



Leicester
City Council

Housing Revenue Account Budget (including Capital Programme) 2024/25

Housing Scrutiny Commission: 9th January 2024

City Mayor Briefing: 18th January 2024

Full Council: 21st February 2024

City Mayor

Lead director: Chris Burgin

Useful information

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

1. Purpose

- 1.1 The purpose of this report is for Full Council to consider and approve the City Mayor's proposed Housing Revenue Account (HRA) budget for 2024/25.

2. Summary

- 2.1 Throughout the changing financial landscape since self-financing was introduced in 2012, the HRA has consistently delivered balanced budgets. This report proposes a balanced budget against a backdrop of continued inflation on pay and materials, and the erosion of income from the continuing loss of stock through Right to Buy (RTB).
- 2.2 The maximum rent increase that can be applied for HRA tenants in 2024/25 is 7.7%, this being CPI+1% as at September 2023. This report details the continued inflationary pressures being faced by the service and, therefore, proposes a core rent increase in line with the maximum rate permitted. Applying a rent increase below 7.7% would lead to a budget shortfall, and further work would be required to bridge this gap; if, for example, a 5% increase was to be applied then this would lead to a £2.1m shortfall in the budget.
- 2.3 The proposals within this report are for the charges to tenants and leaseholders (homeowners) for services they receive to be representative of the underlying cost of the service being provided. The installation of heat meters for the vast majority of those tenants and homeowners connected to the District Heating network will better enable people to pay the direct cost of what they consume; this report seeks approval of the unit rate per kWh charge, along with the standing charge. For those tenants without heat meters there is the continued need to apply a fixed charge which is not directly linked to usage.
- 2.4 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. The proposals within this report are for homeowners to pay the full cost of provision and as such it is not envisaged that there will be a consequential impact on the General Fund revenue budget.
- 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 are scheduled to take place between November 2023 and January 2024 with the Tenants' and Leaseholders' Forum, the Housing Scrutiny Commission, and the Overview Select Committee.

3. Recommendations

3.1 Full Council is recommended to:

- i) Note the comments from the Tenants' and Leaseholders' Forum at Appendix G, the Housing Scrutiny Commission at Appendix H, and the Overview Select Committee at Appendix I;
- ii) Approve the Housing Revenue budget
- iii) Approve a Capital budget for 2024/25 of £25.86m including £10.86 investment in Council Housing stock;
- iv) Approve rent changes for tenants for 2024/25 as follows:
 - 7.7% increase to core rent;
 - 7.7% increase to garage rent.
 - 5% increase for Hostel rent and service charges;
 - 5% increase for Gipsy and Traveller plot rent;
- v) Approve service charge changes for tenants and leaseholders for 2024/25 as follows:
 - A reduction in the charges for District Heating as set out in section 4.6.3, including a 29% reduction in the variable charge for metered heat and a 24% reduction in the fixed metered charges;
 - reducing the charge for waylighting by 10.1%;
 - applying increases to all other service charges of 6.7%.
- vi) Agree to delegate to the City Mayor the authority to vary District Heating service charges by the extent to which this represents a change to the cost of providing those services.
- vii) Note the equality impact assessment of the proposed revenue and capital reductions required to present a balanced budget, at Appendix J;
- viii) Note that the scheme of virement at Appendix K applies to the HRA budget with total expenditure and total income acting as budget ceilings for this purpose;
- ix) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- x) For the purposes of finance procedure rules determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes;
- xi) As in previous years, delegate to the City Mayor:
 - Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
 - Authority to reduce or delete any capital scheme, subject to a maximum reduction of 20% of scheme value for "immediate starts"; and
 - Authority to transfer any "policy provision" to the "immediate starts" category.
- xii) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure;
- xiii) Note that the capital strategy in the Capital Budget report applies also to the HRA.

4. Report

4.1 The overall aim of Leicester City Council's Housing Division is to provide a decent home within the reach of every citizen of Leicester. This underpins the priorities for the HRA budget.

4.2 The HRA operates in a self-financing environment. Spending priorities are made in the context of needing to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £260m. The HRA budget is set by modelling expected levels of income and expenditure.

4.3 This report identifies the pressures facing the HRA in 2024/25 (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, but inflationary pressures now present the principal challenge. Increased interest rates since 2022 also compound the issue. Table 1, below, summarises the known pressures and budget growth requirements within the HRA:

Table 1: Revenue Cost Pressures	2024/25 £000
Pay Inflation	1,900
Running Cost Inflation	1,779
Interest & Debt	2,662
Right to Buy Sales	1,152
Capital Funded from Revenue	644
Other Pressures	1,822
Total Cost Pressures	9,959

4.4.2 Pay Inflation

An assumed pay award for 2024/25 of 5% has been built into this budget resulting in an increase in pay costs of £1.9m.

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 2024/25, materials and contractor inflation are forecast to be £1.2m higher. Services which are provided to the HRA by other parts of the council are also subject to inflation pressures, and these costs are then passed on to the HRA, adding £0.6m in 2024/25.

4.4.4 Interest & Debt

Over the lifespan of the assets, HRA finances are improved through the building and acquisition of properties for affordable rent. The proposed income budget for 2024/25 anticipates over £1m in additional rent 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 £0.75m in 2024/25. The HRA incurs interest charges on the outstanding borrowing, and is therefore exposed to changes in interest rates; increases in rates from the historic lows that have been the norm since 2009 mean that interest charges are expected to increase by £2.5m. However, the HRA also holds cash balances on which it earns interest and increased rates will result in an extra £0.6m being earned in interest.

4.4.5 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 £96,000 (compared with £24,000 10 years ago). Whilst there was a resurgence in sales post-Covid, this has now reduced, likely due to interest rate rises and concerns over the cost of living. For the purposes of this budget it is assumed that there will be 275 sales in 2024/25, an increase on the 230 predicted for 2023/24, with a consequential loss of rental income of £1.2m. 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.

4.4.6 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 2023/24 amounted to £10.2m. This was particularly low due to the need to finance subsidy costs for those on District Heating. In 2024/25 the figure for capital expenditure funded from revenue increases to £10.9m, representing a revenue cost of £0.6m. The detail of changes to specific schemes is within section 4.8, below.

4.4.7 Other Pressures

There continue to be a high number of claims for property disrepair, primarily instigated by legal firms. Whilst almost all of these claims have little or no basis, additional legal costs are being incurred to manage this, along with the cost of any remediation required adding £1.2m to costs in 2024/25. The robust defence of these claims help to reduce the financial impact and discourage legal firms from pursuing these in the city.

With an increased focus on void work, and a reduction to some aspects of the capital programme, the opportunities for the repairs and maintenance service to be able to capitalise their costs have reduced. Addressing this in the budget will be a pressure of £420k.

Difficulties in the recruitment of craft operatives in recent years has highlighted the need to expand the existing apprenticeship programme. This budget proposes an increase of 10 FTE's at an annual cost of £202k.

The Regulator of Social Housing is introducing changes to its fee charging structure, reflecting changes to its role. This will result in an additional cost of £113k.

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. Social rent increases of up to 7.7% are permitted, reflecting CPI+1% as at September 2023.

