



Leicester
City Council

Minutes of the Meeting of the
ECONOMIC DEVELOPMENT, TRANSPORT AND CLIMATE EMERGENCY
SCRUTINY COMMISSION

Held: WEDNESDAY, 8 JANUARY 2025 at 5:30 pm

P R E S E N T:

Councillor Waddington - Chair

Councillor Bajaj

Councillor Osman

Councillor Singh Sangha

Councillor Batool

Councillor Rae Bhatia

In Attendance

Deputy City Mayor Councillor Cutkelvin

Assistant City Mayor Councillor Whittle

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**118. DRAFT REVENUE BUDGET 2025/26 AND DRAFT CAPITAL PROGRAMME
2025/26**

*As the reports on the Revenue Budget and Capital Programme were related,
they were taken as one item.*

The Director of Finance submitted a report detailing the proposed Revenue Budget for 2025/26.

The Head of Finance (City Development & Neighbourhoods) gave an overview of the report, key points to note were as follows:

- The medium-term outlook was the most severe ever experienced. The Local Authority, along with many other authorities, would face increasing difficulties with budget balancing.
- The aim of the strategy was to balance budgets up to and including 2027/28.
- Some local authorities had already issued a Section 114 notice and, if successful, the budget strategy would avoid the same outcome for the next three years.
- The decade of austerity up to 2020 was an influencing factor, during this period services other than Social Care had to be reduced by 53%. This

had substantially reduced the scope to make further cuts.

- More recent cost pressures included Social Care and Homelessness, which were not matched by an increase in income.
- The Local Authority used one off monies to support budgets for this and last year.
- It was anticipated that there would be a new round of financial constraint following the Chancellor's Budget of October 2024. Central Government understood the position for local authorities and some funding for deprived localities was anticipated. However, funding for protected services, local authorities usually fall within this category, was expected to be cut in the period to 2028/29.
- There were five strands to the strategy:

Strand 1: To release one off monies of £110m to buy time. This included £20m from earmarked reserves and £90m previously set aside to fund the current Capital Programme. This left a gap in funding for already approved schemes. Borrowing would be required which would cost the local authority £5m pounds in interest and debt repayments annually.

Strand 2: Included proposed reductions of £13m in the approved Capital Programme to reduce the amount of borrowing required. The areas covered by this commission would include £1.3m reduction from not proceeding with the planned Malcom Arcade refurbishment. A £3.2m reduction by not committing to any further city centre improvement schemes under Connecting Leicester. A £5.9m reduction from policy provisions including strategic acquisitions and Highways & transport infrastructure.

Strand 3: Included the proposed sale of properties to secure an additional £60m. To use this for the budgets, permission is required from The Secretary of State.

Strand 4: Was to constrain growth in statutory services that are under Demand-led pressure. Much work on this had already been done, cost growth had been reduced by estimates of £99m per year.

Strand 5: Was to make ongoing savings to revenue budget of £20m per year.

- There was a saving target of £4m in the Planning, Development & Transportation Division and a savings target of £2.3m for Tourism, Culture & Inward Investment.
- Those savings would still leave an estimated gap of £90m in year 2027/28.
- The strategy did contain risk, for example it was difficult to predict what new pressures might occur within the Social Care system and with the housing crises.

The Director of Finance submitted a report detailing the proposed Capital Programme for 2025/26.

The Head of Finance (City Development & Neighbourhoods) presented the report.

Key points included:

- £3.26m was provided for the Highway Capital Maintenance Programme.
- £2.56m was provided for the Transport Improvement Programme.
- £0.40m was provided for Local Environmental Works in wards.
- £0.30m was provided for the Flood & Drainage scheme.
- £0.20m was provided for Front Walls Replacement.
- £0.08m was provided for the Historic Building Grant Programme.
- £0.06m was provided for Southgates Underpass Lighting under the Invest to Save programme.
- Approximately £5m had been allocated to facilitate Capital Assets disposal.

The Commission was invited to ask questions and make comments. Key Points included:

- The draft Local Government Finance Settlement had been received at the end of 2024. Indications were that this is slightly better than anticipated but that it did not fundamentally affect the strategy or the need for savings. A report would go to the Overview Select Committee with further details of the Settlement.
- Pressures mentioned in the previous budget report would have alluded primarily to Social Care and Homelessness, similarly to the current pressures faced.
- Pressures surrounding adult and children's social care were due primarily to the numbers presenting and levels of needs which required meeting. There were generally increasing numbers of people requiring support, with higher cost packages of care.
- In terms of Planning Development and Transportation, there would be a £4m budget reduction.
- There would be a budget reduction of £2.3m for Tourism, Culture & Inward Investment.
- Officers and the Executive were working through savings proposals across the board. These include opportunities to generate additional income alongside ways to be more efficient.
- In response to a query regarding Capital monies that had previously been allocated to the Leicester and Leicestershire Enterprise Partnership (LLEP), it was clarified that this money had been part of the Growing Places Fund, and whilst it is ring-fenced for economic development and prosperity, there had not yet been any agreement on

how this money would be spent. The Council was the accountable body for this money in terms of how it was to be spent across the functional economic area.

- In terms of asset disposal, these would be assets that were underperforming or were surplus to requirements, not assets used in the delivery of service. When considering assets for disposal, there was consideration of whether income was being generated, and the strategic potential for sites. This included land that may have been held historically but were no longer required. Existing established decision-making processes were in place for asset disposal, and these include assets above £500k being subject to public scrutiny through Executive decisions.
- It was requested that a list of assets under consideration be produced.

The Chair asked that the any points relevant be raised at the Overview Select Committee.

AGREED:

- 1) That the report be noted.
- 2) That comments made by members of this commission be taken into account by the lead officers.
- 3) That officers keep members informed on budget ceilings.
- 4) That the need for transparency on asset disposal be noted.
- 5) That the report be brought to Overview Select Committee prior to Full Council.