



Coventry City Council

# 6.2.3

## Public report

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**Report to Cabinet**  
**Council**

**12<sup>th</sup> February 2008**

**19<sup>th</sup> February 2008**

**Report of Management Board**

**Title**  
**Revenue and Capital Budget 2008/09**

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**1. Purpose of the Report**

- 1.1 The purpose of this report is to seek approval for the 2008/09 revenue budget proposals, Capital Programme and Treasury Management Strategy. The report also informs members of the Government's final Formula Grant allocation for the Council for 2008/09 and of the implications for future years' financial plans.

**2. Recommendations**

Cabinet is asked to:

- 2.1 Recommend the City Council to determine that its budget requirement calculated for the financial year 2008/09 in accordance with the requirements of Section 32 of the Local Government Finance Act 1992 be £257,717,192 as outlined in **Paragraph 5.1, Table 1** of this report. This incorporates a Council Tax rise for the City Council of 2.7%.
- 2.2 Note the implications of the budget for the 2009/10 and 2010/11 financial years in **Section 8** and instruct the Management Board to implement the strategy outlined to deliver a fully balanced budget in the medium term.
- 2.3 Approve the fees & charges as detailed in **Section 9**.
- 2.4 Note the Director of Finance and Legal Services' comments confirming the robustness of the budget and adequacy of reserves in **Sections 12 and 13**.
- 2.5 Recommend the City Council to approve the Capital Programme of £91m for 2008/09 and the future years' commitments arising from this programme of £82m in 2009/10 to 2012/13 (**Section 10 and Appendix 7**).
- 2.6 Note those schemes in **Section 10, Table 15 and Appendix 7** as being of high priority for inclusion in future programmes, subject to the 2009/10 and future budget setting processes.

- 2.7 Authorise the Head of Housing Policy and Services to vire between the elements of the Housing Capital Programme in line with previous years to achieve spend during the year (**Paragraph 10.16**).
- 2.8 Approve the allocation of Department for Children, Schools, & Families (DCSF) capital funding approvals for Modernisation, Basic Need, & Schools Access as set out in **Paragraph 10.17 and Appendix 8**.
- 2.9 Authorise officers to progress the proposals for increasing primary pupil places (as outlined in **Paragraph 2 of Appendix 8**) to Design Stage, and in particular authorise the use of the original consultants and contractor for the extension of Aldermoor Farm Primary School as outlined in Paragraph 10.18.
- 2.10 Recommend the City Council to approve the proposed Treasury Management Strategy for 2008/09 (**Section 14**), and the revised investment policy (**Appendix 9**), and to adopt the prudential indicators and limits described in **Section 15** and summarised in **Appendix 10**.

### 3. **Background**

- 3.1 The City Council is required to set its budget and determine the Council Tax for the city and its parishes by no later than 11<sup>th</sup> March each year.
- 3.2 As part of its Medium Term Financial Strategy, the City Council considers capital and revenue budgets together. This reflects the inextricable links between the two programmes and the way they support the delivery of the Council's vision and objectives. This report brings together these programmes for consideration by Cabinet and subsequent recommendation to Council.
- 3.3 Members must also consider, as part of their budget setting process,
  - the affordability of the programmes
  - robustness of the budget,
  - adequacy of reserves.

These issues, including the relevant strategies, policies and indicators, are also addressed in this report.

- 3.4 The Council adopted its current Corporate Plan in June 2007 and a revised Medium Term Financial Strategy in September 2007. These documents, together with the ten Cabinet Member Strategic Plans that were reviewed and adopted in July 2007 provide the context for the 2008/09 budget.
- 3.5 The report is seeking approval for an increase in our net budget from £240.1m in 2007/08 to £257.7m in 2008/09. This represents a net budget increase of 4.8% - this is explained further in **Paragraph 6.3**.
- 3.6 The report also seeks approval for a 2008/09 Capital Programme of £91m compared with a 2007/08 programme of £80m. This represents an increase of 14%. The Programme is considered in detail in **Section 10** and **Appendix 7**.

### 4. **The Council's Policy Priorities**

- 4.1 The City Council's vision for the city is set out in the council's Corporate Plan 2007/08- 2009/10 as follows:

*"The Council wants Coventry to be a growing accessible city where people choose to live, work and be educated and businesses choose to invest."*

The City Council is currently working with the Coventry Partnership and local organisations, communities and local people to develop a new Sustainable Community Strategy for Coventry to deliver this vision for the city over the next twenty years.

4.2 Coventry City Council is committed to improving its performance and is now rated a "Three Star" authority that is "improving well" under the Government's Comprehensive Performance Assessment process which runs from zero to four stars. Our Corporate Plan sets out a number of corporate and management objectives to ensure that the council can deliver the vision for the city.

4.3 **Corporate Objectives.** The council has seven corporate objectives that are set out below for information and clearly state priority areas. Following consultation with local organisations and people the corporate objectives were amended in June 2007 to include priorities on the city centre and climate change.

- Improve the quality and efficiency of services and make it easier to access them.
- Ensure the best quality education for all and that children and young people can achieve their maximum potential.
- Regenerate the city and ensure people have a good choice of jobs and housing and transform the city centre.
- Promote health, independence and choice for all citizens.
- Create a city where people feel safe and confident and no-one is disadvantaged by where they live.
- Make the city clean and green and work to tackle climate change.
- Actively promote equality so that people from different backgrounds have similar life opportunities.

