



Housing Revenue Account Budget (including Capital Programme) 2023/24

Overview Select Committee: 9th February 2023

Full Council: 22nd February 2023

Assistant Mayor for Housing: Cllr. Elly Cutkelvin

Lead director: Chris Burgin

Useful information

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

1. Purpose

- 1.1 The purpose of this report is for Full Council to consider and approve the City Mayor's proposed Housing Revenue Account (HRA) budget for 2023/24.

2. Summary

- 2.1 Ordinarily, the maximum rent increase for 2023/24 would have been 11.1% (being CPI+1% as at September 2022). In his Autumn Statement on 17th November 2022, the Chancellor announced that social rent increases for existing tenants would be limited to 7%. Whilst this will provide some comfort to those tenants who do not receive benefits to cover all their rent, this inevitably places financial pressure on the HRA budget. This report proposes a core rent increase of 7%; if, for example, a rent increase of 5% was to be applied then this would lead to a £1.4m shortfall in the budget and further work would be required to bridge this gap.
- 2.2 Throughout the changing financial landscape since self-financing was introduced in 2012, the HRA has consistently delivered balanced budgets. This report recommends that the budget for 2023/24 is set as a balanced budget, with a core rent increase of 7%. This is against a background of inflation on pay and materials being well in excess of this, and the erosion of income from the continuing loss of stock through Right to Buy (RTB).
- 2.3 The proposals within this report are for the charges to tenants and leaseholders (homeowners) for services they receive to be representative of the underlying cost of the service being provided. The cost of District Heating has increased significantly due to the rising price of gas; this report proposes to pass on the cost of gas increases from April 2023, alongside a programme to install individual meters on properties giving tenants and homeowners greater control over their heat consumption. Once meters are in place, charges will reflect the actual heat consumption for each property. Whilst this will result in significant increases to service charges, the lowest income households will receive up to £1,350 in 2023/24 in government support to assist with the cost of living.
- 2.4 Whereas any subsidy provided to our tenants falls on the HRA, any subsidy provided to homeowners is a cost which must be met by the General Fund. Decisions taken as part of this report on charges for District Heating will therefore have a consequential impact on the General Fund revenue budget, which is included elsewhere on your agenda.
- 2.5 Continued investment has taken place to replace properties lost through RTB, through an expanding programme of energy efficient new build housing and by acquiring properties on the open market. This helps to sustain the future finances of the HRA, and further investment is proposed within this report. There is a comprehensive capital maintenance programme in place to ensure that homes are properly maintained, and

this is supplemented with investment into the wider estate. The proposals in this report support the continuation of this approach.

- 2.6 Consultation on the proposals within this report has been carried out with the Tenants' and Leaseholders' Forum, the Housing Scrutiny Commission, and the Overview Select Committee. [Will have taken place when this report reaches Full Council]

3. Recommendations

3.1 Full Council is recommended to:

- i) Note the comments from the Tenants' and Leaseholders' Forum at Appendix G, the Housing Scrutiny Commission at Appendix H, and the Overview Select Committee at Appendix I;
- ii) Approve the Housing Revenue and Capital budgets for 2023/24;
- iii) Approve rent changes for tenants for 2023/24 as follows:
 - 7% increase to core rent;
 - Hostel rent and service charges as set out at section [4.5.3];
 - 5% increase for Gipsy and Traveller plot rent;
 - 10.1% increase to garage rent;
- iv) Approve service charge changes for tenants and leaseholders for 2023/24 as follows:
 - Increasing the charge for District Heating from April 2023 as set out in section [4.6.7] in line with gas prices, and charge based on actual heat consumption once meters are installed
 - increasing the charge for waylighting by 100%
 - applying increases to all other service charges of 10.1%;
- v) Agree to delegate to the City Mayor the authority to reduce District Heating service charges by the extent to which this represents a change to the cost of providing those services.
- vi) Note the equality impact assessment of the proposed revenue and capital reductions required to present a balanced budget, at Appendix J;
- vii) Note that the scheme of virement at Appendix K applies to the HRA budget with total expenditure and total income acting as budget ceilings for this purpose;
- viii) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- ix) 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;
- x) As in previous years, delegate to the City Mayor:
 - Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
 - Authority to reduce or delete any capital scheme, subject to a maximum reduction of 20% of scheme value for "immediate starts"; and
 - Authority to transfer any "policy provision" to the "immediate starts" category.
- xi) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure;
- xii) Note that the capital strategy in the Capital Budget report applies also to the HRA.

4. Report

- 4.1 The overall aim of Leicester City Council's Housing Division is to provide a decent home within the reach of every citizen of Leicester. This underpins the priorities for the HRA budget.
- 4.2 The HRA operates in a self-financing environment. Spending priorities are made in the context of needing to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £252m. The HRA budget is set by modelling expected levels of income and expenditure.
- 4.3 This report identifies the pressures facing the HRA in 2023/24 (most of which are unavoidable) followed by measures which would be required to set a balanced budget. These include proposals for increases to rent and service charges, savings from efficiency measures, and realignment of the capital programme.

4.4 Revenue Cost Pressures

- 4.4.1 In recent years the primary external pressure on the HRA has been a loss of income from Right to Buy sales. Whilst this pressure persists, inflation on staffing costs and materials is much more significant for 2023/24. Table 1, below, summarises the known pressures and budget growth requirements within the HRA:

Table 1: Revenue Cost Pressures	2023/24 £000
Pay Inflation	2,950
Running Cost Inflation	2,287
District Heating Inflation	9,184
Energy Inflation	1,453
Interest & Debt	1,686
Right to Buy Sales	1,361
Other Pressures	498
Total Cost Pressures	19,419

4.4.2 Pay Inflation

The 2022/23 HRA budget assumed that employee costs would rise by 2.5% in the year; the pay settlement actually resulted in an average increase of 6.5%. Including the knock-on effects on employers' National Insurance and pension contributions, this adds costs of over £1.4m per year. An assumed pay award for 2023/24 of 5% has been built into this budget resulting in a further increase in pay costs of £1.7m. Savings of £0.2m are expected to arise from the reversal of the Health and Social Care Levy, which had increased the National Insurance rate from 13.8% to 15.05%.

4.4.3 Running Cost Inflation

Inflation affects almost all areas of HRA running costs, and is largely unavoidable. Contracts are reviewed as required to ensure that best value is being obtained, but the HRA is subject to wider market forces over which it has little influence. Most significantly for 2023/24;

- materials and contractor inflation are forecast to be £1.1m higher;

- services which are provided to the HRA by other parts of the council are subject to inflation pressures, and these costs are then passed on to the HRA, adding £1.2m in 2023/24.

4.4.4 District Heating

The additional revenue cost of running the District Heating network in 2023/24 is estimated to be £9.2m higher than the previous year. £5.6m of this is to pay for the cost of gas that is used to heat water in the central boilers and reflects the significant increase in gas prices. In addition, the Council pays towards other non-gas costs incurred by LDEC (Leicester District Energy Company), and these are forecast to cost an extra £2.9m. These additional costs are index-linked to the price of gas, and it is likely that payments in this order would be well in excess of the actual costs being incurred by LDEC; the Council will seek to negotiate down these payments, with any recovery against the £2.9m being used to support the capital maintenance programme. Separately, the fixed cost element of the District Heating network is expected to be £0.7m higher than current budgets

4.4.5 Energy Costs

As for the nation more widely, the cost of purchasing gas and electricity by the Council has increased significantly. The Council purchases energy in advance, and as a result the impact of price rises affecting 2023/24 is reasonably well known. It is predicted that the cost of gas will rise by 300% and electricity by 100%, resulting in a cost pressure of £1.4m. This is the additional cost of energy associated with running neighbourhood housing offices, as well as lighting in the communal areas of flats and associated way-lighting. A proportion of these costs are recoverable through service charges outlined at section [4.6].

4.4.6 Interest & Debt

It should be noted that over the life of the assets, HRA finances are improved through the building and acquisition of properties for affordable rent. The recent expansion of this has led to increases in rental income of £3m in the last 2 years. The proposed income budget for 2023/24 anticipates a further £0.6m from more recent additions to the dwelling stock. Borrowing is used to part-finance these properties; although the Council is not obliged to do so, as a prudent measure, money is set aside each year for the repayment of this debt. The growth in the number of affordable properties means that more debt is now being repaid each year, and this will increase by £0.5m in 2023/24. The HRA incurs interest charges on the outstanding borrowing at the prevailing short-term interest rate for the Council. For each 1% increase in the interest rate the HRA incurs additional borrowing costs of £0.6m. Based on forecast average interest rates this is expected to increase interest charges by £1.2m.

4.4.7 Right to Buy

Sales of properties through Right to Buy can give discounts to tenants of up to 70% of the property value, with the maximum discount in Leicester currently at £87,200 (compared with £24,000 10 years ago). Sales reduced during the height of Covid restrictions and were followed by a resurgence in interest from tenants. If interest rates continue to rise and the cost-of-living crisis persists then it is expected that the number of sales will reduce. For the purposes of this budget it is assumed that there will be 300 sales in 2023/24, a reduction from the 350 predicted for 2022/23, with a consequential loss of rental income of £1.3m. Whilst a reduction in dwelling stock should lead to reductions in associated expenditure on managing and repairing those properties, the economies of scale that come from managing a large portfolio are gradually being eroded.

4.4.8 Other Pressures

There are an increasing number of claims for property disrepair; whilst almost all of these claims have little or no basis, additional legal costs are being incurred to manage this, adding £250k to costs in 2023/24.

The HRA does not hold a budget to cover the cost of providing temporary accommodation to tenants who experience domestic abuse or harassment. This is now consistently costing £150k per year and provision is being made within this budget to finance this.

There are always periods of time during which properties are not occupied, predominantly the void period between the end of one tenancy and the start of the next. After a 28-day period the Council is liable for void Council Tax. The proportion of our Council properties which are void is in line with comparable authorities. However, purchasing properties which require significant refurbishment work (including Hospital Close, for example) has meant that additional void costs of £100k are expected in 2023/24.

4.5 **Rent**

4.5.1 The primary source of income into the HRA is from the rent charged to tenants. Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and the maximum increase from one year to the next. Whilst the stated aim has been to provide medium-term assurance on a consistent methodology, in practice this has fluctuated. After announcing that rents would be permitted to increase by CPI+1% for the 10 years from 2015/16, this was amended one year later to 4 years of 1% mandatory rent reduction. Similarly, having stated that rent in the 5 years from 2020/21 could rise by up to CPI+1%, the Chancellor announced on 17th November 2022 that social rent increases would be capped at 7%. This is a consequence of high rates of inflation which, under existing rules could otherwise have led to rent increases of up to 11.1%.

