

Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: WEDNESDAY, 12 FEBRUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Cassidy (Chair)
Councillor Joel (Vice-Chair)

Councillor Dawood	Councillor Kitterick
Councillor Govind (sub for Councillor Khote)	Councillor March (sub for Councillor Joshi)
Councillor Halford	Councillor Porter

In Attendance:

Sir Peter Soulsby – City Mayor

* * * * *

55. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Joshi, Khote, Waddington and Westley.

Councillor March was present as the appointed substitute for Councillor Joshi and Councillor Govind was present as the appointed substitute for Councillor Khote. Councillor Sandhu was appointed as substitute for Councillor Waddington, but submitted apologies for absence.

56. DECLARATIONS OF INTEREST

Councillor Halford declared a Disclosable Pecuniary Interest in agenda item 11, "Housing Revenue Account Budget (Including Capital Programme) 2020/21", in that she was a Council tenant. Councillor Halford remained in the meeting during consideration of this item, but took no part in the discussion or voting thereon.

57. MINUTES OF THE PREVIOUS MEETING

AGREED:

That the minutes of the meeting of the Overview Select Committee held on 28 November 2019 be confirmed as a correct record.

58. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

a) Minute 47(c), “Questions for the City Mayor – ‘Lying Figure No. 1’ Painting”

It was queried whether the recently announced improvement works and changes to security at New Walk Museum and Art Gallery had been as a result of the question asked at the meeting of this Committee held on 28 November 2019 about the “Lying Figure No. 1” painting and whether that question had prompted an increase in visitor numbers.. It also was asked what the picture was insured for and whether this was an accurate reflection of its value, as an international auction house had contacted a member of the Committee and offered to undertake a valuation.

In reply, the City Mayor explained that the Council’s art collection was valued in its entirety on a regular basis, with each piece being insured separately. However, he did not consider it appropriate to disclose the value for an individual piece in public. He also noted that security arrangements were audited regularly by an independent assessor, whose recommendations were acted on. The last audit had been approximately 2 – 3 years ago and work arising from this had already been completed, or was in progress.

The City Mayor noted that it was impossible to know the reason why every visitor had gone to the Museum and Art Gallery, so was unable to say whether the question asked at the last meeting had prompted an increase in visitor numbers.

b) Minute 52(c), “Scrutiny Commissions’ Work Programmes – The underachievement of ‘Black Caribbean’ and ‘White British Working-Class’ pupils of secondary school age in Leicester”

Councillor Dawood advised the Committee that the report discussed under this minute had now been presented to the Executive and the way forward was being discussed.

The City Mayor advised Members that he had undertaken to give the Chair and Vice-Chair of the Children, Young People and Schools Scrutiny Commission a full response to the report, which he would share with this Committee.

59. CHAIR'S ANNOUNCEMENTS

The Chair reminded Members that the next meeting of the Committee would be held at 5.30 pm on Thursday 26 March 2020, (not 5 March as previously scheduled).

A briefing for all members of the Committee on Equality Impact Assessments would now be held 5.30 – 6.30 pm on Thursday 5 March 2020.

60. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

The Monitoring Officer reported that no questions, representations or statements of case had been received.

61. PETITIONS

The Monitoring Officer advised that there were no petitions to report.

62. TRACKING OF PETITIONS - MONITORING REPORT

The Monitoring Officer submitted a report updating Members on the monitoring of outstanding petitions.

AGREED:

That the petitions marked 'petition complete', namely 19/6/01, 19/7/02, 19/7/03, 19/8/01, 19/8/02, 19/9/01, 19/9/03 and 19/9/04 be removed from the Monitoring Report.

63. QUESTIONS FOR THE CITY MAYOR

The following questions were put to the City Mayor at the meeting.

a) Vehicle Parking and Waiting Area Outside the Train Station

Councillor Porter noted that taxis currently were able to park outside the train station, as the Council had received advice that they could pull in to pick up and drop off passengers, and asked the City Mayor what his view of this was.

The City Mayor stated that he felt that the area past the station needed to be part of a comprehensive Red Route. This would remove differences in opinion about whether parking or waiting outside the station was permissible, as under a Red Route no-one could stop. Discussions about introducing a Red Route were being held, but in the meantime officers continued to enforce the Traffic Regulation Orders currently in force for that area.

b) Border House

Councillor Porter noted that Border House was owned by the Council, but the staff, who were employed by the Council, had been told that it would close, as it was not fit for purpose and funding was not available to improve it. However, asylum seekers were being housed there, which was a concern if the building was not fit for purpose.

At the invitation of the Chair of the Committee and the City Mayor, the Director of Housing addressed the points made, explaining that Border House remained

a hostel for families, as there had been no change in its use. There were no asylum seekers there.

There had been a proposal that Border House would close eventually, as the Council moved to a “Homes for the Homeless” approach, as this would remove the need for a hostel. The policy also would mean that there was more likelihood that homeless people could stay in their preferred area.

64. LEICESTER'S CLIMATE EMERGENCY CONVERSATION

The Director of Estates and Building Services submitted a report informing Members of draft proposals for the city's response to the climate emergency, as well as the associated programme of community consultation and engagement entitled “Leicester's Climate Emergency Conversation”.

Councillor Clarke (Deputy City Mayor with responsibility for Environment and Transportation) introduced the report, noting that the consultation period had ended on 9 February 2020. Over 1,000 responses had been received, which were currently being considered.

The Corporate Environmental Consultant further explained that consultation on the proposals had started in November 2019, in order to get a public reaction to changes likely to be needed in Leicester in response to the declared climate emergency.

By the end of the consultation period, 374 on-line questionnaires had been completed and many letters received from individuals and groups, which was felt to be a very good response. Efforts also had been made to reach out in other ways, such as face-to-face consultation, holding a Climate Assembly attended by 53 people representing a cross-section of Leicester's community, holding a Young People's Climate Assembly attended by 104 students representing 12 secondary schools, and speaking to key organisations across the city.

During the consultation, the Council's Economic Development, Transport and Tourism Scrutiny Commission asked that consideration be given to how primary school age children could be included as consultees in the Conversation. In response to this, a pack of information had been circulated through the Council's extra-net. This had resulted in over 200 primary school students from eight primary schools participating in the Conversation.

In addition, to this work, a Climate Emergency pack had been prepared for schools that they could use to declare their own climate emergency.

The Committee welcomed the range of consultation methods used and expressed the hope that the diversity of tools used would generate responses from a diverse range of people. In reply, the Corporate Environmental Consultant explained that not all of the consultation methods used produced demographic information, although it would be gathered from responses to the on-line questionnaire and attendees at the Climate Assembly events.

The following comments also were made in discussion on this:

- It had been asserted that reducing consumption of meat and dairy products could reduce gases harmful to the climate. What could be done to encourage this?

Response from the Corporate Environmental Consultant:

An action plan was being prepared, so no proposals had been made yet. However, there would be an emphasis on awareness raising, as it was not intended to impose actions on people. Care also would be taken to co-ordinate with any recommendations about diet with messages from public health services.

- Planting trees could help tackle global warming and reduce carbon dioxide. The report suggested that there could be a lot of trees planted in the city, so would there be a scheme to encourage people to plant trees, for example with the Council buying trees in bulk that people could plant in their own gardens?

Response from Councillor Clarke:

This purpose of this report was to receive suggestions that could be fed in to the consultation, so no decisions of this sort had been taken yet.