4.4 In addition to its corporate objectives the Council has a set of Management Objectives that aim to improve the performance, efficiency and effectiveness of the Council, so that it is more able to deliver its priorities through better services and value for money for the people of Coventry. These management objectives are set out below:

- **Budgets**
  - Ensure sound management of the Council's resources
  - Deliver the council's medium term financial strategy to meet the corporate objectives and balance the budget
  - Maximise resources
- **Improving the way we work and deliver value for money**
  - Improving the quality of our service delivery
  - Improve access to the services we provide
  - Improve the efficiency of our services
- **People**
  - Ensure Councillors are well trained and well supported
  - Develop the skills, competencies and motivation of our workforce
  - Build a representative workforce fairly treated
  - Maintain the health, safety and welfare of our workforce

#### 4.5 **Wider policy and financial context for this year's budget setting**

Like other local authorities Coventry is facing a range of pressures that are essentially externally driven and over which we have little or no control. These include the more limited resources being made available through the Comprehensive Spending Review (CSR), the rising costs of social care, the impact of nationally agreed public sector pay increases, the effects of Equal Pay legislation and increasing costs of pensions. Although we are on track to achieve the required "Gershon" efficiencies for 2007/08, the 2007 CSR has established a target for councils to deliver 3% cashable savings over the next three years and this remains a major challenge for us.

- 4.6 The Council is building a reputation as a "can do" organisation. We have built up our ability to deliver regeneration in the city, work in partnership with the public and private sector and deliver more consistency of service. In some areas, e.g. working with older people, community safety, collaborative working on community cohesion and some aspects of children's services, our work is seen as a model of good practice. However the next five years bring us some very major challenges and it is vital that even in a context of lower levels of growth in public funding we have a robust medium term financial strategy to support this. This will be made more challenging by Government encouragement to make better use of resources jointly with other public services.

#### **Challenges**

- 4.7 The challenges facing the council over the next five years include:

- Maintaining current service standards. With relatively few exceptions, we currently provide services in a range from acceptable up to excellent. The challenge of maintaining these standards and of ensuring good succession planning should not be underestimated.
- Improving areas which still have significant areas for improvement. These include: the robustness of our children's social care services (these are "safe" but they need strengthening); a number of our corporate services which need to be better organised for increased effectiveness and productivity and to reduce overheads; improving the customer focus of our planning services; and streamlining the processes by which customer service requests are delivered.
- Focusing on driving forward on value for money through the Value for Money Partnership while at the same time maintaining services and responding to strategic challenges.
- Responding to the Government's challenge to put more emphasis on economic development and regeneration – an area in which we have invested heavily in recent years – in particular to focus on tackling worklessness and increasing sub-regional and regional wealth creation.
- Driving a major Growth agenda which is the key to economic growth in the city and the sub-region and to tackling national housing shortages.
- Taking forward major strategic imperatives like the Climate Change and Waste strategies, the Highways and Lighting PFI, Neighbourhood Management, working more closely with community organisations and tackling increasing congestion and dissatisfaction with transport options.
- Linking many of the points above with the focus on the new Local Area Agreement (a "contract" with central government to help carry out our Sustainable Communities Strategy) and the Comprehensive Area

Assessment inspection framework and the efforts required to channel improvement through that framework in close conjunction with our partners in the Coventry Partnership and across the region.

- Tackling new "Resilience" and emergency planning challenges whether civil – like major flooding - or relating to terrorist threats.
- 4.8 Resources are limited and, although the council might want to invest more in all of these areas, the reality is actually that we will need to become increasingly more effective and productive to deliver improvements. The consequence of this is that the Council will of necessity employ fewer people over the medium term. With economic uncertainties and an ageing population, the pressures on public sector expenditure may well increase not decrease and this will require the council to be ever clearer about focus and priorities, and timing of initiatives.
- 4.9 Some of the savings proposals in this document are major strategic developments whilst others are pragmatically and realistically proposed in recognition of the fact that some services will still be "reasonable" if provided at a lower level.
- 4.10 The kinds of philosophies the council wants to maintain are the ones we have adopted in recent years:
- Promoting people's independence and choice.
  - Having a "mixed economy" of service delivery i.e. whatever works.
  - Focusing on neighbourhoods.
  - Improving responsiveness to customers and customer care.
  - Actively promoting community cohesion.
  - Achieving value for money and greater productivity.

#### **Setting the budget**

- 4.11 The Council's budget is set in the context of the Corporate Plan and the budget setting process is aligned with the Council's performance management framework. This has included aligning the formal consideration of the Council's half-year performance in delivering the Corporate Plan and Cabinet Member Strategic Plans alongside the initial budget proposals and within the context of the Medium Term Financial Strategy. Our future Corporate Plan will align with the Sustainable Communities Strategy and the mechanisms for carrying it out.
- 4.12 The Council's Medium Term Financial Strategy sets out how we will use our financial resources to achieve our objectives and deliver our services. The Council's capital plans and revenue budgets reflect corporate objectives over the medium term and are fully integrated. Reserves are managed corporately, and there is a forecast level of reserves remaining, which is appropriate to the needs of the authority.
- 4.13 The Medium Term Financial Strategy ensures that our financial plans support the delivery of the objectives laid out in the corporate plan whilst setting a sound financial planning framework to underpin the effective financial management of the Council. Inevitably, in aiming for a robust medium term position, the Council's budget needs to reconcile corporate spending priorities, available resources including agreed council tax increases and the availability of reserves. Importantly we need to take into account the spending pressures being faced by all local authorities arising from national issues in delivering a

sustainable balanced budget in the medium term through the achievement of efficiency and value for money savings.