4.5.2 Given the scale of the pressures outlined in section 4.4 of this report, the proposal is to seek approval to apply a rent increase of 7.7%. 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 7.7% would lead to a loss of income of £780k for each 1% in 2024/25, and £9.1m over a 10-year period. Importantly, there would be no opportunity to recover this reduction to the base level income by applying a higher 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 was undertaken last year reflecting an updated staffing structure. A 5% increase in the charges is being proposed in this report, aligned with estimates on pay inflation. All individuals staying at the Dawn centre are eligible for Housing Benefit.

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 2024/25, in line with estimates on pay increases.

4.5.5 Garage Rent

Whilst garage rents are set separately to dwelling rents it is proposed to increase these by 7.7%, in line with core rent. 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 6.7% increase is applied in 2023/24 in line with inflation (CPI), other than for waylighting and district heating.

4.6.2 A 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 partially known for the period from October 2023 to September 2024; this has risen by approximately 12%. However, the forecast for the second half of the year is for a 25%-30% reduction. When combined, this results in a forecast reduction in electricity prices for 2024/25 of 10.1%. 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. Charges are raised on 2 separate bases: those which have a heat meter installed and those which do not.

Properties With a Heat Meter

The charges for properties with a heat meter are separated into fixed charges (which are payable regardless of usage) and a variable charge for the heat actually consumed. The forecast underlying cost of gas for 24/25 is significantly lower; this not only reduces the variable consumption charge but has also enabled a partial reduction to the fixed costs. These are set out in the table below:

	23/24 Annual Charge for Tenants	24/25 Annual Charge for Tenants
Fixed Charges	£280	£193
Billing & Collection	£75	£75
Fusion Fee on Billing & Collection	£3	£3
VAT on the above (@5%)	£17.90	£13.57
Total Fixed Charges	£375.90	£284.90
Weekly Fixed Charge (over 50 weeks)	£7.52	£5.70
Variable Charge p/kWh of Heat	12.31p	8.70p

(Note that separate charges are raised to recover the cost of meter installation).

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

Properties With No Heat Meter Installed

Where there is no way of charging based on actual heat consumption, fixed charges are applied. Due to the high price of gas through 2023/24 properties without heat meters had their average annual charge capped at £1,611, with the HRA picking up the cost of this subsidy for tenants.

The reduction in the forecast price of gas means that the full cost charges for tenants and leaseholders in 2024/25 will be over 9% below the capped level for 2023/24. The proposed charges are set out below:

	2023/24 Annual Charge	2024/25 Annual Charge
1 bed	£1,325	£1,188
2 bed	£1,806	£1,646
3 bed	£2,254	£2,071
4 bed	£2,717	£2,512
Other	£740	£631
Average	£1,611	£1,460
Average Weekly Charge (50 weeks)	£32.22	£29.20

Budget was set aside in 2023/24 for the cost of subsidising tenants (in the HRA) and homeowners (in the General Fund) to enable heat charges to be set at a capped rate of £1,611; no budget provision has been made in either fund for this in 2024/25. The consequence of the proposed charges above is that subsidy would not be required.

4.7 Revenue Savings

4.7.1 The proposals within this report meet the identified budget pressure of £9.7m in 2024/25. The proposed changes to rent and service charges at section 4.5 and 4.6 would result in additional income of £6.1m. Table 2, below, summarises the additional income and proposed savings to deliver a balanced budget:

Table 2: Additional Income & Reductions in Expenditure	2024/25 £000
Dwelling Rent & Service Charges	(6,153)
Rent From Supply of New Housing	(1,052)
District Heating	(2,500)
Staffing & Running Costs	(254)
Total Savings	(9,959)

4.7.2 Rental Income from Supply of New Housing

The HRA has embarked on an extensive programme of acquiring properties on the open market to increase the number of homes available at an affordable rent. In addition, a programme of building new properties on Council-owned land is underway. Additional rental income will accrue of over £1m in 2024/25 as a result of this programme.

4.7.3 District Heating

The impact of reduced gas costs will reduce expenditure on the scheme by approximately £6.5m. The reduced charges proposed in this report will lead to a reduction in income of £4m. The net effect of these is a saving to the HRA of £2.5m. This is principally a reflection of the removal of subsidy to households.

4.7.4 Staffing & Running Costs

A reduction in administration costs of £66k will be achieved through the deletion of vacant posts, with a further £63k in staffing savings from the Housing Transformation Team. The budget for paying court fees (held by the income management team) has consistently underspent and £50k of budget can be released as a result. The service holds a budget for replacement IT systems which can be reduced by £75k following investment in recent years.

4.7.5 In summary, the proposals outlined in this report will meet the amount required to balance the revenue budget for 2024/25 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 2023/24 capital programme (excluding budgets slipped from previous years) is £26.1m, with £15m 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 the last year.

4.8.3 Appendix B shows the proposed capital programme for 2024/25. The following changes to the capital programme are proposed:

4.8.4 Affordable Housing – Acquisitions & New Build

Over £215m 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. 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 Kitchens & Bathrooms

£2m was added to the 2023/24 capital programme for the installation of new kitchens and bathrooms; the proposed increased investment of £2.8m in 2024/25 is expected to enable a further 493 installations.

4.8.6 Boilers

We expect to have replaced 740 boilers in 2023/24 and a further 900 in 2024/25 with the investment of £2.5m proposed in this budget.

4.8.7 Re-Wiring

A continuation of the re-wiring budget at the same level as for 2023/24 will help to support full/partial re-wiring at 580 properties across the city.

4.8.8 Re-Roofing, Soffits & Facias

No additional budget was added in the 2023/24 budget as a result of slippage from previous years. This report proposes the re-instatement of this budget at £1.15m.

4.8.9 District Heating

The HRA incurs costs in maintaining the secondary network of district heating. The £0.5m cost of this important work in 2024/25 is not passed on to tenants. The 2023/24 budget added a one-off amount of £2.8m for the installation of meters and the connection of Aikman Avenue; no further additions are being sought in this report.

4.8.10 Communal & Environmental Works

This report proposes the continuation of this important work with a further £200k. Examples of the type of work this has funded over the last year include:

- The replacement of planters and installation of additional bollards on Hockley Farm Road;
- Installation of metal gates on Flora Street;
- Grounds maintenance work around Portmore Close;
- Improvements to the front of communal blocks along Thurncourt Road, Flamborough Road and Thurncourt Gardens;

4.8.11 Disabled Adaptations

Demand for adaptations to tenant properties has increased significantly over the last year. The 2024/25 budget provides for a 50% increase in the budget (£400k) to enable people to remain living in their homes.

4.8.12 Fire Risk Works

Following the re-introduction of this back into the programme last year, the 2024/25 budget continues to make provision for £500k towards fire doors and other fire risk works.

4.8.13 Sheltered Housing Improvements

A wider review of sheltered housing is planned which means that capital provision towards minor works is not currently required.

4.8.14 St Matthews Estate Concrete Work

A further £200k is being added to the capital programme towards concrete work across the St Matthews Estate, including balconies and walkways.

4.8.15 The financing of the proposed capital programme is shown in the table below.

Table 3: Financing of HRA Capital Programme	2023/24 £000	2024/25 £000
Funded From Revenue	10,216	10,860
Funded From Reserves	859	0
Funded From Right to Buy Receipts (incl. Allowable Debt)	7,500	7,500
Funded from Borrowing	7,500	7,500
	26,075	25,860

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 2024/25.