- The use of low emission diesel fuel by some bus companies was welcomed, but was it possible to have electric-powered buses?

Response from Councillor Clarke:

The only Council-operated bus route on which it was possible to use electric buses was the Birstall Park and Ride. Electric buses were being bought for this purpose.

The Council also was working with the government to produce targets in relation to reducing fuel emissions.

- How would the introduction of a Workplace Parking Levy address climate change? Encouraging the use of electric vehicles via incentives, such as free parking in the city or permitted use of bus lanes, could help increase the use of such vehicles.

Response from the Corporate Environmental Consultant:

The proposed strategy would be to continue to focus on walking, cycling and the use of public transport as first steps in the process of change, as many people in Leicester did not have access to a privately-owned vehicle. Although there was a wish to encourage and enable the use of electric vehicles, providing a proper charging infrastructure for these vehicles was likely to be considered later.

- Was data available on how many Councillors and Council officers drove while on Council business, used public transport, or used other methods of

travel?

Response from the Councillor Clarke:

The Council had procured several Nissan Leaf electric cars to use as pool cars and some electric bikes. A lot of people also used the Park and Ride Services.

- The encouragement given to schools to declare their own climate emergency was very welcome.
- Was there a pack of information that schools could use to help discussions with parents and carers about the climate emergency?

Response from the Energy and Environment Manager:

A wide range of different activities had been identified that could be used for this purpose. Some included a wider range of stakeholders, such as school governors, staff, parents and carers.

- What was the ideal position to be achieved in the long-term? Also, although education had a very important role in addressing the climate emergency, how could engagement be encouraged now?

Response from the Corporate Environmental Consultant:

A declared long-term aim was to make the city carbon-neutral by 2030, or sooner if possible. This would be part of the action plan currently being developed and lobbying of government also was underway. Other opportunities would continue to be taken as they arose, (for example, a response recently had been made to a government consultation on building regulations), but it needed to be recognised that financial or other restrictions could prevent a faster rate of change. In all of this, an important aim was to engage with community groups.

AGREED:

- 1) That the progress made since the climate emergency declaration, including the consultation and engagement programme recently undertaken, be welcomed and supported;
- 2) That the involvement of the Economic Development, Transport and Tourism Scrutiny Commission and the Housing Scrutiny Commission be noted;
- 3) That the proposals in Appendix 1 to the report, including their implications for the city and the Council, be welcomed;
- 4) That all Councillors be encouraged to help publicise the Climate Emergency Conversation through their role as Ward Councillors;
- 5) That the next steps for the development and adoption of a Council action plan to address the climate emergency be noted; and

- 6) That the Director of Estates and Building Services be asked to report at an appropriate time on progress with, and the results of, schools declaring their own climate emergency.

65. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2020/21

The Director of Housing submitted a report setting out the proposed Housing Revenue Account (HRA) budget for 2020/21, with indicative budgets for the following three years.

The Director introduced the report, explaining that, following a four-year period in which the government required rents to be reduced by 1% each year, the government had announced that for five years from 2020 rents could be increased by up to an amount equivalent to the Consumer Price Index plus 1%. This was welcomed, as the reductions had resulted in a £3million loss in rent for the Council. Overall budget pressures had exceeded £12million. Ongoing financial pressures remained, with the HRA facing a further £11million in budget pressures over the next three years. To manage this and deliver a balanced budget it was a recommendation that rents should be increased.

This proposal had been considered by the Tenants' and Leaseholders' Forum, as well as the Housing Scrutiny Commission. Comments from both bodies were included in the report. The Director drew Members' attention to the Housing Scrutiny Commission's support for the Tenants' and Leaseholders' Forum's proposal that rents should increase by 2.5% (not the proposed 2.7%), service charges should increase by 1.7% (not the proposed 2.0%) and hostel rents should not be increased (instead of applying the proposed 2.0% increase).

The Director of Housing explained that this would reduce income by £180,000 per year. The cap placed on rent increases by the government meant that this money could not be recovered in future years, so over ten years the Council would lose £1.8million that could have been used for investment in improvements to its housing stock and estates and to provide services. Therefore, although this could have had resulted in a small reduction in rent, (on average 14p per week), it would have a significant impact on the Council's HRA budget.

The City Mayor reiterated that the original budget proposal was the start of the process of addressing the problems caused by the previous enforced reduction in rent. The changes proposed were small increases for the people affected, but were significant for the Council's resources. He therefore strongly recommended that the increases included in the original proposal be supported.

Some concern was expressed that the increases in rent and service charges proposed by the Council could have a significant impact on tenants, particularly those already experiencing financial difficulties. The Director of Housing explained that approximately 60% of housing tenants and over 90% of people

in Council hostels had their rent paid through Housing Benefit, which would cover any increase in rent. Also, a problem with the proposal made by the Tenants' and Leaseholders' Forum was that although the Forum wished to see a lower increase in rents and service charges, there was no balancing adjustment proposed to work to be carried out using income from those rents and charges. The Forum agreed that all of the proposed investment in the HRA budget was needed. The Director reminded the Committee that the Council was legally obliged to set a balanced budget, so would have had to reduce the work undertaken to match the reduction in income.

In response to an enquiry from the Committee, the Director of Housing advised that work on removing materials from Goscote House, prior to demolition, would start during 2020, but full demolition of the building was likely to be done in the summer of 2021.

In response to a further enquiry, the Director of Housing also advised that the purchase of the properties in Hospital Close would be undertaken from funding approved at Council in November 2019 and this would not be affected by the final decision on the Housing Revenue Account budget for 2020/21.

It was proposed by the Chair, seconded by Councillor Govind and AGREED that:

- 1) the financial pressures on the Housing Revenue Account be noted
- 2) the comments from the Tenants' and Leaseholders' Forum and the Housing Scrutiny Commission be noted; and
- 3) in view of the implications of the proposals for changes to rents and service charges supported by both bodies, this Committee supports the following proposed changes to rents and service charges for 2020/21:
 - a) 2.7% increase to core rent
 - b) 2.7% increase to garage rent
 - c) 2.0% increase to hostel rent
 - d) 2.0% increase to service charges; and
 - e) no changes to sundry payments and charges.

Further to her declaration of interest in this item, (see minute 56, "Declarations of Interest", above), Councillor Halford remained in the meeting for the duration of this item, but took no part in the discussion or voting.

66. DRAFT GENERAL FUND REVENUE BUDGET 2020/21 TO 2021/22

The Director of Finance submitted the draft General Fund Revenue Budget 2020/21 to 2021/22, which would be considered at the meeting of Council on 19 February 2020.

Members were reminded that draft minute extracts, detailing Scrutiny Commissions' discussions on the draft General Fund Revenue Budget report, had been circulated separately. The City Mayor advised the Committee that he had considered the comments made by the Scrutiny Commissions and would be drafting a response to be presented at the Budget Council meeting on 19 February 2020.

The Director of Finance introduced the report, explaining that the Council had approved a one-year budget for 2019/20, as it had been expected that the system of local government funding would change during that period. However, due to other national political priorities during the year, this review had been deferred and would be implemented from 2021/22 at the earliest. Consequently, it was being proposed that a one-year budget be agreed for 2020/21.

The Director reminded Members that the Council had adopted a managed reserves strategy for a number of years. Under this, money had been put in to reserves where possible, to enable structured and planned spending decisions to be taken. The programme of spending reviews adopted over the last few years also had been beneficial, as it meant that the funding gap in the proposed budget was manageable. This programme of reviews needed to continue though.

