Welford Road Cycleway Scheme, linking neighbourhood areas to the city centre; 'Pinch Point' improvements to support improved bus services across the city; road safety schemes which are identified through the annual series of highways and transport workshops, and accident investigations; and walking and cycling projects and 20mph schemes in neighbourhoods, prioritised in consultation with ward members.

6.4 £6.8m is provided for the **Highways Maintenance Programme**. Money for highways maintenance is provided on a rolling basis, and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities.

The draft programme for 2016/17 and 2017/18 is included at Appendix Three to this report.

- 6.5 £900,000 is provided for the Council's **Flood Strategy**. The proposed work programme supports the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency and Seven Trent Water. The money will be spent on scheme feasibility assessment, design and delivery of projects to reduce flood risk, and the implementation of the local flood risk management strategy. The programme also provides for surface water management and watercourse improvement schemes, including the replacement of inefficient highway gullies in high risk areas. This programme is complementary to a multi-million pound investment by the Environment Agency addressing flood risk in the River Soar corridor.
- 6.6 £100,000 is provided to continue the current programme of improvements to the **Christmas Festive Decorations** in the city centre. This will include a new display covering the full length of High Street up to Jubilee Square, refurbishment of the Market Street illuminations, improvements in Town Hall Square, refurbishment of the Belvoir Street illuminations, and replacement of degraded equipment.
- 6.7 £100,000 is provided for improvement works to existing facilities at **Saffron Hill Cemetery**. There are two buildings at the cemetery. The chapel was upgraded around 10 years ago (redecorated, roof repairs, a new heating system, and a new carpet); a new disabled toilet was provided early in 2015. The Muslim prayer house requires new toilet facilities (at present, the male toilets are poor, and there are no female toilets). The facility is often overcrowded, and works will accommodate an increased number of mourners.
- 6.8 £150,000 per year, to be funded by borrowing, provides for routine replacement of **Parks Plant and Equipment**.
- 6.9 £120,000 provides for enhancements to the new **Waste and Recycling Centre** at Gypsum Close. This includes steel works on the castellations to prevent householders and traders from using the bins while they are being changed, and to prevent users from climbing onto the walls; two new roll packers to replace compactors; and enhanced signage and lighting. These improvements are required for health and safety reasons, and to improve the efficient use of the bins.
- 6.10 £250,000 is provided to complete the programme of **Allotment Infrastructure**, the need for which was identified by 2014 site audits. Works will include improvements to fencing, gates, paths and roadways at a wide number of allotments.
- 6.11 £3.1m is provided for the **Vehicle Replacement Programme**, including the replacement of 95 diesel fleet vehicles with ultra-low emission (ULEV) vehicles and to replace other life expired vehicles. The programme is funded by borrowing.

- 6.12 £6m is provided for the routine programme of **Disabled Facilities Grants**. These grants provide funding to eligible disabled people for adaptation work to their homes, and help them maintain their independence. Each grant costs, on average, £6,500 and conditions require repayment in certain circumstances.
- 6.13 £50,000 per year is provided for **Empty Homes Acquisitions**. 250 long-term empty homes are brought back into use each year. This provision is for the incidental costs associated with those for which CPO or negotiated purchase is required, and which cannot be recouped from the sale proceeds. The sum is sufficient for the small number of properties which reach this stage (it will pay for at least 4).
- 6.14 £150,000 is provided to continue a scheme of **Street Scene Improvements**. This provides money for “grot spots” and alleyway improvements, and is planned in conjunction with city wardens and community safety officers.
- 6.15 £800,000 is provided for **Repayable Home Repair Grants** to low income householders. This helps Adult Social Care clients to continue to live in their homes independently, and is repayable on sale or transfer of ownership. The amount is sufficient to assist 60 householders per year.
- 6.16 £150,000 is provided to continue the **Leicester Energy Efficiency Fund** programme of discretionary grants to landlords, to improve energy efficiency of privately rented homes (it is the tenant, of course, who pays the energy bills). Grants are paid on a 50:50 basis, up to a maximum of £2,000.
- 6.17 £760,000 is provided to **Improve ICT Connectivity and Collaboration**. This is part of a package of ICT developments, most of which are being met from one-off money in the department’s revenue budget. The additional money will cover:-
- (a) Upgrade or replacement of our electronic document record management system, which is now old technology and no longer being developed. Replacement would result in better tools, enabling wider access, and open up the system to more data;
  - (b) Upgrade or replacement of the automated call distribution system, which is now old and no longer demonstrates value for money;
  - (c) Upgrade of hardware to run the Council’s vital Lync telephony infrastructure system. The current hardware is now at the end of its life.
- 6.18 £100,000 is provided to continue the programme of **Changing Places** which improves access for vulnerable people to universal and community based provision. Typical projects include the provision of adult toilet and changing facilities for vulnerable people with profound disabilities. A programme of works will be prepared, in partnership with local disabled people and supporting organisations.

## 7. **Proposed Programme – Policy Provisions**

- 7.1 This section of the report describes the policy provisions, being those parts of the capital programme for which plans will be developed and approved by the City Mayor. They are included on the spending summary at Appendix Two.
- 7.2 The programme provides £1.1m for the **Air Quality Action Plan**. This will include works to support the introduction of low emission vehicles such as electric charging points for the Council's fleet; low emission zones for buses; and fitting buses with equipment for removal of nitrogen dioxide.
- 7.3 £2.2m is provided for **Development of the Parking Strategy**. This money will support a programme to better manage and enforce car parking requirements across the city. This will include schemes to construct/refurbish car parking facilities and parking infrastructure assets, including refurbishment of off-street car parks at Haymarket and Dover Street; enhancement to "shop local"; support to neighbourhood retail areas; facilitation of residents' parking schemes including neighbourhood parking lay-bys; and support for school road safety initiatives.
- 7.4 £0.9m is provided for **Local Environmental Works**. This is an annual programme which addresses local neighbourhood issues related to residential parking, local safety, cycle-ways, shopping precincts, community lighting and landscaping. Works will directly contribute towards addressing priorities identified through ward member consultations.
- 7.5 £135,000 is provided for the third phase of the **Heritage Interpretation Panels** programme. 50 heritage interpretation panels were created as part of Phase 1, and a further 40 are being developed during 2015/16 (which includes city centre and outer village locations). The final phase will identify the remaining heritage assets in wards not covered by previous phases. It is proposed that a further 25 panels will be developed and the "Story of Leicester" website enhanced.
- 7.6 £150,000 has been set aside for **replacement of the Library Management System**, which is due for renewal in 2017/18. One-off costs are expected to be incurred for licences, potential access fees, server replacement and other equipment. It is intended that the new system will have improved functionality and support the Council's channel shift agenda.
- 7.7 £65,000 is provided to **install defibrillators in Leicester parks**. Some units are already available from park offices, but this programme would provide 24 hour coverage. The money is sufficient to provide around 30 defibrillators: this includes the cost of the defibrillators themselves, secure wall units, and the provision of new electrical connections. The department is also seeking to source public training in the use of the defibrillators.
- 7.8 £3.4m has been provided for a continuing programme of **property maintenance**. This is an annual programme, and has been used in previous years to make significant reductions in asbestos and water hygiene related

needs, and high priority risk reduction works. Money required in 2016/17 will be carried forward from 2015/16 (the new provision covers 2017/18 and 2018/19 only).

- 7.9 £1.7m is provided for **LiquidLogic enhancements**. LiquidLogic is the main system supporting adult and children's social care services. The money will provide enhancements to the system which will benefit both departments, and includes provision of an on-line market place for personal budget holders and self-funders, improvements in data sharing with the NHS, development of on-line portals to support clients, improved case management, and transition of young people from children's to adult care. Money will also be set aside for training, and development of the core functionality.
- 7.10 Money has been set aside for **Extra Care schemes** (£6.7m). Extra care housing provides self-contained flats in a secure environment, which is ideal for vulnerable older people, and those with learning disabilities and mental health problems. The provision of extra care reduces the use of residential care, and there is a shortage of such accommodation in the city. It is envisaged that the amount set aside will be complemented by money set aside from the portion of housing capital receipts which can only be spent on affordable housing (or must otherwise be returned to the Government). The amount provided arises from a reprioritisation of investment opportunities, and uses money released through cessation of plans to develop an intermediate care unit.
- 7.11 £44m has been set aside as a provision for **Education Schemes**. This will provide funding for the major programme of school capacity increases and essential improvement/maintenance described earlier in this report.
- 7.12 Extension of **Saffron Hill Cemetery** (£0.3m) will provide up to 4,000 graves, sufficient to serve the city's residents for 20 years. This scheme will not commence until after the programme is revised, and start in 2018/19.

## 8. **Equality Assessment (Irene Kszyk)**

- 8.1 Many schemes in the capital programme will lead to direct, positive outcomes for local people. Other schemes provide crucial infrastructure support which services rely on to operate, but do not, in and of themselves, directly benefit residents and service users. The potential outcomes and protected characteristics of those people likely to receive these outcomes directly from the programme are summarised in Appendix Four. The Council's public sector equality duty requires decision makers to have due regard (consideration) of these implications when making their decisions.

## 9. **Sustainability Assessment (Mark Jeffcote, Environment Team)**

- 9.1 As in previous years, most of the schemes in the capital programme will result in environmental protection or enhancement across the City.

- 9.2 Notable are the transport initiatives which include a focus on public transport, local cycle routes and speed restrictions, money for the Air Quality Action Plan and investment in ultra-low emission vehicles to replace 95 of the fleet diesel vehicles.
- 9.3 The expenditure on flood strategy implementation will help the city adapt to the impacts of climate change.
- 9.4 Conversely, the development of the Parking Strategy (£2.2m) may promote the use of cars in the city.
- 9.5 The most significant environmental impact will result from the proposed £44m expenditure on schools and the further increase in the size of the school estate. Schools account for 39% of the council's CO<sub>2</sub> emissions, and despite considerable recent investment in the estate, emissions have not gone down. A further increase in the size of the estate is likely to increase emissions. Energy conservation measures should therefore be included during improvement work to minimise emissions increases, and dedicated energy management support should be provided for schools during operation.
- 9.6 Early consultation with the Environment Team is recommended on all items of major expenditure so that environmental impacts can be mitigated where possible.

## 10. **Financial Implications**

- 10.1 This report is exclusively concerned with financial matters.
- 10.2 The revenue implications of the proposed programme as a whole are insignificant. Savings will accrue from investment in diverting vulnerable people from residential care (e.g. through provision of extra care, and disabled facilities grants). There will be some minor revenue implications arising from the provision of heritage interpretation panels, extension to Saffron Hill Cemetery, and improvements in IT.
- 10.3 There are only two potential uses of borrowing in the programme. These are the programmes to replace vehicles and parks equipment. Borrowing results in a revenue cost arising from debt and interest payment. Spending of £3.5m will cost the Council £0.4m per year, and provision for this is included within the relevant departments' budgets. This borrowing is affordable, sustainable and prudent.

## 11. **Legal Implications**

- 11.1 As the report is exclusively concerned with financial matters, there are no direct legal implications arising from the report. There will be procurement and legal implications in respect of individual schemes and client officers should take early legal advice. In accordance with the constitution, the capital programme is a matter that requires approval of full Council.