4.9.2 Projections of the HRA reserve position at the end of 2023/24 indicate that there will be only limited unallocated reserves, in the region of £0.9m. 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 the continuing impact of higher interest rates.

Forecast Opening Reserves Balance as at 1 st April 2024	£22.0m
Amount held to cover minimum working balances	£5.0m
Amount held to finance prior years' capital approvals (including policy provisions)	£11.1m
Earmarked for future anticipated calls on reserves	£5.0m
Forecast Unallocated Reserves Balance as at 31st March 2025	£0.9m

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 This report is exclusively concerned with financial issues.

Amy Oliver, Director of Finance

5.2 Legal implications

5.2.1 The Council is obliged to 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 (Litigation)

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

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, installation of energy efficiency measures including insulation, LED lighting and upgraded heating in properties and climate change training for housing staff.

Aidan Davis, Sustainability Officer

6. Background information and other papers:

None

7. Summary of appendices:

Appendix A: Proposed HRA Revenue Budget 2024/25

Appendix B: Proposed HRA Capital Programme 2024/25

Appendix C: Other Service Charges and Payments 2024/25

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 2024/25

	2023/24 Current Budget £000	- 2024/25 -		Proposed 2024/25 Budget £000
		2024/25 Budget Pressures £000	2024/25 Savings & Reductions £000	
Income				
Dwelling & Non-Dwelling Rent	(81,396)	1,151	(7,154)	(87,399)
Service Charges	(12,917)	0	(51)	(12,968)
Total Income	(94,313)	1,151	(7,205)	(100,367)
Expenditure				
Management & Landlord Services	33,297	1,947	(2,754)	32,490
Repairs & Maintenance	28,387	3,093	0	31,480
Interest on Borrowing	11,004	2,662	0	13,666
Charges for Support Services	5,310	294	0	5,604
Contribution to GF Services	6,099	168	0	6,267
	84,097	8,164	(2,754)	89,507
Capital Funded From Revenue	10,216	644	0	10,860
(Surplus) / Deficit Before Reserves	0	9,959	(9,959)	0
Funding From Reserves	0			0
Contributions To Reserves	0			0
(Surplus) / Deficit	0	0	0	0

HRA Capital Programme 2024/25

The table below shows the 2022/23 capital programme approved in February 2023 (excluding budgets slipped from previous years' programmes), and the proposed programme for 2024/25. All of the schemes listed for 2024/25 are immediate starts.

	23/24 Capital Programme £000	24/25 Capital Programme Additions £000
Kitchens & Bathrooms	2,000	2,800
Boilers	2,300	2,500
Re-wiring	1,610	1,610
Re-roofing	0	1,000
Soffits & Facia	0	150
Windows and Doors	50	50
District Heating Maintenance	500	500
District Heating - Metering	2,310	0
District Heating - Aikman Avenue	455	0
Communal Improvements & Environmental Works	200	200
Disabled Adaptations	800	1,200
Fire Risk Works	500	500
Safety Works including Targeted Alarms	100	100
Loft Insulation	0	50
Sheltered Housing Improvements (ASC)	50	0
Affordable Housing - Acquisitions & New Build	15,000	15,000
St Matthews Concrete Estate Work	200	200
Total Capital Programme	26,075	25,860

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																								
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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
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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 2023/24	Formula Rent 2023/24	Housing Assoc. 2023	Private Sector (LHA rate) 2023	Private Sector (City Wide) 2022/23
Room only	-	-	-	£78.00	£93.69
Bedsit (studio)	£67.66	£71.90	£80.70	-	£116.54
1 bed	£72.79	£77.56	£89.82	£103.56	£132.92
2 bed	£85.77	£88.84	£93.82	£130.03	£166.85
3 bed	£96.21	£99.13	£99.49	£155.34	£195.46
4 bed	£109.92	£109.19	£118.60	£205.97	£324.23
5 bed	£117.84	£119.63	£121.51		
6 bed	£128.85	£128.39	£138.69		

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 2024/25 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.

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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 Account Budget are:

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

This appendix sets out how we are meeting these priorities and the plans for investment in our 19,412 (April 2023) 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. During 2023/24 we are undertaking a programme to install meters in properties with District Heating.

This has been identified as a priority for tenants to help them control their energy use and costs.

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

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

The table below shows the key Capital Programme work being carried out during 2023/2024 and our proposals for 2024/25.

Programmed element	Achievements and proposals
Kitchens and bathrooms	We expect to have installed 271 kitchens / bathrooms in 2023/24. During 2024/2025 we are expecting to install a further 493. As at the 1 st April 2023, 80% of all council properties have had either a Leicester Standard kitchen or bathroom.
Rewiring	We expect to have rewired 490 homes in 2023/24 and a further 470 during 2024/25.
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 672 boilers in 2023/24 and a further 900 in 2024/25.
Roofing and chimneys	We expect to have installed 40 new roofs in 2023/24 and a further 65 in 2024/25.
Central heating systems	We have 85 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 45 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, fascias, guttering	By replacing these items with UPVC, it will help to reduce long term maintenance costs. During 2023/24, we anticipate installing UPVC soffits, fascia's and gutters to 46 properties, and a further 108 properties in 2024/25.
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 2023/24, we expect to complete work on 819 properties and a further 800 in 2024/25. Advice to tenants is also important as their actions can alleviate condensation problems, for example opening windows when cooking. Work has started to develop a formal policy around tackling damp and mould in our properties

Safety and fire risk work	Investment is required to implement the planned programme of fire safety measures, as agreed with the Fire Service
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The 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 safety in higher risk buildings (those at least 18 metres in height or those that have at least 7 storeys). This year we have recruited a new Building Safety Manager who is responsible for overseeing work in relation to Building Safety. We are also investing in a new IT module to improve our management of work related to fire safety.

The Government intends to review the Decent Homes Standard. We are currently waiting for further information on proposals. 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 2022/23 83,274 repairs were completed, compared to 85,098 in 2021/22.

This year we introduced clearer definitions for what qualifies as an emergency repair to ensure that tenants in real need of an emergency response get the priority attention they deserve.

We are looking to increase the use of 'remote assistance' technology during the coming year. Remote assistance enables a live video linkup with a tenant in their home with one of our office or home-based staff, using the tenant's own smart phone. This mobile technology has the potential to allow us to remotely sort reported repairs into priority order and provide advice and guidance to tenants to resolve a reported issue without the need for a visit by one of our repairs staff.

A project is currently being undertaken by our roofing team to look at the possibility of using drone technology to enable inspections to our hard-to-reach structures across the city. This will provide our tenants with a quicker service and reduce the amount of scaffolding being used at any given time. The use of drones is also a much safer way for our teams to carry out surveys by reducing the amount of time that they work from heights.