4.5.2 Given the scale of the pressures outlined at section 4.3 of this report, the proposal is to seek approval to apply a rent increase of 7%. To apply a rent increase of anything less than this would necessitate either a scaling back of the capital programme beyond that set out in this report, a draw on limited reserves, or revenue service cuts. A rent increase below 7% would lead to a loss of income of £0.7m for each 1% in 2023/24, and £8.2m over a 10-year period. Importantly, there would be no opportunity to recover this reduction to the base level income by applying a higher a rental increase in future years (other than when properties are re-let).

4.5.3 Hostel Rent

Hostel rents and service charges are periodically re-set to ensure that they are aligned with the actual cost of running the service. This re-calculation has recently been undertaken, reflecting the proposed staffing structure for 2023/24. All individuals staying at the Dawn centre are eligible for Housing Benefit, and the Revenue & Benefits service are being consulted to confirm that these charges are at a reasonable level for charging to Housing Benefits. The work has resulted in the following proposed weekly rents for 2023/24:

Dawn Centre	Current Weekly Charges 2022/23	Proposed Weekly Charge 2023/24
Catered Beds – Core Rent	£81.16	£92.09
Catered Beds – Eligible Service Charge	£312.73	£350.90
Catered Beds – Ineligible Service Charge	£43.53	£45.71
Emergency Beds – Core Rent	£62.61	£70.81

4.5.4 Gipsy & Traveller Plot Rent

Whilst the Gipsy and Traveller sites sit outside the Housing Revenue Account, it is still necessary to set the annual rent for these plots and this is typically incorporated within this report. It is proposed that a 5% rental increase be applied for 2023/24

4.5.5 Garage Rent

Whilst garage rents are set separately to dwelling rents it is proposed to increase these by 10.1%, in line with CPI as at September 2022. Feedback from the Tenants and Leaseholder forum in previous years has been that these rents should increase more rapidly than dwelling rent.

4.6 **Service Charges**

4.6.1 Service charges should be set with the intention of recovering the full cost of providing the service. To avoid a gap from developing, it is proposed that a 10.1% increase is applied in 2023/24 in line with inflation (CPI), other than for waylighting and district heating.

4.6.2A limited number of service charges relate entirely to energy costs. Waylighting charges are levied to cover the cost of electricity incurred. The Council purchases electricity in advance such that the cost is already known for the period from October 2022 to September 2023; this has risen by approximately 100%. Combined with forecasts for the second half of the year, the cost of electricity is expected to be 100% higher in 2023/24 than in 2022/23. This is the basis of the proposed charge for waylighting.

4.6.3 District Heating Approximately 1,900 tenants and 1,000 homeowners are supplied heating and hot water through the District Heating scheme, with charges for this service being based on the underlying variable cost incurred to generate the heat (primarily gas).. Tenants and homeowners on the network have benefitted throughout 2022/23 from charges being far below the underlying cost of gas, with the HRA bearing the cost. It is not financially sustainable for the HRA (and for Council tenants not on the heating network) to continue to subsidise these costs for the 10% of tenants who receive the service.

4.6.4 LDEC (Leicester District Energy Company) purchases gas for any given financial year in advance of the start of April, but at the point of writing this report the actual cost can only be estimated. The most recent estimate that has been supplied by LDEC is that the price of gas will rise by 214% for 2023/24, and it is proposed that this be reflected in the charge for recipients of the service. Whilst the HRA has heavily subsidised the cost of gas for those on District Heating during 2022/23, the charge from April is set to recover this in full. However, the HRA will continue to bear the non-gas variable costs associated with the gas price increases, as outlined at section 4.4.

4.6.5 The price of gas has moved significantly over the last 18 months and although around 80% of gas for 2023/24 has already been purchased, there remains some uncertainty as to the price for the full year. Whilst the proposed charges are based on best estimates, this report proposes that delegation be given to the City Mayor to amend these charges down to reflect the actual cost of service provision, should prices fall. This will ensure that households are only paying the amount they should and that charges can reduce as and when costs stabilise.

4.6.6 The proposed capital programme includes provision for the roll-out of a metering programme for dwellings on District Heating. Once meters are installed, charges would move away from the current model in which they are fixed at a weekly rates, and instead move to charging based on the actual consumption of heat. This would lead to savings for households, within indications that meters would reduce consumption by 30% on average.

4.6.7 The table below shows the current subsidised charges, the proposed charges from April 2023 and indications of average charges once meters are installed:

	Current Annual Charge 2022/23	Proposed Charge from April 2023	Estimated Average Charge Once Meters are Installed
1 bed	£636	£2,757	£2,280
2 bed	£799	£3,394	£2,727
3 bed	£951	£3,987	£3,141
4 bed	£1,109	£4,601	£3,571
Other	£437	£1,981	£1,737
Average	£733	£3,135	£2,545

4.6.8 At the time of writing this report the Government had only recently announced the way in which businesses were to receive support towards energy costs from April 2023. The detail of this, and the extent to which this may support in bringing down energy costs for District Heating recipients is currently being assessed. Any savings through government schemes will be passed on to tenants and homeowners. Separately, the Government has announced that for 2023/24 people on means-tested benefits will receive £900 to help meet the additional costs of living, with a further £300 for pensioners and £150 for disabled people.

4.6.9 If the increased cost of gas being used under the district heating network was not passed on to those who receive the service then the cost would fall to all other HRA tenants to bear; there would be less money available for investment across the HRA estate. In any case, the reserves position outlined at section 4.9 shows that there are insufficient resources within the HRA to sustain such an option.

4.6.10 Whilst there are very clear benefits to a district heating network in which there are fixed prices regardless of usage levels, one of the downsides is that there are limited incentives for people to reduce their heat and hot water consumption. Individual metering will need to form part of the solution to help bring down usage.

4.7 Revenue Savings

4.7.1 The proposals within this report meet the identified budget pressure of £19.4m in 2023/24. The proposed changes to rent and service charges at section 4.5 and 4.6 would result in additional income of £5.6m. The proposed changes to District Heating charges would result in a further £5.6m. Table 2, below, summarises the additional income and proposed savings to deliver a balanced budget:

Table 2: Additional Income & Reductions in Expenditure	2023/24 £000
Dwelling Rent & Service Charges	(5,612)
District Heating Service Charges	(5,639)
Rent From Supply of New Housing	(613)
Capital Funded from Revenue	(6,385)
Staffing	(1,055)
Running Costs	(115)
Total Savings	(19,419)

4.7.2 Rental Income on New Build and Acquired Properties

The HRA has embarked on an extensive programme of acquiring properties on the open market to increase the number of homes available at an affordable rent. In addition, a programme of building new properties on Council-owned land is underway. Additional rental income will accrue of just over £0.6m in 2023/24 as a consequence of this.

4.7.3 Capital Expenditure Funded from Revenue

The default source of funding for the maintenance aspects of the HRA capital programme (i.e. excluding affordable housing) is from revenue resources, which in 2022/23 amounted to £17.5m. In 2023/24 the figure reduces to just over £11m, releasing resources and therefore representing a revenue saving. The detail of changes to specific schemes is within section [4.8], below.

4.7.4 Staffing

A reduction in staffing across the Repairs & Maintenance and Gas teams will be achieved as a result of there being fewer properties held within the HRA, alongside enhancing the remote offer to tenants and the introduction of a schedule of rates, saving £585k. A scaling back of the Leicester to Work scheme which provides paid work experience to people out of work would deliver savings of £200k. A reduction in the size of the Neighbourhood housing service of £140k reflects a reduction in the number of tenancies being supported. A saving of £100k could be achieved through the more efficient management of teams undertaking adaptation work.

4.7.5 Running Costs (incl. Buildings)

Savings of £90k have been identified from the reduction of vehicles and the removal of residual budgets associated with buildings that are no longer held for Housing purposes.

4.7.6 In summary, the proposals outlined in this report for 2023/24 will meet the amount required to balance the revenue budget without drawing upon reserves. Appendix A shows a high-level breakdown of the proposed HRA revenue budgets for the year.

4.8 Capital Expenditure

4.8.1 The 2022/23 capital programme (excluding budgets slipped from previous years) is £117.5m, with £100m of this relating to the Affordable Housing programme of building and buying properties.

4.8.2 Appendix E outlines the way in which capital works are identified as being required in council dwellings. Appendix F provides wider details of the priorities which direct HRA expenditure, including achievements throughout 2022/23.

4.8.3 Appendix B shows the proposed capital programme for 2023/24. The following changes to the capital programme are proposed:

4.8.4 Affordable Housing – Acquisitions & New Build

£200m has been added to the capital programme since November 2019 to support the programme of new build and property acquisitions. This helps to sustain the medium and long-term position of the HRA by replacing properties lost under Right to Buy. £100m of this was added as part of the budget report presented to Council in February 2022. This report seeks to add a further £15m based on the forecast RTB receipts for the year. Further additions to the programme are expected to take place as government grant funding for acquisitions is released throughout the year. In particular, this is expected to focus on accommodation for single homeless people and for refugees. This will support to alleviate pressure on temporary accommodation costs within the General Fund.

4.8.5 Estate Improvement

In 2022/23 the £750k environmental and communal works budget was shared across the city in all neighbourhood housing areas. Examples of the work taking place this year includes:

- The fitting of doors to blocks on St Andrewes Close
- Verge hardening on Tatlow Road to reduce the impact of parking
- Bin area replacement on Butterwick Drive
- Flood prevention work around Donaldson Drive
- Painting of knee railing in Netherhall
- Improvements to external lighting to bungalows in Saffron, Braunstone, Eyes Monsell and Aylestone
- A community food growing pilot in the south area of the city
- Creating a bike storage facility in Gilmorton
- Estate improvement work to tackle anti-social behaviour in Neston Gardens

An additional £1.9m has been invested in year 3 of the Public Realm Improvement Programme, primarily in the St Matthews and St Peters areas of the city. This increases the amount of money we have spent making improvements to our estates during 2021 / 22 to £2.650m.

This report seeks to add a further £200k to continue this important work.

4.8.6 Public Realm Works

This scheme now falls out of the capital programme following the addition of £5m to the capital programme over the last 3 years for improvements to the St Matthews and St Peters estates.

4.8.7 Boilers

We expect to have replaced 740 boilers in 2022/23 and a further 575 in 2023/24 with the investment of £2.3m proposed in this budget.

4.8.8 Kitchens & Bathrooms

We expect to have installed 463 kitchens / bathrooms in 2022/23. During 2023/24 with the investment of £2m in this budget we are expecting to install a further 300.

4.8.9 Windows & Doors

An amount of £1m was added to the 2022/23 budget as a provision towards work that will be required in the future. This budget sets aside a nominal £50k for this purpose.