## 12. Other Implications

### 12.1

|                               |     |   |
|-------------------------------|-----|---|
| Equal Opportunities           | Yes | Paragraph 8.  |
| Policy                        | Yes | The capital programme is part of the Council's overall budget and policy framework, and makes a substantial contribution to the delivery of Council policy. |
| Sustainable and Environmental | Yes | Paragraph 9.  |
| Crime and Disorder            | Yes | Street scene improvements can contribute directly to the reduction of anti-social behaviour.  |
| Human Rights Act              | No  |   |
| Elderly/People on Low Income  | Yes | A number of schemes will benefit elderly people and those on low income.  |

**Report author:** Mark Noble

**Date:** 8<sup>th</sup> February 2016

| <b>Capital Programme 2016/17 to 2018/19 - Resources</b>        |               |               |               | <b>Appendix One</b> |
|--|---------------|---------------|---------------|---------------------|
|  | <b>16/17</b>  | <b>17/18</b>  | <b>18/19</b>  | <b>Total</b>        |
|  | <i>{£000}</i> | <i>{£000}</i> | <i>{£000}</i> | <i>{£000}</i>       |
| <b><u>Receipts</u></b>   |               |               |               |                     |
| Council Housing - Right to Buy Receipts                        | 600           | 600           | 600           | 1,800               |
| General Receipts   | 7,398         |               |               | 7,398               |
| <b>Total Receipts</b>  | <b>7,998</b>  | <b>600</b>    | <b>600</b>    | <b>9,198</b>        |
| <b><u>Capital Grant - Unringfenced</u></b>                     |               |               |               |                     |
| School Places - Basic Need                                     | 6,933         | 21,986        | 5,000         | 33,919              |
| Education maintenance  | 3,874         | 3,874         | 3,500         | 11,248              |
| Integrated Transport   | 2,556         | 2,556         | 2,556         | 7,668               |
| Transport maintenance  | 2,395         | 2,323         | 2,102         | 6,820               |
| <b>Total Unringfenced Grant</b>                                | <b>15,758</b> | <b>30,739</b> | <b>13,158</b> | <b>59,655</b>       |
| <b><u>Capital Grant - Ringfenced</u></b>                       |               |               |               |                     |
| Local Growth Fund  | 8,000         | 9,600         | 2,000         | 19,600              |
| Disabled Facilities Grants                                     | 1,001         | 1,001         | 1,001         | 3,003               |
| Other Grants   | 100           | 100           |               | 200                 |
| <b>Total Ringfenced Grant</b>                                  | <b>9,101</b>  | <b>10,701</b> | <b>3,001</b>  | <b>22,803</b>       |
| <b><u>Resources Brought Forward</u></b>                        |               |               |               |                     |
| Previously agreed funding - intermediate care                  | 6,459         |               |               | 6,459               |
| <b><u>Prudential Borrowing</u></b>                             |               |               |               |                     |
| Parks plant & equipment  | 150           | 150           | 150           | 450                 |
| Vehicle replacement  | 1,300         | 1,800         |               | 3,100               |
| <b>Total Borrowing</b>   | <b>1,450</b>  | <b>1,950</b>  | <b>150</b>    | <b>3,550</b>        |
| <b><u>Other Contributions (Disabled Facilities Grants)</u></b> |               |               |               |                     |
| Grant Repayments   | 49            | 49            | 49            | 147                 |
| <b>Revenue Contribution</b>                                    | <b>1,000</b>  |               |               | <b>1,000</b>        |
| <b>TOTAL</b>   | <b>41,815</b> | <b>44,039</b> | <b>16,958</b> | <b>102,812</b>      |



| Capital Programme 2016/17 to 2018/19 - Schemes  |               |               |               |                | Appendix Two     |
|---|---------------|---------------|---------------|----------------|------------------|
|   | 16/17         | 17/18         | 18/19         | Total          | Responsible      |
|   | {£000}        | {£000}        | {£000}        | {£000}         | Director         |
| <b>Immediate Starts</b>   |               |               |               |                |                  |
| 1 Leicester North West Transport Programme  | 5,500         | 8,100         | 0             | 13,600         | City Development |
| 2 North City Centre Access Improvement Programme  | 4,120         | 3,000         | 3,000         | 10,120         | City Development |
| 3 Other transport improvement schemes   | 936           | 1,056         | 1,556 *       | 3,548          | City Development |
| 4 Highways Maintenance Programme  | 2,395         | 2,322         | 2,102 *       | 6,819          | City Development |
| 5 Flood Strategy Programme  | 300           | 300           | 300 *         | 900            | City Development |
| 6 Festive Decorations   | 50            | 50            |               | 100            | City Development |
| 7 Saffron Hill Cemetery - Improvements  | 100           | 0             | 0             | 100            | City Development |
| 8 Parks plant and equipment   | 150           | 150           | 150 *         | 450            | City Development |
| 9 Waste recycling centre enhancements   | 120           | 0             | 0             | 120            | City Development |
| 10 Allotment Infrastructure Improvements Phase 2  | 100           | 75            | 75            | 250            | City Development |
| 11 Vehicle replacement programme, including Ultra Low Emission Vehicles                                       | 1,300         | 1,800         | 0             | 3,100          | City Development |
| 12 Disabled Facilities Grants   | 2,000         | 2,000         | 2,000 *       | 6,000          | City Development |
| 13 Acquisition of long term empty homes   | 50            | 50            | 50 *          | 150            | City Development |
| 14 Street Scene Improvements  | 50            | 50            | 50 *          | 150            | City Development |
| 15 Repayable Home Repair Grant  | 300           | 300           | 200 *         | 800            | City Development |
| 16 Leicester Energy Efficiency Fund (LEEF)  | 50            | 50            | 50 *          | 150            | City Development |
| 17 Improving ICT Connectivity and Collaboration   | 760           |               |               | 760            | Finance & IT     |
| 18 Changing Places (Social Inclusion)   | 100           |               |               | 100            | Adult Care       |
| <b>Total Immediate Starts</b>   | <b>18,381</b> | <b>19,303</b> | <b>9,533</b>  | <b>47,217</b>  |                  |
| <b>Policy Provisions</b>  |               |               |               |                |                  |
| 19 Air Quality Action Plan  | 370           | 370           | 370           | 1,110          |                  |
| 20 Parking Strategy Development   | 800           | 700           | 700           | 2,200          |                  |
| 21 Local Environmental Works  | 200           | 300           | 400           | 900            |                  |
| 22 Heritage Interpretation Panels - Phase 3   | 65            | 70            | 0             | 135            |                  |
| 23 Replacement of Library Management System   | 0             | 150           | 0             | 150            |                  |
| 24 Installation of Defibrillators to Leicester Parks  | 40            | 25            | 0             | 65             |                  |
| 25 Property maintenance   |               | 1,700         | 1,700         | 3,400          |                  |
| 26 Liquidlogic enhancements   | 968           | 735           |               | 1,703          |                  |
| 27 Extra Care Schemes   | 6,700         |               |               | 6,700          |                  |
| 28 Provision for Education Schemes  | 10,305        | 25,430        | 8,500         | 44,235         |                  |
| <b>Total Policy Provisions</b>  | <b>19,448</b> | <b>29,480</b> | <b>11,670</b> | <b>60,598</b>  |                  |
| <b>2018/19 Provisional Starts</b>   |               |               |               |                |                  |
| 29 Saffron Hill Cemetery Extension Phase 2  | 0             | 0             | 300 *         | 300            |                  |
| <b>GRAND TOTAL</b>  | <b>37,829</b> | <b>48,783</b> | <b>21,503</b> | <b>108,115</b> |                  |
| <i>2018/19 funding for schemes marked * is provisional, and subject to approval of the 2018/19 programme.</i> |               |               |               |                |                  |

**Highways Maintenance Programme**

1. **2016/17 Starts**

| <b>Description</b>   | <b>Amount<br/>£000's</b> | <b>Notes &amp; Example<br/>Schemes</b>   |
|--|--------------------------|--|
| Major Public Realm & Transport Improvement Schemes:<br>Maintenance Element | 100                      | Essential maintenance works associated with A50/A563 Leicester North West Major Transport Improvement Programme.<br><br>Gateway route highway environmental improvements                 |
| LEAN Carriageway & Pothole Repairs   | 82                       | Targeted, large scale carriageway pothole repair programme to provide longer term repairs and address granite sett carriageways (ward priorities).                                       |
| LEAN Ward Priority Thin Surfacing Sites                                    | 80                       | Seal carriageway surface on sett type roads previously patched as ward priorities.<br>Linden Drive, Saltersford Road, King Edward Road, Brandon Street, Dorset Street, Allington Street. |
| Principal Roads  | 380                      | Welford Road (in connection with cyclway and bus corridor improvements);<br>Red Hill Way/Thurcaston Road Roundabout;<br>London Road – Railway Station to Granville Road.                 |
| Classified Non-Principal Roads   | 100                      | Saffron Lane – Knighton Lane East to Duncan Road.  |

| <b>Description</b>                                    | <b>Amount<br/>£000's</b> | <b>Notes &amp; Example<br/>Schemes</b>   |
|---|--------------------------|--|
| Unclassified Neighbourhood Roads                      | 140                      | Aylestone Drive & Rowley Fields Avenue.  |
| HRA Carriageway Patching & Resurfacing                | 43                       | Belgrave Gate – flyover to Charles Street.   |
| Carriageway Surface Dressing Programme                | 200                      | Surface treatment to seal road surfaces following patching works in 2014/15 from LEAN repair process (approximately 7 streets).          |
| Carriageway Joint Sealing Programme                   | 25                       | Prevents water ingress and onset of potholes (approximately 8 streets).  |
| Footway Slurry Sealing Programme                      | 35                       | Footway slurry sealing to sites previously patched in 2014/15 (6 sites).   |
| Concrete Carriageway Repairs                          | 25                       | Reconstruction/replacement of failed and dangerous concrete bays, e.g. Downing Drive & Hadrian Road area.                                |
| Road Hump Replacements                                | 15                       | Reconstruction/replacement of failed block paved road humps and speed cushions.  |
| Footway Relays and Reconstructions                    | 70                       | Focus on local neighbourhood priorities.   |
| Strategic Bridge Deck Maintenance & Replacement Works | 500                      | Middleton Street river and canal bridges or Highway Road bridge, canal & river footbridges linked to River Soar Accessibility Programme. |
| Bridge Improvement & Maintenance Works                | 200                      | Parapet replacements, structural maintenance works and technical assessment review project.  |

| Description                                    | Amount<br>£000's | Notes & Example<br>Schemes  |
|--|------------------|---|
| Traffic Signal Installations Renewals          | 150              | London Road/Evington Road; Narborough Road/Westcotes Drive; Wakerley Road/Ethel Road; Aylestone Road/Lothair Road; Gipsy Lane/Tomlin Road; Dominion Road/Charnor Road; Hastings Road/Brighton Street. |
| Lighting Column Replacements                   | 40               | Replace 50 dangerous columns.   |
| Vehicle Activated Signs                        | 10               | Ward priorities.  |
| Lifecycle Asset Management Development Project | 200              | Strategic asset management development, data analysis, lifecycle planning and reporting in support of DfT Challenge Fund bidding processes linked to asset management performance.                    |
| <b>TOTAL 2016/17 STARTS</b>                    | <b>2,395</b>     |   |

2. **2017/18 Starts**

| <b>Description</b>  | <b>Amount<br/>£000's</b> | <b>Notes &amp; Example<br/>Schemes</b>  |
|---|--------------------------|---|
| Major Public Realm & Transport Improvement Schemes<br>Maintenance Contributions | 100                      | Essential maintenance works associated with Leicester North West Major Transport Improvement Schemes Programme (A6 & A50 Corridors and A563 / B3527 Distributor Routes).<br><br>Gateway route highway environmental improvements. |
| LEAN Carriageway & Pothole Repairs  | 100                      | Targeted, large scale carriageway potholes repair programme to provide longer term repairs and address granite sett carriageways (ward priorities).   |
| Principal Roads   | 445                      | Melton Road, city boundary to Sainsbury's/Soar Valley Way.<br><br>Reserve schemes: Victoria Park Road, Uppingham Road, Stoughton Road, New Parks Way, Groby Road.   |
| Classified Non-Principal Roads  | 160                      | Blackbird Road/Anstey Lane, Woodgate/Blackbird Road, Saffron Lane junction, Sturdee Road.   |
| Unclassified Neighbourhood Roads  | 135                      | Aberdale Road, Bradgate Street, Victoria Road East.   |
| HRA Carriageway Patching & Resurfacing  | 50                       | Loughborough Road approach to Melton Road.  |
| Carriageway Surface Dressing Programme  | 252                      | Surface treatment to seal road surfaces following patching works in 2014/15 from LEAN repair process (approximately 7 streets).   |

| <b>Description</b>                                    | <b>Amount<br/>£000's</b> | <b>Notes &amp; Example<br/>Schemes</b>  |
|---|--------------------------|---|
| Carriageway Joint Sealing Programme                   | 10                       | Prevents water ingress and onset of potholes (approximately 8 streets).   |
| Concrete Carriageway Repairs                          | 25                       | Reconstruction/replacement of failed and dangerous concrete bays; e.g. Downing Drive.   |
| Road Hump Replacements                                | 5                        | Reconstruction/replacement of failed block paved road humps and speed cushions.   |
| Footway Relays and Reconstructions                    | 70                       | Focus on local neighbourhood priorities.  |
| Strategic Bridge Deck Maintenance & Replacement Works | 500                      | Middleton Street river and canal bridges or Highway Road bridge, canal & river footbridges linked to River Soar Accessibility Programme.  |
| Bridge Improvement & Maintenance Works                | 200                      | Parapet replacements, structural maintenance works & technical assessment review project.   |
| Traffic Signal Installations Renewals                 | 150                      | London Road/Evington Road; Narborough Road/Westcotes Drive; Wakerley Road/Ethel Road; Aylestone Road/Lothair Road; Gipsy Lane/Tomlin Road; Dominion Road/Charnor Road; Hastings Road/Brighton Street. |
| Lighting Column Replacements                          | 40                       | Replace 50 dangerous columns.   |
| Vehicle Activated Signs                               | 10                       | Ward priorities.  |

| <b>Description</b>                             | <b>Amount<br/>£000's</b> | <b>Notes &amp; Example<br/>Schemes</b>   |
|--|--------------------------|--|
| Lifecycle Asset Management Development Project | 70                       | Strategic asset management development, data analysis, lifecycle planning and reporting in support of DfT Challenge Fund bidding processes linked to asset management performance. |
| <b>TOTAL 2017/18 STARTS</b>                    | <b>2,322</b>             |  |