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 2022/23 the average time to repair all vacant properties was 190 days. Increasingly major works need to be carried out on our vacant properties to ensure the safety of our new tenants. This work can include asbestos removal, the fitting of new kitchens or bathrooms, rewires, boilers replacements and specialist cleaning, which increases the time properties are vacant. At the end of September 2022, we were carrying out work on 429 vacant properties; at the end of September 2023 this number had reduced to 379 properties. An improvement plan is in place to reduce our re-let times. One action we are undertaking is a trial to allow tenants to move into their new homes before all minor repair work has been completed. All essential work will have been finished before a tenant moves into a new home to

ensure it is safe and let to a good standard. This means that tenants will be able to have their new homes sooner and we will be able to reduce the time properties are left empty. As part of the trial, we will be offering tenants a Repairs Pledge so that they can be assured the outstanding repairs will be completed within the agreed timescale.

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 brought about by the Cost of Living Crisis, the Income Management Team have worked hard to support tenants in paying their rent, ensuring 99.66% of rent was collected in 2022/23. 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 budget 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 2023/24 the £200k environmental and communal works budget was shared across the city in all neighbourhood housing areas. Examples of the work taking place this year includes:

- Removal of old wooden planters on Hockley Farm Road and renew with concrete planters and additional bollards
- Funding for the continuation of the community growing pilot at the Meadow Gardens bungalows
- Installation of metal gates on Flora Street
- Grounds maintenance work around Portmore Close
- Wild flower planting in the West End of the City
- Improvements to the front of communal blocks along Thurncourt Road, Flamborough Road and Thurncourt Gardens
- Remove shrubs and slabs on Radstone Walk and replace with grass

Over the last 3 years additional investment has taken place through the Public Realm Improvement Programme, primarily focusing on improvements to the St Matthews and St Peters areas of the city.

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. 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 2022/23 we received 1,416 reports of anti-social behaviour that were investigated and, where necessary, action was taken against perpetrators. This was 217 more reports than the previous year.

In May 2023 a centralised team, the Housing Anti-Social Behaviour Team within Community Safety, was set up to investigate all reports of anti-social behaviour relating to Council tenants. Officers within this team have specialist knowledge of investigating anti-social behaviour complaints and finding long term solutions. The officers also provide support to the victims of anti-social behaviour.

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

Housing office services are provided in shared Council buildings within local communities. The Customer Support service runs a telephone advice line during working hours where tenants can report emergency repairs and tenancy issues. Out of hours emergency calls are taken by an external provider.

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, tenants can 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.

At the start of October 2023, 10,450 (just over 50%) tenants have registered to access services via Housing Online.

We appreciate that some tenants may have difficulty initially signing up to the Housing Online service and reporting a repair for the first time. To address this, we have 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. At the start of October 2023 we have assessed 1,968 tenants as being digitally excluded, who will continue to report their non-emergency repairs through the Customer Support telephone service.

During 2024 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.

During 2023, the Social Housing Regulation Act was introduced. The purpose of the new legislation is to ensure that social housing tenants live in homes which are of good quality, safe and well maintained. There is an expectation that tenants are provided with good quality services, when things go wrong, they are put right quickly and that landlords learn from their mistakes.

The Act puts the Social Housing Regulator's Standards on a statutory footing, which all social landlords must meet. During 2023 the Housing Regulator reviewed their Consumer Standards and, as a result, new requirements on social landlords will come into force from April 2024. Work is taking place to assess how we meet these new Standards and areas of work we need to focus on to meet our new legal requirements.

Through the Act, social landlords now have a statutory duty to submit Tenant Satisfaction Measure information to the Regulator on an annual basis from April 2024. The first part of this relates to the submission of performance information around repairs, anti-social behaviour and safety checks in properties. The second part will be results from an annual satisfaction survey.

To address the needs of people living in our 1,702 (April 2023) leasehold properties 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 affecting this tenure type and to put forward suggestions for improvement.

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

Leicester City Council has set an ambition to reach net zero carbon emissions by 2030, with housing a key area for action, as it is responsible for around a third of emissions within the city. This will build upon previous work within Housing, which has already delivered significant reductions in emissions, including Housing Capital Programme initiatives reducing CO₂ emissions from council houses by 58,523 tonnes between 2005 and March 2017.

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 double glazed window replacements, new central heating installations, new energy efficient boilers, internal and external wall schemes and loft top up insulation works. We have also fitted solar panels. 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 have:

- undertaken climate change training for our staff to help them deliver our climate change commitments.
- Our house building programme will deliver 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 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 latest Housing Needs Assessment (Leicester City Local Housing Need Assessment & Update Addendum, 2022) identified that Leicester’s net affordable housing need is 1,117 additional affordable housing homes per year. Of that total, there is a need for an extra 970 per year affordable rental properties in Leicester (over the period 2020-36) for those who cannot afford to rent, plus 147 Affordable Home Ownership dwellings per year for those who aspire to own.

Nearly half (45.9%) of Leicester’s total affordable housing shortfall is for 3 bedroomed homes. Over a quarter (28.2%) of Leicester’s total affordable housing shortfall is for 2 bedroomed homes. Just over an eighth (13.2%) of Leicester’s total affordable housing shortfall is for 4 or more bedroomed homes. Just over an eighth (13%) of Leicester’s total affordable housing shortfall is for 1 bedroomed homes.

In the past 4 years, we’ve had 916 new completions of affordable housing homes within the city – via new build, conversions and acquisitions. That’s an average of 229 completions a year.

Over the next few years, we expect to see our new acquisition of the Zip Building being fully tenanted, dozens more individual properties acquired for affordable housing, progress on our new build council housing sites to include building work starting on a range of sites and completions coming through too.

Issues affecting our ability to provide new affordable housing include:

- The lack of available and viable sites for residential development.
- Poor and/or negligible success in securing new affordable housing supply via planning gain. Historically, a proportion of our new supply of affordable housing had been delivered via planning gain (Section 106 contributions). For a period now, the proportion and number of applicable planning consents which include planning gain affordable housing has been negligible.
- The delays to the new Local Plan process have resulted in delays in confirming potential future development sites.
- Changes to Right to Buy Receipts (RTBR) spending rules, in terms of capping the proportion of acquisitions funded, limits the number of RTBR funded acquisitions that can be purchased.
- Significant increases in actual and projected costs and inflation associated with housing development. This has been coupled with a shortage of construction labour and skills, significant shortage of materials and financial uncertainties.

Right to Buy sales reduce the number of council homes available at an affordable rent. In 2022/23, 329 homes were sold under the Right to Buy scheme, this was an increase of 18 sales when compared to the previous year.

At the 1st April 2022 there were 6,008 households on the Housing Register. 3,630 of these households needed re-housing due to their overcrowded situation. This is the most common reason for households joining the housing register and accounts for 60% of all households on the register. We have an Overcrowding Reduction Strategy in place to support the work we are doing to reduce the number of our tenants who are experiencing significant levels of overcrowding in their current accommodation.

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 2022/23, 53 new affordable homes were acquired and we were involved in building 17 new affordable homes through our own house building programme and in partnership with other social housing providers in the city. This work is continuing in 2023/24 and beyond.

Vacant Council properties are advertised through Leicester HomeChoice. In 2022/23, 679 households became new Council tenants.