- 4.14 To assist councillors in setting the Council's revenue spending plans and capital programme, the Council's Management Board has taken account of base budget issues and variations identified within the 2007/08 budgetary control position. After incorporating any relevant management actions and formal member decisions taken during the year, Management Board then put forward a range of proposals for consideration based on a strategy of:
- limiting additional resources to essential new developments informed by corporate priorities, as far as possible
  - identifying savings from the streamlining or more efficient delivery of services
  - making transitional strategic use of revenue reserve balances and time limited income streams
  - making strategic longer term use of assets and reserves to ensure appropriate investment and delivery in front line services.
- 4.15 The Council has continued to undertake its improved consultation process – both within the Council and in the wider public arena to inform the final proposals it wishes to put forward. The Council's scrutiny function has been involved in the process through consideration of the Medium Term Financial Strategy at Scrutiny Board 1 on 29<sup>th</sup> August 2007 and the Pre-Budget Report at Scrutiny Co-ordination Committee on 9<sup>th</sup> January 2008. In addition Scrutiny Boards have considered the half-year review of performance of the relevant Cabinet Member Plans so that any relevant issues that needed to be considered could be referred to Cabinet as part of the formal budget setting process.

### **Consultation**

- 4.16 An extensive round of public consultation to inform the Council's budget setting has been led by the Deputy Leader of the Council, supported by the Chief Executive and other senior City Council officers. This consultation has focused on the Council's strategic priorities and direction, current performance and the budget proposals set out in the December 2007 Cabinet report. The consultees included: Coventry Youth Council; the trades unions; the business community - through the Coventry and Warwickshire Chamber of Commerce; community and voluntary sector organisations; a range of individual partner organisations, and the Coventry Partnership. A summary of the responses to the public consultation are attached at **Appendix 1**.
- 4.17 The responses arising from the consultation process were considered when producing the final budget proposals in this report. Changes made after the consultation process are included in **Appendix 4** on the following lines:
- 239 Later payment of Christmas salaries (proposal removed)
  - 278 Charging for replacement wheeled bins (proposal removed)
  - 285 Domiciliary Care charging policy (proposal phased)
  - 287 Efficiency savings from voluntary organisations (advice centres) (proposal removed)

The wider consultation responses will also be used to inform future policy making decisions including the review of the Corporate Plan in June 2008.

- 4.18 The agenda facing the council is challenging. The aim of the proposals in this budget report is to continue to move towards having well managed resources based on key strategies and investment decisions, and sensible pragmatism so the council can best meet the needs of the people of Coventry.
- 4.19 The resulting budget proposals in this report will enable the Council to deliver real and significant service improvements for the people of Coventry. The budget also allows the Council to respond to the needs of residents and commence new initiatives, improving both the infrastructure of the City and the way we deliver services to the public. Also, as part of the Council's Medium Term Financial Strategy, the budget sets the framework that supports the ongoing delivery of the Council's corporate objectives.

## 5 Resources

- 5.1 The Budget Requirement is funded from a combination of Council Tax resources and Formula Grant from central government. The Council Tax resources combine the tax revenue from 2008/09, plus the Council Tax estimated surplus at the end of 2007/08. The Formula Grant is made up of two elements: Revenue Support Grant and redistributed Business Rates. Details are provided in the following table.

**Table 1: Resources to Meet the Budget Requirement**

	£000s	£000s
Council Tax Revenue (2008/09)	(111,067)	
Council Tax Estimated Surplus	(1,247)	
<b>Total Council Tax resources</b>		<b>(112,314)</b>
Revenue Support Grant	(17,768)	
Redistributed Business Rates.	(127,635)	
<b>Total Formula Grant</b>		<b>(145,403)</b>
<b>Total Resources to meet Budget Requirement</b>		<b>(257,717)</b>

- 5.2 The Government published the 2007 Comprehensive Spending Review on the 8<sup>th</sup> October 2007. In this document they set out their priorities and spending plans for the three year period 2008/09, 2009/10 and 2010/11, including the national total for expenditure on local government. This was followed, in early December 2007, by the Provisional Local Government Finance Settlement that allocated the national resources to individual authorities, in terms of the Formula Grant that they will receive over the next three years.
- 5.3 The level of Formula Grant that an authority receives is dependent on its spending needs relative to other authorities, as determined by the Government.

It also takes into account each authority's Tax Base, which reflects the amount of money it can raise through Council Tax. Coventry's figures are given in the table below. The increases shown in the table have been adjusted to reflect changes in local authority responsibilities between years.

**Table 2: Coventry's Formula Grant**

		<b>2008/09 (Final)</b>	2009/10 (Provisional)	2010/11 (Provisional)
Coventry's Formula Grant £m	£m	<b>(145.403)</b>	(149.446)	(153.026)
Increase (Adjusted)	£m	<b>5.376</b>	4.134	3.614
	%	<b>3.8</b>	2.8	2.4

- 5.4 The Government confirmed the 2008/09 figures in the Final Settlement on the 24th January 2008. Although the amounts for 2009/10 and 2010/11 are still provisional they are not expected to change, and the final figures will be announced in January 2009 and 2010 respectively.
- 5.5 Coventry's 2008/09 Formula Grant increase of 3.8% is above both the national average of 3.5% and the average increase for metropolitan districts of 3.7%. The increase has been significantly limited by the "damping" that is built into the allocation methodology (a financial mechanism to pay for protection for those authorities which have benefited least well from the settlement). Coventry has lost £5.2m as a result of damping in the 2008/09 settlement.