It was noted that approximately 65% of the Council's expenditure was on adult and children's social care. In recognition of the increasing demands and pressures on these services, the draft General Fund revenue budget included growth in both areas. An additional £17million was being made available, this being £3million for adult social care and £14million for children's social care, due to the increasing number and complexity of cases. These figures were based on trends and predictions for service demands.

Members were advised that there had been an underspend on adult social care during 2018/19, due to the early completion of a spending review. As a result, a phased saving had been delivered earlier than anticipated.

The final 2020/21 local government finance settlement had only been announced by the government on 7 February 2020. This had been slightly more favourable than anticipated, so the Council's funding gap for 2020/21 was now £2.4million, rather than the £5.6million set out in the draft budget report.

However, due to other urgent parliamentary business, the local government finance settlement had not been laid before parliament on 12 February as planned and now would be debated after the parliamentary recess. Consequently, all local authorities would have to agree their budgets for 2020/21 before parliamentary approval of the settlement had been obtained. It therefore was possible that aspects of the budget could need to be reconsidered by Council if the settlement changed significantly from that proposed, although this was highly unlikely.

The Committee noted the discussion that had been held at the Economic Development, Transport and Tourism Scrutiny Commission regarding the impact that the proposed increase in Council Tax would have on households and the consequent effect on the local economy, (minute 59, "Draft General Fund Revenue Budget 2020/21 - 2021/22", 5 February 2020 referred). The Commission had suggested that consideration could be given to using the projected Collection Fund surplus to support vulnerable households, for example by transferring it to the Council Tax Support Scheme, which it was projected would reduce by £0.7m. The Collection Fund surplus was used to support the overall budget and therefore already was taken into consideration, but the City Mayor advised the Committee that he was making a commitment to work with officers to look at other ways in which additional support to those facing financial hardship could be included as part of the General Fund revenue budget for 2020/21.

The Director of Finance assured Members that Council Tax support funds and discretionary relief continued to be funded, along with the Crisis Support Scheme, (through which goods and services were provided to those eligible). The Council had as an explicit policy for each scheme and those who meet the required eligibility criteria would be supported regardless of budget parameters.

It was proposed by the Chair, seconded by Councillor Kitterick and AGREED that:

- 1) the Director of Finance be asked to circulate information to all Councillors on support available through the Council's various hardship funds; and
- 2) this Committee supports the recommendations set out in the report for the General Fund Revenue Budget 2020/21, but asks Council to take this Committee's comments recorded above and the attached comments of the Scrutiny Commissions into consideration when considering the recommended budget proposals.

67. DRAFT CAPITAL PROGRAMME 2020/21

The Director of Finance submitted the draft Capital Programme 2020/21, which would be considered at the meeting of Council on 19 February 2020.

While introducing the report, the Director explained that the capital programme previously had been agreed for two years, as it had been expected that the system of local government funding would change during that period. However, due to other national political priorities, this review had been deferred and would be implemented from 2021/22 at the earliest. Consequently, it was proposed that a one-year capital programme be agreed for 2020/21, although it was recognised that some schemes would run beyond that period.

In response to a Member query, the City Mayor confirmed that the provision for the Reuse Shop at the Gypsum Close Household Waste Recycling site was to

finance an expansion of the shop. This was proposed due to the success of the shop, as it could no longer store all of the items for sale within its premises.

In reply to a further Member enquiry, the Director of Finance explained that the Touchdown project was a pilot workspace project. Council-managed buildings outside of the city centre were being assessed to identify where space was available that could be used by Council staff working in a mobile way. For example, staff undertaking visits to various locations could use Touchdown space for a short time between visits. This could include locations such as office space above libraries, or at sports centres, which would avoid staff having to travel in and out of the city centre so often.

The Committee noted that the largest project in the capital programme appeared to be the work to the Jewry Wall Museum. It therefore requested that a report on the project be submitted to the Overview Select Committee, to enable it to gain a full picture of what was being planned. The City Mayor advised the Committee that he would welcome its input on this major initiative.

AGREED:

- 1) That, in view of the scale of the investment being made in to the project, the Director of Tourism, Culture and Inward Investment be asked to submit a report to the Overview Select Committee on the work to the Jewry Wall Museum, to enable the Committee to gain an overview of this project and provide input as appropriate;
- 2) That this Committee supports the recommendations set out in the report in relation to the Capital Programme 2020/21.

Councillor Porter left the meeting during consideration of this item

68. TREASURY POLICY

The Committee considered this item and the following two items simultaneously. (Minute 69, "Treasury Management Strategy 2020-21", and minute 70, "Investment Strategy 2020/21", refer.)

The Director of Finance gave a presentation on Investment Strategies, a copy of which is attached at the end of these minutes for information. During the presentation, particular attention was drawn to the following points:

- The Council's Treasury Policy set out the framework for the governance of the Council's borrowing and investments. The Treasury Management Strategy described how this would be done and the Investment Strategy set out the Council's approach to making and holding investments that were not made for normal treasury management purposes;
- Security of the Council's money was paramount;
- Penalty charges were incurred on debts repaid early, so it usually cost less to maintain a debt than to repay it. Nonetheless, money still had to be set

aside in the budget to repay debt;

- The Council often had money before it needed to spend it. For example, staff salaries were paid at the end of the month and reserves were maintained. This meant that balances could fluctuate considerably day by day;
- The safer an investment was, the lower the return on it;
- Specialist advisers were used to help with investments, to make sure these investments were robust;
- As the Council's balances continued to grow, efforts continued to find the best ways to make this money work for the city;
- Currently, a better rate of return was received from lending to other local authorities than from bank interest;
- Along with a number of other local authorities, the Council was actively exploring environmentally and socially responsible investment;
- Some local authorities had bought commercial investments located a long way outside of their area and were borrowing very large amounts. This could create a high level of risk and raised questions of how assets managed at long distances could be transparent investments;
- This Council had invested in property in the city for many years. This currently generated approximately £6million income per year to support the Council's budget; and
- There was regular churn on the corporate estate, with properties being bought and sold as necessary.

The City Mayor reiterated the importance of the corporate estate to the city and the Council, and advised the Committee that discussions were being held with officers about how the performance of the estate could be made more transparent. One option was to present an annual report that included information such as what the Council held, income from this, expenditure and surpluses. It was hoped that the first such report could be presented to Council in the summer of 2020

In response to a Member's query, the Director of Finance explained that the Council did not invest in property abroad, as due diligence was very hard there. Some years previously, the Council had lent money directly to European banks, but since the collapse of the Icelandic Banks had ceased to do so, even though this Council had not invested in Iceland.

AGREED:

- 1) That the Chief Accountant be asked to circulate details of how to access the map showing all of the property owned by the Council

to all Members;

2) That the report be noted; and

3) That this Committee supports the approach being taken to managing the Council's resources and investing for the future.

Councillor Kitterick left the meeting during the presentation referred to above

69. TREASURY MANAGEMENT STRATEGY 2020-21

The Committee considered this item plus the previous and following items simultaneously. (Minute 68, "Treasury Policy", and minute 70, "Investment Strategy 2020/21", refer.)