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

Each year the Capital Programme funds the adaptations of tenants' existing homes where Adult Social Care and Children's Services identify the current tenant or family members need those adaptations. During 2022/23, 108 minor adaptations took place in tenants' homes, such as ramps and door widening. There were also 402 major adaptations, such as level access showers, stair lifts and through floor lifts. This work will continue in 2024/25 in response to assessments by Adult Social Care and Children's Services. We are in the process of developing an Adaptations Strategy to tackle the current lack of suitable adapted housing available to help tenants to live well.

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

We have also introduced an 'enhanced letting standard' for new tenants who are leaving care or who have been homeless. Eligible new tenants coming through the 'leaving care' and 'homeless' pathways into our properties will benefit from the higher letting standard, which provides a fully decorated property and will help to support these people on their journey towards independent living.

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. During 2022/23, there were just 5 evictions for rent arrears and no evictions for antisocial behaviour. We have a low eviction rate compared to other authorities, due to the comprehensive support and income collection work we undertake with tenants.

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

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

Our Tenancy Management and Homelessness Services have been successful in bidding for funding from Public Health England to address substance misuse. This award will fund a team of 7 housing related support workers for three years and will provide additional support to tenants with drug and alcohol dependency issues. The team will provide floating support to tenants in their own home to help sustain tenancies and help people engage with treatment services to aid their recovery.

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

To build on this project we are currently developing a 10-year Housing Accommodation Strategy for people with multiple complex needs to help ensure that they get the support they require. We will be working with partners to develop and implement this strategy.

In 2022/23, 96.3% of Council tenancies were sustained. This means that 96.3% of people who became new tenants in 2021/22 remained in their tenancy 12 months later. This was a 0.7% increase on tenancy sustainment rates from the previous year. During 2023/23, the STAR service provided longer term support to 453 households and provided short term support to a further 521 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 Housing Division employs a workforce of just over 1,000 people, funded through the Housing Revenue Account. Additional employment is created with local firms through the procured contracts that the Housing Division has to undertake certain types of work for the Division.

The Housing Division continues to 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 2022/23, we have also taken up the opportunity to recruit to posts under the Government's Kickstart Scheme, which provides funding to create jobs for unemployed 16 to 24 year olds.

We are working to deliver improved job opportunities for those facing homelessness. We have worked with partner organisations St Mungo's and BEAM (charities that support people experiencing homelessness) to develop their skills as a step into work.

Feedback from consultation with the Tenants' and Leaseholders' Forum on the 14th December 2023

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

Chris Burgin, Director of Housing, presented the Housing Revenue Account budget proposals for 2024/25.

It was explained there would be £9.9m additional financial pressures, which would need to be funded to ensure a balanced budget, as this is a legal requirement.

It was explained that there were only 3 ways this money could be found:

- A rent increase to provide more income
- A scaling back of the Capital Programme to make savings
- Service cuts to make savings.

The Forum members raised concerns that the Housing Revenue Account would now need to fund £150k for charges to support the Regulatory of Social Housing's new regulation arrangements. They stated that this seemed a lot of money to pay from tenant's rents. Chris Burgin agreed with their concerns and explained that we had fed this back to the Housing Regulator, when they consulted on the proposed charges earlier in the year.

Council Tenant rent increase proposal

Chris Burgin explained that this year the Government is allowing social landlords to increase rents by a maximum of CPI + 1%. This is based on the September 2023 CPI rate of 6.7%.

It is therefore proposed that the rent increase for Leicester City Council tenants in 2024/25 is 7.7%. This additional income is required to support the balancing of the budget. It was explained that even with this increase Council tenant rents remain the lowest in the city. Also, from talking to other local authorities, they are proposing the same rent increase for their tenants.

Jean Williams stated she thought the 7.7% increase was too high and raised concerns that social rents were becoming no longer affordable. She stated there is a lot of poverty in the community and the increase will have most impact on those who are working. Also, people of pension age who have savings and are not entitled to additional benefits. Jean raised concerns about other increasing costs for these people, such as Council Tax rises. Jean stated she was aware some people's wages had increased over the last 12 months, but this additional money was being taken straight out by rising costs. Jean stated that a rent increase between 5.5% and 6.5% would be more acceptable.

Jean praised the support the Income Management Team provided, but stated she would like more information about other services operating in the city that could provide additional support to people who were struggling financially.

Joe Carroll stated he agreed with the views of Jean Williams in the fact that he thought the rent increase proposal was too high but understood why the proposal was being put forward.

Peter Hookway also believed the rent increase proposal was too high, but it was reflective of the world we are currently living in, and the financial pressures being felt.

In conclusion to this discussion the Forum members agreed this was a very difficult decision to make. Although they felt the proposed rent increase was too high, they did not support any service cuts or scaling back on the Capital Programme funding, to enable a lower rent increase.

Other rent increase proposals

The Forum members stated they were happy with the proposals for hostel, gypsy and traveller and garage rents. However, the following comments were made.

Joe Carroll asked why it was being proposed that Gypsy and Travellers site rent was only increasing by 5% and that Council tenant rents were increasing by 7.7%. He suggested the Gypsy and Traveller rents should increase in line with Council tenant rents. Chris Burgin explained that although the increase is proposed within the Housing Revenue Account report, services to Gypsy and Travellers are funded through the General Fund. The charges for these services should reflect the cost of delivering them and it is expected these will increase by 5% in 2024/25.

Joe Carroll also stated he would rather have the proposed garage rent increased, if the proposed Council tenant rent increase could be reduced. Chris Burgin explained that due to the relatively low number of garages, compared to Council homes this would not generate enough additional income to balance the budget.

Service charge proposals

Forum members welcomed the proposed 10.1% reduction in way lighting charges. They were generally supportive of the proposed 6.7% increase to other service charges, as this is to ensure the charge is reflective of the cost of delivering the services.

One area of concern raised was around the charges for communal cleaning as Forum members felt there were issues with the current service delivery and the quality of this. Chris Burgin explained that this had already been identified as an area for improvement. He made the commitment to carry out a full review of the cleaning specifications and costs associated with this service next year. The Forum members stated they supported this work.

District heating charge proposals

Chris Burgin explained that there were two proposals being put forward for the district heating charges for 2024/25. One was for those who had meters fitted to their properties and one for those where meters needed to be fitted under the current metering programme.

For those with meters it was proposed there would be an overall reduction of 24% in the fixed costs. Which meant people would be paying £91 less a year for these. Forecasts are predicting a reduction in gas prices and therefore it is proposed that the variable charge per each kilowatt of heat used will reduce by 29% equating to 3.6p to 8.7p.

Jean Williams stated the variable charge still appeared high, particularly for some properties in St Matthews that are on the end of the district heating network. This means they have to wait a longer time for the gas to reach their property when they turn on their heating, for which they are charged. Chris Burgin advised that a piece of work needs to take place to look at whether thermal efficiencies can be made to these properties to address this issue.

Chris Burgin explained that for those properties that are yet to have meters fitted we have no way of charging based on actual heat consumption. Therefore, weekly fixed charges will continue to be applied to these properties.

The reduction in the forecasted price of gas means that the fixed cost charges for tenants and leaseholders in 2024/25 will be over 9% below the capped level for 2023/24. On average this means that households will see a £151 annual reduction in their charges, down to an average charge of £1,460 for the year.