## 6 General Fund Revenue Budget

- 6.1 The General Fund Budget recommended in this report reflects the final settlement, the Council's priorities and the approaches outlined in the Medium Term Financial Strategy. The budget recommendation also includes an increase in Council Tax of 2.7%, a contribution from reserves of £2m and the previously planned application of £2.3m of resources from the Government's Local Authority Business Growth Incentive scheme.
- 6.2 **Table 3** below shows a summary of the General Fund Revenue Budget. This information is shown in greater detail in **Appendix 2**, which sets out the Cabinet Portfolio revenue budgets and sources of revenue funding. The spending pressures and savings proposals requiring decisions within this report are outlined in detail in **Appendices 3 and 4**.

**Table 3: Summary of General Fund Revenue Budget Requirement**

	<b>£m</b>
2007/08 Base Budget	<b>240.1</b>
Add	
Inflation and previous budget decisions	<b>16.4</b>



Transfers of Responsibility and Other Technical Adjustments	<b>5.4</b>
Spending Pressures (Appendix 3)	<b>7.3</b>
Savings Proposals (Appendix 4)	<b>(9.5)</b>
Contribution from Reserves	<b>(2.0)</b>
<b>2008/09 Net Budget Requirement</b>	<b>257.7</b>

As in previous years, all expenditure is shown in the Budget Requirement net of direct grants received, (primarily from Central Government), and fees and charges. The total gross income and expenditure analysis that makes up the budget is also summarised in **Appendix 2**.

- 6.3 In order to compare the two years, we need to take account of transfers of responsibility within the final settlement for 2008/09 that result in an adjusted 2007/08 budget of £246.0m. The 2008/09 budget at £257.7 is an increase of £11.7m or 4.8%.
- 6.4 In line with previous years, the net budget will incorporate planned levels of grant income and expenditure insofar as these are known. We know however that 2008/09 will see a change in the way that we receive a significant amount of our grant income with a range of individual grant income streams being consolidated into an "Area Based Grant" (ABG). We have been notified that our ABG for 2008/09 will amount to nearly £24m. Much of this will be used to pay for the expenditure streams that were previously funded from individual grants and work is underway to clarify the overall package of measures that will be funded from ABG.
- 6.5 A range of savings and pressures has already been identified within the Pre-Budget Report to Cabinet on 18<sup>th</sup> December 2007. Since the Pre-Budget Report the Management Board has been working to balance the revenue budget and capital programme for 2008/09 onwards. The outcome of that work is included in this report. Where spending and saving proposals have changed since December, this has been indicated in **Appendices 3 and 4**.

#### **Spend Proposals**

- 6.6 Overall, the recommended budget for the General Fund includes £7.3m of spending pressures and proposals which specifically address our corporate objectives. These proposals are shown in **Appendix 3**. A number of these pressures are the result of changes that are not within the City Council's control.
- 6.7 Within this figure the Council needs to identify more than £6 million over and above inflation to deliver the same services as 2007/8 before any new spending proposals. Increases in costs for councils across the country reflect the rising costs referenced in **Paragraph 4.5**.
- 6.8 Budget proposals are, therefore, focusing on protecting the services valued by Coventry tax payers, including spending for some schemes that could have

been under threat as government funding comes to an end and keeping rises in council tax levels as low as possible for residents.

- 6.9 The proposals include over £500,000 of funding to support 34 community centres across the city, with the possibility of up to £10,000 each for community organisations who run centres. A 10-year strategy is being proposed to enable city agencies working with community centres can put in place ways of working which put community centres on a firmer footing for the future.

### **Savings Proposals**

- 6.10 A value for money approach has been adopted for this year's budget to avoid, where possible, cuts in frontline services. These proposals include streamlining some services and delivering efficiencies in others. Around 116 posts may be deleted if these proposals are adopted.
- 6.11 To finance the additional revenue funding required to deliver our corporate objectives and balance the overall revenue budget, it is necessary to make savings and to reduce the level of some Council services. The budget proposals in **Appendix 4** identify savings and alternative sources of funding amounting to £9.5m. Where posts are deleted as a result of these proposals not all losses of posts will lead to losses of individual employees given the Council's redeployment policy and the fact that some posts are currently vacant. Exact posts and the number of job losses cannot be finally agreed until the budget has been approved and its proposals implemented.
- 6.12 In identifying saving proposals, care continues to be taken to protect those services that are considered to be a priority within the Corporate Plan or where the Council would otherwise fail to meet its statutory obligations. It is almost always the case that the City Council's budget setting process has an effect on jobs either because of resource switching to new priorities or because of the need to make savings. The Council manages these changes for people through the processes it has agreed with the trades unions. Obviously it can be extremely worrying for individual employees who are told that their post may be deleted under restructuring but the Council has a legal responsibility to consult and it is vital that we are open in our dealings with employees. The trades unions are consulted on this and the Council tries to help people make choices that keep them in work. Other options are also considered such as re-training and voluntary redundancy.

## **7 Other Budgets**

- 7.1 This section details some key financial information at a corporate level.
- 7.2 The recommended budget for 2008/09 incorporates the use of the working balances outlined in **Table 4** below. This will leave the level of our uncommitted working balances at £2.5m, equivalent to 1% of our net budget. **Section 13** provides further context to the adequacy of the City Council's reserves.