The Director of Finance gave a presentation on Investment Strategies, a copy of which is attached at the end of these minutes for information. During the presentation, particular attention was drawn to the following points:

- The Council's Treasury Policy set out the framework for the governance of the Council's borrowing and investments. The Treasury Management Strategy described how this would be done and the Investment Strategy set out the Council's approach to making and holding investments that were not made for normal treasury management purposes;
- Security of the Council's money was paramount;
- Penalty charges were incurred on debts repaid early, so it usually cost less to maintain a debt than to repay it. Nonetheless, money still had to be set aside in the budget to repay debt;
- The Council often had money before it needed to spend it. For example, staff salaries were paid at the end of the month and reserves were maintained. This meant that balances could fluctuate considerably day by day;
- The safer an investment was, the lower the return on it;
- Specialist advisers were used to help with investments, to make sure these investments were robust;
- As the Council's balances continued to grow, efforts continued to find the best ways to make this money work for the city;
- Currently, a better rate of return was received from lending to other local authorities than from bank interest;
- Along with a number of other local authorities, the Council was actively exploring environmentally and socially responsible investment;

- Some local authorities had bought commercial investments located a long way outside of their area and were borrowing very large amounts. This could create a high level of risk and raised questions of how assets managed at long distances could be transparent investments;
- This Council had invested in property in the city for many years. This currently generated approximately £6million income per year to support the Council's budget; and
- There was regular churn on the corporate estate, with properties being bought and sold as necessary.

The City Mayor reiterated the importance of the corporate estate to the city and the Council, and advised the Committee that discussions were being held with officers about how the performance of the estate could be made more transparent. One option was to present an annual report that included information such as what the Council held, income from this, expenditure and surpluses. It was hoped that the first such report could be presented to Council in the summer of 2020

In response to a Member's query, the Director of Finance explained that the Council did not invest in property abroad, as due diligence was very hard there. Some years previously, the Council had lent money directly to European banks, but since the collapse of the Icelandic Banks had ceased to do so, even though this Council had not invested in Iceland.

AGREED:

- 4) That the Chief Accountant be asked to circulate details of how to access the map showing all of the property owned by the Council to all Members;
- 5) That the report be noted; and
- 6) That this Committee supports the approach being taken to managing the Council's resources and investing for the future.

Councillor Kitterick left the meeting during the presentation referred to above

70. INVESTMENT STRATEGY 2020/21

The Committee considered this item plus the previous two items simultaneously. (Minute 68, "Treasury Policy", and minute 69, "Treasury Management Strategy 2020-21", refer.)

The Director of Finance gave a presentation on Investment Strategies, a copy of which is attached at the end of these minutes for information. During the presentation, particular attention was drawn to the following points:

- The Council's Treasury Policy set out the framework for the governance of the Council's borrowing and investments. The Treasury Management

Strategy described how this would be done and the Investment Strategy set out the Council's approach to making and holding investments that were not made for normal treasury management purposes;

- Security of the Council's money was paramount;
- Penalty charges were incurred on debts repaid early, so it usually cost less to maintain a debt than to repay it. Nonetheless, money still had to be set aside in the budget to repay debt;
- The Council often had money before it needed to spend it. For example, staff salaries were paid at the end of the month and reserves were maintained. This meant that balances could fluctuate considerably day by day;
- The safer an investment was, the lower the return on it;
- Specialist advisers were used to help with investments, to make sure these investments were robust;
- As the Council's balances continued to grow, efforts continued to find the best ways to make this money work for the city;
- Currently, a better rate of return was received from lending to other local authorities than from bank interest;
- Along with a number of other local authorities, the Council was actively exploring environmentally and socially responsible investment;
- Some local authorities had bought commercial investments located a long way outside of their area and were borrowing very large amounts. This could create a high level of risk and raised questions of how assets managed at long distances could be transparent investments;
- This Council had invested in property in the city for many years. This currently generated approximately £6million income per year to support the Council's budget; and
- There was regular churn on the corporate estate, with properties being bought and sold as necessary.

The City Mayor reiterated the importance of the corporate estate to the city and the Council, and advised the Committee that discussions were being held with officers about how the performance of the estate could be made more transparent. One option was to present an annual report that included information such as what the Council held, income from this, expenditure and surpluses. It was hoped that the first such report could be presented to Council in the summer of 2020

In response to a Member's query, the Director of Finance explained that the Council did not invest in property abroad, as due diligence was very hard there. Some years previously, the Council had lent money directly to European banks, but since the collapse of the Icelandic Banks had ceased to do so, even though this Council had not invested in Iceland.

AGREED:

- 7) That the Chief Accountant be asked to circulate details of how to access the map showing all of the property owned by the Council to all Members;
- 8) That the report be noted; and
- 9) That this Committee supports the approach being taken to managing the Council's resources and investing for the future.

Councillor Kitterick left the meeting during the presentation referred to above

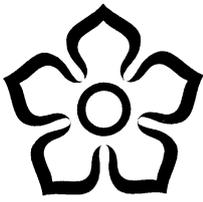
71. OVERVIEW SELECT COMMITTEE WORK PROGRAMME

AGREED:

That the Committee's work programme be received and noted.

72. CLOSE OF MEETING

The meeting closed at 7.35 pm



Leicester
City Council

Minute Item 66

MINUTE EXTRACT

Minutes of the Meeting of the NEIGHBOURHOOD SERVICES SCRUTINY COMMISSION

Held: WEDNESDAY, 15 JANUARY 2020 at 5:30 pm

P R E S E N T:

Councillor Thalukdar (Chair)

Councillor Ali
Councillor Govind

Councillor Aqbany
Councillor Solanki

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33. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Joshi and Councillor Khote.

The Chair wished Councillor Khote a speedy recovery.

34. DECLARATIONS OF INTEREST

There were no declarations of interest.

38. GENERAL FUND REVENUE BUDGET 2020/21 TO 2021/22

The Director of Finance submitted a report setting out the City Mayor's proposed budget for 2020/21 to 2021/22. Members of the Commission were asked to consider the proposed budget that would be proposed at Council in February.

It was noted that the proposed budget was set for a year and the General Fund Budget was proposed on a year on year basis. Fundamental proposed changes were pushed through Parliament last year, but the funding review was side lined due to the uncertainty with Brexit. The gap going forward, and the level of uncertainty was unprecedented with cost drivers such as rurality and deprivation having a huge impact on the budget. However, the Councils strategy of having a well-managed reserve, had allowed the Council to be prepared for uncertain times.

In relation to this particular Commission the Director of Finance noted that the Revenues and Benefits division were under financial constraints as the Department for Work and Pensions continued to cut the grant provided to administer the work load. The service was able to integrate roles within staff to meet the demand and reduce cost. Channel shifting the service online was also a means of meeting the service demands.

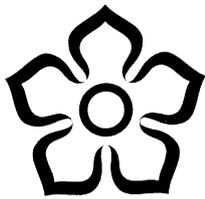
The Director of Neighbourhood Services noted that the area currently delivers 28 services such as Community Safety, Waste Management, 2 Household Waste Recycle Centres and others. The funding received through the General Revenue Fund Budget, paid for and delivered a lot in the city. The service was living within its means and had still been able to achieve an effective delivery of services. The past year had seen a food-outlets with a hygiene rating of 5 double, a 90% satisfaction levels of neighbourhood buildings and a 14.9 reduction in fly tipping cases. Although nationally fly tipping cases were on a rise, the city were able to reduce the number of local fly tipping cases as a result of a robust strategy and the great facilities the service had on offer, including the weekly waste collection service and a further recruitment for two additional City Wardens.