4.8.10 Loft Insulation

Historically, loft insulation has had a separate budget allocation within the capital programme. Going forward, this will be incorporated within the wider decarbonisation work within the HRA.

4.8.11 Waylighting

The waylighting programme, which has focused on LED replacement and updating lighting in communal areas, where required, was completed during 2022/23. £150k can be removed from the capital programme as a result.

4.8.12 District Heating – Metering

This report proposes the rapid introduction of metering across all dwellings connected to the network for which it is technically feasible at a cost of £2.3m. To support tenants in managing the cost impact, the intention is to recover this cost through charges over a 5 year period.

4.8.13 District Heating – Aikman Avenue

The contract with LDEC (Leicester District Energy Company) has to date excluded the Aikman Avenue district heating scheme. Agreement has been reached with LDEC to connect this to the network, including a contribution of £455k from the HRA, £195k from the General Fund and £500k from LDEC. This will contribute towards a reduction in carbon emissions and savings to households and organisations connected to the network.

4.8.14 Re-Roofing, Soffits & Facias

The re-procurement of roofing, soffits/facias and cladding have been combined during 2022/23 in an attempt to deliver efficiencies; the procurement has resulted in slippage which is available to support these works in 2023/24, such that further budget does need to be added through this report.

4.8.15 Fire Risk Works

A national delay in the manufacturers of fire doors gaining accredited approval for their use resulted in slipped budgets being used to support work being undertaken in 2022/23. This budget is now being re-introduced to the capital programme for 2023/24 to the value of £500k.

4.8.16 Concrete Path Renewal

The long-standing programme of works to renew concrete paths will be complete in 2022/23, such that £100k can be released from the capital programme.

4.8.17 Property Conversions

£750k has been added to the capital programme over the past 3 years to help address overcrowding in properties. A sufficient amount of this budget will still remain by the end of 2022/23 to support planned work for 2023/24, meaning that no further sums will need to be added.

4.8.18 Dawn Centre Reconfiguration

The 2022/23 HRA budget included a one-off sum to support the reconfiguration and improvement of the Dawn Centre. This work is progressing and no further sums are anticipated to be required for 2023/24.

4.8.19 St Matthews Estate Concrete Work

It is proposed that £200k is added to the £1.1m provision which was included in the 2022/23 capital programme towards concrete work across the St Matthews Estate, including balconies and walkways.

4.8.20 The financing of the proposed capital programme is shown in the table below. This results in a reduction in funding from revenue of £6,385k in 2023/24, reflecting the figure at paragraph [4.7.1].

Table 3: Financing of HRA Capital Programme	2022/23 £000	2023/24 £000
Funded From Revenue	17,460	11,075
Funded From Reserves	0	0
Funded From Right to Buy Receipts (incl. Allowable Debt)	50,000	7,500
Funded from Borrowing	50,000	7,500
	117,460	26,075

4.8.21 Authority for amendments to the HRA capital programme is in line with that for the corporate programme as set out in the Capital Programme Report to Council on 23rd February 2022.

4.9 **HRA Reserves**

4.9.1 Drawing down on reserves in an attempt to avoid the need to make savings is only viable as a short-term approach to meeting any budget shortfall. Reserves are better utilised in meeting one-off costs, to support the delivery of long-term efficiencies and providing cover for major repairs. In keeping with this approach, no reserves are proposed to be used to balance the budget for 2023/24.

4.9.2 Projections of the HRA reserve position at the end of 2022/23 indicate that there will be only limited unallocated reserves, in the region of £400k. This is a very small sum, particularly given the short and medium-term financial risks facing the HRA, including the potential for future rent restrictions and further interest rate rises.

Forecast Opening Reserves Balance as at 1 st April 2023	£26.5m
Amount held to cover minimum working balances	£5.0m
Amount held to finance prior years' capital approvals (including policy provisions)	£11.2m
Earmarked for future anticipated calls on reserves	£9.9m
Forecast Unallocated Reserves Balance as at 31st March 2024	£0.4m

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 This report is exclusively concerned with financial issues.

Amy Oliver , Director of Finance (37 5667)

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 (s.76 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 (s.75 and Schedule 4 Local Government and Housing Act 1989).

Jeremy Rainbow, Principal Lawyer

5.3 Equalities implications

5.3.1 When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

5.3.2 Protected groups under the Equality Act 2010 are age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.

5.3.3 The report recommendations with regards to increases in rent is likely to have a negative impact on people from across a range of protected characteristics by impact on household budgets. However, the work being carried out from income raised by the rent increases will lead to positive equality impacts, particularly on increased space and adaptations being made to homes.

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

Kalvaran Sandhu, Equalities Manager, (37 6344)

5.4 Climate Change and Carbon Reduction implications

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

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

5.4.3 Appendix F provides further detail of actions being undertaken as part of 'Priority three – Sustainable Leicester', including the construction of new a-rated council homes, a bid for Social Housing Decarbonisation funding, installation of energy efficiency measures in properties and climate change training for housing staff. The report also notes that connection of Aikman Avenue to the LDEC district heating scheme will deliver carbon emission savings.

Aidan Davis, Sustainability Officer, (37 2284)

6. Background information and other papers:

None

7. Summary of appendices:

Appendix A: Proposed HRA Revenue Budget 2023/24

Appendix B: Proposed HRA Capital Programme 2023/24

Appendix C: Other Service Charges and Payments 2023/24

Appendix D: Leicester Average Rents Comparison

Appendix E: Planning Capital Works in Council Dwellings

Appendix F: How Priorities Are Assessed for HRA Expenditure

Appendix G: Feedback from Consultation with Tenants' and Leaseholders' Forum

Appendix H: Minutes of the Housing Scrutiny Commission

Appendix I: Minutes of the Overview Select Committee

Appendix J: Equality Impact Assessment (EIA)

Appendix K: Scheme of Virement

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

Proposed HRA Revenue Budget 2023/24

	- 2023/24 -			
	2022/23 Current Budget £000	2023/24 Budget Pressures £000	2023/24 Savings & Reductions £000	Proposed 2023/24 Budget £000
Income				
Dwelling & Non-Dwelling Rent	(77,513)	1,361	(5,072)	(81,224)
Service Charges	(6,026)	0	(6,793)	(12,819)
Total Income	(83,539)	1,361	(11,865)	(94,043)
Expenditure				
Management & Landlord Services	20,808	12,201	(589)	32,420
Repairs & Maintenance	25,100	3,802	(580)	28,322
Interest on Borrowing	9,318	1,686	0	11,004
Charges for Support Services	5,067	244	0	5,311
Contribution to GF Services	5,786	125	0	5,911
	66,079	18,058	(1,169)	82,968
Capital Funded From Revenue	17,460	0	(6,385)	11,075
(Surplus) / Deficit Before Reserves	0	19,419	(19,419)	0
Funding From Reserves				0
Contributions To Reserves				0
(Surplus) / Deficit	0			0

HRA Capital Programme 2023/24

The table below shows the 2022/23 capital programme approved in February 2022 (excluding budgets slipped from previous years' programmes), and the proposed programme for 2023/24. All of the schemes listed for 2023/24 are immediate starts.

	22/23 Capital Programme £000	23/24 Capital Programme Additions £000
Kitchens & Bathrooms	3,000	2,000
Boilers	2,800	2,300
Re-wiring	1,760	1,610
Re-roofing	900	0
Soffits & Facia	350	0
Windows and Doors	1,000	50
District Heating Maintenance	650	500
District Heating - Metering	0	2,310
District Heating - Aikman Avenue	0	455
Communal Improvements & Environmental Works	750	200
Public Realm Works	1,900	0
Disabled Adaptations	900	800
Fire Risk Works	0	500
Safety Works including Targeted Alarms	300	100
Loft Insulation	100	0
Waylighting	150	0
Sheltered Housing Improvements (ASC)	100	50
Concrete Paths Renewal	100	0
Property Conversions	250	0
Affordable Housing - Acquisitions & New Build	100,000	15,000
Dawn Centre Reconfiguration	450	0
Funding opportunities	900	0
St Matthews Concrete Estate Work	1,100	200
Total Capital Programme	117,460	26,075

Other Service Charges and Payments

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

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

Payments	Details of Payments																																
Disturbance Allowance	<p>Disturbance allowances are paid when a full property electrical rewire is carried out to an occupied LCC-owned property. A disturbance allowance can also be paid where it is necessary to undertake major works in an occupied property. The disturbance allowances are as follows:</p> <table style="margin-left: 40px;"> <tr> <td>Bedsit £130</td> <td>4-Bed £230</td> </tr> <tr> <td>1-Bed £155</td> <td>5-Bed £255</td> </tr> <tr> <td>2-Bed £180</td> <td>6-Bed £280</td> </tr> <tr> <td>3-Bed £205</td> <td>7-Bed £305</td> </tr> </table>	Bedsit £130	4-Bed £230	1-Bed £155	5-Bed £255	2-Bed £180	6-Bed £280	3-Bed £205	7-Bed £305																								
Bedsit £130	4-Bed £230																																
1-Bed £155	5-Bed £255																																
2-Bed £180	6-Bed £280																																
3-Bed £205	7-Bed £305																																
Decorating Allowances	<p>Decorating allowances are paid to new tenants based on the condition of the property on a per room basis. The allowances are paid through a voucher scheme with a major DIY chain. Current allowances are set out below:</p> <table style="margin-left: 40px;"> <tr> <td>Bathroom</td> <td>£45.00</td> <td>Halls (flats/bungalows)</td> <td>£45.00</td> </tr> <tr> <td>Kitchen</td> <td>£56.25</td> <td>Hall/Stairs/Landing</td> <td>£78.75</td> </tr> <tr> <td>Lounge</td> <td>£67.50</td> <td>Large Bedroom</td> <td>£67.50</td> </tr> <tr> <td>Dining Room</td> <td>£67.50</td> <td>Middle Bedroom</td> <td>£56.25</td> </tr> <tr> <td>WC (where separate)</td> <td>£22.50</td> <td>Small Bedroom</td> <td>£36.00</td> </tr> </table> <p>The amount payable is capped as follows:</p> <table style="margin-left: 40px;"> <tr> <td>3+ bed house / maisonette</td> <td>£300</td> </tr> <tr> <td>3+ bed bungalow / flat</td> <td>£250</td> </tr> <tr> <td>2 bed house / maisonette</td> <td>£250</td> </tr> <tr> <td>2 bed flat / bungalow</td> <td>£200</td> </tr> <tr> <td>1 bed flat / bungalow</td> <td>£150</td> </tr> <tr> <td>Bedsit</td> <td>£100</td> </tr> </table>	Bathroom	£45.00	Halls (flats/bungalows)	£45.00	Kitchen	£56.25	Hall/Stairs/Landing	£78.75	Lounge	£67.50	Large Bedroom	£67.50	Dining Room	£67.50	Middle Bedroom	£56.25	WC (where separate)	£22.50	Small Bedroom	£36.00	3+ bed house / maisonette	£300	3+ bed bungalow / flat	£250	2 bed house / maisonette	£250	2 bed flat / bungalow	£200	1 bed flat / bungalow	£150	Bedsit	£100
Bathroom	£45.00	Halls (flats/bungalows)	£45.00																														
Kitchen	£56.25	Hall/Stairs/Landing	£78.75																														
Lounge	£67.50	Large Bedroom	£67.50																														
Dining Room	£67.50	Middle Bedroom	£56.25																														
WC (where separate)	£22.50	Small Bedroom	£36.00																														
3+ bed house / maisonette	£300																																
3+ bed bungalow / flat	£250																																
2 bed house / maisonette	£250																																
2 bed flat / bungalow	£200																																
1 bed flat / bungalow	£150																																
Bedsit	£100																																