**Capital Projects with Equalities Implications**

| Ref | Project   | Equalities Implications? | Direct Benefits   |
|-----|---|--------------------------|---|
| 1-3 | North West and North City Centre Transport Programmes and other transport improvement schemes | Yes                      | Road schemes along with pedestrian and road safety schemes enable residents to move about the city more safely and with less disruption, enabling them to participate in city life. All protected characteristics benefit from this proposal.   |
| 4   | Highways Maintenance Programme  | Yes                      | These schemes improve the condition of our roads to ensure safety of users of our roads. All protected characteristics benefit from this provision.   |
| 5   | Flood Strategy Programme  | No                       |   |
| 6   | Festive Decorations   | Yes                      | Christmas decorations celebrate a key religious holiday in the city and engage other religions/faiths and all communities in its celebration. The main protected characteristic benefiting from this scheme is religion and belief, although all protected characteristics benefit in terms of fostering good relations between different religious/faith groups. |



| Ref | Project  | Equalities Implications? | Direct Benefits   |
|-----|--|--------------------------|---|
| 7   | Saffron Hill Cemetery Improvements                                   | Yes                      | This scheme will improve facilities for mourners. The main protected characteristics benefiting are religion and belief and gender.   |
| 8   | Parks plant and equipment  | No                       |   |
| 9   | Waste recycling centre enhancements                                  | No                       |   |
| 10  | Allotment Infrastructure Improvements Phase 2                        | Yes                      | The allotments provide an opportunity for people to grow their own food and carry out physical activity - both benefiting their health. All protected characteristics will benefit from this proposal.  |
| 11  | Vehicle replacement programme, including Ultra Low Emission Vehicles | No                       |   |
| 12  | Disabled Facilities Grant  | Yes                      | These grants enable necessary adaptations to be made in disabled people's homes, enabling them to remain living there, leading independent lives and continuing to participate in their local community. Main protected characteristic is disability. |

| Ref | Project                                      | Equalities Implications? | Direct Benefits   |
|-----|--|--------------------------|---|
| 13  | Acquisition of Long Term Empty Homes         | Yes                      | Bringing empty homes back into use assists in raising the standard of living for people in the city, as well as fostering good relations between different people. All protected characteristics could benefit from this programme.   |
| 14  | Street Scene Improvements                    | Yes                      | This scheme addresses anti-social behaviour and helps promote safety for residents in identified areas of need. All protected characteristics will benefit from this programme.   |
| 15  | Repayable Home Repair Grant                  | Yes                      | These grants assist low income ASC homeowners in improving their standard of living. The main protected characteristics who will benefit are age and disability.  |
| 16  | Leicester Energy Efficiency Fund (LEEF)      | Yes                      | These improvements contribute to an increased standard of living for private rental tenants. All protected characteristics will benefit from this programme.  |
| 17  | Improving ICT Connectivity and Collaboration | No                       |   |
| 18  | Changing Places (Social Inclusion)           | Yes                      | These changing places toilets have extra features and more space than standard disabled toilets. Their provision in these city centre locations enables disabled people and their carers to actively participate in city life. Main protected characteristic benefiting will be disability. |

| Ref | Project                                  | Equalities Implications? | Direct Benefits   |
|-----|--|--------------------------|---|
| 19  | Air Quality Action Plan                  | Yes                      | Initiatives aimed at reducing emissions contribute to improved health of local residents, particularly those living adjacent to busy traffic routes. All protected characteristics benefit from this proposal.            |
| 20  | Parking Strategy Development             | Yes                      | The provision of accessible parking where required enables local residents to access the various areas of the city, and for some schemes, more safely. All protected characteristics benefit from this.                   |
| 21  | Local Environmental Works                | Yes                      | These schemes improve the safety of pedestrians and car passengers. All protected characteristics benefit from this provision.  |
| 22  | Heritage Interpretation Panels - Phase 3 | Yes                      | This scheme is positive in promoting the historical identity of the city to its residents and visitors and enabling them to participate socially on this basis. All protected characteristics benefit from this proposal. |
| 23  | Replacement of Library Management System | No                       |   |

| Ref | Project   | Equalities Implications? | Direct Benefits  |
|-----|---|--------------------------|--|
| 24  | Installation of Defibrillators to Leicester Parks | Yes                      | This scheme will contribute to improved health outcomes of those requiring the equipment when using our parks. The main protected characteristics benefiting are gender, ethnicity and age.  |
| 25  | Property maintenance allocation                   | No                       |  |
| 26  | Liquidlogic enhancements                          | No                       |  |
| 27  | Extra Care Schemes                                | Yes                      | These provide assisted living homes and extra care housing enabling people to continue living independent lives and participate within their local communities. Main protected characteristics benefiting are age and disability.          |
| 28  | Provision for Education Schemes                   | Yes                      | Schools are learning and social spaces for children, enabling them to develop intellectually and socially, gaining key life skills that contribute to their future productive lives. Main protected characteristic benefiting will be age. |
| 29  | Saffron Hill Cemetery Extension Phase 2           | Yes                      | The scheme will extend the number of graves thereby ensuring that local residents can be buried close to their families and communities. The main protected characteristic is religion and belief.   |



Leicester  
City Council

DRAFT MINUTE EXTRACT

Minutes of the Meeting of the  
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 28 JANUARY 2016 at 5:30 pm

P R E S E N T :

Councillor Singh (Chair)  
Councillor Dempster (Vice Chair)

Councillor Dr Barton  
Councillor Chaplin  
Councillor Cleaver  
Councillor Dawood

Councillor Grant  
Councillor Dr Moore  
Councillor Newcombe  
Councillor Patel

Councillor Porter  
Councillor Shelton  
Councillor Thomas  
Councillor Willmott

Also present:

Sir Peter Soulsby                      City Mayor  
Councillor Rory Palmer              Deputy City Mayor

In Attendance

Councillor Joshi  
Councillor Unsworth

\* \* \* \* \*

**72. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Senior.

**73. DECLARATIONS OF INTEREST**

Councillor Thomas declared that in respect of Item 9. General Fund Budget

2016/17, his wife had a personal budget from the Leicester City Council.

Councillor Patel declared that in respect of Item 9, General Fund Budget 2016/17 her mother was in receipt of an Adult Social Care package.

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.

#### **81. CAPITAL PROGRAMME 2016/17 TO 2018/19**

Members were asked to consider and comment on the Capital Programme 2016/17 to 2018/19 prior to its submission to Council on 24 February 2016.

The City Mayor introduced the report and explained that the programme related to investment in land and buildings for a variety of purposes that formed an essential part of what the council did and where there was a need to provide continual investment. The programme included highways, pavements and schools and also included investment in flooding where Leicester had historically experienced major problems with flooding. The capital programme included a very substantial investment in homes and housing across the city.

The Chair added that this was a three year programme and he invited comments from Members.

Councillor Porter referred to the Repayable Home Repair Grant and questioned whether this was for adaptations to people's homes and if so whether it could be increased as the report stated that the fund would assist 60 people. The City Mayor confirmed that the fund was for adaptations, but it was a new element and would top up what was a revolving fund. The Director of Finance offered to write to Councillor Porter with the current position.

Councillor Porter queried an amount of £65k to install around 30 defibrillators in Leicester parks, as he had been advised that they were cheaper from the British Heart Foundation. He also queried whether parks were the best places to install the equipment. The Deputy City Mayor responded that it would have been helpful if the information in the report explained that the money was not just about the purchase and installation of the defibrillators as this was just one half of the project. People would also be trained in cardiopulmonary resuscitation (CPR) and how to use the equipment. There were already some defibrillators in parks and other public places and this would complete coverage across the city. The Deputy City Mayor added that this was part of the Labour Party manifesto set out at the previous election.

Councillor Chaplin remarked that she welcomed the enhancements to the Liquid Logic software and questioned whether this would result in a better system. The Director of Finance responded that Liquid Logic was a powerful tool with considerable potential. They had been advised that an upgrade was essential and there were reservations about this, but a vigorous process would be undertaken before any commitment was made. It was requested and

agreed that Members would be offered a demonstration of Liquid Logic including a 'hands on' interactive session, with also the possibility of sessions on the Members' portal.

Councillor Grant commented that funding for school places was the largest area of the programme and he questioned whether there was flexibility to bring the capital spend forward if required. The City Mayor responded that this was included in the Capital Programme as policy provision and statistics demonstrated that there would be a need for some of those additional school places imminently and he was due to receive a report on this shortly. Some of the capital spend could be brought forward if necessary.

**AGREED:**

that the comments of the Overview Select Committee in relation to the Capital Programme 2016/ 17 to 2018/19 be submitted to Full Council for the meeting on 24 February 2016.

| Action to be taken   | By Whom                               |
|--|---------------------------------------|
| For information on the current position of the Repayable Home Repair Grant to be sent to Councillor Porter   | The Director of Finance               |
| For a demonstration of Liquid Logic to be arranged for Members of the Overview Select Committee, and also possibly sessions made available on the Members' portal. | Strategic Director, Adult Social Care |







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## ***Housing Revenue Account Rent Setting and Budget (including HRA capital programme) 2016/17***

FULL COUNCIL: 24th February 2016

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*Assistant Mayor for Housing: Cllr Andy Connelly*

Lead director: Ann Branson

## Useful information

- Ward(s) affected: All
- Report authors: Ann Branson, Director of Housing and Peter Coles, Principal Accountant Housing
- v3.3

### 1. Purpose

- 1.1 The purpose of this report is to request the Council to consider the City Mayor's proposed Housing Revenue Account budget for 2016/17.
- 1.2 The proposed budget is described in this report and is set in the context of the government's requirement that rents are reduced by 1% p.a. for each of the next four years (2016-2020).

### 2. Summary

- 2.1 The Housing Revenue Account (HRA) budget will be set in the context of the government requirement that rents are reduced by 1% p.a. for each of the next four years (2016-2020).
- 2.2 This report recommends that the first of the four Rent Reduction Budgets is set as a balanced budget with no use of reserves and that Executive consider the outcome of work on HRA Spending Review Phase 3 in the summer of 2016 to identify a total reduction in spending of c£11.7m pa by 2019/20, compared to the current business plan.
- 2.3 Consideration of Spending Review Phase 3 will enable Executive to agree a 3 year framework for future annual budgets up to and including 2019/20.

### 3. Recommendations

The Council is asked to:

- i) set the 2016/17 budget, the first of the four Rent Reduction Budgets, as a balanced budget with no use of reserves;
- ii) implement the government's 1% rent reduction, which will result in a £2.2m reduction in income in 2016/17 and an estimated £11.7m a year by 2019/20;
- iii) implement the 2016/17 HRA budget described in this report (Appendix A), and the HRA capital programme (Appendix B);
- iv) implement a 0.9% increase in hostel core rents and a 0% increase in warden assisted rents (supported housing rents are exempt from the 1% rent reduction in 2016/17)
- v) increase service charges and garage rent by 0.9% (CPI+1%) (excluding heating and cleaning charges);
- vi) implement the proposed spending reductions set out in Table 4 and Appendix C, except that a further report to Executive is brought on the STAR service before a decision is made on three current vacancies;
- vii) approve a £1m policy provision for building new council houses (Appendix B – capital programme)

viii) request the Executive to consider the outcome of work on the HRA Spending Review Phase 3 in the summer of 2016 to identify a total reduction in spending of c£11.7m pa by 2019/20, compared to the current business plan.