During discussions, members were concerned with what impact the proposed budget would have on the delivery of service and how the increase in Council Tax would benefit the service. It was suggested that channel shifting was part of the strategy to reduce cost and still maintain the level of service. The increase in Council Tax which was slightly under 4% was a means of recuperating the 50% loss in government funding. It was noted that business rates were set by a national multiplier and 50% of these rates were retained locally.

Members of the commission were assured that there were not specific areas that would see improvements rather it was a transformation process and all areas would see continuous improvements to existing services.

AGREED:

- 1) That the report be noted;
- 2) That the director of Finance be requested to consider the comments made by Members of the Commission;
- 3) That the minute extract be shared with the Overview Select Committee and Council; and
- 4) That the Information on the Council's website regarding Council Tax increase for properties that have added extensions and planning advice to inform of possible increases to Council Tax to be shared with Councillor Ali.



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the NEIGHBOURHOOD SERVICES SCRUTINY COMMISSION

Held: WEDNESDAY, 15 JANUARY 2020 at 5:30 pm

P R E S E N T:

Councillor Thalukdar (Chair)

Councillor Ali
Councillor Govind

Councillor Aqbany
Councillor Solanki

* * * * *

33. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Joshi and Councillor Khote.

The Chair wished Councillor Khote a speedy recovery.

34. DECLARATIONS OF INTEREST

There were no declarations of interest.

38. GENERAL FUND REVENUE BUDGET 2020/21 TO 2021/22

The Director of Finance submitted a report setting out the City Mayor's proposed budget for 2020/21 to 2021/22. Members of the Commission were asked to consider the proposed budget that would be proposed at Council in February.

It was noted that the proposed budget was set for a year and the General Fund Budget was proposed on a year on year basis. Fundamental proposed changes were pushed through Parliament last year, but the funding review was side lined due to the uncertainty with Brexit. The gap going forward, and the level of uncertainty was unprecedented with cost drivers such as rurality and deprivation having a huge impact on the budget. However, the Councils strategy of having a well-managed reserve, had allowed the Council to be prepared for uncertain times.

In relation to this particular Commission the Director of Finance noted that the Revenues and Benefits division were under financial constraints as the Department for Work and Pensions continued to cut the grant provided to administer the work load. The service was able to integrate roles within staff to meet the demand and reduce cost. Channel shifting the service online was also a means of meeting the service demands.

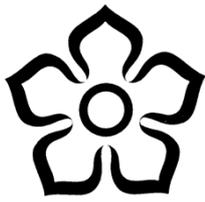
The Director of Neighbourhood Services noted that the area currently delivers 28 services such as Community Safety, Waste Management, 2 Household Waste Recycle Centres and others. The funding received through the General Revenue Fund Budget, paid for and delivered a lot in the city. The service was living within its means and had still been able to achieve an effective delivery of services. The past year had seen a food-outlets with a hygiene rating of 5 double, a 90% satisfaction levels of neighbourhood buildings and a 14.9 reduction in fly tipping cases. Although nationally fly tipping cases were on a rise, the city were able to reduce the number of local fly tipping cases as a result of a robust strategy and the great facilities the service had on offer, including the weekly waste collection service and a further recruitment for two additional City Wardens.

During discussions, members were concerned with what impact the proposed budget would have on the delivery of service and how the increase in Council Tax would benefit the service. It was suggested that channel shifting was part of the strategy to reduce cost and still maintain the level of service. The increase in Council Tax which was slightly under 4% was a means of recuperating the 50% loss in government funding. It was noted that business rates were set by a national multiplier and 50% of these rates were retained locally.

Members of the commission were assured that there were not specific areas that would see improvements rather it was a transformation process and all areas would see continuous improvements to existing services.

AGREED:

- 1) That the report be noted;
- 2) That the director of Finance be requested to consider the comments made by Members of the Commission;
- 3) That the minute extract be shared with the Overview Select Committee and Council; and
- 4) That the Information on the Council's website regarding Council Tax increase for properties that have added extensions and planning advice to inform of possible increases to Council Tax to be shared with Councillor Ali.



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the HERITAGE, CULTURE, LEISURE AND SPORT SCRUTINY COMMISSION

Held: TUESDAY, 21 JANUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Halford (Chair)

Councillor Dr Barton
Councillor Cole

Councillor Gee
Councillor Dr Moore

Councillor Shelton

In attendance:

Councillor Clair, Deputy City Mayor, Culture Leisure & Sport

* * * * *

51. APOLOGIES FOR ABSENCE

There were no apologies for absence.

52. DECLARATIONS OF INTEREST

Councillor Dr Moore declared an interest in that she supplied books to the Richard III visitor/ reading centre.

59. GENERAL FUND REVENUE BUDGET 2020/21 TO 2021/22

The Director of Finance submitted a report setting out the City Mayor's proposed budget for 2020/21 to 2021/22.

The Deputy Director of Finance presented the report and outlined the following:

- Last year the Council approved a one-year budget.
- This was because the system of funding local government was to fundamentally change, these changes being; the fair funding review, business rates review, and the total amount of funding allocated to government departments.
- However, due to Brexit and latterly political turmoil resulting in the general election, these key issues had been deferred, probably to 2021/22.

- Therefore, the amount of funding that the Council would receive going into the future remains unknown.
- The Council was, therefore, again being presented with a one-year budget for 2020/21, which included a future 'outlook' based on optimistic and pessimistic views.
- Reference to points 6.4 to 6.7 was made, which outlined the impact on the City Developments and Neighbourhoods Department.

In response to Commission Members' questions, the following issues were discussed and noted:

- A Member of the Commission raised concerns that the impact of the budget would mean reductions in the arts and museums budget.
- At this time, it was difficult to say what the impact of Brexit would be specific to individual services.
- There would continue to be some initiatives to help get people healthier, the budget wouldn't take away in terms of budgetary services.
- It was aimed to still be able to achieve everything planned for, as a result of the budget.
- The Festivals and Events programmes would be maintained and there were no proposals to reduce any funding as a result of the budget.

AGREED:

1. That the Commission be assured that the Council budget had the capacity to deliver the festivals and events programme 2020/21 to the same levels as previous years and that there would be no proposals to reduce any of these allocations.
2. The Overview and Select Committee be advised that the Commission:-
 - a. regretted that more funding had not been made available by the Government;
 - b. noted concerns that the previously approved new budget reductions in 2020/21 might impact on service delivery; and
 - c. welcomed officers' assurances that services would nonetheless be maintained.



Leicester
City Council

MINUTE EXTRACT

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

Held: TUESDAY, 28 JANUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Dawood (Chair)
Councillor Cole (Vice-Chair)

Councillor Hunter Councillor Rahman
Councillor Pantling Councillor Riyait
Councillor Whittle

In Attendance:

Councillor Cutkelvin, Assistant City Mayor - Education and Housing
Councillor Russell, Deputy City Mayor - Social Care and Anti-Poverty

Also Present:

Joseph Wyglendacz - Teaching Unions Representative
Janet McKenna - Unison

* * * * *

51. APOLOGIES FOR ABSENCE

An apology for absence was received from Carolyn Lewis (Church of England Diocese).

52. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

53. GENERAL FUND REVENUE BUDGET 2020/21 TO 2021/22

The Chair referred to the draft report due to be considered by Council on 19 February 2020 which outlined the City Mayor's proposed budget for 2020/2021 and invited the Deputy City Mayor (Social Care and Anti-Poverty) to introduce the item.