Average Rents Comparison

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

Property Type	HRA 2022/23	Formula Rent 2022/23	Housing Assoc. 2019/20	Private Sector (LHA rate) 2022/23	Private Sector (City Wide) 2019/20
Room only	-	-	-	£78.00	£91.38
Bedsit (studio)	£60.81	£64.99	£58.06	-	£96.69
1 bed	£67.67	£69.94	£68.79	£103.56	£121.15
2 bed	£79.89	£81.54	£81.15	£130.03	£150.46
3 bed	£89.22	£91.61	£88.59	£155.34	£167.08
4 bed	£102.10	£103.86	£105.29	£205.97	£246.69
5 bed	£108.51	£111.04	£109.78		
6 bed	£121.26	£115.53	£122.95		

Planning Capital Works in Council Dwellings

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

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

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

The proposed capital budget for 2023/24 is not purely based on life cycle and condition survey data; major elements are pre-inspected before they are added to the programme and the repairs history for the property is checked. For example, all roofs are pre-inspected before the order is sent to the contractor. Likewise, all electrical

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

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

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

DRAFT

How Priorities are Assessed for HRA Expenditure

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

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

This appendix sets out how we are meeting these priorities and plans for investment in our 19,577 (October 2022) council homes and their neighbourhoods.

Priority one – Providing Decent Homes

Just over 1 in 7 homes in Leicester is a council house, flat, maisonette or bungalow. 14% of all homes in the city are council homes. It is crucially important that we look after these assets, not just for current tenants, but for those who will live in them for many years to come. When we plan the Housing Capital Programme, we must consider what investment will be needed over at least the next 40 years, not just the next three or four years. We must ensure we do not let the programmes for essential items with long life spans fall behind, for example roofs, boilers, re-wiring, kitchens, and bathrooms.

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

Major works are planned for all council housing following an assessment of condition, age, tenant priorities and other criteria set as part of the Decent Homes Standard. We have a bespoke software package that enables us to analyse stock condition and plan major work accordingly, when it is required.

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

- It meets the current statutory minimum standard for housing.
- It is in reasonable repair.
- It has reasonably modern facilities and services; and
- It provides a reasonable degree of thermal comfort.

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

the priority elements for improvements are kitchens and bathrooms. Our current commitment is to refurbish all kitchens and bathrooms by 2036.

The table below shows the key Capital Programme work being carried out during 2022/23 and our proposals for 2023/24.

Programmed element	Achievements and proposals
Kitchens and bathroom	We expect to have installed 463 kitchens / bathrooms in 2022 / 23. During 2023 / 2024 we are expecting to install a further 300. As at the 1 st April 2022, 79% of all council properties have had either a Leicester Standard kitchen or bathroom.
Rewiring	We expect to have rewired 580 homes in 2022 / 23 and a further 580 during 2023 / 24.
Central heating boilers	Investment is calculated to replace boilers every 15 years based on condition data from the annual gas service. We expect to have replaced 740 boilers in 2022 / 23 and a further 575 in 2023 / 24.
Roofing and chimneys	We expect to have installed 30 new roofs in 2022 / 23 and a further 88 in 2023 / 24.
Central heating systems	We have 108 properties without any form of central heating. In these cases, tenants have refused to have central heating installed. Provision is made in the programme to install central heating on tenant request or when these properties become vacant.
Windows and doors	Excluding properties in Conservation Areas where there are often restrictions on the use of UPVC, we have 44 properties that do not have UPVC double glazed windows. In these cases, tenants have refused our previous offers of installing double glazing. Provision is made in the programme to install windows / doors on tenant request or when these properties become vacant. Future investment will be targeted at installing secondary glazing to properties in Conservation Areas.
Structural works	Investment is required to address any structural works identified each year. As well as dealing with structural problems such as subsidence, issues such as woodwork treatment and failed damp proof courses are also dealt with when identified.
Soffits, fascia's, guttering	By replacing these items with UPVC, it will help to reduce long term maintenance costs. During 2022 / 23, we anticipate installing UPVC soffits, fascia's, gutters to 211 properties and a further 190 properties in 2023 / 24.
Condensation and damp works	Investment is required to target those properties that have been identified as being more susceptible to condensation related problems because of their construction type or location. In 2022 / 23, we expect to complete work on 544 properties and a further 540 in

	2023 / 24. Advice to tenants is also important as their actions can alleviate condensation problems
Safety and fire risk work	Investment is required to implement the planned programme of fire safety measures, as agreed with the Fire Service

The new Building Safety Act came into force in April 2022. The Act is a significant piece of legislation and overhauls the way residential buildings are constructed and maintained. The Act is principally concerned with improving the safety in higher risk buildings (those at least 18 metres in height or those that have at least 7 storeys.) We are currently working towards meeting our obligations in relation to this.

The Government’s Housing White Paper “The Charter for Social Housing Tenants” was published in November 2020. This document states the Government intends to review the Decent Homes Standard, for which we are waiting further information. It is anticipated that changes to the Decent Homes Standard will result from this review, particularly new standards in relation to communal areas around homes and meeting zero carbon targets.

It is crucial we continue to repair and maintain homes. During 2021 / 2022 86,466 repairs were completed, compared to 88,072 in 2020 / 21.

Work is taking place 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. During 2021 / 22 the average time to all vacant properties was 138.1 days. A service analysis has recently been completed for the voids services and the recommendations resulting from this are being implemented to reduce our average void times.

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

Key to the delivery of all our services in our neighbourhoods is our income collection. Despite significant challenges the Income Management Team have worked hard to support tenants in paying their rent, ensuring arrears reduced from £1,766m at the end of March 2021 to £1.577, at the end of March 2022. This is the lowest level of rent arrears for the last 4 years. The high rate of income collection enables us to continue delivering high quality services.

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

The environmental works and communal areas fund helps deliver significant environmental improvements on estates, such as landscaping, new security measures, community facilities, pocket parks, fencing and communal area improvements. Tenants and ward councillors help decide where this money should be spent, based on their local needs and priorities. These schemes have made significant

contributions to improving the overall image, appearance, and general quality of life within our estates.

In 2022 / 23 the £750k environmental and communal works budget was shared across the city in all neighbourhood housing areas. Examples of the work taking place this year includes:

- The fitting of doors to blocks on St Andrewes Close
- Verge hardening on Tatlow Road to reduce the impact of parking
- Bin area replacement on Butterwick Drive
- Flood prevention work around Donaldson Drive
- Painting of knee railing in Netherhall
- Improvements to external lighting to bungalows in Saffron, Braunstone, Eyres Monsell and Aylestone
- A community food growing pilot in the south area of the city
- Creating a bike storage facility in Gilmorton
- Estate improvement work to tackle anti-social behaviour in Neston Gardens

An additional £1.9m has been invested in year 3 of the Public Realm Improvement Programme, primarily in the St Matthews and St Peters areas of the city. This increases the amount of money we have spent making improvements to our estates during 2021 / 22 to £2.650m.

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

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

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

We respond vigorously to reports of anti-social behaviour and have CCTV on many parts of our estates. We also offer security packages to tenants who are victims of anti-social behaviour, such as secure letter boxes and alarms, to help them feel safe in their homes whilst reports are investigated. In 2021 / 22 we received 1,199 reports of anti-social behaviour that were investigated and, where necessary, action was taken against perpetrators. This was 45 less reports than the previous year.

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

Housing office services are now re-opening in shared buildings within local communities. The Customer Services Centre runs a telephone advice line during 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 Service Centre received 160,349 calls during the working day on the tenant's advice line.

107,708 of these calls were about repairs. A further 15,960 calls were made out of hours.

We have been carrying out improvements to increase the ways tenants can contact us online. Housing Online is now the digital access point for many of our services. Through this you tenants view and download rent statements, receive important messages from us and update their contact and security information. We will soon have the facility for tenants to report more tenancy management enquiries online.

As part of the development of our online services, most tenants now report their non-emergency repairs through their Housing Online account. Through this, tenants can:

- Report a non-emergency repair to their council home
- Make an appointment for a repair
- Enquire about an existing repair
- Report a problem with a completed repair

Some of the benefits of using Housing Online to report and enquire about repairs are:

- Repairs can be reported outside of our normal office working hours, 24 hours a day, 7 days a week
- Tenants don't have to wait in a queue for their telephone call to be answered to report a repair
- Repair requests can be made on a wide range of devices, including mobile phones, tablets, and PCs
- For people who don't have devices they can use the computers widely available in libraries and community centres
- The online service provides pictures of a wide range of repairs that may be required in a property, so it is easy to identify and report what is needed
- When reporting a repair online tenants have a choice when their repair takes place
- Tenants can make an enquiry online about a reported repair if they want to check progress on this
- We can send messages via the online system to provide an update on a repair, for example if we are waiting for materials to arrive
- The online system provides a list of all repairs reported in one place. This means tenants can go in to see what has been completed and what is still outstanding

In October 2022 6,827 tenants had registered to access services via Housing Online.

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

We also understand there will be a small proportion of our tenants who are digitally excluded and will not be able to use the online service, perhaps because they do not have access to IT devices or Wi-Fi, a disability or a lack of skills or confidence to use this service. Where we identify that this is the case, we will flag this on our systems

and the tenant will be able to continue to report their repairs to the Customer Support telephone line. No tenant will be left in the position where that they cannot report a repair.

During 2023 we will be rolling out the Housing Online service to enable the reporting of communal repairs and for leaseholders to report their repairs online.

