



Leicester
City Council

Minute Extract of the Meeting of the
HOUSING SCRUTINY COMMISSION

Held: TUESDAY, 13 JANUARY 2026 at 5:30 pm

P R E S E N T:

Councillor O'Neill – Chair
Councillor Bajaj – Vice Chair

Councillor Aqbany
Councillor Gregg

Councillor Gopal
Councillor Singh Sangha

In Attendance:
Deputy City Mayor – Councillor Cutkelvin
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1. DRAFT GENERAL FUND REVENUE BUDGET 2026/27 AND DRAFT THREE YEAR CAPITAL PROGRAMME 2026/27

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

The Director of Finance submitted two reports to the Commission to present the City Mayor's strategy for balancing the budget for the next 3 years and to seek approval to the actual budget for 2026/27. The two reports were The Draft General Fund Revenue Budget 2026/27 and The Draft Three Year Capital Programme 2026/27.

The Head of Finance presented the reports concurrently. The following was noted.

The Draft General Fund Revenue Budget 2026/27:

- The Draft General Fund Revenue Report sets out the budget for 2026/27 and the medium term financial strategy for the following two years.
- The Budget reflects the Governments Fair Funding Consultation from the summertime and despite the improved financial position that arises as a consequence, the Council was still forecasting a budget gap and the strategy agreed by Council last year would continue.
- The strategy included the following five strands:
 - Budget savings of £23M
 - Constraining growth in areas such as Social Care and Homelessness

- A reduction in the Capital Programme
- Releasing one off monies to buy time
- A programme of property sales, which is now planned to reduce the cost of borrowing
- The Report sets out the progress against each of those strands and proposes continuing with this strategy and extending it to March 2029.
- The budget builds in growth to meet ongoing cost increases in Social Care, Homelessness and Housing Benefits.
- Given the underlying financial pressures, the scope for additional investment is limited, but a small amount is included particularly around areas previously funded from grants, that would no longer be received.
- Investments were continuing in the provision of temporary accommodation, which would save money in cost in supporting people staying in B&Bs and the revenue impact of this is reflected in the report.
- Money was included in the budget for an increase in the number of properties leased from private landlords and this is expected to save £3.9M.
- In addition funding was being made available for additional staff to undertake the increasing volume of work and ensure the focus remained on prevention.
- The final budget would be updated and presented to Full Council on 25th February 2026 and would include the updated figures following the draft finance settlement which the Finance Team were currently working through.

Draft Three Year Capital Programme:

- The General Fund Draft Capital Report seeks approval of just under £130M over the next three years.
- For the Final Report for Full Council this will increase to reflect multi-year grant settlements which will have since been released.
- In 2025/26 the Capital Programme changed to be mainly funded from government grants and borrowing and this approach would remain in place for 2026/27.
- The Revenue Budget would reflect the consequences of the decisions taken in the Capital Report. The report does note that the Council will look to alleviate the revenue pressure placed by borrowing, by using £60M of capital receipts to fund the Capital Programme.
- Of particular interest to the Housing Commission there will be £50M in addition for the acquisition of approximately 250 self-contained properties for use as temporary accommodation and this builds on the £45M approved by Full Council in March 2024 and along with other measures would directly result in annual cost avoidance of over £6M a year.
- In addition disabled facilities grants continued to be included at just under £1.9M per year.

In response to comments and questions from Members, the following was noted:

- A question was raised on Right to Buy (RTB) Scheme, it was noted that the RTB featured more in the Housing Revenue Account (HRA) which would be heard later in the agenda. The report being discussed could

include properties the Council were looking to acquire, could be properties that had previously been bought by council tenants.

- Members discussed the Council's approach to meeting demand for temporary accommodation and the wider actions being taken to address housing need within the city. It was noted that the £45 million investment approved previously had made a significant difference, alongside a further £30 million allocation, in reducing reliance on bed and breakfast accommodation.
- It was highlighted that demand for assistance remained at historically high levels, with around 60% of households being prevented from becoming homeless and permanent accommodation being secured for the remaining 40% and that demand continued to exceed what existing funding could accommodate, with planning assumptions based on demand levels from the previous 1 to 2 years in order to avoid the use of bed and breakfast accommodation wherever possible.
- In response to questions regarding the £50m addition to the capital programme, it was clarified that the Council was not constructing new properties but was purchasing accommodation from the existing housing market.
- Members were informed that £50 million had been allocated for temporary accommodation acquisitions, enabling the purchase of 90 self-contained units for single households and 160 family accommodation units.

Recommendations:

The Commission recommended that the additional funding allocated towards temporary accommodation, including the £45 million approved by full Council in the previous year, be noted and commended. The Commission recognised that the funding had been highly successful in reducing the number of families and individuals placed in bed and breakfast accommodation and, notwithstanding earlier questions regarding governance, expressed its strong support for the continuation of this approach and ongoing investment in this area.

AGREED:

1. That the Commission note the report.
2. That a report on Temporary Accommodation is added to the work programme.