Jean Williams felt it was not fair that people with meters would see a 24% decrease in their fixed costs (which does not include energy use), whereas people without meters would only see a 9% reduction in their fixed costs (which does include energy use).

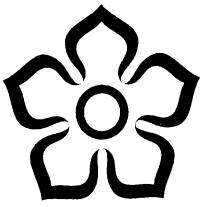
Concerns were also raised about some properties in St Matthews and Aikman Avenue, where meters currently cannot be fitted under the current programme, due to the design of the properties. It was felt there was some inequality between households who can have a meter fitted and those who can't. Joe Carroll raised concerns that people without a meter have no control on their energy usage.

Chris Burgin advised the Forum members that a wider piece of work had already started to look at options around the DH network and for fitting meters in properties that are unable to have this under the current programme. This work would also include a review of the payment structure if it is determined meters cannot be fitted. The Forum members welcomed this work and asked for this to be reflected in the budget proposals for 2025/26.

Capital Programme proposals

Chris Burgin talked through the proposed changes to the Capital Programme for 2024/25. The Forum members were supportive of these proposals and the continued investment into our Council homes.

DRAFT



Leicester
City Council

Appendix H

MINUTE EXTRACT

Minutes of the Meeting of the
HOUSING SCRUTINY COMMISSION

TO BE ADDED IN DUE COURSE

DRAFT

Minutes of the Overview Select Committee

To be added in due course

DRAFT

Equality Impact Assessment (EIA)

Title of proposal	Housing Revenue Account Budget (including Capital Programme) 2024 / 25
Name of division/service	Housing
Name of lead officer completing this assessment	Helen McGarry
Date EIA assessment commenced	20 th November 2023
Date EIA assessment completed (<i>prior to decision being taken as the EIA may still be reviewed following a decision to monitor any changes</i>)	To be added
Decision maker	Full Council
Date decision taken	21 st February 2024

EIA sign off on completion:	Signature	Date
Lead officer		
Equalities officer (has been consulted)		
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 Government boundaries, taking into account expected levels of income and predictions on what needs to be spent. Spending priorities are made based on the need to achieve the right balance between investing in, maintaining and improving the housing stock, providing landlord services to tenants, building new homes and supporting and repaying housing debt of £260m.

There is a requirement that the proposed budget for 2024/25 is set as a balanced budget (money spent does not exceed the income received). However, there are a number of pressures (most of which are unavoidable) that are increasing the amount which must be spent. These pressures include:

Staff pay inflation

An assumed pay award for 2024/25 of 5% has been built into this budget resulting in an increase in pay costs of £1.9m.

Running cost inflation

Inflation affects almost all areas of HRA running costs and is largely unavoidable. Most significantly for 2024/25, materials and contractor inflation are forecast to be £1.2m higher. Services which are provided to the HRA by other parts of the council are also subject to inflation pressures, and these costs are then passed on to the HRA, adding £0.6m in 2024/25.

Interest & 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 £0.75m in 2024/25. However, it is anticipated that over £1m additional rental income will be received from properties recently built and bought.

The HRA incurs interest charges on the outstanding borrowing, and is exposed to changes in interest rates. It is expected that these charges will increase by £2.5m in 2024/25. However, the HRA also holds cash balances on which it earns interest and increased rates will result in an extra £0.6m being earned in interest.

Right to Buy

Council tenants have the Right to Buy their council home at a discount of up to 70% of the property value. Right to Buy sales puts pressure on the HRA because it means there is a loss of rental income from the properties sold. The HRA budget proposals for 2024/25 predicts that there will be 275 sales, which will result in a rental income loss of £1.2m.

Capital Expenditure funded from Revenue

The source of funding for the maintenance aspects of the HRA capital programme (i.e. excluding affordable housing) is from revenue resources, which in 2023/24 amounted to £10.2m. This was particularly low due to the need to finance subsidy costs for those on the District Heating scheme. In 2024/25 the figure for capital expenditure funded from revenue increases to £10.9m, representing a revenue cost of £0.6m.

Other Pressures

There continue to be a high 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, along with the cost of any works required, adding £1.2m to costs in 2024/25. 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. With an increased focus on void work, and a reduction to some aspects of the Capital Programme, the opportunities for the repairs and maintenance service to be able to capitalise their costs have reduced. This will add additional costs to the HRA of £420k during 2024/25.

Difficulties in the recruitment of craft operatives in recent years has highlighted the need to expand the existing apprenticeship programme. The 2024/25 HRA budget proposes an increase of 10 full time apprenticeship posts at an annual cost of £202k.

The Regulator of Social Housing is introducing changes to its fee charging structure, reflecting changes to its role. This will result in an additional cost of £113k.

Through the Rent Standard, central government set the rules governing the maximum rent which may be charged and maximum annual rent increases, which is currently CPI+1%. As at September 2023 this means the maximum permitted rent increase social landlords can implement is 7.7%.

Taking into account all the pressures being felt, the Housing Revenue Account Budget proposals for 2024/25 is recommending a 7.7% increase to Council tenant rents. It is reported that applying a rent increase less than 7.7% would either result in scaling back the Capital Programme, a draw on limited reserves, or revenue service cuts.

As well as this proposed rent increase for 2024/25 the following recommendations are put forward:

- A 5% increase in hostel rents and service charges, which aligns with the estimated increase in pay increases for the delivery of services.
- Whilst the Gipsy and Traveller sites sit outside the Housing Revenue Account, it is proposed that a 5% rental increase be applied, in line with estimates on pay increases for the delivery of services.

- Increasing garage rents by 7.7%.
- Service charges - These should be set with the intention of recovering the full cost of providing the service. It is proposed that a 6.7% increase is applied in line with inflation (CPI), other than for waylighting and district heating.
- Waylighting charges are set to cover the cost of energy used. The Council purchases electricity in advance so the cost is partially known for the period from October 2023 to September 2024; this has risen by approximately 12%. However, the forecast for the second half of the year is for a 25% - 30% reduction. When combined, this results in a forecast reduction in electricity prices for 2024/25 of 10.1%. It is therefore proposed to reduce the waylighting charge by 10.1%.
- District heating charges (metered properties) – It is proposed that tenants and leaseholders on the district heating scheme, who have meters fitted in their homes, will have an annual charge of £284.90 applied for the provision of the service, a reduction from £375.90 in 2023/24. This covers fixed charges, billing and collection, and VAT. Through the fitting of meters in properties these tenants and leaseholders will be able to control the amount of energy they use in their property. It is proposed the variable charge p/kwh of heat will be £8.70, a reduction from £12.31 for 2023/24. The cost of energy use will be charged in addition to the fixed charges and will be dependent on the energy use of each household.
- District heating charges (non metered properties) - Where meters are not fitted in properties there is no way of charging based on actual energy consumption. It is therefore proposed that a combined annual cost is charged (fixed costs for providing the service and energy use) on average, £1,460. This is a reduction from the average annual charge of £1.611 in 2023/24.

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

- Over £215m has been added to the Capital Programme since November 2019 to support the programme of new build and property acquisitions. It is proposed a further £15m is added to the Capital Programme in 2024/25.
- Increasing the budget for kitchen and bathroom replacements from £2m in 2023/24 to £2.8m in 2024/25.
- Increasing the budget for boiler replacements from £2.3m in 2023/24 to £2.5m in 2024/25.