**Table 4: Contribution from the Working Balances Reserve**

	£m
<b>Balance available as at 31<sup>st</sup> March 2007</b>	<b>(15.4)</b>
<u>Less</u>	
Policy commitments including Swanswell & Value for Money Unit funding, potential cost of Equal Pay Claims, plus repayment into reserves including Public Service Agreement Pump Priming Grant monies and 2006/07 year-end underspend balances	4.5
Budget Support for 2007/08	4.0
Use of LABGI grant for 2007/08	2.4
<b>Estimated Uncommitted Balance 31<sup>st</sup> March 2008</b>	<b>(4.5)</b>
Contribution to support 2008/09 Budget	2.0
<b>Uncommitted Working Balances</b>	<b>(2.5)</b>

- 7.3 **Levies from Other Bodies** - Levies are payable to other public authorities by the City Council as a contribution to their costs. These amounts are determined by the levying authority as follows.

**Table 5: Levies from Other Bodies**

	2008/09 £'000
West Midlands Passenger Transport Authority	16,043
Environment Agency	93
<b>Total</b>	<b>16,136</b>

The increase in the Passenger Transport levy reflects both a 3.6% increase in the costs of that body, together with the effects of changes in the West Midlands population. We have received advance notifications of a future potential increase in the PTA levy of around 12% for 2009/10. This will be the subject of ongoing discussion with CENTRO over the coming year.

- 7.4 **Parish Precepts** - Parish precepts are paid out of the General Fund. Additional Council Tax is then levied in those parishes to pay for the respective precepts. The 2008/09 budget contains provision to pay precepts as follows:

**Table 6: Parish Precepts**

2007/08 £	Parish	2008/09 £
3,300	Allesley	3,300
1,500	Keresley	1,650
<b>4,800</b>	<b>Total</b>	<b>4,950</b>

**8 Council Tax and Impact on Future Years**

- 8.1 The medium term financial strategy allows for a balance between service improvement and the need to keep Council Tax increases to a reasonable level. The proposed budget results in a 2.7% increase in the City Council's Council Tax.
- 8.2 The table below compares the Council Tax amounts for different valuation bands in 2008/09 with those in 2007/08. The impact summarised below illustrates the figures before Police and Fire precepts are added:

**Table 7: Impact of Council Tax Increases**

	2007/08 £	2008/09 £	%	Increase Per year £	Per week £
Band A	808.47	830.29	2.7	21.82	0.42
Band B	943.21	968.68	2.7	25.47	0.49
Band C	1077.96	1107.06	2.7	29.10	0.56
Band D	1212.70	1245.44	2.7	32.74	0.63
Band E	1482.19	1522.20	2.7	40.01	0.77
Band F	1751.68	1798.97	2.7	47.29	0.91
Band G	2021.17	2075.73	2.7	54.56	1.05
Band H	2425.40	2490.88	2.7	65.48	1.26

- 8.3 It is also possible to calculate the average Council Tax and this is given in the table below. The change in the average Council Tax between 2007/08 and 2008/09 has been significantly affected by a change in the policies regarding discounts for 2<sup>nd</sup> homes and long-term empty properties. This change increases the total level of tax collectable across the city which in turn increases the average amount of tax per property. This increase has no impact on Council Tax payers who do not possess a 2<sup>nd</sup> home or a long-term empty property.

**Table 8: Impact of Council Tax Increases**

	2007/08 £	2008/09 £	%	Increase Per year £	Per week £
City Average	855.98	889.64	3.9	33.66	0.65

- 8.4 The addition of the Police and Fire precepts will affect the total % rise and actual level of Council Tax reported above. The final decisions on precepts are

due to be determined by the respective authorities on 11<sup>th</sup> February 2008 (Fire) and 14<sup>th</sup> February 2008 (Police). The anticipated impact of the precepts is reported in the Council Tax Setting report that accompanies this one.

- 8.5 It should be noted that the Government has retained reserve "capping" powers and has made it clear that they will use these in relation to authorities that make excessive increases in tax levels. The Chancellor of the Exchequer, when he announced the Comprehensive Spending Review, expressed the view that the additional resources for local government should ensure that Council Tax increases will be kept "substantially below 5%". In reality however, we anticipate that only increases over 5% will be regarded as excessive. The recommended Budget and consequent Council Tax levels in this report are therefore not likely to be capped.
- 8.6 Whilst the position for 2008/09 has now been balanced, significant challenges remain in subsequent years. The revenue proposals outlined above have implications for future years' budget projections. Following the recent Local Government Settlement, it is now possible to predict the Council's future financial position with some confidence. Based on our current financial plans and the decisions within this report the initial projection of our future budgetary position is as follows.

