

Appendix 1 Budget Financial Proposals

		2019/20 £000	2020/21 £000	2021/22 £000	
	Position Carried Forward from 2018/19	0	20,767	23,549	
	Non-Achieved Savings				
1	Children's Services	1,500	0	0	This assumes non-achievement of previously approved savings in relation to staffing (£1m) and supported accommodation (£0.5m) in 2019/20 only with these savings then anticipated to be delivered from 2020/21 onwards. The proposal does not make any allowance for any further cost pressures or increases in the number of Looked After Children. Item 2a below assumes that the cost shown here will be met from the newly announced one-off Adult and Children's Social Care Funding Grant.
2	Our Future Workforce (Workforce Reform) (Change to Pre-Budget Position)	4,442	0	0	The initial savings profile for the Council's previous Workforce Reform programme increases to £5m in 2019/20. The Pre-Budget Report was based on initial elements of the programme being in place for 2019/20 including the new staff parking scheme with other elements of the programme, essentially a new pay and reward model, not being in place until part-way through the year (resulting in a £2.5m shortfall in delivery of the planned saving). The updated assumption here is that the model will be not now be implemented until 2020/21 meaning a further £1.9m savings shortfall.
	Total Non-Achieved Savings	5,942	0	0	
	Government Grant Resources				

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2a	2019/20 Adult & Children's Social Care Funding (Change to Pre-Budget Position)	(2,650)	0	0	One-off social care grant announced for adult and children's services. The Government's description of the purpose of the grant is to ensure that adult social care pressures do not create additional demand on the NHS and for councils to use it to improve their social care offer for older people, people with disabilities and children. The Council will use £1.5m of this funding to support the costs shown at item 1 above. The remainder will be available to support the other intended purposes of the grant in line with item 7a below.
2b	2019/20 Adult Social Care Winter Pressures Funding (Change to Pre-Budget Position)	(1,551)	0	0	One-off social care grant announced for adults' social care services. The Government's description of the purpose of the grant is to for councils to spend it on adult social care services to help councils alleviate winter pressures on the NHS. The funding will be available to support the intended purposes of the grant in line with item 7b below.
2c	New Homes Bonus (Change to Pre-Budget Position)	(1,348)	0	0	The Pre-Budget Report financial position had been based on the assumption that the Government intended to amend the New Homes Bonus (NHB) scheme, reducing the 0.4% baseline of housing growth below which no bonus is paid. The estimated impact was that the Council would lose in excess of £1m of NHB grant. However, the Government has decided not to make any change to the baseline resulting in the resources re-established here.
	Total Government Grant Resources	(5,549)	0	0	

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	Expenditure and Income Pressures				
3	Housing and Homelessness (Change to Pre-Budget Position)	3,900	3,400	3,600	This item has been updated to reflect the 2018/19 Quarter 3 Budget monitoring report which contains an estimated cost of supporting families and individuals in temporary and supported accommodation that is £6.1m above 2017/18 budget levels (an increase of £1m on the figure reported at Pre-Budget). Significant work is being undertaken to address the underlying reasons for this but at the same time service pressures continue to grow in this area. At this point it is necessary to continue to make budgetary allowance at existing levels. This proposal therefore adds to the amounts planned in 2018/19 budget setting (£2.2m reducing to £1.5m across 2019/20 to 2021/22) with an assumption that the £6.1m level next year falls to £5.1m in 2020/21.
4	Loss of Coventry & Warwickshire Business Rates Pool Surplus (Change to Pre-Budget Position)	0	400	400	The Council has an income budget of £400k currently to take account of any surplus generated from the Coventry and Warwickshire Business Rates Pool, of which the Council is a member. The assumption here is that the pool will not continue under the revised national Business Rates model from 2020/21. In a change to the pre-Budget position however, the Warwickshire authorities' application for Business Rates Pilot status in 2019/20 has been rejected by Government. This has delayed the dissolution of the Pool. Therefore it is assumed that the current budgeted pool surplus will be available to the Council for 1 further year.

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5	ICT Software and Telephony Systems	798	798	798	This incorporates three separate cost pressures. The Council's 3 year Microsoft Enterprise Agreement licences are due to expire on 31st March 2019 with an associated increase in cost. The £250k financial pressure relating to the renewal of this volume licensing agreement was reported to Cabinet on 30th October 2018 as part of the re-procurement. The existing corporate telephony system is being transferred to Microsoft Skype. Skype licences can be procured as part of the Microsoft Enterprise Agreement. The £365k expected increase to licence costs associated with this was reported to Cabinet on 30th October 2018. As part of the upgrade to the existing corporate telephony system, work will also be required on the telephony system supporting the Customer Service Centre. The expected £183k increased cost of this is currently unfunded.
6	Insurance	250	250	250	Significant savings have been made against the Council's insurance premia over the last 3-4 years. However, increasing numbers of claims made against the Council, together with the loss of significant schools insurance premium income following their conversion to academies, has resulted in new pressures. This can be partially offset by a use of earmarked insurance reserves, but additional ongoing funding of an estimated £0.25m is required to ensure this is sustainable
7	HGV Drivers - Market Related Pay	220	220	220	Following the inability to retain drivers within the service, and the resulting increased cost of employing agency staff in order to ensure front line service delivery, HGV drivers have received one-off reserve funded market supplements. This has enabled the service to manage its HGV driver compliment more effectively so it is proposed to make the increased payment a permanent arrangement.