It is important that we listen to tenants and leaseholders to understand their views on the Housing services they receive and how these can be improved. Particularly when improvements to neighbourhoods are being considered. We work closely with the Tenants' and Leaseholders' Forum which has representatives from across the city. We consult with the Forum for their views when key decisions are being considered.

The Government's Social Housing White Paper places a greater emphasis on all social housing landlords to listen and act upon the views of tenants. In response to this we are developing an Involvement Strategy, to build upon and improve the arrangements we currently have in place.

To address the needs of leaseholders we have a Leaseholders Liaison Team who are responsible for responding to Council leaseholder queries and improving services to meet their needs. Regular Leaseholder Forums take place to allow leaseholders to discuss particular issues effecting this tenure type and to put forward suggestions for improvement.

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

The 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 all residential CO2 emissions from 651,000 tonnes in 2006 to 530,000 tonnes by 2012, a reduction of 121,000 tonnes. Through the Housing Capital Programme initiatives CO2 emissions from council houses reduced by 58,523 tonnes between 2005 and March 2017. This means that we have already exceeded the specific target set in relation to the reduction of Council home emissions.

We have been working towards improving the environmental impact of our homes for many years and during this time we have significantly reduced the CO2 emissions from our homes. This has been achieved by window replacements, new central heating installations, new energy efficient boilers internal wall, external wall and roof insulation, and solar panels. The homes being built as part of our current housebuilding programme have been designed to maximise energy efficiency.

However, in a climate emergency we must go even further, we are:

- Leading on a bid to the Social Housing Decarbonisation fund in partnership with seven Housing Associations operating in the city to seek £6.9m funding to improve the energy efficiency of properties in Leicester. If successful this will lead to a programme of further insulation, installing air source heat pumps and triple glazing
- In addition to this bid we are already investing £1.8m to install external wall insulations in properties across the city

- We have undertaken climate change training for our staff this year to help them deliver our climate change commitments.
- Our house building programme so far, has delivered new homes that have improved energy efficiency. This year the homes we are starting to build will be our most highly energy efficient council homes. These properties will have EPC energy ratings of A, which will be much better for the climate and more efficient for those living in them.
- We have a programme in our communal areas to replace our light fittings with LED lighting, which is more energy efficient
- We are encouraging tenants and leaseholders to play their part in helping fight the impacts of climate change. This includes the use of smart meters in their home so energy use can be measured.
- Our existing Council housing investment programmes continue to deliver loft insulation, A rated Boilers, LED lighting in communal areas, upgrading storage heaters to positively impact the efficiency of Council homes.

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

The Housing Division has continued to work towards delivering new housing for Leicester City and is on track to have delivered over 1,100 new Council and Affordable homes for the City over the last 4 years spending in excess of £200m to achieve this.

The most recent Housing and Economic Development Needs Assessment in 2017 identified that Leicester’s net affordable housing need is 786 additional affordable housing homes per year to meet current and future demand from households who cannot afford to enter the private housing market. The city’s average annual new supply of affordable homes has been less than a third of this need over the past 10 years.

Issues affecting our ability to provide new affordable housing include:

- The lack of available sites for residential development
- A decrease in securing planning gain affordable housing. Historically, a proportion of our new supply of affordable housing has been delivered via planning gain (Section 106 contributions). For a period now, the proportion and number of applicable planning consents which include planning gain affordable housing has reduced
- The delays to the new Local Plan process in identifying future development sites
- Changes to Right to Buy Receipts (RTBR) spending rules, in terms of capping the proportion of acquisitions funded, will limit the number of RTBR funded acquisitions that can be purchased
- Significant increases in actual and projected costs and inflation associated with housing development as a result of the Covid 19 pandemic, Brexit and the Energy Crisis. This has resulted in a shortage of construction labour and skills, significant shortage of materials, increased costs, and financial uncertainties.

Right to Buy sales reduce the number of council homes available at an affordable rent. In 2021 / 22 311 homes were sold under the Right to Buy scheme, this was an increase of 107 sales when compared to the previous year.

At the 1st April 2022 there were 6,053 households on the Housing Register. This is a reduction of 303 households from the previous date last year. This decrease is not a result of lower demand, but a cleansing exercise undertaken where inactive housing applications were cancelled. Demand for Housing is very high in Leicester, but it is also a city with a relatively low average household income. For many, renting from the council or a housing association is the only hope of a decent and settled home.

In order to meet Housing need there is now an active programme of housing development through the Housing Revenue Account. During 2023 / 24 56 new units will be delivered.

Vacant Council properties are advertised through Leicester HomeChoice. In 2021 / 22, 184 Council tenants transferred within the stock to homes better suited to their need and 746 households became new Council tenants. In the first 6 months of 2022 / 23, 84 tenants had transferred properties and 328 new tenancies were created.

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

We have a scheme in place to undertake extension work at properties where households are experiencing overcrowding, rather than them having to move through the Housing Register to resolve the issue.

Each year the Capital Programme funds the adaptations of tenants existing homes where Adult Social Care and Children's Services identify the current tenant or family members needs those adaptations. During 2021 / 22, 108 minor adaptations took place in tenants' homes, such as ramps and door widening. There were also 109 major adaptations, such as level access showers, stair lifts and through floor lifts. This work will continue in 2022 / 23 in response to assessments by Adult Social Care and Children's Services.

As well as providing homes for people it is also important that we provide support to people to maintain their tenancy. The Supporting Tenants and Residents (STAR) service provides one-to-one support for council tenants who might otherwise lose their homes. Priority is given to support those who have been previously homeless and those who have other problems which means they are not coping or complying with tenancy conditions. The service also works closely with Children's Services to help looked after children, foster families, children leaving care and other vulnerable families.

As part of the Council's response to the invasion of Ukraine a team, within STAR, has been set up to provide support to Ukrainian Refugees to help them settle into their new homes and help with pathways to employment.

Housing Officers undertake a programme of Welfare Visits to tenants who may be vulnerable. This contact is an opportunity for us to check whether the tenant is coping in their home and, where appropriate, we signpost or refer people to support services.

This is a preventative measure to help sustain tenancies, ensure people are safe, well and enables us to act before a crisis point is reached.

In 2021 / 22 95.6% of Council tenancies were sustained. This means that 95.6% of people who became new tenants in 2020 / 21 remained in their tenancy 12 months later. During 2021 / 22 the STAR service provided longer term support to 515 households and provided short term support to 666 households.

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

The Housing Division made a significant contribution to the local economy. The total value of Housing contracts funded through the Housing Revenue Account was £120m in 2021 / 22. All contracts have local labour and social value clauses.

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

The Housing Division continues to provide craft apprenticeship opportunities each year and has the largest programme in the Council. A number of existing posts this year have been converted into apprenticeship posts within Housing, creating even more of these opportunities in the city.

Housing's Neighbourhood Improvement Scheme continues to help the long-term unemployed by giving pre-employment training and a period of 6- or 12-months' work experience.

Work experience is also offered to school students, graduates, and ex-offenders. During 2021/22 we have also taken up the opportunity to recruit to posts under the Governments Kickstart programme.

The Housing Division has worked with two partner organisations, St Mungo's and BEAM who work with Housing to deliver improved work outcomes and job opportunities for those facing homelessness and for tenants.

**Feedback from Consultation with
Tenants' and Leaseholders' Forum**

**Tenants' and Leaseholders' Forum meeting
26th January 2023**

Housing Revenue Account 2023/24 – Budget consultation

Forum representatives present: Joe Carroll, Jean Williams and Peter Hookway.

Chris Burgin, Director of Housing, presented the Housing Revenue Account 2023/24 budget proposals. This included information on the wider pressures being felt on the General Fund budget. For the Housing Revenue Account, information was given on the additional financial pressures of £19.4m for 2023/24. It was explained that money needed to be found, from income to the Housing Revenue Account, to pay for these additional costs to ensure a balanced budget, which is a legal requirement.

In relation to the pressures to the Housing Revenue Account Forum members made the following comments:

Joe Carroll asked whether the Council could do anything to stop Right to Buy sales, to reduce the pressure on the budget through lost rental income. It was explained that tenants have a legal right to buy their home and whilst this legislation is in place the Council is unable to stop people from exercising their right to do this.

Jean Williams stated she understood the financial pressures being felt, but that tenants couldn't afford to pay any more.

District heating proposals

The main focus of discussion at the meeting was in relation to the proposed increased charges for tenants and leaseholders on the District Heating scheme. The Director of Housing explained that householders on the scheme had not had their gas costs increased, unlike other households, over the last 12 months. This effectively meant that the Housing Revenue Account was being used to pay for the additional gas costs for households on the District Heating scheme. If this continued into 2023/24 it would mean the Housing Revenue Account would be paying an additional £9m for these costs. If this happened, it would mean the Capital Programme would be drastically reduced to what was being proposed or other service cuts would be needed to ensure a balanced budget.

It was explained that a lot of work had taken place to reduce the proposed District Heating charge increases to a minimum, and in fact the proposal is half what was initially considered as being needed. This included not passing on additional maintenance charges for the scheme onto households. It was also explained that a programme to fit individual meters into properties would take place during 2023, so households will have greater control of their energy use and cost of this.

Joe Carroll raised concerns that in New Parks households on the District Heating scheme were unable to have individual meters fitted due to the way the system had been set up. The Director of Housing explained that there were complexities around meter fitting in the New Parks properties and further options needed to be considered. However, whilst this work was taken place households in that area would be charged an average cost of all District Heating users.

Jean Williams raised concerns that meters could not be fitted in the east area of St Matthews. The Director of Housing stated the feasibility study carried out in relation to meter fitting had not picked this up.

Jean asked to see pictures of the meters that will be fitted and information about the location of where these will be fitted in properties.

Joe Carroll stated he is receiving feedback from tenants that they cannot afford to pay any additional charges for District Heating. He raised concerns that tenants will be evicted if they are unable to pay the additional costs. The Director of Housing explained that evicting tenants for non payment is always the very last resort and the Council has a range of support in place to help tenants maximise their income and develop repayment plans if they do go into arrears.

Jean Williams suggested that Councillors should engage with local MPs and other MPs across the country, where District Heating schemes are in place in their constituencies, to tell the Government of the particular issues those on District Heating schemes face.

At the end of the discussion around the District Heating the Forum members were asked for their views on the proposed charges:

Peter Hookway stated he understood the concerns being raised about the increased costs for people, but he supported the proposals. Peter stated that if the proposals didn't go through then all tenants would suffer. It wouldn't be fair that services would be reduced for everyone, just so a minority of tenants could benefit from not having energy cost increases, like everyone else was experiencing.

Jean Williams stated that people will be looking at all the cost increases they are facing at the current time, not just those for District Heating, and asking where they are going to get the money to pay for everything. Jean stated that working people on low incomes, who do not receive benefits, will be impacted upon the most. Jean stated she understood the pressures being faced by the Housing Revenue Account, but she felt the 247% increase in charges was too much for people to pay. However, she could support a proposal to increase the charges by 200%.