**Table 9: Possible future effects on the Council's financial position**

	2009/10 £m	2010/11 £m
2008/09 Base Budget position	257.7	257.7
Inflation, savings and built-in pressures	15.4	20.9
LESS resources – projected Formula Grant & Council Tax at assumed 2.5% increase	(264.0)	(271.1)
Anticipated Funding Gap	9.1	7.5

- 8.7 Partly in view of anticipation of a budgetary gap in future years Cabinet approved the Strategic Value for Money Partnership with PricewaterhouseCoopers on 28<sup>th</sup> August 2007. The purpose of this partnership is to enable the City Council to take forward the Value for Money agenda in a way that will improve services and reduce cost. This will allow the Management Board to continue to build on existing work to identify measures that will move the Council towards a balanced medium term revenue position. The budget proposed in this report includes new savings where that are linked to a specific piece of work already identified. Savings of a general nature have been included at a very low level at **line 243** in **Appendix 4**. The approach of Management Board is to incorporate any new savings identified within 2008/09 as part of that year's budgetary control position and to reflect this within the 2009/10 budget.
- 8.8 The council's approach to reducing spending and delivering efficiencies has recently been identified within our Medium Term Financial Strategy and Value For Money Strategy. These approaches, together with our continued ongoing monitoring of the City Council's budgetary position (which itself can offer

opportunities to free up resources from time to time), will provide the mechanism by which Management Board will seek to produce a balanced medium term financial position. The table below indicates a range of planned reviews and potential mechanisms for delivering a balanced budget over the medium term. Although the figures quoted are indicative only, the areas quoted will undoubtedly offer a significant range of savings over the medium term.

**Table 10: Balancing Future Revenue Programmes**

	2009/10 £m	2010/11 £m
Potential Funding Gap	9.1	7.5
Year on Year 3% Efficiency Savings	(7.7)	(15.4)
<b>Anticipated Funding Gap/(Resources in Hand)</b>	<b>1.4</b>	<b>(7.9)</b>

Memorandum Block – current areas where efficiency savings are being explored		
Review of Base Budgets	(1.0)	(1.0)
Capping inflation on Council budgets	(1.0)	(2.0)
Increasing Fees and Charges	(0.5)	(1.0)
Strategic Review of Support Services	(1.0)	(1.5)
Further Value for Money Reviews	(2.0)	(3.0)
<b>Memorandum Sub-Total of Potential Efficiency Savings to meet 3% target</b>	<b>(5.5)</b>	<b>(8.5)</b>

8.9 The table above illustrates the impact of 3% year on year efficiency savings which the government expects all councils to deliver. Over the two-year period efficiency savings at this level would balance the medium term financial position. The second half of the table identifies areas of work already in hand to deliver these efficiencies.

## **9 Fees, Charges and Grants**

9.1 In setting its revenue budget, the Council assumes certain levels of income to be raised from a range of fees and charges which are applied for the delivery of certain services. Most fees & charges for 2008/09 have been increased in line with inflation or, where applicable, specific previous agreements. Notable instances of where service areas are increasing fees and charges above inflation are detailed below.

9.2 One of the individual reviews to be undertaken as part of our Value for Money Partnership with PricewaterhouseCoopers is looking at fees and charges across the City Council. We anticipate that this may help us to identify a significant increase in fee income in future years although we have not included this within our financial plans at present. The Audit Commission's recently

published study "Positively Charged" covers much of the same ground as the scope of the VFM Partnership on fees and charges and we will clearly be looking to use this to add further value to our existing review over the coming months and in a way which is not out of line with similar councils.

#### Youth Resource Centre

9.3 At the Cabinet Member meeting on 23 January 2008, the Cabinet Member for Children Learning and Young People took the decision to accept proposals set out in a report on the Youth Resource Centre apart from the increase to prices (see paragraphs 4.1 and 4.3 of the Cabinet Member report). A new pricing structure had been proposed within Appendix 1 of that report as an outcome of the review. A revised structure is now referred for consideration with a new, lower range of prices for decision as part of this report.

9.4 The new pricing proposal is that, instead of a 200% price rise to agencies working with young people (and an additional 100% on this figure for schools), the price increases reduce to 100% to agencies working with young people and an additional 100% to schools. The current prices and what the proposed price increases will mean in real terms, are illustrated in full in **Appendix 5**. This adjustment will mean that the overall saving now proposed for the Youth Resources Centre is approximately £56,000 instead of the original £62,000. The £6,000 balance will be achieved within the wider savings figure of £300,000 assumed for the Youth Service in **line 247 of Appendix 3**.

#### 9.5 Leisure Services

A report to Cabinet on 11<sup>th</sup> September 2007 recommended a revised schedule of fees and charges across Culture Leisure and Libraries. The financial impact of these new rates (including amendments subsequently approved by the Cabinet Member for Culture Leisure and Libraries) is incorporated into **line 224 of Appendix 3**.

#### 9.6 Community Services Fees, Charges and Grants

The Community Services budget especially is greatly influenced by grant aid agreements, contracts and the application of specific grants provided by central government. The proposals affecting these areas are outlined in **Appendix 6**.

### **10 Capital Programme**

10.1 In **Appendix 7** there are proposals for a Capital Programme of £91m. The proposed programme seeks to strike a balance between the need to invest in the infrastructure of the city and improving our level of service delivery. This year's programme focuses on ensuring continuing investment in services which local people value and which support the city's plans for the future. These include investing in young people and ensuring that they have the best possible environment in which to learn, keeping our roads and highways safe, improving routes to make it easier to use public transport around the city and continuing the long term regeneration of deprived communities across the city. In particular, the programme offers the following investment:

- A £29m programme in 2008/09 for Children, Learning and Young People's Services, the majority of which will be invested in schools across the City,
- Investment of £18m in total on a major highways programme involving the Local Transport Plan, Primelines, and the beginning of significant

environmental improvements to the Burges and Ironmonger Row and continued works to fulfil our health and safety responsibilities in relation to safety barriers and street lights,

- A new tranche of our Strategic Housing Regeneration programme amounting to £3.2m,
- The continuation of significant redevelopment schemes in the Swanswell and New Deal for Communities (NDC) areas,
- New investment of £3m in our property portfolio including the repair and maintenance of operational and commercial property, and compliance with property related legislative requirements.
- Major investment in the Wide Area Network (WAN) project that will extend the network of ICT infrastructure (cabling and other technologies) across the City. This project will connect Council equipment, members and officers to one another and the outside world. The vision for the infrastructure is to expand the technology beyond the traditional image of data and telephone cables, enabling a broader and more diverse service, capable of being shared with partners and other locally based organisations.