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7a	2019/20 Adult & Children's Social Care (Change to Pre-Budget Position)	1,150	0	0	Expenditure anticipated to match the one-off social care grant announced for adult and children's services at item 2a above.
7b	2019/20 Adult Social Care Winter Pressures (Change to Pre-Budget Position)	1,551	0	0	Expenditure anticipated to match the one-off social care grant announced for adults' social care services at item 2b above..
7c	Community Support Grants (Change to Pre-Budget Position)	153	153	153	The existing CSG scheme helps vulnerable people with crisis awards (usually a same day funding for food or utilities) and support awards (white goods, furniture etc to enable people resettle into the community). In December 2018 the Cabinet Member for Strategic Finance & Resources approved extra temporary funding in this area. This proposal extends this on a permanent basis reflecting increased demand for services that partly reflects greater homelessness and complements the Council's efforts to help people move out of temporary accommodation.
7d	Waste Disposal (Change to Pre-Budget Position)	819	819	819	The Council is experiencing additional costs as a result of a range of factors within the service. This includes growth in the volumes of domestic and commercial waste, site management costs and landfill penalties. These are partly the result of growth in the number of households in the city and expansion of the commercial waste service. The costs will in part be offset by additional commercial waste income and dividends received from the Coventry and Solihull waste Disposal Company.
7e	Godiva Festival (Change to Pre-Budget Position)	379	0	0	Additional costs reflecting the likely cost of holding the Godiva Festival on a similar basis to 2018. This reflects the recent additional festival security and infrastructure costs as well as the increased costs in the market for music artists. The Council is committed to holding the festival on an annual basis but will review its ongoing financial envelope prior to setting the 2020/21 Budget.

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	Total Expenditure and Income Pressures	9,220	6,040	6,240	

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		2019/20 £000	2020/21 £000	2021/22 £000	
	Expenditure - Policy Options				
8	UK City of Culture 2021 City Readiness	1,500	1,800	2,200	This reflects a five year city readiness and legacy programme totalling £6.1m per the report to Council on 4th September 2018. This provisionally incorporates time-limited service enhancements and additional capacity in the areas of: Culture, Heritage and Sports; Business, Jobs and Skills; Planning and Building Control; Licensing & Regulatory Services; Cleaning and Greening; Public Realm, Infrastructure and Highways; Traffic Management; Property Services; and Programme and Project Management.
9	Street Cleansing	107	107	107	An amendment to the 2018/19 Budget Setting Report increased the street cleansing budget to incorporate one neighbourhood cleansing team and two barrow operatives. This was included initially on a one-off basis subject to review for 2019/20 Budget Setting. Although fly-tipping continues to be a significant issue in parts of the city, this initiative has enabled the service to reduce response times to these incidents over the past year. The proposal here is for the increase to be made as a permanent addition to the Budget.
	Total Expenditure Policy Options	1,607	1,907	2,307	

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	Technical Savings				
10	Inflation Contingencies (Change to Pre-Budget Position)	(1,126)	(1,030)	(1,030)	This reflects the latest estimate of planned for amounts for pay awards and inflation costs compared with previous medium term estimates.
11	One-Off Availability of Early Retirement/Voluntary Redundancy	(2,000)	0	0	The Council maintains an ongoing budget of £2.5m to fund redundancy costs and the pension strain cost of early retirement decisions. A likely low level of ER/VR costs in 2019/20 will enable the use of the budget as a time limited saving against the bottom-line.
12	Council Tax and Business Rates Collection Fund and Tax-Base	(3,000)	0	0	This incorporates resources available from the actual 2017/18 Council Tax surplus and projected 2018/19 surplus in excess of previous figures budgeted. This reflects increases in the city's tax-base above the underlying estimate and includes the effects of growing housing numbers and continuing downward trends in the level of Council Tax Reduction Scheme payments and overall levels of discounts.
13	Asset Management Revenue Account	(21)	(737)	327	The AMRA revenue budget position reflects current forecasts of the level of capital financing costs (reflecting the profile of capital spend), the level of income from investing the Council's cash balances and the impact of the Council's Minimum Revenue Provision (MRP) policy.
14	2018/19 Coventry & Warwickshire Business Rates Pool Surplus (Change to Pre-Budget Position)	0	0	0	See line 4 above.The Pre-Budget proposal to use £0.6m of 2018/19 Pool surplus to provide a phased offset of the previously anticipated income loss in future years is not now required given the change in circumstances in 2019/20. Therefore it has been removed in the final Budget proposals.