It was noted that an expected overspend had been identified due to the requirement to ensure the correct and appropriate levels of care services were in place. The Deputy City Mayor (Social Care and Anti-Poverty) advised that the safety and protection of children was an absolute priority of the Council as it was for all other local authorities.

To supplement the information in the report, data was also circulated which explained the pressures on the service, principally arising from increased costs of external care provision. The importance and impact of the early-help service to provide care and protection was recognised. The need to challenge placement companies in terms of their charging structures and competition policies was highlighted. It was accepted that this issue could not be tackled locally but required a national campaign and lobbying.

The Director of Finance then submitted the draft report due to be considered by Council and clarified that the proposed budget was for one year, as significant changes to local government finance were expected. The impact of delayed decisions concerning the extent of future Business Rates retention and the Fair Funding Review, due to pressures including Brexit and the General Election were reported and noted.

It was clarified that there would be a recommendation to allow a rise in Council Tax and that a proposed use of reserves would be effected to ensure that the overall funding gap could be filled, at least in part. In respect of the information circulated showing a summary of the situation, the Commission noted the impact of the spending review programme and the savings expected from revisions to services such as Connexions and the Educational Welfare Service were explained.

In response to data from comparable neighbouring authorities and the position nationally, the number of looked after children (LAC) was noted and it was recognised that the type and suitability of provision was the principal influencing factor in terms of overall cost. It was reported that numbers of new LAC entering the system was difficult to predict with any certainty and therefore some assumptions on likely trends had to be made. The Director of Social Care and Early Help commented on the monitoring of LAC as a cohort and advised of the work undertaken to ensure that suitable placement arrangements could be made, including family placements and increased delivery of fostering and adoption options. The internal monitoring efforts and the value of the work of the Placement Sufficiency Board in this regard were reported and recognised.

The proportions of cost by type of provision compared the proportion of LAC in those provisions was highlighted, and in response to a question from the Vice-Chair it was accepted that the internal placement costs were also significant when compared to the proportion of the overall cost. In response to a question from the Chair it was reported that options for providing a higher proportion of internal placements were being explored, including increasing the numbers of fostering placements.

In terms of local government finance and in response to questions, it was confirmed that no information was available on the likely level of funding beyond 2020/21. The increases in the average costs of placements and the effect of inflation were reported and noted.

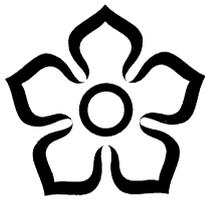
In response to questions concerning staffing it was confirmed that the numbers of agency social workers had dramatically reduced and information concerning the savings from vacant posts was provided.

The challenges concerning mental health assessment and the role of the Child and Adolescent Mental Health Service (CAMHS) was discussed and it was noted that the Council did care for a number of children with very severe mental and emotional needs.

The Assistant City Mayor (Education) was invited to comment on the report and it was reported that the suggested changes to services, including Connexions, were currently subject of a consultation exercise.

AGREED:

1. That the report and proposed budget to Council be noted.
2. That the uncertainties concerning future government funding be noted and recognised.
3. That updates concerning the results of consultation on the proposed alterations to service provision be submitted to future meetings of the Commission at the appropriate time.
4. That any other significant impacts on services as a result of the Spending Review Programme be submitted to a future meeting of the Commission at the appropriate time.



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the HEALTH AND WELLBEING SCRUTINY COMMISSION

Held: THURSDAY, 30 JANUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Kitterick (Chair)

Councillor Aldred
Councillor Chamund
Councillor March

In Attendance:

Councillor Clarke, Deputy City Mayor - Environment and Transportation
Councillor Dempster, Assistant City Mayor - Health

* * * * *

54. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Fonseca (Vice Chair), Dr Sangster and Westley, and from Micheal Smith (Healthwatch).

55. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

63. GENERAL FUND REVENUE BUDGET 2020/21 TO 2021/22

The Director of Finance submitted the draft report due to be considered by Council on 19 February 2020, which outlined the City Mayor's proposed budget for 2020/2021.

It was clarified that the proposed budget was for one year, as significant changes that were expected to local government finance, including the Fair Funding Review and delayed decisions concerning the extent of future Business Rates retention remained unclear.

It was noted that revised funding of the Public Health Grant had been cited within the review of business rates, but that decision had not been made by Government.

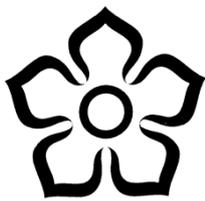
In response to questions the Director of Public Health confirmed that no significant changes had been included in the budget, although some pressures existed in terms of the delivery of some services. In this regard it was clarified that the provision of pre-exposure treatment to prevent HIV transmission will be a responsibility of the Council's Public Health service from 1 April 2020, but details of the likely funding stream had not been identified to date. It was confirmed that the necessary funding of the service would need to be met by the Council and would not be part of wider NHS budgets. It was currently unclear whether there would be any earmarked funding from NHS England or the Department of Health to support the Council and it was confirmed that the service would not be inexpensive and would likely have an adverse effect on the budgets of city authorities such as Leicester.

In terms of other pressures, the adverse effect on the budget of NHS salary increases to meet inflation was explained and recognised, where the Council acted as an employer through commissioning. It was noted that the Council was responsible for the uplift in payments with no support from government.

In conclusion, the Spending Review Programme was discussed and the Assistant City Mayor (Health) confirmed that items would be submitted to and discussed by scrutiny. It was noted that there were no expected items during the period of the proposed budget that involved any significant impacts on existing services.

AGREED:

1. That the report and proposed budget to Council be noted.
2. That updates concerning the impact of the Pre-exposure to HIV service and its funding be submitted to a future meeting of the Commission at the appropriate time.
3. That any other significant impacts on services as a result of the Spending Review Programme be submitted to a future meeting of the Commission at the appropriate time.



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the ADULT SOCIAL CARE SCRUTINY COMMISSION

Held: TUESDAY, 4 FEBRUARY 2020 at 5:30 pm

P R E S E N T:

Councillor March (Vice-Chair in the Chair)

Councillor Batool
Councillor Kitterick

Councillor Kaur Saini
Councillor Thalukdar

In Attendance

Councillor Russell – Deputy City Mayor, Social Care and Anti-Poverty

* * * * *

45. APOLOGIES FOR ABSENCE

Apologies were received from the Chair Councillor Joshi. Councillor March as Vice Chair to the Chair for the meeting.

Apologies for absence were also received from Councillor Khote and Ruth Lake.

Members wished Councillor Khote a speedy recovery.

46. DECLARATIONS OF INTEREST

No declarations of interest were made.

51. DRAFT GENERAL FUND REVENUE BUDGET REPORT 2020-21

The Director of Finance submitted a report setting out the City Mayor's proposed budget for 2020/21 to 2021/22. The Commission was recommended to consider and comment on the Adult Social Care element of the budget. The Commission's comments would be forwarded to the Overview Select Committee as part of its consideration of the report before presentation to the meeting of Council on 19th February 2020.

Councillor Russell, Deputy City Mayor, Social Care and Anti-Poverty introduced the report. The Commission was asked to note the budget presented was for

one year, with no financial certainty beyond 2020/21, leaving the budget for Adult Social Care vulnerable. It was further noted that steadily increasing demand, with increased costs had made it a volatile service budget area.