10.2 The main sources of funding for capital expenditure are as follows:

- Supported borrowing. These borrowing costs attract support from Government to pay for most of the cost of borrowing via the Revenue Support Grant mechanism. This is split into support for the allocations primarily relating to Children, Learning and Families and to Transport.
- Unsupported (prudential) borrowing. This attracts no revenue support from Government for interest and principal repayment charges. Appropriate revenue provision is needed to finance the full cost of prudential borrowing and such borrowing decisions must take into account affordability and sustainability.
- Capital receipts arising mainly from selling Council assets. These are a corporate resource to be used to support policy priorities although the Council may choose to earmark a receipt for a specific purpose. A capital receipt may give rise to a loss of income from property rents, and the revenue implications of such receipts have to be considered.
- Capital grants are sought from external parties, including government bodies and the private sector, to help fund schemes. They are often subject to requirements imposed by the provider.
- Revenue funding including reserves, can be utilised to meet the cost of capital expenditure.
- Leasing is used as an additional means of financing the acquisition of assets.

More detailed information is provided below on these resources.

### **The 2008/09 Supported Borrowing and Grant Allocations**

10.3 Government departments have set borrowing allocations based on plans submitted by councils. Notwithstanding these allocations, authorities are free to spend them on whatever capital purposes they determine. The government has provided revenue support for borrowing through the 2008/09 Formula Grant. The Government also provides grant funding for certain sectors. **Tables 11 and 12** below show the combined 2008/09 borrowing and grant settlement figures for Children, Learning and Families and for Transport.



**Table 11: Transport Settlement**

	£'000
Local Transport Plan - Highways Maintenance (supported borrowing)	1,704
Local Transport Plan - Bridge and Highways Maintenance (grant)	3,143
Local Transport Plan - Integrated Transport Strategy (grant)	3,408
<b>Grant Funded</b>	<b>8,255</b>

**Table 12: Children, Learning and Families Settlement**

	£'000
Supported borrowing	9,701
Grant – including Devolved Formula Grant	4,960
<b>Total</b>	<b>14,661</b>

**Capital Receipts**

- 10.4 Recent economic conditions have added to a delay in achieving previously anticipated receipt levels throughout 2006/2007, into 2007/2008 and projected forward into 2008/2009 amounting to £15m. This has reduced the overall level of resource available for those three financial years and has led to a significantly lower level of programme than would otherwise have been possible in 2008/09.
- 10.5 Projected capital receipts are included in the table below. These forecast receipts will be used to fund the proposed future Capital Programme. Management Board will continue to take action to review how the Capital Programme will be balanced in future years. In view of the recent deceleration of receipts this work will take on added significance in the coming year, re-emphasising the importance of the work of the Strategic Capital Group in bringing options forward to achieve this.

**Table 13: Capital Receipts**

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
<b>Total Receipts</b>	<b>20,026</b>	<b>24,713</b>	<b>17,076</b>	<b>9,880</b>	<b>1,550</b>	<b>73,245</b>

### **Forecast Capital Programme**

- 10.6 Largely as a result of the impact of the reduction in Capital Receipts, officers have undertaken a technical exercise to re-evaluate the overall expenditure and resources position in relation to the Programme both for 2007/08 and 2008/09. This has included producing a likely realistic profile of expenditure, seeking to maximise the amount of expenditure against which we can apply grant resources and maximising the resources corporately available to the Council to fund capital expenditure. This has been necessary in order to fund those schemes currently in the approved Capital Programme and a small number of new spending approvals largely for schemes of work in the areas of property and highway repairs.
- 10.7 We have assumed within our resourcing plans that the Programme will be supported on a temporary basis by the use of £4.6m of schools balances that are invested with the City Council, to offset anticipated expenditure on Stivichall School. This arrangement would be made on the basis of the existing Credit Union Loan Scheme that is provided for in the City Council's Fair Funding Scheme of delegation. Informal discussions have been held with the chair and vice-chair of the Schools Forum on this matter. There will not be an opportunity to consult formally with the Schools Forum until 28<sup>th</sup> February. These resources would be repaid over time from corporate resources at no financial detriment to individual schools who will continue to have access to the full balance of funds invested and will continue to earn interest on those funds in full.
- 10.8 In addition, we have earmarked £1.0m of insurance reserves to be applied to the Capital Programmes across 2007/08 and 2008/09. These switches of resourcing will give some breathing space in which it is intended that we will identify alternative sources of funding and/or be able to identify the most appropriate timescale for the disposal of property assets for the purpose of generating capital receipts. If the proposal is not approved, then other options will need to be explored including Prudential Borrowing or the temporary use of other reserves
- 10.9 A summary of the proposed programme including existing commitments and funding sources is outlined in **Table 14**. This includes expenditure rescheduled into 2008/09 as a result of the third quarter monitoring report for 2007/08. Full details of the proposed programme are included at **Appendix 7**.
- 10.10 The Capital Programme has evolved from a process which has scrutinised approved schemes from last year's capital programme together with new expenditure proposals, prioritised in relation to their importance, and any specific external funding/supported borrowing that they attract. The final programme presented in this report includes the most up to date information from the capital finance settlement and presents capital schemes by Cabinet Member Portfolio.
- 10.11 From **Table 14**, it can be seen that the authority plans to incur £10.8m of prudential borrowing in 2008/09, and £1.7m in 2009/10. Provision has been made in the revenue budget to fund this. This borrowing relates to Strategic ICT projects, the Swanswell development car park, replacement cremators and the Wide Area Network (City Wide).
- 10.12 We have made significant efforts to minimise the level of rescheduling that will affect the 2008/09 Programme although the programme includes a 5% allowance for the rescheduling of expenditure between the 2008/09 and