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15	2018/19 Adult Social Care Resources	(1,000)	0	0	Planned underspend of 2018/19 Adult Social Care resources applied as a contribution from reserves in 2019/20.
16	Delay Use of Capital Receipts by one year	3,000	(3,000)	0	The 2017/18 Budget approved the use of £3m of capital receipts to replace revenue funding of the Capital Programme in 2019/20. This item proposes to delay this contribution for one-year. This enables greater focus on the medium term position and the need to further consider the Council's requirement to apply capital receipts for longer-term income generating purposes.
16a	Coventry and Solihull Waste Disposal Company Dividends (Change to Pre-Budget Position)	(2,333)	(1,333)	(1,333)	CSWDC has announced an improvement in its financial position that enables it to release additional dividends to its two major shareholders - Solihull and Coventry councils.
	Total Technical Savings	(6,480)	(6,100)	(2,036)	

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	Savings - Policy Options				
	Place Directorate				
17	Financial Management Structure	(150)	(250)	(250)	10% Reduction in Financial Management staffing cost. achieved from the more visible business partnering (BP) teams which support Directors & senior managers directly. It is considered feasible to recover the cost of an additional post (one already charged to projects) from charging for some discreet BP services within the Council, saving £50k.
18	Property Ground Leases	(150)	(300)	(300)	Detailed review of Property Ground Leases to optimise return
19	New Union Street Offices	(50)	(50)	(50)	Letting of New Union Street Offices to external customer
20	Lythalls Lane Industrial Estate	(100)	(100)	(100)	Post implmentation review of Lythalls Lane industrial estate investment to maximise growth
21	Property Compliance Team	(100)	(100)	(100)	Property compliance team income levels achieving in excess of budget
22	Property and Project Management Property Surveyors	(50)	(50)	(50)	Recovery of staff time costs from capital disposals proceeds and potential reconfiguration/growth of team.
23	City Centre Rents	(250)	(250)	(250)	Ahead of the proposed City Centre South development, void rent/rate liabilities have emerged for a number of Council owned properties. This pressure was budgeted for within 2018/19 Budget Setting. However, the current progress on the scheme implies a delayed estimated income loss in comparison with previous plans.

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24	Acquisition of Income Earning Assets	(250)	(250)	(250)	Generate an income stream from the re-investment of capital receipts In line with the Medium Term Financial Strategy, focussing on property assets that offer an appropriate level of financial return.
25	Economic Development Service (EDS)	(25)	(25)	(25)	Modest target for additional grant income to offset corporately funded salary costs
26	Coombe Abbey Hotel High Wire	(20)	(20)	(20)	Increased dividend from Coombe Abbey Hotel as a result of CAPL collaboration re High wire (net of hotel borrowing costs)
27	Traffic Enforcement Existing Activity	(275)	(275)	(275)	Improve recovery rates in parking enforcement to allow the income from existing bus gate/lane enforcement action of to be made available to support the budget setting process.
28	Coombe Abbey Park Limited	(500)	(750)	(1,000)	The Council's purchase of a 100% shareholding in CAPL was funded from capital receipts as part of 2017/18 Outturn. This enables any dividends generated to be made available to support the Council's bototm line. The initial estimate is for a forecast dividend of £0.5m in 2019/20 but with an expectation that this will increase in later years.
29	Whitley Depot Rebuild	0	(227)	(227)	Per the report to Council on 10th July 2018, the project to replace and consolidate the costly administration buildings at Whitley Depot and Jackson Road onto one site will make on-going running cost savings in excess of c£0.2m.
30	Property and Project Management Green Team	(25)	(25)	(50)	Modest cost reduction and/or income growth. Potential reconfiguration/growth of team
31	Planning Income	(300)	(300)	(300)	Additional income generation from increased planning activity resulting from successful inward investment