#### 4. Report

- 4.1 The Housing Revenue Account (HRA) operates in a self-financing environment. Spending priorities are made in the context of a 30 year business plan and need to achieve the right balance between investing in maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £198m.
- 4.2 The 30 year business plan models future levels of income and expenditure. The Government's summer budget statement in July 2015 had a profound impact on assumptions about future rent increases. All housing associations and councils are required to decrease rents by 1% each year for 4 years, compared to the previous national policy of increasing rents by CPI + 1%. The impact of this is shown in Table 1 below. It will result in £2.2m less income in 2016/17 compared to previous business plan expectations, rising to £11.7m a year in 2019/20. By 2019/20 annual income will be reduced by 13.7% p.a.
- 4.3 Over the four years, this means that total income of some £27.3m is expected to be lost, compared to the current business plan (being £2.2m in 2016/17 and £25.1m across the following three years). It is unclear how rents may change from 2020/21, although this rent income is certain to be lost to the baseline for ever, as any future increases will be from the lower rent levels.

| <b>Table 1: Projected Income from dwellings</b> |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
|   | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> |
|   |                | Year 1         | Year 2         | Year 3         | Year 4         |
| <b>Rent increase %</b>                          | 2.2%           | 1.5%           | 2.5%           | 3.0%           | 3.0%           |
| <b>Current Business Plan £m</b>                 | 79.5           | 80.1           | 81.5           | 83.4           | 85.5           |
|   |                |                |                |                |                |
| <b>Rent increase %</b>                          | 2.2%           | -1.0%          | -1.0%          | -1.0%          | -1.0%          |
| <b>Revised Business Plan £m</b>                 | 79.5           | 77.9           | 76.4           | 75.1           | 73.8           |
|   |                |                |                |                |                |
| <b>Difference £m</b>                            | <b>0.0</b>     | <b>-2.2</b>    | <b>-5.1</b>    | <b>-8.3</b>    | <b>-11.7</b>   |

- 4.4 Supported housing rents are however exempt from the 1% rent reduction for 2016/17 only and rent increases of up to CPI+1% can be implemented. There are 400 warden assisted flats and it is proposed to keep the 2016/17 rent the same as the current 2015/16 rent. There are 103 bed spaces in the Dawn Centre and Border House Hostel. It is proposed to increase core rents by 0.9%. Unlike residents in warden assisted accommodation all hostel residents are in receipt of full housing benefit and the increase in rent will be covered by their housing benefit. Excluding supporting housing rents from the 1% rent reduction will raise an additional £14k in 2016/17 and will protect the baseline for the future.
- 4.4 The 1% reduction also does not apply to service charges and garage rents. It is proposed to increase service charges (excluding heating and cleaning charges) by 0.9% (September CPI+1%) which will raise an extra £16k a year. It is

proposed to increase garage rents by 0.9% (September CPI+1%) which would increase the average weekly rent to £8.32. This would bring in an additional £2.7k per year. District Heating charges are reviewed annually in September. Cleaning charges will be reviewed next year in response to the Housing Scrutiny Taskforce.

- 4.5 The Housing Transformation Programme began a programme of *efficiency savings* in 2013 which is expected to achieve £6m p.a. of savings by 2018. To date, Spending Review Phases 1 and 2 have achieved revenue savings of £3.2m and capital savings of £1.1m which have financed the effects of changes made in the amounts charged between the HRA and General Fund to reflect service levels provided (reported in previous years' budgets).
- 4.6 The remaining saving was due to be set aside for reinvestment in the housing stock including build new council homes. Phase 2 of the Spending Review will deliver savings in 2016/17 as efficiency measures are implemented and shown in table 3. However, given the very significant income reductions now expected, to deliver a balanced budget each year until the end of 2019/20 will now also require *service reductions*.
- 4.7 It is proposed that the Executive consider the outcome of work on the HRA Spending Review Phase 3 in the summer of 2016 to identify total reductions of £11.7m p.a. by 2019/20, as set out in Table 1. Further efficiency savings and options for service reductions, with an analysis of their impact, will be made. Proposing capital reductions in this budget and deferring revenue reductions until next year and beyond allows for a planned approach to making the required savings.
- 4.8 Unavoidable additional costs in 2016/17 are set out in table 2 below. Pay inflation of £1.1m includes the anticipated 1% pay award, a 30% increase in employer national insurance contributions as a result of contracting out ending and a 5% increase in employer pension contributions. Borrowing costs will increase following a reallocation of debt between the HRA and the General Fund, reflecting the fact that the General Fund can no longer afford to lend its surplus balances at 0.5% interest. There will also be greater challenges to collect income as direct payments to tenants are made as part of Universal Credit. This may require additional resources in the Income Management Team. An allowance is already made for bad debt, but the overall impact of this pressure is being considered and any recommended adjustments will be put forward for the 2017/18 budget.

| Rent income 1% actual reduction | £0.9m        |
|---------------------------------|--------------|
| Pay                             | £1.1m        |
| Materials & contracts           | £0.1m        |
| Interest on borrowing costs     | £0.7m        |
| <b>Total Additional Costs</b>   | <b>£2.8m</b> |

4.9 Budget efficiency savings are shown in table 3 below. The number of long term council house voids has reduced and the re-let time of routine voids is reducing, which will result in some £0.3m more rent.

| <b>Table 3: Efficiency Savings 2016/17</b>   |                |
|--|----------------|
| Efficiency Savings (Spending Review Phase 2) | £(0.5m)        |
| Income from decrease in voids                | £(0.3m)        |
| <b>Total Efficiency Savings</b>              | <b>£(0.8m)</b> |

4.10 Capital expenditure in 2015/16 is £28.7m and is supported by £7.0m of reserves, over and above the in-year revenue financing. The currently planned capital programme for 2016/17 is £23.3m, which was intended to be sustainable from in-year rent income. This includes a policy provision of £1m for building new council homes. However following the first year of the rent reductions, the available financing will be only £20.0m, leaving £3.3m still to be financed. A number of reductions are proposed and these are set out in table 4 below as one-off reductions in 2016/17. A review of all revenue expenditure and capital investment requirements will take place in readiness for the rent reduction budget years 2, 3 and 4, the 2017-20 budgets. Appendix C provides more detail on the impact of the 2016/17 reductions.

| <b>Table 4: Revenue and capital reductions 2016/17</b> |               |
|--|---------------|
| <b>Revenue:</b>  |               |
| Landscaping Improvements                               | £0.15m        |
| STAR   | £0.11m        |
|  | <b>£0.26m</b> |
| <b>Capital:</b>  |               |
| Kitchen & Bathrooms                                    | £1.20m        |
| Boilers  | £0.50m        |
| Soffits & Fascias                                      | £0.10m        |
| Door Entry   | £0.36m        |
| Hard to Heat Homes                                     | £0.30m        |
| Windows & Doors  | £0.10m        |
| Safety   | £0.20m        |
| Communal & Environmental Improvements                  | £0.24m        |
|  | <b>£3.00m</b> |
| <b>Total reductions</b>                                | <b>£3.26m</b> |

4.11 Table 5 below summarises the 2016/17 proposed budget.

| <b>Table 5: Budget Summary 2016/17</b>               | <b>Revised Budget 2015/16</b> | <b>Additional Costs</b> | <b>Efficiency Savings</b> | <b>Proposed Reductions</b> | <b>Draft Budget 2016/17</b> |
|--|-------------------------------|-------------------------|---------------------------|----------------------------|-----------------------------|
| Income - all   | £85.5m                        | £(0.9)m                 | £0.3m                     |                            | £84.9m                      |
| Repairs & Maintenance                                | £30.1m                        | £0.7m                   | £(0.3)m                   |                            | £30.5m                      |
| Landlord Services & Management                       | £23.0m                        | £0.5m                   | £(0.2m)                   | £(0.26)m                   | £23.0m                      |
| Provision for Bad Debt                               | £1.4m                         |                         |                           |                            | £1.4m                       |
| Borrowing costs                                      | £9.0m                         | £0.7m                   |                           |                            | £9.7m                       |
| <b>Revenue financing available for capital</b>       | <b>£22.0m</b>                 |                         |                           |                            | <b>£20.3m</b>               |
| Capital expenditure requirement 2016/17              | £23.3m                        |                         |                           | £(3.0)m                    | £20.3m                      |
| <b>Balance of Capital Expenditure to be financed</b> |                               |                         |                           |                            | <b>£0.0m</b>                |

4.12 At the end of 2015/16, in addition to the minimum £5m working balance, the expected available revenue reserves are set out in table 6 below. Available borrowing is restricted by the debt cap, however available borrowing for capital investment is forecast to reach £12m over the next 4 years.

| <b>Table 6: Projected available reserves 31 March 2016</b> |              |
|--|--------------|
| Future Schemes Fund  | £1.6m        |
| Major Repairs Fund   | £1.8m        |
| Forecast 15/16 revenue underspend @ P9                     | £1.0m        |
| <b>Total available reserves</b>                            | <b>£4.4m</b> |

4.13 As the HRA enters a period of severe financial pressure, reserves and available borrowing should be carefully and strategically managed. Given the relatively small level of spending reductions required in 2016/17 compared to later years, it is recommended that no use of reserves or borrowing is made in setting the budget for 2016/17. Their use in a managed fashion to support the Rent Reduction Budgets in years 2, 3 and 4 should however be considered when the outcome of Spending Review Phase 3 is available in summer 2016.

4.14 It should also be noted that the high value vacant homes levy will be implemented from 1 April 2016, which may require some homes to be sold when they become

vacant. It is not yet known how much the levy will be or how many homes may have to be sold. Reserves may be required to pay the levy before the receipts from any sales have been received. There would also be a further impact on rent income should the housing stock numbers consequently fall at a faster rate than already anticipated. As the Government's plans become clearer, the emerging likely impact will be reflected in the Spending Review phase 3 to be reported to the Executive in the summer.

## **5. Financial, legal and other implications**

### 5.1 Financial implications

5.1.1 This report is exclusively concerned with financial implications.

Colin Sharpe, Head of Finance, ext. 37 4081

### 5.2 Legal implications

5.2.1 The Council is obliged to set a budget for an accounting year that will not show a deficit (S76 Local Government and Housing Act 1989).

5.2.2 The Council is also required to ring-fence the HRA to ensure that only monies received and spent for obligations and powers under the Housing Act 1985 can be paid into and out of the HRA (S75 and Schedule 4 Local Government and Housing Act 1989).

5.2.3 The Welfare Reform and Work Bill 2015-16, once it receives Royal Assent, will oblige the Council to reduce the rents payable by individual tenants by 1% each year between 2016 and 2019. The Bill is currently at the Report stage of its passage through the House of Lords.

Jeremy Rainbow - Principal Lawyer (Litigation) - x371435

### 5.3 Climate Change and Carbon Reduction implications

5.3.1 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 play a significant role in meeting this. A reduction of capital investment in any scheme that would otherwise improve the energy efficiency of the council housing stock, e.g. boiler or window replacements, will reduce the carbon savings originally expected from these initiatives.

5.3.2 For other schemes that the actual investment will not being lowered, but the timeframe is to be extended, e.g. Hard to Heat homes, there will be no significant implication for carbon in the long term as the 1096 remaining homes will still be upgraded to the same standard, just over a longer 2 year timeframe.

5.3.3 The programme of building new council housing will also have implications for city wide emissions, and these will be considered in future reports.

Louise Buckley, Senior Environmental Consultant, 37 2293

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





**7. Summary of appendices:**

Appendix A: Proposed HRA Budget 2016/17

Appendix B: Proposed HRA capital Programme

Appendix C: Table of Revenue & Capital Reductions

Appendix D: Rents by property type 2016/17

Appendix E: Leicester average rents comparison

Appendix F: Other charges and payments 2015/16

Appendix G: How priorities were assessed for Expenditure

Appendix H: Summary of Tenants' and Leaseholders' views

Appendix I: Future Investment Requirements

Appendix J: Equality Impact Assessment (EIA)

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

No

**9. Is this a “key decision”?**

No, as the decision will be taken by full Council.