Joe Carroll stated that, despite understanding the impact to the Housing Revenue Account and future services. He said costs are going up everywhere, there is more demand at food banks and people could not afford to pay. Joe also confirmed he understood that there had to be an increase and supported a 200% increase.

Council tenant rent increase proposal

Chris Burgin explained that in recent years the Government has allowed local authorities to increase rents by CPI + 1%. However, due to the high inflationary rates being experienced, this year the Government has capped the maximum increase in rents to 7%. It is therefore proposed that the rent increase for Leicester City Council tenants is 7% for 2023 / 24. This additional income is required to support the balancing of the budget.

In relation to this proposal the Forum members stated:

Peter Hookway said his views were split, he understood the need for the 7% rent increase, but that it would put additional financial pressure on tenants. However, on balance, Peter stated he supported the proposals.

Jean Williams stated the increase was high but knew the situation being placed upon the Council and supported the proposed increase.

Joe Carroll said he supported the 7% rent increase proposal.

At this point Joe Carroll left the meeting, but prior to leaving he stated that he supported all the other proposals within the Housing Revenue Account budget report.

Other rent increase proposals

In terms of the other rent increase proposals both Jean Williams and Peter Hookway stated they thought the proposed increase for Gypsy and Traveller site rents were on the low side, especially when considering the additional increases being proposed for council tenants.

Both Jean and Peter supported the increase in hostel rents.

Initially, Jean thought the proposed percentage increase for garage rents was too high. However, when it was shown that the increase would amount to an additional £1 per week Jean stated she supported the proposal. Peter also supported this proposal.

Service charge proposals

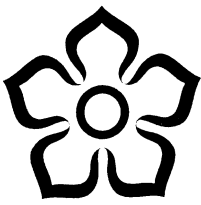
Peter Hookway stated he supported most of the proposals for services charges, but was concerned about the increase in the communal cleaning charge due to the quality of service some tenants and leaseholders are receiving.

Jean Williams agreed with the point Peter raised about the communal cleaning charges. Jean thought the proposed increase for waylighting was too high but supported the increased as the service was required for health and safety.

Capital programme proposals

Chris Burgin explained that due to the additional financial pressures on the Housing Revenue Account a reduced capital programme was being proposed for 2023/24.

Both Jean Williams and Peter Hookway supported the proposals within the Capital Programme. Jean sought clarification on the proposed spend for boiler replacements because she thought these costs were high. When it was explained that this money was required to replace boilers that were reaching the end of their effective working life, Jean supported this spend requirement.



Leicester
City Council

Appendix H

MINUTE EXTRACT

**Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION**

**Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION**

Held: MONDAY, 30 JANUARY 2023 at 5:30 pm

P R E S E N T :

Councillor Westley (Chair)
Councillor Chamund (Vice Chair)

Councillor Aqbany
Councillor Fonseca

Councillor Pantling

Councillor Gee
Councillor Modhwadia

* * * * *

1. APOLOGIES FOR ABSENCE

No apologies for absence had been received.

2. DECLARATIONS OF INTEREST

The Chair declared that his family were council tenants
Councillor Aqbany noted that he lived in a council property

**3. DRAFT HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME)
2023/24**

The Chair introduced the item on the draft Housing Revenue Account (HRA) budget including the Capital Programme 2023/24 and noted that the report being considered this evening related to the proposals for next year's HRA.

The Chair noted that information on district heating, was included within the report along with other information and took the opportunity to thank officers for the work which had gone in to preparing the report.

The Chair further noted that, as an authority the council had invested heavily in maintaining and improving the existing homes, managing them as well and in building new homes for the people in greatest need in Leicester. Much of that spending comes from money the council get from rents, which were the lowest in the city, and lower than neighbouring authorities. At a time when inflation is over 10% the government has ordered us to keep our rent increases to seven per cent.

The Assistant City Mayor for Education and Housing noted that due to the years of austerity local authorities had been impacted and that although increasing rent rates was uncomfortable, the council took pride in being the best landlord in the city with very low evictions in the last year including the delivery of vital works for tenants.

The director for Housing delivered a presentation to the Commission outlining the HRA and the Capital Programme. It was noted:

- There were £19.4million worth of pressures as a result of the rise in energy cost and inflation
- The proposal for raising the rates in district heating to address the energy crisis impacting the HRA budget by £9.2million
- Information on the varying charges was shared, dependant on the number of bedrooms, with an average charge of £50.90.
- The cost of metering properties would equate to £3m equating to £1250 per property and this charge was proposed to be passed on over a 5 year period at £5 a week
- Non gas costs would not be passed on equating to an additional budget pressure of £3.4m for the HRA and GF
- If the increased cost of gas being used under the district heating network was not passed on to those who receive the service, then the cost would fall to all other HRA tenants to bear and there would be less money available for investment into the services, properties and estates.
- An increase in rent prices by 7% equating to £5.55 was also proosed which had been supported by the Tenants Association
- The rise in rents would affect 30% of Council tenants as the rest of the Council tenants were recipients of Housing Benefits (50% full and 20% partial) which would cover the increases
- Rent collections were at a 99% collection rate and the evictions were at its lowest with only 5 during this year
- The impact of a lower rate of increase in rent would have a dramatic effect on the HRA
- Service charges were proposed to increase at 10.1%, the rate of inflation with Waylighting proposed to increase by 100%

Capital Programme

- £15million for Council housing in 23/24 coming from 50% in loans and 50% from Right to Buy receipts
- Overall slowing down the delivery of the capital programme with a much reduced programme of £11m down from £17m in 22/23 with reductions in the bathrooms and kitchens, boiler s and rewire programme. Other capital programme reductions were shared at the meeting.

The Director of Housing noted that the next steps would be to take the report to OSC for consideration and then to Budget Council in February for approval.

As part of the discussions with Members, it was noted that:

- There were real concerns from residents living in council properties as there were going to be increases in all aspects of their tenancy and Members were concerned with how this would affect the level of debt following the increases
- Members suggested that the Right to Buy Scheme should be suspended as this had decreased the housing stock which was impacting the HRA and playing a part in the housing crisis
- Representatives from the Tenants Association were concerned that the properties in the New Parks Estate would be affected the most as the properties could not be fitted with meters
- Following the consultation meeting with the Tenants Association the representatives were in support of a lower increase of 200% to the district heating
- Members of the commission suggested that an increase of 200% would be more reasonable but were also aware of what impact this would have to the HRA
- A reduction in staffing would be from existing vacancies and that there were no intentions for service reduction
- The Neighbourhood Improvement Team would be 1 cohort of 10 over the 12-month period rather than 2 cohorts over the year
- That the wording in the report in regard to the issues with damp and mould be reconsidered.

The Assistant City Mayor for Housing and Education suggested that the Damp and Mould Strategy would be developed in the future to address increasing concerns in regard to the matter and work would need to address how we enable council tenants. The Chair of the Commission suggested that the commission sets up a working party to look at the issues relating to dampness and mould in houses within the city.

Members of the Commission further went on to note that, the mismanagement of central government has impacted all areas of society and that the rise in inflation was directly attributed to this and has resulted in the crisis. It was further suggested that increasing the district heating which would impact 30% of people on district heating would be a more sustainable solution rather than impacting the entire HRA which would affect 100% of tenants.

In response to Members queries in regards to alternative sources of funding by not going ahead with other projects across the city, The Director for Housing noted that it was a legal requirement that only HRA accounts are utilised and non cross subsidy between the HRA and the General Fund is allowed

In further discussions, Representatives from the Tenants Association noted that the increase in service charges should increase the quality of service and raised concerns with the current delivery of services where communal areas were left unclean and appointments with tenants were being missed. The Director of Housing noted that Cleaning Services was under the Director for Neighbourhoods and Environmental Services portfolio and that discussions on the best service for money were underway.

Members of the Commission took the opportunity to note that the current stock of council properties were getting older and needed regular maintenance work and this should be considered.

The Director for Housing summarised to the Commission and drew Members attention that district housing has been 35% cheaper in comparison to gas on the open market and that the new proposals would still be cheaper than that of the open market.

The Chair at his discretion allowed for Councillor Kitterick and Councillor Dawood to address the Commission. Councillor Kitterick made a statement to the Commission and raised concerns that the district heating tenants were unable to control how much heating they get and that the proposed increased rates were only for the price of hot water and gas and did not consider the cost of electric.

Councillor Kitterick further went on to propose that in line with the new price caps to come in place in April the average cost should be $\text{£}3000 \times 53.7\%$ (Gas Element of Price Cap) = $\text{£}1611$ up until the meters are installed over the six-month period in individual properties, following which individuals would pay according to the meter and price suggested by officers. Councillor Kitterick requested the Director for Housing to produce a financial model on how much this could cost the council if all properties that could be metered were metered by the end of October 2023. It was also suggested that this would have an impact on the HRA until the meters were fitted and would encourage the installation of the meters and that the difference in cost could be supported by delaying other projects for a year.

Councillor Dawood echoed the proposals made by Councillor Kitterick and raised concerns for residents who would have to make a choice between heating or eating.

The Chair adjourned the meeting for a minute break at 6:50pm

Following the reconvening of the meeting the Vice Chair raised concerns with the level of dept that the proposals would have and what mechanisms were in place to protect the tenants that may struggle financially. The Director of Housing noted that the Income Management Team was in place to track and intervene on any payment issues

and supported tenants through any financial hardships in signposting them to the STAR Team. It was further noted that 99.6% of rent was collected and that the Officers were very effective in collecting the rent and supporting the tenants.

The Director for Housing noted that the current system had 18000 tenants were subsidising 2400 tenants and that the proposals were fair so that the actual cost of gas was being paid by those on District heating.

In further discussions it was noted that:

- The Right to Buy Scheme was introduced by central government and that legislation was in place that did not let local authorities to control
- Tenants were entitled to do as they wish following having acquired the property through the scheme
- 2% of the current stock was void and work was being delivered to bring the properties back in use.

Other recommendations in the HRA budget were considered by the Commission and voted upon and all matters in relation to core rent, hostel rent, garage rents, service charges got fully supported by the Housing Scrutiny commission.

AGREED:

- 1) That recommendations other than District heating all be supported
- 2) That the Director for Housing be requested to consider the average charge for tenants on the district heating system be £1,611, taking Ofgem charging limits into account
- 3) That the Director for Housing be requested to provide projections for impact of the costs to the HRA based on the £1611 charge set out above. and
- 4) That the Commission sets up a working party to look at the issues relating to dampness and mould in houses within the city.