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32	Fleet & Waste Commercial Activity	(250)	(250)	(250)	Commercialisation opportunity resulting from collaborative working with Nuneaton & Bedworth Council to deliver their Domestic Recycling service.
33	Pest Control Commercial Activity	(30)	(30)	(30)	Pest Control commercial business expansion and collaboration with neighbouring authorities. Growth of the charged for services eg wasps, mice following growth within and in some cases outside of Coventry are helping to reduce the subsidy of this area for non charged for services e.g. rat infestations.
34	Parks Play, Catering and Parking Income	(30)	(50)	(60)	Increased play, catering and parking offer in City parks to generate net income benefit
35	Parking Enforcement	(25)	(50)	(50)	Undertake additional parking enforcement during peak evenings
36	ANPR Vehicle	(25)	(40)	(40)	Procure an Automatic Number Plate Recognition car to capture offences (parking on school zig-zags, red lines, taxi ranks) and assist with enforcement issues (residents' parking).
37	Legal Services	(50)	(50)	(50)	Redesigning duty provision to externalise on an hourly rate as opposed to standby cost, reconsider cost of Copyright Licence and not recruiting to part time posts, vacant as a result of reduced hours. Potential risk to on call provision - to be accepted by Social Care, risk in not complying with copyright requirements and reduction in staff may require external advice at cost.
38	Operational Property Rental Opportunities	(140)	(140)	(140)	Consider Operational Property rental opportunities to external clients - i.e. NHS, 312 and Moathouse.

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39	Property Services & Project Management Income Growth	(50)	(75)	(100)	Potential reconfiguration/growth of team
40	Commercial Waste Service Growth	(50)	(125)	(125)	Further commercial waste expansion/growth opportunities resulting from a major review of the service to ensure its competitiveness in the market and fitness for purpose. A number of new contracts have been won and others are in train which should yield growth in contribution as indicated
41	Commercialisation of Godiva Festival	(50)	(50)	(50)	Consider options including charging for parking and increased sponsorship/naming rights revenue.
42	Godiva Festival Merchandising	(25)	(25)	(25)	Create 'Friend of Godiva Festival' (e.g. wristbands) or wider merchandising offers
43	Additional Bus Lane Enforcement	(60)	(120)	(120)	Install additional cameras to enable enforcement of existing bus lanes.
	People Directorate				
44	Early Payment Discount from Suppliers	(25)	(50)	(75)	A scheme of early payments to suppliers in return for a discount is available.
45	Public Health External Contract Savings	0	(200)	(200)	The majority of Public Health contracts have now been let so limited re-procurement opportunities exist without invoking a contract variation. The Sexual Health Contract is available for re-tender or the existing contract could be extended. Early work has begun with the incumbent provider to see whether savings can be achieved through service transformation avoiding the need to retender at that point.

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46	Looked After Children Transport	(130)	(130)	(130)	This underspend has arisen as a result of a review a number of years ago which lead to tighter criteria and management in to transport of LAC. This underspend has supported the Children's budgetary control position over a number of years.
47	School Redundancies	(100)	(100)	(100)	This underspend has arisen as a result of tighter criteria and management in relation to the situations when the Council would pick up school redundancy costs. The Council does still have a statutory requirement to pick up redundancy costs for maintained schools in some cases, so if it were to give this budget up there would need to be an agreement to provide funding from reserves as and when required. The potential for school restructures has been enhanced as a result of the national school funding reform, where Coventry schools are largely on the funding floor.
48	Premature Retirement Costs (Schools)	(200)	(200)	(200)	This budget relates to the costs of former retirement/redundancy decisions where ongoing pension enhancements were agreed. There are no new commitments against this, so the costs (although subject to inflation) will continue to reduce over time. The Council currently makes a contribution to this budget from the DSG - historic commitments of £300K. DfE have set out their intentions to reduce historic commitments from 2020/21 so there is a risk that there will be a pressure here in the future.
49	Reduction in future additional Council Core Funding for Adult Social Care Pressures	(1,000)	(1,000)	(1,000)	Following the Councils decision to further invest in Adult Social Care to manage ongoing pressures, the Government injected significant further grant to support the pressure. The current requirement for additional Council resources in the next financial year has reduced due to the additional grant resources.

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50	Public Health - Managing the risk of Payment by Results	(150)	(150)	(150)	A number of Public Health contracts include elements based on payments by results. Historically these have not all been achieved contributing to year end surpluses. The ability to deliver this will be dependent upon provider performance.
51	Restructure of ICT Services	(85)	(85)	(85)	The ICT service is restructuring to meet the changing needs of the organisation.
52	Income Generation Safeguarding	(20)	(50)	(85)	Income generation on provision of training for Designated Safeguarding Lead, Governors, Early Years & School Reviews.
53	Early Years Training	0	(40)	(40)	Saving from ending direct delivery and commissioning training through the Teaching School
54	Outdoor Education Service	0	(32)	(32)	Maximise income (Duke of Edinburgh). We would need to ensure that this would not have a detrimental impact on the overall traded income for Dol-y-moch.
	Total Savings Policy Options	(4,740)	(6,014)	(6,384)	
	Overall Financial Position	0	16,600	23,676	