**Proposed Housing Revenue Account Budget 2016-17**  
**Year 1 Rent Reduction**

|   |            | £<br>2016/17        |
|---|------------|---------------------|
| <b>Income:</b>  |            |                     |
| All   |            | (84,900,000)        |
| <b>Expenditure on services:</b>                             |            |                     |
| Repairs & Maintenance                                       | 30,500,000 |                     |
| Management Landlord Services                                | 23,000,000 |                     |
|   |            | <b>53,500,000</b>   |
| <b>Other Expenditure:</b>                                   |            |                     |
| Interest on borrowing                                       | 9,700,000  |                     |
| Bad debt provision  | 1,400,000  |                     |
|   |            | <b>11,100,000</b>   |
| <b>Revenue Financing available for capital expenditure:</b> |            | <b>(20,300,000)</b> |
| <b>Revenue for capital financing:</b>                       |            |                     |
| Capital expenditure   |            | 20,300,000          |
| <b>(Surplus)/Deficit for the year:</b>                      |            | <b>0</b>            |

**Proposed HRA Capital Programme 2016-17****Year 1 Rent Reduction**

| Scheme                                      | 2016/17           |
|---|-------------------|
| <b>Investment in Council Housing</b>        |                   |
| Kitchens & Bathrooms                        | 5,100,000         |
| Boilers                                     | 3,500,000         |
| Electrical Upgrades & Rewires               | 2,500,000         |
| Re-roofing                                  | 300,000           |
| Soffits & Facia                             | 350,000           |
| Condensation Initiatives                    | 400,000           |
| Windows & Doors                             | 150,000           |
| Structural improvements & DPC               | 450,000           |
| Door Entry                                  | 0                 |
| New central heating                         | 0                 |
| Tower Block Redevelopment                   | 1,300,000         |
|   | <b>14,050,000</b> |
| <b>Business Investment</b>                  |                   |
| Northgate Phase 2 & 3                       | 1,300,000         |
| Mobile working                              | 100,000           |
|   | <b>1,400,000</b>  |
| <b>Environmental and Communal Works</b>     |                   |
| Communal Improvements & Environmental Works | 1,000,000         |
| Disabled adaptations                        | 1,200,000         |
| Fire Risk Works                             | 400,000           |
| SAP 75                                      | 250,000           |
| Safety works/Targeted Alarms                | 300,000           |
| Loft Insulation                             | 100,000           |
| Elevated Walkways                           | 150,000           |
| Waylighting                                 | 150,000           |
| Sheltered housing improvements (ASC)        | 100,000           |
| Supporting Neighbourhood Hubs               | 100,000           |
| Concrete Paths Renewal                      | 100,000           |
|   | <b>3,850,000</b>  |
| <b>Policy Provisions:</b>                   |                   |
| Building New Council Homes                  | 1,000,000         |
| <b>Total Capital Programme</b>              | <b>20,300,000</b> |

## Proposed Revenue and Capital Reductions

| Proposed revenue reductions: | Planned Spending 2016/17 was: | Service description   | Options and impact  | Proposed reduction |
|------------------------------|-------------------------------|---|---|--------------------|
| Landscaping Improvements     | £0.25m                        | Changing shrubbed areas for trees and grass has much improved the environment on many estates over the last two years. The worst areas have been tackled, there is still potential to do work in Beaumont Leys, Centre, Humberstone and Rowlatts Hill, Saffron and Eyres Monsell.   | Existing budget is £250k, with one-off increase in 2015/16 to £500k. The capital Communal and Environmental Works budget also funds landscaping schemes. There is also a separate maintenance budget with is not affected. An ongoing budget of £100k would be sufficient to continue targeting the worst areas.                                    | £0.15m             |
| STAR                         | £1.6m                         | STAR prioritises floating support to council tenants who are facing eviction for rent arrears or are involved in ASB cases or have previously been homeless. STAR also supports other tenants where referrals have been made or where tenants approach STAR directly. STAR typical supports 510 people on a casework basis at any one time. The service also has local offices where advice and short term support is given to c3,400 people per year who come to the office. | There are 33 FTE Housing Related Support Workers in the STAR team of which 3 posts are currently vacant (£112k). These posts could continue as vacancies until the longer term impact on STAR is assessed.<br><br>A full briefing is being prepared to outline the challenges facing the service and to assess the impact of the ongoing vacancies. | £0.11m             |
|                              |                               |   | <b>Total proposed revenue reductions:</b>   | <b>£0.26m</b>      |

| Proposed capital reductions:  | Planned Spending 2016/17 was: | Service description   | Options and impact  | Proposed reduction |
|---|-------------------------------|---|---|--------------------|
| Re-profiling of boilers, door entry and better management of demand led schemes |                               | <p><b>Boilers:</b> are replaced after an assessment is carried out by Gas Servicing staff. We currently replace up to 1800 boilers per year.</p> <p><b>Soffits:</b> We replace 200 p.a. with UPVC, based on a condition survey, because these are no longer painted.</p> <p><b>Door Entry:</b> Major work is usually required on existing schemes every 15 years, following an assessment. A reduction may impact on the number of call out for repairs This would need careful monitoring.</p> <p><b>Hard to Heat at Homes:</b> There are 1096 properties left to complete in the 4 year programme upgrading the most energy inefficient homes, at an estimated cost of £600k.</p> <p><b>Windows &amp; doors:</b> Demand led scheme. There are only a handful of properties (reducing all the time) that do not have uPVC/double glazing, which normally can only be fitted when the property becomes void</p> | <p><b>Boilers save £0.5m:</b><br/>This would equate to 188 less boilers being replaced 2016/17. This 10% reduction would mean that the lifespan of a boiler would be extended beyond 15 years. This may be achievable, but impact on repairs would be closely monitored if a reduced programme were to continue into future years.</p> <p><b>Soffits save £0.1m:</b><br/>This would mean that 50 less properties would have their soffits and facia replaced.</p> <p><b>Door Entry save £0.4m:</b><br/>A reduction would mean that the cycle will be extended but this level of saving is not likely to be a problem.</p> <p><b>Hard to Heat at Homes £0.3m:</b><br/>This option proposes that the final work is spread over 2 years instead of one</p> <p><b>Windows &amp; Doors save £0.1m:</b><br/>The current programme is demand lead and this reduction reflects current demand.</p> <p><b>Safety £0.2m:</b><br/>This is primarily for demand led schemes and each scheme is prioritised before it is agreed. Major works to upgrade communal fire doors over the last 2 years should reduce the number of schemes requested.</p> | £1.60m             |
| Kitchens & Bathrooms  | £6.3m                         | Whist we met the Decent Homes Standard in 2010 Properties continue to become non decent. The promise to tenants was to renew every kitchen and bathroom by 2030. This would mean a kitchen replaced by 30   | Current programme is for 1120 replacements a year. 100 kitchens and bathrooms cost around £0.6m. We currently spend £2m on kitchen refurbishment in void properties, where  | £1.20m             |

|                                       |       |  |   |               |
|---------------------------------------|-------|--|---|---------------|
|                                       |       | years and a bathroom 40. We are currently within that promise but only just. This programme is popular with tenants.   | replacement is only done where essential for re-letting, so this reduction would be to tenanted homes, however expenditure on voids is expected to fall.  |               |
| Communal & Environmental Improvements | £1.2m | This budget is allocated by local tenants and ward members and covers a wide variety of schemes, including ground works, painting, rendering, laybys, upgrading internal surfaces in communal areas. | Budget has been increased significantly on a one-off basis in the last 2 years, to £2m. However, £1m is historical level of spend, which is reflected in the 2016/17 planned spending. Would require schemes to be prioritised meaning waiting longer for some. | <b>£0.20m</b> |
|                                       |       |  | <b>Total proposed capital reductions</b>  | <b>£3.00m</b> |
|                                       |       |  | <b>Total Proposed Reductions</b>  | <b>£3.26m</b> |

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**2016/17 HRA average rents by property size**

| <b>No. of Beds</b> | <b>2015/16</b> | <b>2016/17</b> |
|--------------------|----------------|----------------|
| 0                  | 55.61          | 55.05          |
| 1                  | 63.57          | 62.94          |
| 2                  | 75.21          | 74.46          |
| 3                  | 83.29          | 82.46          |
| 4                  | 95.21          | 94.26          |
| 5+                 | 101.97         | 100.95         |

Current average weekly rent (50 week) by property type compared to rent in 2016/17, the first year of the 1% rent reduction

## Leicester average rents comparison

| Property Type | HRA   | Housing Association | Private Sector (LHA rate) | Private Sector (City wide) |
|---------------|-------|---------------------|---------------------------|----------------------------|
|               | £     | £                   | £                         | £                          |
| Room Only     | -     | -                   | 59.59                     | 66.92                      |
| Bedsit        | 52.93 | 61.74               | -                         | 76.38                      |
| 1 bed         | 60.51 | 73.34               | 86.30                     | 97.61                      |
| 2 bed         | 71.60 | 87.75               | 109.32                    | 117.46                     |
| 3 bed         | 79.29 | 95.33               | 126.58                    | 134.30                     |
| 4 bed         | 90.63 | 109.62              | 163.16                    | 201.46                     |
| 5+ bed        | 97.07 | 113.26              | 163.16                    | -                          |

**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 (Jan 2016). 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 *latest data available*).
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 *latest data available*).
6. The housing association rents are from the Housing Association Statistical Data Return 2015 to the Homes and Communities Agency; excluding all service charges.
7. Council tenancies are secure tenancies while private sector tenancies are almost all assured shorthold tenancies, which give less security.
8. Private sector (city wide) rents taken from the government's Private Rental Market Statistics recorded between 1.4.2014 and 31.3.2015.

## **Other Service Charges and Payments – proposed 2016/17 charges**

There are a number of charges associated with providing services to tenants as part of their rent.

(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.

(iii) 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 £125 and it is proposed this remains the same.

(iv) Other HRA Properties

There are 8 properties in the HRA that have a protected rent. In line with the requirement to reduce rents the rents will be reduced by 1%.

(v) Other Charges

This includes garages, cleaning of communal areas, waylighting, concierge/door entry and cable television services. Except for cleaning and district heating charges, it is proposed to increase all other charges by 0.9%.

### **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 and it is proposed this remains the same.

(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 last increased by 25% in 2011/12 and it is proposed the payments remain the same.

| <u>Allowance amounts:-</u> |        |
|----------------------------|--------|
| 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 21,210 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. The Housing Transformation Programme began a programme of efficiency savings in 2013 which is expected to achieve £6m p.a. of savings by 2018. To date, Spending Reviews Phases 1 and 2 have achieved £4.3m p.a. of savings. Phase 2 of the Spending Review will continue to deliver savings in future years as efficiency measures are implemented. However, since the Programme started all housing associations and council owned housing providers are now required to decrease rents by 1% each year for 4 years. Given the significant reductions in income now expected, to deliver a balanced budget each year until the end of 2019/20, service reductions will also be required. It is proposed that the Executive consider the outcome of work on the HRA Spending Review Phase 3 in the summer of 2016 to identify a total reduction in spending of £11.7m p.a. by 2019/20. 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 Tenancy Management 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. This may need to be reconsidered in Spending Review Phase 3.
11. From time to time major refurbishment or redevelopment projects are required. The current ones are St Peters Tower Blocks and demolition of the development of The Exchange in Eyres Monsell.
12. It is crucial we continue to repair and maintain homes. The Responsive and Planned Repairs Improvement Programme has identified more effective ways to provide a day- to-day repairs service and deal with emergencies. Changes to the service offer and response timescales have been implemented. As a result of this there has been a reduction in the number of outstanding jobs that are out of category, from 8,825 in March 2013 to 350 in November 2015. The number of complaints received about the Repairs Service has also reduced to less than 1%. Staffing and structural changes required to improve the Repairs Service further are currently in progress, as part of the Housing Transformation Programme. Some responsive repairs will in future be batched into programmes of area based work. Other changes over the next 18 months are linked to the introduction of our new IT system "Northgate", specifically around improving communication with tenants and flexibility with appointments. The relationship between

major planned expenditure and responsive repairs continues to be reviewed. The balance between cost effective use of our own craft work force and seeking tenders from contractors is also kept under review.