4. ANY OTHER URGENT BUSINESS

DRAFT

Minutes of the Overview Select Committee

To be inserted following the meeting

DRAFT

Equality Impact Assessment (EIA)

Title of proposal	Housing Revenue Account Budget (including Capital Programme) 2023 / 24
Name of division/service	Housing
Name of lead officer completing this assessment	Helen McGarry
Date EIA assessment completed	
Decision maker	Full Council
Date decision taken	22nd February 2023

EIA sign off on completion:	Signature	Date
Lead officer		
Equalities officer		
Divisional director		

Please ensure the following:

- a) That the document is **understandable to a reader who has not read any other documents** and explains (on its own) how the Public Sector Equality Duty is met. This does not need to be lengthy but must be complete and based in evidence.
- b) That available support information and data is identified and where it can be found. Also be clear about highlighting gaps in existing data or evidence that you hold, and how you have sought to address these knowledge gaps.
- c) That the equality impacts are capable of aggregation with those of other EIAs to identify the cumulative impact of all service changes made by the council on different groups of people.
- d) That the equality impact assessment is started at an early stage in the decision-making process, so that it can be used to inform the consultation, engagement and the decision. It should not be a tick-box exercise. Equality impact assessment is an iterative process that should be revisited throughout the decision-making process. It can be used to assess several different options.
- e) Decision makers must be aware of their duty to pay 'due regard' to the Public Sector Equality Duty (see below) and 'due regard' must be paid before and at the time a decision is taken. Please see the Brown Principles on the equality intranet pages, for information on how to undertake a lawful decision-making process, from an equalities perspective. Please append the draft EIA

and the final EIA to papers for decision makers (including leadership team meetings, lead member briefings, scrutiny meetings and executive meetings) and draw out the key points for their consideration. The Equalities Team provide equalities comments on reports.

1. Setting the context

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

The Housing Revenue Account (HRA) operates in a self-financing environment. This means the budget is set by the Council, within boundaries set by Government, taking into account expected levels of income and predictions on what needs to be spent. Spending priorities are made based on the need to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £252m.

This report recommends that the budget for 2023/24 is set again as a balanced budget. However, there are a number of external pressures that are impacting upon the level of income coming in, which in turn effects the amount that can be spent. These pressures include:

- Pay inflation - Initially it was predicted that employee costs would rise by 2.5% during 2022 / 23. However, it is now predicted that the likely pay settlement will result in an average increase of 6.5%. Including the knock-on effects on employers' National Insurance and pension contributions, this adds costs of over £1.4m per year. An assumed pay award of 5% has been built into this budget proposal, resulting in a further increase in pay costs of just under £1.5m for 2023/24.
- Running cost inflation – Inflation affects almost all areas of HRA running costs, and is largely unavoidable. Materials and contractor inflation are forecast to be £1.1m higher. Also, services which are provided to the HRA by other parts of the council are subject to inflation pressures, and these costs are then passed on to the HRA, adding £1.2m in 2023/24.
- District Heating
The additional revenue cost of running the District Heating network in 2023/24 is estimated to be £8.5m higher than the previous year. £5.6m of this is to pay for the cost of gas that is used to heat water in the central boilers, and reflects the significant increase in gas prices. In addition, the Council pays towards other non-gas costs incurred by LDEC (Leicester District Energy Company), and these are forecast to cost an extra £2.9m.
- Energy costs - As for the nation more widely, the cost of purchasing gas and electricity by the Council has increased significantly. The Council purchases energy in advance, and as a result the impact of price rises affecting 2023/24 is reasonably

well known. It is predicted that the cost of gas will rise by 300% and electricity by 100%, resulting in a cost pressure of £1.4m. This is the additional cost of energy associated with running neighbourhood housing offices, as well as lighting in the communal areas of flats and associated way-lighting.

- Interest and debt – Borrowing is used to part finance new build and the buying of properties to increase the levels of affordable housing. Money is set aside each year for the re-payment of this debt. The growth in the number of affordable properties means that more debt is now being repaid each year, and this will increase by £0.5m in 2023/24. The HRA is charged interest on this debt as well. It is forecasted that average interest rates are expected to increase these charges by £1.2m in 2023/24. However, over time the debt and interest charges are offset by the rental income received from this additional housing.
- Right to Buy – Council tenants have the right to buy their council home at a discount of up to 70% of the property value. However, it is predicted that Right to Buy sales will reduce if interest rates continue to rise and the cost-of-living crisis continues. As a result of this it is predicted that Right to Buy sales will reduce from 350 in 2022/23 to 300 in 2023/24. Right to Buy sales puts pressure on the HRA because it means there is a loss of rental income from the properties sold. If the 300 sales take place in 2023/24, it is predicted that this will reduce rental income by £1.3m.
- Disrepair claims – There are an increasing number of claims for property disrepair; whilst almost all of these claims have little or no basis, additional legal costs are being incurred to manage this, adding £250k to costs in 2023/24.
- Temporary accommodation - The HRA does not have a budget to cover the cost of providing temporary accommodation to tenants who experience domestic abuse or harassment. This is now consistently costing £150k per year and provision is being made within this budget to finance this.
- Empty properties - There are always periods of time during which properties are not occupied, predominantly the void period between the end of one tenancy and the start of the next. After a 28-day period the Council is liable for void Council Tax. Purchasing properties which require significant refurbishment work has meant that additional void costs of £100k are expected in 2023/24.

Through the Rent Standard, central government set the rules governing the maximum rent which may be charged. In 2020/21 it was announced, that for a 5-year period, rents could rise each year by CPI+1%. As a consequence of the current high inflation rates, under these rules an 11.1% rent increase could have been applied. However, on the 17th November 2022 the Chancellor announced that social rent increases would be capped at 7% for 2023/24.

Therefore, taking into account all the pressures being felt the Housing Revenue Account Budget report is recommending a 7.0% increase to the rents.

The report states that applying a rent increase less than 7% would necessitate either a scaling back of the capital programme , a draw on limited reserves, or revenue service cuts.

As well as this proposed rent increase for 2023/24 the report is recommending:

- Hostel rents and service charges are re-aligned to reflect the current cost of providing services
- Whilst the Gipsy and Traveller sites sit outside the Housing Revenue Account, it is still necessary to set the annual rent for these plots. It is proposed that a 5% rental increase be applied for 2023/24
- Increasing garage rents by 10.1%
- Service charges - These should be set with the intention of recovering the full cost of providing the service. For some time, tenants and leaseholders have been benefitting from charges which are set below the cost of delivery. The intention is to address this disparity when the economic situation affecting tenants is more settled. However, to avoid the gap from widening, it is proposed that a 10.1% increase is applied in 2023/24 in line with inflation, other than for waylighting and district heating.
- Waylighting charges are levied to cover the cost of electricity incurred. Combined with forecasts for the second half of the year, the cost of electricity is expected to be 100% higher in 2023/24 than in 2022/23. This is the basis of the proposed charge for waylighting.
- The most recent estimate that has been supplied by the Leicester District Energy Company is that the price of gas will rise by 214% for 2023/24, and it is proposed that this be reflected in the charge for recipients of the District Heating service for their heating and hot water supply. Whilst the HRA has heavily subsidised the cost of gas for those on District Heating during 2022/23, the charge from April is set to recover this in full.

The following projects are those where it is proposed that changes will be made to the allocation of funding through this Programme:

- An additional £15m for new affordable housing (new build and acquisitions)
- A budget of £200k to continue estate improvement work
- The 3-year Public Realm project for improvements to St Matthews and St Peters estates comes to an end in 2022/23. Therefore no further budget is required for 2023/24.

- A proposed budget of £2.3m for 575 boiler replacements
- A proposed budget of £2m to install 300 new kitchens and bathrooms.
- An amount of £1m was added to the 2022/23 budget as a provision towards work that will be required to windows and doors in the future. It is proposed a £50k is set aside for this purpose in the 2023/24 budget
- Historically, loft insulation has had a separate budget allocation within the capital programme. Going forward, this will be incorporated within the wider decarbonisation work within the HRA
- The removal of the £150k budget for waylighting as the programme of work will be completed in 2022/23.
- A budget of £2.3m to introduce metering across all dwellings connected to the district heating network to support tenants in managing the cost impact of rising energy prices.
- The contract with Leicester District Energy Company (LDEC) has to date excluded the Aikman Avenue district heating scheme. Agreement has been reached with LDEC to connect this to the network with a cost contribution of £455k from the HRA.
- A budget of £500k is being re-introduced in 2023/24 for fire risk work.
- The removal of £100k to renew concrete paths as the programme of work will be completed in 2022/23. £750k has been added to the Capital Programme over the past 3 years to help address overcrowding in properties. A sufficient budget remains to support planned work for 2023/24.
- Removal of the £450k budget to re-configure the Dawn Centre. This was a one-off amount to carry out improvement work, which will be completed in 2022/23.
- It is proposed that £200k is added to the £1.1m provision which was included in the 2022/23 capital programme towards concrete work across the St Matthews Estate, including balconies and walkways.

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

2. Equality implications/obligations

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

a. Eliminate unlawful discrimination, harassment and victimisation

- How does the proposal/service ensure that there is no barrier or disproportionate impact for anyone with a particular protected characteristic?
- Is this a relevant consideration? What issues could arise?

Some households may experience a rise in costs and therefore it will impact on their personal budgets and disposable income. This will impact on people across all protected characteristics but has been looked at in more detail in section 6 of the report. Support is in place through the Supporting Tenants and Residents service (STAR) for tenants and leaseholders to access services and manage their tenancy

Some of the potential barriers may relate to:

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

b. Advance equality of opportunity between different groups

- How does the proposal/service ensure that its intended outcomes promote equality of opportunity for people?
- Identify inequalities faced by those with specific protected characteristic(s).
- Is this a relevant consideration? What issues could arise?

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

c. Foster good relations between different groups

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

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

3. Who is affected?

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

All tenants and leaseholders of Leicester City Council will be impacted upon by the proposals (just over 19,000 tenants and approximately 1,600 leaseholders). Tenants will be charged more rent. Tenants and Leaseholders will be required to pay increased service charges where these are applicable at their properties. 37 Gypsy and Traveller households, who rent pitches from the council will be impacted upon by the increased charges for these. Those households in receipt of full Housing Benefit or those that receive Universal Housing Costs will have the increased charges paid through their benefit entitlement. All new tenants and leaseholders will be required to pay the additional charges if the proposals are implemented

Approximately 1,900 tenants and an additional 1,000 other households will be impacted upon by paying additional charges for the District Heating service.

Tenants receiving improvements to their properties through the Capital Programme will benefit from the work carried out and both tenants and leaseholders will benefit from estate improvement work funded by the Capital Programme.