- Re-instatement of the budget for re-roofing, soffits and fascias work of £1.15m.
- The 2023/24 budget added an amount of £2.8m for the installation of meters in properties on the district heating scheme. As this was a one-off financial outlay it is not required for the 2024/25 budget. However, the budget of £0.5m for district heating maintenance work will remain. This cost is not passed on to tenants and leaseholders.
- Due to the increasing demand for adaptations in tenants' homes it is proposed the budget for this work is increased from £800k in 2023/24 to £1.2m in 2024/25.
- During 2023/24 £0.5m was allocated to the Capital Programme to undertake minor work at sheltered housing accommodation. As a wider review of sheltered housing is planned, this means the budget for minor work is not currently required.

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

2. Equality implications/obligations

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

a. Eliminate unlawful discrimination, harassment and victimisation

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

Some households may experience a rise in costs and therefore it will impact on their personal budgets and disposable income. This will impact on people across all protected characteristics 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) and the Income Management Team for tenants and leaseholders to access services and manage their tenancy.

Some of the potential barriers may relate to:

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

b. Advance equality of opportunity between different groups

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

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

c. Foster good relations between different groups

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

Maintaining properties and making improvements on estates creates an environment where people are satisfied with their homes 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. Where possible include data to support this.

All tenants and leaseholders of Leicester City Council will be impacted upon by the proposals (just over 19,000 tenanted properties and approximately 1,600 leasehold properties).

All Council tenants will be charged more rent. The current average rent for a Council property is £85.48 per week. The proposals will mean, on average, tenants will be charged an additional £6.58 per week. The additional amount tenants will actually have to pay is dependent on the number of bedrooms in their property. This weekly increase will range from £5.21 per week for a bedsit and £11.37 per week for a 7-bedroom property.

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

37 Gypsy and Traveller households, who rent pitches from the council will be impacted upon by the proposed 5% increase in charges for these. Those households in receipt of full Housing Benefit or those that receive Universal Housing Costs will have the increased charges paid through their benefit entitlement.

The 5% increase for hostel rents and service charges will impact on single people and couples who are homeless and currently in temporary accommodation in the Dawn Centre. All individuals staying in this accommodation are eligible for Housing Benefit or Universal Credit Housing Costs, so the increased charge will be paid through their benefit entitlement.

Service charges are paid in addition to rent where additional services are provided. Individual service charges for tenants vary due to the additional services. Where service charges are in place tenants and leaseholders will need to pay an additional 6.7% for these, with the exception of waylighting, where there is a proposed 10.1% reduction in charges. The table below shows the financial impact of the proposed charges and the number of tenants impacted upon by each of these.

Tenant Service Charges	Approx. Number of Tenants	Current Average Weekly Charge	Proposed Change	Proposed Weekly Charge	Annual Impact per Dwelling
Waylighting	6,200	£3.63	-10.1%	£3.27	-£18
Security	1,499	£5.55	6.70%	£5.92	£19
TV Receiving Service	5,448	£0.72	6.70%	£0.77	£2
Cleaning	3,972	£3.46	6.70%	£3.69	£12
Laundry	745	£1.43	6.70%	£1.53	£5
Furniture / White Goods	665	£2.14	6.70%	£2.29	£7
Sheltered Lounge	390	£2.65	6.70%	£2.83	£9
Energy Conservation	27	£2.21	6.70%	£2.36	£7
Access to Parking Spaces	11	£1.07	6.70%	£1.14	£4
Door Entry	3,982	£3.33	6.70%	£3.55	£11

Approximately 1,900 tenants and an additional 1,000 other households are connected to the district heating scheme. These charges are not covered by Housing Benefit or Universal Credit Housing Costs, so all tenants and other households on the scheme will be impacted upon by the proposals. The Council is undertaking a programme to fit meters into properties served by district heating. This means households will have greater control of their energy usage and the costs associated with this, which could

reduce. At the start of November 2023 approximately 600 properties have had meters installed. This number will increase as the meter fitting programme progresses. The table below states how tenants and other households, with meters will benefit from reduced fixed costs during 2024 / 25. The table also provides information on how tenants and other households will benefit from lower variable charges per KWH of heat in 2024 / 25. It also provides examples of the potential savings for households in a 1 and 3-bedroom property, based on an assumed energy consumption level.

	23/24 Annual Charge for Tenants	24/25 Annual Charge for Tenants	Difference from 23/24 to 24/25
Fixed Charges	£280	£193	(£87)
Billing & Collection	£75	£75	£0
Fusion Fee on Billing & Collection	£3	£3	£0
VAT on the above (@5%)	£17.90	£14	(£4)
Total Fixed Charges	£375.90	£284.90	(£91)

Weekly Charge (over 50 weeks)	£7.52	£5.70	(£1.82)
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Variable Charge p/kWh of Heat	12.31p	8.70p	(3.60p)
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Annual Charge for 1-bed (assumed 8,000kWh)	£1,360	£981	(£379)
Annual Charge for 3-bed (assumed 12,000kWh)	£1,853	£1,329	(£523)

At the start of November 2023 approximately 2,300 tenants and other households on the district heating scheme do not have meters fitted to their home. This number will reduce as the meter fitting programme progresses. District heating charges to these households will include both fixed costs and costs for the use of energy. The proposed charges vary, dependant on the number of

bedrooms in a property. The table below shows how the proposed reduction in charges will impact households in each bedroom category.

	2023/24 Annual Charge	2024/25 Annual Charge	Difference from 23/24 to 24/25
1 bed	£1,325	£1,188	(£137)
2 bed	£1,806	£1,646	(£160)
3 bed	£2,254	£2,071	(£182)
4 bed	£2,717	£2,512	(£204)
Other	£740	£631	(£109)
Average	£1,611	£1,460	(£151)

Average Weekly Charge (50 weeks)	£32.22	£29.20	(£3.02)
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Council owned garages are rented out to members of the public generally, not just Council tenants. The charge is not covered by Housing Benefit or Universal Credit. We currently have 534 garages rented out, so the proposed 7.7% increase will impact upon these people. On average people renting Council garages will see an increase in charges from £9.98 per week to £10.75.

The above proposals will also impact households who become new tenants and new leaseholders in 2024/25. Also, new people accessing temporary accommodation, and renting a garage from the Council.

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

The proposed additional Capital investment of £15m into the housebuilding and acquisitions programme will benefit vulnerable households on the Housing Register and in housing need.

4. Information used to inform the equality impact assessment

- What **data, research, or trend analysis** have you used?
- Describe how you have got your information and what it tells you

- Are there any gaps or limitations in the information you currently hold, and how you have sought to address this? E.g. proxy data, national trends, equality monitoring etc.

Tenant profiling information has been collected and analysed from the NEC IT system (See profiling information at the end of the EIA.) This includes information on ages, ethnic origin, disability, gender, sexuality and religion. For tenants there are gaps in data in relation to gender re-assignment, marriage and civil partnership, pregnancy and maternity and sexual orientation. There is also limited information collected specifically about disabilities. We also have limited profiling information in relation to leaseholders.