13. A review of the repair and improvement work undertaken when properties become vacant has taken place as part of the Housing Transformation Programme. Improvements are being made to our processes to reduce the length of time homes are vacant to ensure that new tenants are rehoused into suitable accommodation as quickly as possible and loss of income is minimised.
14. Below are some of the main criteria used to plan major works in Council properties:

| <b>Component for Replacement</b> | <b>Leicester's Replacement Condition Criteria</b>               | <b>Decent Homes Standard Minimum Age</b> |
|----------------------------------|---|--|
| 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                                 |
| 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 2015/16 and proposals for 2016/17**

15. In 2015/16 £17.4m has been invested in maintaining and improving our homes and an estimated £8.6m will be spent carrying out repairs and minor works.
16. The proposed budget for 2016/17 includes £13.6m for capital investment for maintaining and improving homes and £8.5m on repairs and planned maintenance.

| <b>Programmed Element</b>    |  |
|------------------------------|--|
| Kitchen & Bathroom           | We plan to install 1,035 in 2015/16. By March 2016, 69% of all council properties will have had either a 'Leicester standard' kitchen or bathroom. During 2016/17 we plan do a further 850. The council has made a commitment to refurbish all kitchens and bathrooms by 2030.   |
| Rewiring                     | We plan to rewire 1,650 homes in 2015/16 and a similar number in 2016/17.  |
| 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 1700 new boilers in 2015/16 and 1400 in 2016/17.  |
| Roofing and Chimneys         | We estimate we will deal with 100 properties in 2015/16. During 2016/17 we plan to complete a similar number   |
| Central Heating              | We have 229 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 it. 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. 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 will work on 55 properties in 2015/16 and we plan to do 98 in 2016/17. 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 2015/16 we estimate we will complete work on 350 properties and in 2016/17 we work on a similar number  |
| 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 2015/16 and plan to complete another 170 in 16/17  |
| 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 |



|   |   |
|---|---|
|   | 2015/16 and 450 in 2016/17. 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. In 2015/16 we completed a significant amount of work but we still have an ongoing programme of works that we still need to complete  |
| 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.   |

17. We expect to carry out 87,860 responsive repairs during 2015/16, and a slightly smaller number in 2016/17. During 2015/16 and following consultation, changes have been made to the repair service, including the re-classification of some repairs that are now tenants' responsibilities and reclassifying repairs and their timescales to prioritise emergency and routine repairs ahead of batch repairs, which are commonly external repairs. Changes to the Repairs Service hours have been agreed and will be introduced in the summer of 2016 when operational changes have been made following staff consultation, which is currently taking place.

## **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?**

18. Creating sustainable communities is about more than housing – it means cleaner, safer, greener neighbourhoods in which people have confidence and pride.
19. 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.
20. 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. Under this Programme further opportunities are currently being explored in the North West area of the City which includes the services we provide in New Parks, Beaumont Leys and Mowmacre.

### **Achievements in 2015/16 and proposals for 2016/17**

21. In 2015/16 the budget for Environmental and Communal Works was increased to £2.0m to make a good impact on the estates. The proposed budget for 2016/17 is £1m, its former level. It is shared between all 6 Neighbourhood Housing Areas. Works included parking improvements, resurfacing courtyards to improve the appearance, improving the security of estates by the installation of gates and door-entry systems, upgrades to lighting and removal of overgrown bushes.
22. In Braunstone, local representatives, Tenant Associations and councillors continued 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. So far a total of 50 properties have been converted.
23. The fund also invested in landscaping initiatives, for example around the Thurncourt Road shops, Portmore Close, Colsterdale Close and Sandford Court.
24. Parking schemes were completed to address local parking issues across the Saffron and Eyres Monsell areas.
25. Improvement work has taken place to improve the appearance of the areas around the Wheatland Centre in Mowmacre and the Bewcastle Road shops.
26. 8 large blocks of flats have had their soffits and facias renewed on Glenhills Boulevard.
27. 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.
28. 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 last two retail residents are due to leave soon and it is expected that the demolition will occur in 2016.
29. The programme of upgrading door entrance schemes will continue based on conditions surveys. The proposals for 2016/17 are to upgrade locations citywide.
30. 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.
31. 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.
32. We published an Annual Report to tenants.

33. Information to tenants is also communicated through the 6 pages dedicated to Housing News in Leicesterlink and is delivered to all homes in the City.
34. The Customer Service Centre runs a telephone advice line in working hours where tenants can report repairs and tenancy issues. Out of hours emergency calls are taken by an external provider. Last year the Customer Services Centre received 256,826 calls during the working day, an increase of 4,905 from the previous year. A further 14,786 calls were made out of hours, a reduction of 3,775 on the previous year.
35. We respond vigorously to reports of anti-social behaviour and have CCTV on many parts of our estates. In 2014/15 we received 957 reports of anti-social behaviour that were then investigated and where necessary appropriate action was taken against perpetrators. In the first 8 months of 2015/16 we have received a total of 646 reports. By the end of the year it is predicted that we will have dealt with a similar number of anti-social behaviour case as last year.
36. We work closely with the Tenants' and Leaseholders' Forum which has representatives from across the city. During 2015/16 the Tenants Forum have scrutinised:
  - The Responsive and Planned Repairs Improvement Programme;
  - Communal Cleaning;
  - Area Plan Presentations;
  - Capital Improvements;
  - The Transforming Neighbourhood Services Programme;
  - The Tenancy Management Improvement Programme;
  - The void process;
  - District heating charge consultation;
  - This proposed 2016/17 budget proposal.

## **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?**

37. 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. As at 1<sup>st</sup> April 2015 CO2 emissions have been reduced by an additional 8,867 tonnes.
38. 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.

39. 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.
40. 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).
  - There are 1,096 hard to heat homes and the programme to complete the work will take place over the next 2 years.

#### **Achievements in 2015/16 and proposals for 2016/17.**

41. During 2015/16 we continued our rolling programme of installing more energy efficient boilers when boilers needed replacing, increasing loft insulation to 250mm and putting in double glazed windows and doors as demand arises. This work will continue in 2016/17.
42. 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.
43. 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?**

44. 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 4<sup>th</sup> January 2016 there were 10,486 households on the Housing Register. The main issue for households applying for social housing is overcrowding, there are 4131 households (39%) on the Housing Register living in overcrowded conditions. This includes 946 households who are severely overcrowded i.e. needing 2 or more extra bedrooms to meet their needs.
45. 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. In 2014-15 we sold 205 homes and in the first 6 months of 2015/16 we have sold 114 homes. It is estimated that we will have sold 229 homes by the end of 2015/16. It is expected that the increase in Right to Buy Sales will continue into the future with an initial prediction of between 400 and 450 being sold in 2016/17.

46. 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. Planning Authorities across Leicestershire are currently in the process of seeking an update on housing needs within a Housing and Economic Development Needs Assessment.
47. The Home and Community Agency's (HCA) funding programme for the Leicester and Leicestershire Housing Market Area for 2015 – 18 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. We are working with registered providers to look to deliver more affordable housing and have secured 269 additional homes via the HCA's Continuous Market Engagement (CME). Further to the Government's Spending Review announcement on the 25<sup>th</sup> November 2015, bidding for the 2015-18 Affordable Homes Programme has closed. We are exploring other ways of working to provide affordable homes. Regular monitoring reports to show progress are taken to the Affordable Housing Programme Board.
48. 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.
49. 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).
50. The service works closely with Children's Services to help Looked After Children, foster families, children leaving care and other vulnerable families.
51. 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. This scheme has been particularly important to help people, under occupying their homes, to move to small properties so they are not impacted upon by the "Bedroom Tax".
52. 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 2015/16 and what are we proposing for 2016/17?**

53. The Affordable Housing Programme will deliver 54 housing association and 3 HomeCome properties during 2015/16, a total of 57 affordable housing completions.
54. The proposed budget for 2016/17 includes a £1m policy provision, which together with the use of right to buy receipts and borrowing, will allow about 20 new council houses to be built on council owned land.

55. During 2015/16 Housing Associations will create 7 more wheelchair adapted homes for people on the Housing Register.
56. 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 2016/17 in response to assessments by Adult Social Care.
57. 8 homes will have been created as part of the Supported Living Programme in 2015/16. There are 155 Extra Care units in the pipeline and more opportunities are being considered for additional extra care and supported living units.
58. Vacant Council and Housing Association houses are advertised on Leicester HomeChoice. The HomeChoice website has recently been reviewed and improved as a result of the introduction of the new IT system "Northgate". In the first six months of 2015/16 131 council tenants transferred within the stock to homes better suited to their need and 508 households become new council tenants. A further 184 households obtained Housing Association tenancies.
59. 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. There will be greater challenges ahead to collect rental income as direct payments to tenants are made as part of Universal Credit, commencing in January 2016, initially for new benefit claimants

## **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?**

60. 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.
61. 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.
62. The Council's Leicester to Work initiative provides opportunities to the long term unemployed and work experience for school students, graduates and ex-offenders.

### **Achievement in 2015/16 and proposals for 2016/17**

63. During 2015/16 £18m worth of external contracts were funded by HRA. The Housing Division employs a workforce of over 850 staff funded through the HRA.
64. 72 people are on maintenance technicians apprenticeships (AMT). 13 AMT's successfully ended their apprenticeships and all were offered jobs on the workforce. The scheme will continue to be reviewed regularly to ensure it meets the needs of the service and the apprentices.

65. 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. Between April and December 2015 50 people had been successfully employed on 6 month fixed contracts 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 2016/17, with 10 new Operatives starting employment with us every 3 months.
  
66. 4 graduates / undergraduates have been employed during 2015/16 for up to 11 months in different parts of the Division.

## Tenants' and Leaseholders' Forum meeting Housing Revenue Account rent setting and budget 2016/17 consultation

On the 14<sup>th</sup> December 2015 the Tenants' and Leaseholders' Forum met and were presented with the proposals for the Housing Revenue Account rent setting and budget for 2016 / 17. A further meeting was held on the 5<sup>th</sup> January 2016 in which the 10 Forum members present provided feedback on these proposals.

| Proposal  | Tenants' and Leaseholders' Forum feedback  |
|---|--|
| Service charges and garage rents, not including district heating and communal cleaning, are increased by 0.9% to cover the cost           | All Forum members agreed to increasing service charges and garage rents by 0.9%.   |
| The first of the four Rent Reduction Budgets is set as a balanced budget with no use of reserves  | All Forum members agreed to this proposal.   |
| A reduction of £150,000 to the landscape improvement budget and a £200,000 reduction to the communal and environmental improvement budget | The Forum fed back that they thought investment into the environment and communal areas of estates needed to continue. Concerns were raised that reducing investment will lead to estates looking neglected and they didn't want to see this happening.                              |
| A reduction of £1.6m on boilers, soffits, door entry systems, hard to heat homes and window and doors budgets                             | The key area of concern for Forum members with this proposal was the proposed reduction in spend on boilers. They thought spend on boilers was essential, particularly in terms of health and safety.  |
| A £1.2m reduction in the kitchens and bathrooms budget  | The Forum raised concerns about reducing the budget for new kitchens and bathrooms as this was one of the priorities for tenants. It was suggested that kitchen and bathroom replacements in void properties should be reduced and the focus of replacements on tenanted properties. |
| Proposal  | Tenants' and Leaseholders' Forum feedback  |
| A £110,000 reduction to the STAR service made by not currently recruiting to the 3 staff vacancies  | All Forum members said the STAR service was crucial and one that vulnerable tenants relied upon.   |



|   |   |
|---|---|
|   | <p>Concerns were raised about reducing this budget, particularly with the introduction of Universal Credit. However, 8 out of the 10 Forum members present said that if the service was coping with the current staffing level of 30 the proposal not to recruit at the present time was reasonable, particularly if ongoing support was being provided to tenants by the Income Management Team. 2 Forum member disagreed with this and thought the budget should remain and the vacancies recruited to. It was suggested that the STAR service should look at more modern ways of working to make the service more efficient.</p> |
| <p>A £1m investment in council house building</p> | <p>All Forum members were in agreement with this proposal and commented that more council housing was desperately needed.</p>   |

## FUTURE INVESTMENT REQUIREMENTS

### 1. Decent Homes 20 year investment profile

#### Decent Homes

Expenditure on Decent Homes was £16.2m in 16/17 and was forecast to be £18.4 in 2017/18, £17.5m in 2018/19 and 2019/20. It was forecast to stay at £17m for the next 9 years before rising to £23m in 2027/28. Expenditure in 2016/17 is now expected to be £14.1m. Investment in futures years will have to reduce as a result of the 1% rent reductions.

Decent Homes is made up of 10 work areas:

#### Kitchen and bathrooms

Kitchens are refurbished every 30 years and bathrooms are refurbished every 40 years, the council has made a commitment to refurbish all kitchens and bathrooms by 2030, decent homes expenditure to date reflects this promise.

#### Electrical upgrades and rewires

We plan to rewire a property every 30 years, however if when the wiring is tested it is determined that the wiring has another 10 years life the property is upgraded. This means that the consumer unit is replaced and wired-in smoke detection is installed. (Rewire costs are circa £2k and an upgrade £900).

#### Re roofing

Properties are re-roofed based on the expected lifecycle of the roofing material, 100 years for slate and 60 years for concrete, etc. However a roof isn't replaced until it has been inspected.