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

15,261 are of working age (18 – 65)

1,650 have a disability

10,319 have a white background and 5,794 have other ethnic backgrounds

11,324 are female

41 are Gay and 40 are Lesbian

4. Information used to inform the equality impact assessment

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

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

For tenants there are gaps in data in relation to gender re-assignment, marriage and civil partnership, pregnancy and maternity and sexual orientation. There is also limited information collected specifically about disabilities. We also have limited profiling information in relation to leaseholders.

5. Consultation

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

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

Consultation with the Tenants' and Leaseholders Forum is to take place on Thursday 26th January 2023 and this EIA will be reviewed and updated following their feedback.

6. Potential Equality Impact

Based on your understanding of the service area, any specific evidence you may have on people who use the service and those who could potentially use the service and the findings of any consultation you have undertaken, use the table below to explain which individuals or community groups are likely to be affected by the proposal because of their protected characteristic(s). Describe what the impact is likely to be, how significant that impact is for individual or group well-being, and what mitigating actions can be taken to reduce or remove negative impacts. This could include indirect impacts, as well as direct impacts. Looking at potential impacts from a different perspective, this section also asks you to consider whether any other particular groups, especially vulnerable groups, are likely to be affected by the proposal. List the relevant groups that may be affected, along with the likely impact, potential risks and mitigating actions that would reduce or remove any negative impacts. These groups do not have to be defined by their protected characteristic(s).

Protected characteristics

Impact of proposal:

Describe the likely impact of the proposal on people because of their protected characteristic and how they may be affected. Why is this protected characteristic relevant to the proposal? How does the protected characteristic determine/shape the potential impact of the proposal? This may also include **positive impacts** which support the aims of the Public Sector Equality Duty to advance equality of opportunity and foster good relations.

Risk of disproportionate negative impact:

How likely is it that people with this protected characteristic will be disproportionately negatively affected? How great will that impact be on their well-being? What will determine who will be negatively affected?

Mitigating actions:

For disproportionate negative impacts on protected characteristic/s, what mitigating actions can be taken to reduce or remove the impact? You may also wish to include actions which support the positive aims of the Public Sector Equality Duty to advance equality of opportunity and to foster good relations. All actions identified here should also be included in the action plan at the end of this EIA.

a. Age

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

What is the impact of the proposal on age?

While employment rates remain high, earnings have not kept up with inflation in recent months so working families are likely to already be facing pressures on households' budgets. Younger people, and particularly children, were more likely to be in poverty before the current cost-of-living crisis and this is likely to have continued.

What is the risk of disproportionate negative impact on age?

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

What are the mitigating actions?

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

b. Disability

If specific impairments are affected by the proposal, specify which these are. Our standard categories are on our equality monitoring form – physical impairment, sensory impairment, mental health condition, learning disability, long standing illness or health condition.

What is the impact of the proposal on disability?

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

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

Through the Affordable Housing Programme, people with a disability, who are waiting for re-housing on the Housing Register may be offered accommodation to meet their needs sooner.

What is the risk of disproportionate negative impact on disability?

Further erode quality of life being experienced by disabled people.

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets.

Proposed Capital Programme work during 2023/24, to install meters in properties on the District Heating network, will give disabled households more control over their energy use and costs.

c. Gender reassignment

Indicate whether the proposal has potential impact on trans men or trans women, and if so, which group is affected.

What is the impact of the proposal on gender reassignment?

No disproportionate impact is attributable specifically to this characteristic.

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

What are the mitigating actions?

d. Marriage and civil partnership

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

No disproportionate impact is attributable specifically to this characteristic.

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

What are the mitigating actions?

e. Pregnancy and maternity

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

No disproportionate impact is attributable specifically to this characteristic

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

What are the mitigating actions?

f. 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.

What is the impact of the proposal on race?

Those from white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of social security benefits. Some ethnic minority people are also low income and on benefits, this will include our Gypsy and Traveller tenants who rent pitches from the council.

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

What is the risk of disproportionate negative impact on race?

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Where required, interpretation and translation will be provided to remove barriers in accessing support.

Proposed Capital Programme work during 2023/24, to install meters in properties on the District Heating network, will give households more control over their energy use and costs.

g. 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.

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

No disproportionate impact is attributable specifically to this characteristic.

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

What are the mitigating actions?

h. Sex

Indicate whether this has potential impact on either males or females

What is the impact

Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents, who are more likely to experience poverty.

What is the risk of disproportionate negative impact on sex?

Incomes squeezed through low wages and reducing levels of benefit income. Increased risk for women as they are more likely to be lone parents.

What are the mitigating actions?

If in receipt of Universal Credit or tax credits, a significant proportion of childcare costs are met by these sources.

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

i. Sexual orientation

What is the impact of the proposal on sexual orientation?

Gay men and Lesbian women are more likely to be in poverty than heterosexual people and Trans people even more likely to be in poverty and unemployed. This would mean they are more likely to be on benefits and there could be a disproportionate impact.

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

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Ask local support organisations such as the LGBT Centre to signpost individuals to advice and support services.

7. Summary of protected characteristics

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

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

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

Not applicable

8. Other groups

Impact of proposal:

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

Risk of disproportionate negative impact:

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

Mitigating actions:

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

a. Children in poverty

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

Children living in over-crowded conditions may benefit from the proposals to convert properties to address this issue. Households with children living in poverty are likely to face difficulties generally, with the rising costs of living.

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

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

What are the mitigating actions?

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

b. Other vulnerable groups

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

None known at present

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

Not applicable

What are the mitigating actions?

Not applicable

c. Other (describe)

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

No potential impact

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

Not applicable

What are the mitigating actions?

Not applicable

9. Other sources of potential negative impacts

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

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

The wider cost of living crisis and rise in energy bills is putting additional financial pressure on all households. The current volatile position of the UK economy at present means it is likely that there will be further financial pressures on households over the next 12 months. The Government has recently announced the way in which businesses were to receive support towards energy costs from

April 2023. The detail of this, and the extent to which this may support in bringing down energy costs for District Heating recipients is currently being assessed. Any savings through government schemes will be passed on to tenants and homeowners. Separately, the Government has announced that for 2023/24 people on means-tested benefits will receive £900 to help meet the additional costs of living, with a further £300 for pensioners and £150 for disabled people.

10. Human rights implications

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

No known impacts at present

11. Monitoring impact

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

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

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

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

12. EIA action plan

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

Equality Outcome	Action	Officer Responsible	Completion date
All tenant and leaseholders are able to pay their rent, service and district heating charges.	The service needs to ensure that they effectively communicate information about the increase in charges as well what advice and assistance is available to tenants, so they are able to access benefits and entitlements. Provide translated materials/options where required.	Chris Burgin – Director of Housing	Ongoing
Households have access to financial help and assistance if they find they are unable to pay for the additional charge	Referrals to the Income Management Team and financial support services in the city. Inform LGBT Centre of support services available for anyone from that characteristic accessing their services.	Zenab Valli – Income Collection Manager	Ongoing

Human rights articles:

Part 1: The convention rights and freedoms

- Article 2:** Right to Life
- Article 3:** Right not to be tortured or treated in an inhuman or degrading way
- Article 4:** Right not to be subjected to slavery/forced labour
- Article 5:** Right to liberty and security
- Article 6:** Right to a fair trial
- Article 7:** No punishment without law
- Article 8:** Right to respect for private and family life
- Article 9:** Right to freedom of thought, conscience and religion
- Article 10:** Right to freedom of expression
- Article 11:** Right to freedom of assembly and association
- Article 12:** Right to marry
- Article 14:** Right not to be discriminated against

Part 2: First protocol

- Article 1:** Protection of property/peaceful enjoyment
- Article 2:** Right to education
- Article 3:** Right to free elections

Tenant profiling information – October 2022

Ethnicity

Ethnicity	Number of Tenants
Any other ethnic group	425
Any other Heritage background	117
Asian/Asian British of other Asian background	576
Asian/Asian British of Bangladeshi origin	209
Asian/Asian British of Indian origin	1,451
Asian/Asian British of Pakistani origin	242
Black/Black British of African Origin	1,434
Black/Black British of Caribbean origin	384
Black/Black British of other Black background	204
Black/Black British of Somali origin	385
Chinese of Chinese origin	26
Chinese of other Chinese background	8
Dual/Multi Heritage Asian and White	57
Dual/Multi Heritage Black African and White	54
Dual/Multi Heritage Black Caribbean and White	222
Ethnicity unknown	3,300
Other ethnic group Gypsy/Romany/Irish Traveller	31
Prefer not to say	544
White British	9,437
White of European origin	422
White of Irish origin	124
White of other White background	436

Age

Age	Number of Tenants
0 – 17	4
18 – 21	116
22 – 30	1291
31 – 40	3449
41 – 50	4262
51 – 60	4365
61 – 65	1778
66 - 74	2459
75+	2148
Not known	157

Gender

Gender	Number of tenants
Female	11,324
Male	8,692
Prefer not to say	5
Transgender	8

Religion

Religion	Number of tenants
Atheist	315
Buddhist	19
Christian	2,358

Hindu	385
Jain	2
Jewish	5
Muslim	2,057
No religion	2,525
Not known	11,019
Other	327
Prefer not to say	931
Sikh	86

Sexual orientation

Sexual orientation	Number of tenants
Bisexual	165
Gay (female / lesbian)	40
Gay (male)	41
Heterosexual	7,371
Other	182
Prefer not to say	1,178
Not known	11,049

Disability

Disability	Number of tenants
Yes	1,650
No	18,379

Scheme of Virement

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

Budget Ceilings

2. Directors are authorised to vire sums within budget ceilings without limit, providing such virement does not give rise to a change of Council policy.
3. Directors are authorised to vire money between any two budget ceilings within their departmental budgets, provided such virement does not give rise to a change of Council policy. The maximum amount by which any budget ceiling can be increased or reduced during the course of a year is £500,000. This money can be vired on a one-off or permanent basis.
4. Directors are responsible, in consultation with the appropriate 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 incur costs for which there is provision in miscellaneous corporate budgets, except that any policy decision requires the approval of the City Mayor;
 - (b) the Director of Finance may allocate the provisions for pay awards, additional waste and energy cost pressures;
 - (c) The City Mayor may determine how the contingency can be applied and the provision for residual ASC reforms.

Earmarked Reserves

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
11. Directors may add sums to an earmarked reserve, from
 - (a) a budget ceiling, if the purposes of the reserve are within the scope of the service budget
 - (b) year-end budget underspends, subject to the approval of the City Mayor.
12. Directors may spend earmarked reserves on the purpose for which they have been created.
13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.

DRAFT