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

18,011 are of working age (18 – 65)
2003 have a disability
11,748 have a white background and 6,555 have other ethnic backgrounds
13,729 are female
45 are Gay (male) and 46 are Gay (female / lesbian)

5. Consultation

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

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

Consultation with the Tenants' and Leaseholders Forum is to take place on Thursday 14th December 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 aged people or older people) or specific age bands.

What is the impact of the proposal on age?

With the Cost of Living Crisis earnings have not kept up with inflation over the last 12 months so working households are likely to already be facing pressures on household budgets. Younger people, and particularly children, are more likely to be in poverty before the current Cost of Living Crisis and this is likely to continued.

What is the risk of disproportionate negative impact on age?

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs. However, it has not yet been announced as to whether this support will be provided by Government in 2024/25

b. Disability

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

What is the impact of the proposal on disability?

Disabled people are more likely to be in poverty. 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.

The proposed increase to the adaptations budget, through the Capital Programme, may allow for more work to be carried out, and sooner, for tenants with a disability.

What is the risk of disproportionate negative impact on disability?

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs. However, it has not yet been announced as to whether this support will be provided by Government in 2024 / 25.

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

c. Gender reassignment

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

What is the impact of the proposal on gender reassignment?

No disproportionate impact is attributable specifically to this characteristic.

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

Not applicable

What are the mitigating actions?

Not applicable

d. Marriage and civil partnership

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

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

No disproportionate impact is attributable specifically to this characteristic

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

Not applicable

What are the mitigating actions?

Not applicable

e. Pregnancy and maternity

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

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

No disproportionate impact is attributable specifically to this characteristic

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

Not applicable

What are the mitigating actions?

Not applicable

f. Race

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

What is the impact of the proposal on race?

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

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

What is the risk of disproportionate negative impact on race?

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs. However, it has not yet been announced as to whether this support will be provided by Government in 2024 / 25.

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

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

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

g. Religion or belief

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

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

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

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

No disproportionate impact is attributable specifically to this characteristic.

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

Not applicable

What are the mitigating actions?

Not applicable

h. Sex

Indicate whether this has potential impact on either males or females.

What is the impact of the proposal on sex?

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

What is the risk of disproportionate negative impact on sex?

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

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. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs. However, it has not yet been announced as to whether this support will be provided by Government in 2024 / 25.

i. Sexual orientation

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

What is the impact of the proposal on sexual orientation?

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

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

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs. However, it has not yet been announced as to whether this support will be provided by Government in 2024 / 25.

7. Summary of protected characteristics

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

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

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

Not applicable

8. Armed Forces Covenant Duty

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

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

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

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

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

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

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

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

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

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

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

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

9. Other groups

Other groups

Impact of proposal:

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

Risk of disproportionate negative impact:

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

Mitigating actions:

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

a. Children in poverty**What is the impact of the proposal on children in poverty?**

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

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

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

What are the mitigating actions?

Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Also, promotion of any Government financial schemes for vulnerable households to provide support with energy and living costs. However, it has not yet been announced as to whether this support will be provided by Government in 2024/25.

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

10. Other sources of potential negative impacts

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

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

The wider cost of living crisis and rise in energy bills over the last 18 months has put additional financial pressure on all households and it is likely this will continue for the foreseeable future. During 2023/24 the Government provided additional financial support for people on means-tested benefits. These households received an extra £900 to help meet the additional costs of living, with a further £300 for pensioners and £150 for disabled people. At present it is not known whether the Government will provide similar financial support in 2024/25

11. Human rights implications

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

No known impacts

12. Monitoring impact

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

- monitor impact (positive and negative, intended and unintended) for different groups

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

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

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

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13. EIA action plan

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

Equality Outcome	Action	Officer Responsible	Completion date
All tenant and leaseholders are able to pay their rent, service and district heating charges.	The service needs to ensure that they effectively communicate information about the increase in charges as well what advice and assistance is available to tenants, so they are able to access benefits and entitlements. Provide translated materials/options where required.	Chris Burgin – Director of Housing	Ongoing
Households have access to financial help and assistance if they 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 – November 2023

*There are just over 19,000 Council properties. Some tenancies are in sole names and some are held jointly. The profiling information below accounts for all tenants, so this will not correlate with the actual number of properties.

Ethnicity

Ethnicity		Number of tenants	% of tenants
Asian	Arab	5	0.02%
Asian	Asian/Asian Brit of Other Asian Origin	745	3.18%
Asian	Asian/Asian British of Bangladeshi Orig	264	1.13%
Asian	Asian/Asian British of Chinese Origin	30	0.13%
Asian	Asian/Asian British of Indian Orig	1917	8.19%
Asian	Asian/Asian British of Pakistani Orig	337	1.44%
Black	Black/Black British of African Origin	1704	7.28%
Black	Black/Black British of Caribbean Origin	412	1.76%
Black	Black/Black British of Other Blk Bckgrnd	225	0.96%
Black	Black/Black British of Somali Orig	535	2.29%
Dual Heritage	Dual/MH Asian & White	64	0.27%
Dual Heritage	Dual/MH Black African & White	68	0.29%
Dual Heritage	Dual/MH Black Caribbean & White	252	1.08%
Other	Any Other Ethnic Group	587	2.51%
Other	Any other Heritage Background	143	0.61%
Other	Other Eth Group Gypsy/Romany/Irish Trav	43	0.18%
Prefer Not to Say	Prefer Not to Say	661	2.83%
Unknown / Not Recorded	Ethnicity Unknown	3655	15.62%
White	White British	10521	44.97%
White	White of European Origin	616	2.63%
White	White of Irish Origin	127	0.54%
White	White of Other White Background	484	2.07%
Total		23,386	100.00%

Age

Age	Number of Tenants	% of tenants
0 – 17	19	0.08%
18 – 21	133	0.57%
22 – 30	1389	5.94%
31 – 40	4143	17.72%
41 – 50	5184	22.17%
51 – 60	5061	21.64%
61 – 65	2101	8.98%
66 - 74	2840	12.14%
75+	2343	10.02%
Not known	173	0.74%
Total	23386	100%

Gender

Gender	Number of tenants	% of tenants
Female	13729	58.71%
Male	9636	41.20%
Non binary	2	0.01%
Prefer to say	9	0.04%
Transgender	10	0.04%
Total	23386	100%

Religion or belief

Religion	Number of tenants	% of tenants
Not recorded	12176	52.07%
Atheist	347	1.48%
Buddhist	18	0.08%
Christian	2853	12.20%
Hindu	533	2.28%
Jain	2	0.01%
Jewish	9	0.04%
Muslim	2924	12.50%
No religion	2964	12.67%
Other	348	1.49%
Prefer not to say	1098	4.70%
Sikh	114	0.49%
Total	23386	100%

Sexual orientation

Sexual orientation	Number of tenants	% of tenants
Bisexual	207	0.89%
Gay (female / lesbian)	46	0.20%
Gay (male)	45	0.29%
Heterosexual	9161	39.17%
Other	231	0.99%
Prefer not to say	1483	6.34%
Not known	12213	52.22%
Total	23386	100%

Disability

Disability	Number of tenants	% of tenants
Yes	2003	8.56%
No	18,379	78.59%
Not known	3004	12.85%
Total	23386	100%

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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.