#### Structural Works

This is a demand led service; potential structural defects are reported by tenants. A technical inspection is carried out and remedial works carried out to rectify the problem. Proposed expenditure is based on historical data.

#### Windows and Doors

Windows are replaced based on a lifecycle of 40 years and after an assessment of their condition. The majority of the stock has had new UPVc windows and doors fitted, however investment is still required to complete those where the tenant refused to have the work carried out. The work is now primarily carried out when the property becomes void.

#### Boilers

Expenditure is calculated to replace central heating boilers every 15 years based on condition data from the annual gas service.

#### Condensation work

Expenditure is required to target properties that are suffering with condensation related damp problems. This may be because of their construction type or location. We offer property specific solutions using thermal imaging technology, carrying out minor improvements and giving practical advice to the tenant on how they help themselves. This is a demand led service and the expenditure required is based on historical data.

### St Peters Tower Block Refurbishment

The project to refurbish 4 tower blocks is now 60% complete. Expenditure is required to refurbish the remaining two blocks.

### Soffits and Fascias

Replacements are carried out based on their condition, all replacements are pre-inspected or have been request by Housing Repairs for renewal because they are beyond economical repair. Replacing with UPVC will reduce long term maintenance costs.

### Door Entry Systems

We plan to refurbish existing door entry systems every 15 years, however the extent of the works required varies and a decision on what work is carried out is made on a case by case basis. Expenditure is based on historical data.

## 2. Estate, Energy Efficiency and other schemes Investment profile

### 2.1 Ongoing programmes

| Description  | Current programme 15/16                                    | Ongoing programme per year   | No. Per year        | Total no. city wide      | Total estimated cost | No of years to complete at current expenditure |
|--|--|--|---------------------|--------------------------|----------------------|--|
| Environmental Works and Communal Area improvements | £1.2m budget covers a wide range of schemes agreed locally | Defined by the budget available                                    | Not applicable      | n/a                      | £1m a year           | Ongoing  |
| Disabled adaptations                               | £1.2m  | Demand led   | Demand led          | n/a                      | Demand led           | Ongoing  |
| Supported Housing Improvements (ASC)               | £0.1m  | Based on condition   | Scheme dependant    | 14 sheltered schemes     | Budget led           | Ongoing  |
| Safety and fire risk works                         | £1.4m  | Based on fire risk assessments                                     | Scheme dependant    | n/a                      | Demand led           | Ongoing  |
| Way lighting                                       | £450k  | £150k  | Scheme dependant    | 500                      | £750k                | 3  |
| Elevated walkways                                  | £150k  | £150k  | Scheme dependant    | 20                       | £150k                | 1  |
| Painting Programme                                 | £500k (revenue)  | £250k  | Scheme dependant    | n/a                      | £20m                 | 80   |
| Transforming neighbourhoods                        | £100k  | Schemes identified within the Transforming neighbourhood programme |                     |                          |                      | 2  |
| Concrete paths (area)                              | £200k  | £100k  | 1,200sqm            | 15,400sqm                | £1.1m                | 11   |
| Energy initiatives for hard to heat homes          | £550k  | £550k  | Dependant on scheme | Approx 1000              | £550k                | 1  |
| Loft insulation                                    | £150k  | Demand led   | Demand led          | Demand led               | Demand led           | Ongoing  |
| Laybys and parking spaces on council estates       | £50k from Env Imp Budget                                   | Report prepared for St Matthews and Eyres Monsell                  | 10                  | 154 currently identified | £754                 | 15   |
| Balcony improvements                               | £290k  | Programme completed 16/17.   | 6 blocks            | 6 blocks                 | £290k                | 0  |

## 2.2 Potential one off capital schemes for future years

| Description   | No of dwellings | Estimated £     | Notes   |
|---|-----------------|-----------------|---|
| <b>Braunstone North - External Wall Insulation</b>  | 176             | 1,144,000       | Assumes no subsidy  |
| <b>Central - External Wall Insulation</b>   | 806             | 5,239,000       | Assumes no subsidy  |
| <b>Humberstone - External Wall Insulation</b>   | 88              | 572,000         | Assume no subsidy   |
| <b>Saffron - External Wall Insulation</b>   | 180             | 1,170,000       | Assumes no subsidy  |
| <b>New Parks - External Wall Insulation</b>   | 63              | 409,500         | Assumes no subsidy  |
| <b>Individual meters for District &amp; Communal Heating tenants</b>  | 3,100           | 4,000,000       | Funding options are being explored  |
| <b>Goscote House refurbishment and redesign.<br/>Potential Conversion of lower floors to 2/3/4 bedroom Units.</b> | 132             | 5,000,000       | Use as decants for the Tower Blocks will end in 2017. Consultant's report commissioned to suggest future development options. |
| <b>Building New Council Houses</b>  | -               | £125k per house | In 2015/16 we expect to sell 230 Council houses through Right to Buy and this is rising.                                      |

## Equality Impact Assessment (EIA): Service Reviews/Service Changes

### 1. Setting the context

Describe the proposal, the reasons it is being made, and the intended change or outcome. Will current service users' needs continue to be met?

The Housing Revenue budget report is proposing a 1% reduction in council house rents for 2016/17 and a 0.9% increase in hostel core rents. The budget is being proposed in the context of the government requirement that rents are reduced by 1% p.a. for each of the next four years. Due to the reduction in income, savings of £3.3m need to be made through a combination of revenue savings and adjustments to the capital programme. It has been proposed that reserves are not used in this first year of savings, but considered in future years when the savings required will be more severe.

The following proposals for Revenue reductions are:

- Landscaping improvements (planned spending now £0.1m , reduction of £0.15m)
- STAR (planned spending was £1.5m, reduction of £0.11m)

The following proposals for Capital reductions are:

- Re-profiling of boilers, door entry and better management of demand led schemes including soffits, fascias, windows and doors, safety work, door entry and spreading the programme of work on hard to heat homes over two years instead of one. (planned spending now £4.55m, reduction of £1.6m)
- Kitchens and bathrooms (planned spending now £5.1m, reduction of £1.2m)
- Communal and environmental improvements (planned spending now £1.0m, reduction of £0.24m)

The main service need of tenants is that they have a suitably sized, Decent Home, maintained through an effective repairs service with quality tenancy and estate management services. Current service user needs will continue to be met, however, some non-urgent schemes and services will need to be re-prioritised resulting in longer waiting times for improvements.

|   |  |
|---|--|
| <b>2. Equality implications/obligations</b>   |  |
| 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.  |  |
|   | <b>Is this a relevant consideration? What issues could arise?</b>  |
| <b>Eliminate unlawful discrimination, harassment and victimisation</b><br>How does the proposal/service ensure that there is no barrier or disproportionate impact for anyone with a particular protected characteristic  | From this equality impact assessment no significant impacts have been identified.  |
| <b>Advance equality of opportunity between different groups</b><br>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).   | The proposals continue to commit to the provision of decent homes to council tenants and equality of opportunity for people to have decent homes to live in. The standard of accommodation in council owned properties is higher than in some areas of the private sector. |
| <b>Foster good relations between different groups</b><br>Does the service contribute to good relations or to broader community cohesion objectives? How does it achieve this aim?   | Maintaining properties and making improvements on estates creates an environment where people are satisfied with their homes and the area they live in, reducing the likelihood of anti social behaviour and community tensions.   |
| <b>3. Who is affected?</b>  |  |
| 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.   |  |
| <p>The proposals will affect all Leicester City Council tenants across the city. 29.14% of tenants in receipt of full housing benefit at present will continue to have any rent payable covered by their benefit entitlement. This includes hostel residents who have all their housing costs covered by housing benefit. The positive impact of having to pay less rent will affect 70.86% of tenants who are in receipt of partial housing benefit or none at all. The impact of the rent reduction will be dependent on tenants' financial situations rather than any protected characteristic.</p> <p>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. Decisions on the Capital programme are based on the age of properties and the predicted lifespan of when items will need replacing. The decisions are not area or tenant based.</p> <p>Reducing funding to the STAR service will impact on those tenants who require support to maintain their tenancies. This may impact more on people needing low level support. A reduction in office opening hours may impact on all tenants requiring support or advice from the service.</p> <p>Although there are reductions in the proposed budgets no services are being stopped altogether. The impact of this on tenants and residents is that they may have to wait longer for non-urgent work to be completed or access to the STAR services for non-priority cases.</p> |  |

#### 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.

Tenant profiling information has been collected and analysed from the Open Housing IT system as at the 4<sup>th</sup> November 2015 (Appendix J(i)) and profiling information has been looked at for people accessing the STAR service in 2014 / 15 (Appendix J(ii).) This includes information on ages, ethnic origin, disability, gender, sexuality and religion. There are gaps in data in relation to gender re-assignment, marriage and civil partnership, pregnancy and maternity and sexual orientation. There is also little information collected specific disability impairments. Improved systems to collect monitoring data will take place with the introduction of Northgate, the new IT system for Housing in January 2016.

#### 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?

Initial consultation took place with the Tenants' and Leaseholders' Forum on the 8<sup>th</sup> October and 14<sup>th</sup> December 2015 to establish their priorities for spend and where savings could be made. This group represents tenants and leaseholders across the city and acts as the councils' consultative group on key decisions effecting council tenants and leaseholders. Through this consultation it was established that Capital programme work related to the condition of the property, rather than tenants with a protected characteristic. The Forum views are contained in Appendix H.

#### 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 that may be affected, along with their 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).



| <b>Protected characteristics</b> | <b>Impact of proposal:</b><br>Describe the likely impact of the proposal on people because of their protected characteristic and how they may be affected. Why is this protected characteristic relevant to the proposal? How does the protected characteristic determine/shape the potential impact of the proposal? | <b>Risk of negative impact:</b><br>How likely is it that people with this protected characteristic will be negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?   | <b>Mitigating actions:</b><br>For negative impacts, what mitigating actions can be taken to reduce or remove this impact? These should be included in the action plan at the end of this EIA.   |
|----------------------------------|---|---|---|
| <b>Age<sup>1</sup></b>           | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be delayed. 45.45% of tenants receiving STAR services in 2014 / 15 were between 25 and 44 years old so the proposals could have the greatest impact to this age group.</p>           | <p>Unlikely, low risk</p> <p>An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for support.</p> | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p> |
| <b>Disability<sup>2</sup></b>    | Minor impact that non   | Unlikely, low risk  | Capital programme   |

<sup>1</sup> Age: Indicate which age group is most affected, either specify general age group - children, young people working age people or older people or specific age bands

<sup>2</sup> Disability: if specific impairments are affected by the proposal, specify which these are. Our standard categories are on our equality monitoring form – physical impairment, sensory impairment, mental health condition, learning disability, long HRA budget 2016/17 (Full Council) v3.3

|  |   |   |   |
|--|---|---|---|
|  | <p>urgent repairs and estate improvement work may be delayed. Meeting the needs of disabled tenants will continue with the funding of Disability Fund Grants</p> <p>Support for non urgent STAR cases may be delayed. 63.61% of tenants receiving STAR services in 2014 / 15 said they did not have a disability so the proposals could have the greatest impact to this group.</p> | <p>An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for support.</p> | <p>work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p> |
| <b>Gender Reassignment<sup>3</sup></b> | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be delayed.</p>  | <p>Unlikely, low risk</p> <p>The impact is likely to be low as no known gender re-assignment cases were supported by STAR in 2015 /15. An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are</p>   | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for</p>  |

standing illness or health condition.