Martin Judson, Head of Finance, said the Service was reliant on the Better Care Fund monies of £28.5m each year and the budget had to factor in the increasing needs of existing service users at 5.5% (£10m) per annum. A growth in service user numbers was also expected of 0.5% per annum and an increase in the National Living Wage at 6%, which equated to an annual overall growth in costs of rate of 11.5% for 2020/21. As a result an additional £3m of growth has been included in the 2020/21 budget. Beyond 2020/21 there would be an increasing gap between resources and expenditure of at least £15m per annum unless a long-term funding solution was provided by central government.

It was noted that £2.5m had been achieved towards a £5m savings target under the Spending Review 4 Programme so far, and work was ongoing to find further savings and the remaining £2.5m was not attached to any particular review.

The Deputy City Mayor informed the meeting that a report on the charging policy would be brought to the next meeting of the Scrutiny Commission. She noted the Enablement Service costs were approximately £1m but believed it offset costs of £1m and if funding was ceased the Department would see an increase in costs elsewhere in the budget in future years. It was noted the Department was currently meeting need but was under immense pressure as demand rose.

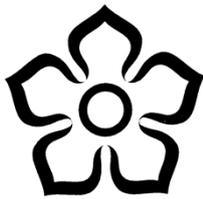
The Chair asked if the Council sought assurances from other health and social care providers in the city, for example, Leicester Partnership NHS Trust, that adequate, timely support and budgeting was provided to the increasing needs of vulnerable adults. The Deputy City Mayor affirmed that the range of partners working with the Council functioned together to maximise resources.

The Commission acknowledged the difference between available budget and expenditure and the lack of ability to forward plan, and the growing complexity of needs for people below retirement age with deep concern.

AGREED:

that:

1. The Commission note the report;
2. The Commission raise concerns relating to severe cost pressures on Adult Social Care services for the future.
3. Comments and recommendation from the Commission on the budget item go to Overview Select Committee to inform Budget Council.



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the ECONOMIC DEVELOPMENT, TRANSPORT AND TOURISM SCRUTINY COMMISSION

Held: WEDNESDAY, 5 FEBRUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Waddington (Chair)
Councillor Sandhu (Vice-Chair)

Councillor Broadwell
Councillor Rae Bhatia

Councillor Valand

In Attendance:

Sir Peter Soulsby – City Mayor

* * * * *

52. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Fonseca and Councillor Joel.

53. DECLARATIONS OF INTEREST

Councillor Broadwell declared an Other Disclosable Interest in the general business of the meeting in that she was the Acting Chair of the Leicester Transport Users Union. In accordance with the Council's Code of Conduct, this interest was not considered so significant that it was likely to prejudice Councillor Broadwell's judgement of the public interest. She therefore was not required to withdraw from the meeting.

59. DRAFT GENERAL FUND REVENUE BUDGET 2020/21 - 2021/22

The Director of Finance submitted a report setting out the City Mayor's proposed General Fund Revenue budget for 2020/21 to 2021/22. Members noted a summary of revenue budgets for 2020/21 that were relevant to this Commission's areas of work that had been tabled at the meeting. A copy of

the summary is attached at the end of these minutes for information.

The Deputy Director of Finance introduced the report, explaining that the Council had approved a one-year budget for 2019/20, as it had been expected that the system of local government funding would change during that period. It had been announced that there would be three elements to this, namely a “fair funding review” (determining the distribution of funding between councils), a review of business rates retention (to increase the proportion of business rates collected that local authorities could retain), and a review of total government funding. However, due to other national political priorities during the year, all three issues were deferred and would be implemented from 2021/22 at the earliest. Consequently, it was proposed that a one-year budget be agreed for 2020/21.

The Deputy Director of Finance drew attention to the proposed 4% increase in Council Tax for 2020/21, noting that 2% of this was for adult social care funding and the remaining 2% was for general expenditure.

It was recognised that cuts in government funding to local authorities made an increase in Council Tax necessary, but concern was raised at the impact this increase would have on households and the consequent effect on the local economy. As there was a projected £0.7m reduction in spend on the Council Tax Support Scheme, it was suggested that consideration could be given to using the Collection Fund surplus to support vulnerable households, for example by transferring it to the Council Tax Support Scheme.

During discussion on this, Members noted that the Council’s policies on the collection of Council Tax were sensitive to those who could not pay what they owed, including strict policies regarding enforcement and the use of bailiffs. However, it was recognised that some people were able to pay their Council Tax but chose not to do so.

The Commission noted from media reports that intensive lobbying was being undertaken by some authorities as part of the “fair funding review” regarding perceived extra costs in rural areas. It was suggested that similar lobbying should be done by urban authorities, to seek recognition of the costs faced by those authorities. The Deputy Director of Finance assured the Commission that opportunities were taken to do so.

The following points also were noted during discussion on the report:

- The proposed budget for 2020/21 included a provision for inflation, as this was an anticipated pressure on the budget;
- Each year an estimate had to be made about what business rate and Council Tax income would be received in the Collection Fund during the following year. Any amount above this was a surplus, but was described as a one-off surplus, as it was not guaranteed that a surplus would be received and, if it was, the amount varied from year to year;

- Reductions in the cost of the Connexions and Education Welfare Services were projected due to continued pressure to devolve funding to schools, who now had to commission their own services. This would have implications for young people not in employment, education or training;
- The Adult Education Grant was not included in the grants referred to under paragraph 8.12 of the report, as those listed were corporate, or had a wide impact on the Council's finances, but the Adult Education Grant was ring-fenced to a specific service;
- Fine income from bus lane enforcement cameras reduced following the initial period after their introduction, as drivers' behaviour adjusted. Previous experience showed that fine income reduced quite quickly, but then stabilised;
- Savings had been made on Highways expenditure, as the Council no longer had to illuminate all bollards. Changes in regulations meant that high luminosity materials could now be used instead, thereby reducing power and maintenance costs;
- The future Revenue Support Grant settlement would arise from the "fair funding review". The Local Government Association had prepared a number of models of the proposals known about so far and figures recently reported in the press were based on those models, but to date no decisions on the review had been taken;
- The uncommitted balance of the managed reserves strategy would be fundamental to managing budget reductions in future years;
- The Council had a detailed treasury management strategy, which was reported annually to Council for adoption;
- At this stage, an Equality Impact Assessment had only been done for the whole budget, as Assessments were made on a scheme-by-scheme basis as they came on-line;
- When submitted to Council for approval, the final report on the General Fund Revenue Budget 2020/21 to 2021/22 would be updated with any new information received in the final Local Government Finance Settlement; and
- Councillors were encouraged to actively participate in the determination of the financial envelopes within which the City Mayor had authority to act.

AGREED:

- 1) That the draft General Fund Revenue Budget 2020/21 to 2021/22 be received; and
- 2) That the Overview Select Committee be asked to:

- a) support the suggestion that consideration be given to using the projected Collection Fund surplus to support households particularly affected by the proposed Council Tax increase, for example by transferring it to the Council Tax Support Scheme;
- b) support the suggestion that lobbying be undertaken by urban authorities under the government's "fair funding review", to seek recognition of the particular costs faced by those authorities; and
- c) take the comments recorded above into account when scrutinising the draft General Fund Revenue Budget 2020/21 to 2021/22.



Investment Strategies

Overview Select Committee 12th February 2020

2020/14373



Leicester City Council 1

1



Purpose of Presentation

To describe our investment strategies.