<sup>3</sup> Gender reassignment: indicate whether the proposal has potential impact on trans men or trans women, and if so, which group is affected.

|  |  |  |   |
|--|--|--|---|
|  |  | <p>provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for support.</p>   | <p>those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p>   |
| <p><b>Marriage and Civil Partnership</b></p> | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be delayed.</p> | <p>Unlikely, low risk</p> <p>There is no STAR profiling information available for this protected characteristic group, so it is not known how many people could be impacted upon. However, An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for</p> | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p> |

|                                |  |   |   |
|--------------------------------|--|---|---|
|                                |  | support.  |   |
| <b>Pregnancy and Maternity</b> | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be delayed.</p> | <p>Unlikely, low risk</p> <p>There is no STAR profiling information available for this protected characteristic group, so it is not known how many people could be impacted upon. However, An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for support.</p> | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p> |
| <b>Race<sup>4</sup></b>        | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be</p>          | <p>Unlikely, low risk</p> <p>An eligibility criteria for accessing STAR services is in place so</p>   | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility</p>   |

<sup>4</sup> Race: given the city's racial diversity it is useful that we collect information on which racial groups are affected by the proposal. Our equalities monitoring form follows ONS general census categories and uses broad categories in the first instance with the opportunity to identify more specific racial groups such as Gypsies/Travellers. Use the most relevant classification for the proposal.

|  |   |  |   |
|--|---|--|---|
|  | <p>delayed. 69.27% of tenants receiving STAR services in 2014 / 15 were of a white background so the proposals could have the greatest impact on people with this background</p>  | <p>that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for support.</p>   | <p>criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p>  |
| <p><b>Religion or Belief<sup>5</sup></b></p> | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be delayed. 20.06% of tenants receiving STAR services in 2014 / 15 were Christian and 22.88 stated they had no religion so the proposals could have the greatest impact to this age group. However, this is not conclusive as 42.31% preferred not to say what their religion was.</p> | <p>Unlikely, low risk</p> <p>An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for</p> | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p> |

<sup>5</sup> Religion or Belief: If specific religious or faith groups are affected by the proposal, our equalities monitoring form sets out categories reflective of the city's population. Given the diversity of the city there is always scope to include any group that is not listed.

|                                       |  | support.  |   |
|---------------------------------------|--|---|---|
| <b>Sex<sup>6</sup></b>                | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be delayed. 60.81% of tenants receiving STAR services in 2014 / 15 were female so the proposals could have the greatest impact on women</p> | <p>Unlikely, low risk</p> <p>An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for support.</p> | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed.</p> |
| <b>Sexual Orientation<sup>7</sup></b> | <p>Minor impact that non urgent repairs and estate improvement work may be delayed.</p> <p>Support for non urgent STAR cases may be delayed. The impact of the proposals is inconclusive because we don't know the sexual orientation of 90.27% of the clients STAR</p>      | <p>Unlikely, low risk</p> <p>An eligibility criteria for accessing STAR services is in place so that those most vulnerable and threatened with homelessness are provided with support. This eligibility criteria</p>  | <p>Capital programme work is prioritised based on the condition of the property, irrespective of the tenant who lives in these.</p> <p>STAR have an eligibility criteria that ensures those most vulnerable are prioritised for support. Signposting to other appropriate services can take place</p>   |

<sup>6</sup> Sex: Indicate whether this has potential impact on either males or females

<sup>7</sup> Sexual Orientation: It is important to remember when considering the potential impact of the proposal on LGBT communities, that they are each separate communities with differing needs. Lesbian, gay, bisexual and transgender people should be considered separately and not as one group. The gender reassignment category above considers the needs of trans men and trans women.

|  |                         |  |   |
|--|-------------------------|--|---|
|  | supported in 2014 / 15. | will continue to be used. It is therefore likely that those less vulnerable or in less need will be impacted by the proposals and access to the STAR service may be delayed. There is a risk that a delay in low level support could, over time, escalate a person's need for support. | for non-urgent cases, if necessary. Emergency access to services for those in immediate threat of homelessness is available through Housing Options when STAR offices are closed. |
|--|-------------------------|--|---|

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

All protected characteristics have been commented on because the Capital programme proposals will have an impact on all tenants. However, for these there is no disproportionate impact on any group. Work will continue to be prioritised on the conditions of properties and estates, irrespective of tenants living in our properties. There may be delays for non-urgent work and services but no particular group will be disadvantaged more than another. All urgent and priority services will continue to be provided.

Analysis of STAR client profile information for 2014 / 15 shows that some groups with protected characteristics access STAR services more than others. These are people between the ages of 25 and 44, those with no disability, people from a white background and females. People from these groups, requiring non urgent support may experience a delay in receiving support as a result of the proposals.

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

|                     |  |  |   |
|---------------------|--|--|---|
| <b>Other groups</b> | <b>Impact of proposal:</b><br>Describe the likely impact of the proposal on children in poverty or any other people who we consider to be vulnerable. List any vulnerable groups likely to be affected. Will their needs continue to be met? What issues will affect their take up of services/other opportunities that meet their needs/address inequalities they face? | <b>Risk of negative impact:</b><br>How likely is it that this group of people will be negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected? | <b>Mitigating actions:</b><br>For negative impacts, what mitigating actions can be taken to reduce or remove this impact for this vulnerable group of people? These should be included in the action plan at the end of this EIA. |
|---------------------|--|--|---|

|  |  |   |   |
|--|--|---|---|
| <b>Children in poverty</b>                               | If the hard to heat homes programme to improve 1096 properties is spread over 2 years instead of 1, some children living in families with low income will be affected by the extension of the programme. This will mean that they will have to live in cold homes for longer or pay higher than normal energy bills to heat their homes.   | Approximately 762 (70%) of the remaining hard to heat homes are houses where children are likely to live. The impact will only be for 1 year, the timescale for the programme extension   | Work on properties to address hard to heat homes where children live, should be prioritised in the extended programme. Support should be provided by STAR and the Income Management Team to maximise income and help tenants apply for grants and to charities, where appropriate |
| <b>Unemployed</b>  | Reducing the funding for the capital programme may result in less work in the city   | Low risk  | None  |
| <b>Vulnerable people at a lower risk of homelessness</b> | Tenants threatened with homelessness may be impacted by the budget savings to the STAR service. A reduction in the overall STAR case load may need to be reduced to reflect the reduced budget. This may lead to people requiring low level support not being able to access this support immediately. Delays in accessing support may lead to an escalated risk of homelessness | The impact of increased homelessness is low because the STAR service already has eligibility criteria where those most in need can access support. Instead some people needing lower levels of support or advice may need to wait longer for this or seek help from other agencies. | Signpost tenants with lower level support needs to other services, where appropriate.   |

## 7. Monitoring Impact

The council needs to ensure that monitoring systems are established to check for impact on the protected characteristics and human rights after the decision has been implemented.

Monitoring systems in place include:

- Complaints received
- Feedback from Tenants and Residents Associations
- Access to STAR services – number of tenants supported in each eligibility criteria
- Star records – income maximised for those families living in hard to heat homes and supported by STAR
- Income Management Team - rent arrears of those families living in hard to heat homes not supported by STAR



## 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.

| <b>Equality Outcome</b>  | <b>Action</b>   | <b>Officer Responsible</b> | <b>Completion date</b> |
|--|---|----------------------------|------------------------|
| Identify worsening situations for tenants as a result of the implementation of proposals | Analyse the monitoring information above to see if the proposals have had an impact on any particular group | Heads of Service           | Quarterly monitoring   |

## Tenant profile – November 2015

### Age

| Age of Applicant | Number of Tenants | % of Tenants |
|------------------|-------------------|--------------|
| Under 18         | 2                 | 0.01%        |
| 19-24            | 702               | 3.18%        |
| 25-44            | 7,990             | 36.17%       |
| 45-54            | 4,460             | 20.19%       |
| 55-74            | 6,238             | 28.24%       |
| 75+              | 2,552             | 11.55%       |
| Unknown          | 146               | 0.66%        |

| Disability | Number of Tenants | % of Tenants |
|------------|-------------------|--------------|
| Yes        | 318               | 1.44%        |
| No         | 21,772            | 98.56%       |
| Unknown    | 21,772            | 98.56%       |

| Type of Disability      | Number of Tenants | % of Tenants |
|-------------------------|-------------------|--------------|
| Physical Impairment     | 138               | 43.40%       |
| Sensory Impairment      | 30                | 9.43%        |
| Mental Health Condition | 49                | 15.41%       |
| Learning Difficulties   | 32                | 10.06%       |
| Long Standing Illness   | 6                 | 1.89%        |
| Health Condition        | -                 | 0.00%        |
| Multiple                | 63                | 19.81%       |

| Origin Type           | Number of Tenants | % of Tenants |
|-----------------------|-------------------|--------------|
| Asian                 | 2,542             | 11.51%       |
| Black                 | 1,933             | 8.75%        |
| Chinese               | 26                | 0.12%        |
| Mixed / Dual Heritage | 274               | 1.24%        |
| White                 | 11,543            | 52.25%       |
| Other Ethnic Origin   | 470               | 2.13%        |
| Not given / Unknown   | 5,302             | 24.00%       |

| <b>Religion</b>   | <b>Number of Tenants</b> | <b>% of Tenants</b> |
|-------------------|--------------------------|---------------------|
| Atheist           | 172                      | 0.78%               |
| Bahai             | -                        | 0.00%               |
| Buddhist          | 5                        | 0.02%               |
| Christian         | 1,468                    | 6.65%               |
| Hindu             | 196                      | 0.89%               |
| Jain              | 3                        | 0.01%               |
| Jewish            | 1                        | 0.00%               |
| Muslim            | 984                      | 4.45%               |
| No Religion       | 1,451                    | 6.57%               |
| Other             | 224                      | 1.01%               |
| Prefer not to say | 539                      | 2.44%               |
| Sikh              | 46                       | 0.21%               |
| Unknown           | 17,001                   | 76.96%              |

| <b>Sexuality</b>        | <b>Number of Tenants</b> | <b>% of Tenants</b> |
|-------------------------|--------------------------|---------------------|
| Bisexual                | 85                       | 0.38%               |
| Gay (female / lesbian)  | 25                       | 0.11%               |
| Gay (male)              | 27                       | 0.12%               |
| Heterosexual / straight | 4,109                    | 18.60%              |
| Other                   | 139                      | 0.63%               |
| Prefer not to say       | 678                      | 3.07%               |
| Unknown                 | 17,027                   | 77.08%              |
| Gender Re-assignment    | -                        | 0.00%               |

| <b>Gender</b> | <b>Number of Tenants</b> | <b>% of Tenants</b> |
|---------------|--------------------------|---------------------|
| Male          | 8,952                    | 40.53%              |
| Female        | 13,137                   | 59.47%              |

### STAR client profile 2014 / 15

| Age of Applicant | Number of clients | % of clients |
|------------------|-------------------|--------------|
| Under 18         | 1                 | 0.31%        |
| 19 - 24          | 39                | 12.22%       |
| 25 - 44          | 145               | 45.45%       |
| 45 - 54          | 53                | 16.61%       |
| 55 - 74          | 56                | 17.55%       |
| 75+              | 7                 | 2.19%        |
| Unknown          | 18                | 5.64%        |

| Disability | Number of clients | % of clients |
|------------|-------------------|--------------|
| Yes        | 110               | 34.48%       |
| No         | 204               | 63.69%       |
| Unknown    | 5                 | 1.56%        |

| Ethnicity             | Number of clients | % of clients |
|-----------------------|-------------------|--------------|
| Asian                 | 22                | 6.89%        |
| Black                 | 45                | 14.10%       |
| Chinese               | 0                 | 0%           |
| Mixed / Dual heritage | 17                | 5.32%        |
| White                 | 221               | 69.27%       |
| Other ethnic origin   | 10                | 3.13%        |
| Not given / unknown   | 4                 | 1.25%        |

| <b>Religion or belief</b> | <b>Number of clients</b> | <b>% of clients</b> |
|---------------------------|--------------------------|---------------------|
| Atheist                   | 3                        | 0.94%               |
| Bahai                     | 0                        | 0%                  |
| Buddhist                  | 0                        | 0%                  |
| Christian                 | 64                       | 20.06%              |
| Hindu                     | 3                        | 0.94%               |
| Jain                      | 0                        | 0%                  |
| Jewish                    | 0                        | 0%                  |
| Muslim                    | 36                       | 11.28%              |
| No religion               | 73                       | 22.88%              |
| Other                     | 2                        | 0.62%               |
| Prefer not to say         | 135                      | 42.31%              |
| Sikh                      | 1                        | 0.31%               |
| Unknown                   | 2                        | 0.62%               |

| <b>Sexuality</b>        | <b>Number of clients</b> | <b>% of clients</b> |
|-------------------------|--------------------------|---------------------|
| Bisexual                | 0                        | 0%                  |
| Gay (female / lesbian)  | 1                        | 0.31%               |
| Gay (Male)              | 2                        | 0.62%               |
| Heterosexual / straight | 28                       | 8.77%               |
| Other                   | 0                        | 0%                  |
| Prefer not to say       | 27                       | 8.46%               |
| Unknown                 | 261                      | 81.81%              |
| Gender re-assignment    | 0                        | 0%                  |

| <b>Gender</b> | <b>Number of clients</b> | <b>% of clients</b> |
|---------------|--------------------------|---------------------|
| Male          | 125                      | 39.18%              |
| Female        | 194                      | 60.81%              |