Since 2019, we have been required to have two:

- Treasury strategy (as always)
- Commercial investment strategy

2020/14373



Leicester City Council 2

2

Treasury Investment Strategy

- Governs how we manage cash balances
- Security of money is paramount

2020/14373



3

“Commercial” Investment Strategy

- Governs investments such as commercial property and loans to businesses
- Investments need not be solely for financial reasons
- We can take greater risk to secure other aims

2020/14373



4

Treasury Investments

2020/14373



Leicester
City Council 5

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Why do we have cash to invest?

Previous Capital Programmes:-

- Government used to support borrowing
- Have to raise money in budget to repay debt
- Actually repaying debt is too expensive

Cash Flow:-

- Council tax raised before spent
- Capital grant in advance
- Reserves

It is not money we can add to the budget.

2020/14373



Leicester
City Council 6

6

Cash Availability

Balances fluctuate considerably: £250m to £300m.

Some money has to be available at short notice.

We would prefer to repay debt with the rest, but can't.



2020/14373

7

Treasury Investment : Priorities

- **Security** : we must ensure we can get our money back.
- **Liquidity** : money available when we need it. Some investments are short term.
- **Return** : the interest rate (lowest priority).



2020/14373

8

Security Issues

Strength of lender:-

- Government/local authorities
- Banks/building societies

Additional security sometimes available:-

- Government underwriting
- Charges on assets

Regulatory changes and “Bail In”.
Diversification.

Length of investment : shorter term is more secure.
Credit ratings/treasury advisors.



2020/14373

9

Some Changes

Balances continue to grow.

We can lend more to other authorities.

PWLB rate rise.

Municipal Bonds Agency

- LGA creation
- Years in development
- First loan agreed (Lancashire)
- We are more likely to lend than to borrow

Environmental and Socially Responsible Investment – investment being considered.

Smaller building societies.



2020/14373

10

Some Lessons from the Past

BCCI.

Iceland.

Importance of member scrutiny.

2020/14373



11

“Commercial” Investments

2020/14373



12

Commercial Investments: Why a Strategy?

New Government requirement.

Response to some authorities making big investments:-

- Often outside own area
- Borrowing substantial sums

Government believes transparency and member oversight crucial.



2020/14373

13

For example : Spelthorne BC

Net revenue budget £11m.

Borrowing from PWLB of £1bn, spent on offices (Spelthorne and London).

Income set to exceed council tax revenue in 20/21.



2020/14373

14

Other Examples

Woking, Runnymede and Eastleigh: borrowed more than 10 times net revenue (LGC).

Asda in Ystalyfera, Wales: owned by Mole Valley DC (Surrey) (£11.5m).



2020/14373

15

What does the Strategy Cover?

Assets, such as investment property
and
Loans to third parties
which
“the Council holds primarily or partially to generate a profit”.



2020/14373

16

What have we got?

The corporate estate:-

- Over 300 local properties
- Held for decades
- Valued at £122m
- Net profit for general fund of £6.3m

Some loans to businesses.

Strategy doesn't cover:-

- Growing Places Fund
- HRA



2020/14373

17

Where does the money come from?

Options include:-

- Mainstream capital programme
- “Prudential Borrowing”
- “Income Strips”

“Borrowing” really means using the investments covered by the treasury strategy.



2020/14373

18

Priorities

Security : balanced with service considerations (e.g. new jobs).

Return : the amount we get back – more complex than interest.

Liquidity : less important than for treasury investments.



2020/14373

19

Our Principles

Seek to maximise income on corporate estate.

Apart from corporate estate, investment is never solely for financial reasons.

Investment outside LLEP area highly unlikely.

Expert advice where necessary.



2020/14373

20

Controls

Future investment must comply with this strategy (but decisions still taken in normal manner).

Financial evaluations.

Concept of “exposure” – borrowing and other underwriting of risk.

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Corporate Estate

Officers encouraged to invest/disinvest.

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Routine monitoring:-

- Voids
- Return
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Comparison with benchmarks.

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22

Other Allowable Investments

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Low carbon.

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Summary

These areas of work have always been important.

New Government interest due to behaviour of some authorities.

Approach now more regulated/greater member oversight.

Transparency.

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Investment Strategies

Overview Select Committee 12th February 2020

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Purpose of Presentation

To describe our investment strategies.

Since 2019, we have been required to have two:

- Treasury strategy (as always)
- Commercial investment strategy

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Leicester City Council 2

2

Treasury Investment Strategy

- Governs how we manage cash balances
- Security of money is paramount

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3

“Commercial” Investment Strategy

- Governs investments such as commercial property and loans to businesses
- Investments need not be solely for financial reasons
- We can take greater risk to secure other aims

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Treasury Investments

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Leicester
City Council 5

5

Why do we have cash to invest?

Previous Capital Programmes:-

- Government used to support borrowing
- Have to raise money in budget to repay debt
- Actually repaying debt is too expensive

Cash Flow:-

- Council tax raised before spent
- Capital grant in advance
- Reserves

It is not money we can add to the budget.

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Leicester
City Council 6

6

Cash Availability

Balances fluctuate considerably: £250m to £300m.

Some money has to be available at short notice.

We would prefer to repay debt with the rest, but can't.



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Treasury Investment : Priorities

- **Security** : we must ensure we can get our money back.
- **Liquidity** : money available when we need it. Some investments are short term.
- **Return** : the interest rate (lowest priority).



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Security Issues

Strength of lender:-

- Government/local authorities
- Banks/building societies

Additional security sometimes available:-

- Government underwriting
- Charges on assets

Regulatory changes and “Bail In”.
Diversification.

Length of investment : shorter term is more secure.
Credit ratings/treasury advisors.



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9

Some Changes

Balances continue to grow.

We can lend more to other authorities.

PWLB rate rise.

Municipal Bonds Agency

- LGA creation
- Years in development
- First loan agreed (Lancashire)
- We are more likely to lend than to borrow

Environmental and Socially Responsible Investment – investment being considered.

Smaller building societies.



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10

Some Lessons from the Past

BCCI.

Iceland.

Importance of member scrutiny.

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“Commercial” Investments

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Commercial Investments: Why a Strategy?

New Government requirement.

Response to some authorities making big investments:-

- Often outside own area
- Borrowing substantial sums

Government believes transparency and member oversight crucial.



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For example : Spelthorne BC

Net revenue budget £11m.

Borrowing from PWLB of £1bn, spent on offices (Spelthorne and London).

Income set to exceed council tax revenue in 20/21.



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Other Examples

Woking, Runnymede and Eastleigh: borrowed more than 10 times net revenue (LGC).

Asda in Ystalyfera, Wales: owned by Mole Valley DC (Surrey) (£11.5m).



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What does the Strategy Cover?

Assets, such as investment property
and
Loans to third parties
which
“the Council holds primarily or partially to generate a profit”.



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What have we got?

The corporate estate:-

- Over 300 local properties
- Held for decades
- Valued at £122m
- Net profit for general fund of £6.3m

Some loans to businesses.

Strategy doesn't cover:-

- Growing Places Fund
- HRA



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Where does the money come from?

Options include:-

- Mainstream capital programme
- “Prudential Borrowing”
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“Borrowing” really means using the investments covered by the treasury strategy.



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Priorities

Security : balanced with service considerations (e.g. new jobs).

Return : the amount we get back – more complex than interest.

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Our Principles

Seek to maximise income on corporate estate.

Apart from corporate estate, investment is never solely for financial reasons.

Investment outside LLEP area highly unlikely.

Expert advice where necessary.



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Controls

Future investment must comply with this strategy (but decisions still taken in normal manner).

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