2009/10 financial years. This concept was introduced in 2006/07 and incorporates an adjustment shown at a corporate programme level. The aspiration will be to achieve 100% spend at an individual scheme level. However, we need to recognise the potential benefits of maintaining a degree of flexibility through the year and the fact that we are often faced with rescheduling due to factors outside our control.

10.13 In addition we have tried to ensure that expenditure profiles are as realistic as possible at an individual scheme level rather than reflecting the aspirations of project and service managers. In the past we have sought to put expenditure profiles in the Capital Programme that erred on the side of optimism and 100% success in project progress through the year. The Programme in this report reflects our revised approach to this assuming that in fact, 100% success is unlikely. In totality the project plans and target completion dates of individual schemes assume a greater level of spend than shown in this programme. If this level of progress is achieved, this acceleration of expenditure will need to be accommodated either through resources set aside for other schemes that do not make the progress assumed for 2008/09 or by utilising other resources or treasury management measures on a temporary basis within the overall powers available to the Director of Finance and Legal Services.

**Table 14: 2008/09 – 2012/13 Capital Programme (Expenditure & Funding)**

<b>Expenditure</b>	<b>2008/09 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
Children, Learning and Young People	29,037	24,014	14,127	500	500
City Development	27,353	5,349	1,137	55	835
City Services	17,108	6,372	5,970	0	0
Climate Change, Housing & Sustainability	7,476	3,308	3,308	3,308	3,308
Community Services	355	154	154	0	0
Culture, Leisure & Libraries	4,751	290	150	0	0
Neighbourhoods & Community Safety	120	0	0	0	0
Customer Workforce & Legal Services	9,887	2,419	1,446	900	0
<b>Total Approved Programme</b>	<b>96,087</b>	<b>41,906</b>	<b>26,292</b>	<b>4,763</b>	<b>4,643</b>
<b>Allowance for Rescheduling</b>	<b>(4,804)</b>	<b>2,468</b>	<b>905</b>	<b>1,121</b>	<b>62</b>
<b>Programme after Rescheduling</b>	<b>91,283</b>	<b>44,374</b>	<b>27,197</b>	<b>5,884</b>	<b>4,705</b>

<b>Funding</b>	<b>2008/09 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
Supported Borrowing	11,464	10,772	8,800	0	0
Prudential Borrowing	10,824	1,668	414	100	0
Total Borrowing (sub-total)	22,288	12,440	9,214	100	0
Government Grants	40,177	13,564	15,084	3,466	3,466
Capital Receipts	20,026	24,713	17,076	9,880	1,550
Revenue Contributions	6,351	(832)	(959)	(1,152)	(1,152)
Leasing	2,441	200	200	200	200
<b>Total</b>	<b>91,283</b>	<b>50,085</b>	<b>40,615</b>	<b>12,494</b>	<b>4,064</b>
<b>(Resources Available) / to be identified</b>	<b>0</b>	<b>(5,711)</b>	<b>(13,418)</b>	<b>(6,610)</b>	<b>641</b>

10.14 **Table 14** shows that the programme for 2008/09 is balanced and that for 2008/09 to 2011/12 there is a net surplus of resources. This reflects the fact that although we have projected some resource streams forward over these years, we have not incorporated any ongoing maintenance schemes or new long-term projects over this period. The forthcoming Capital Programme for 2009/10 will need to consider how best to manage the overall balance of resources and expenditure aspirations.

10.15 The programme inevitably looks significantly reduced in the medium term due to the inability to predict reliably the level of available resources particularly beyond the end of the current spending review period. Furthermore, new demands will become apparent as new initiatives are identified. In view of this and given the reliance on unidentified capital receipts to fund the programme in the medium term, it is proposed that only those projects and programmes due to start in the 2008/09 financial year be approved within this report as shown in **Appendix 7**. It is recommended that the remainder of the programme, including those schemes only subject to feasibility studies in 2008/09, be noted as high priority for inclusion in future programmes subject to review within future budget setting processes. The relevant schemes are listed as memorandum items at the bottom of each page in Appendix 7 and their total effect shown in **Table 15**.

**Table 15 : High Priority Schemes For Potential Inclusion in Future Programmes (subject to review)**

	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
Highways Investment	2,900	2,900	2,900	2,900
Gating Programme	100	100	100	100
Property Repairs	3,000	3,000	3,000	3,000

Strategic ICT Projects	0	0	0	900
War Memorial Park Improvements	0	100	0	45
Social Housing Regeneration Fund	3,600	3,600	3,600	3,700
Future schemes to be considered	<b>9,600</b>	<b>9,700</b>	<b>9,600</b>	<b>10,645</b>

10.16A Capital Monitoring Group exists within Housing Policy and Services to ensure that the housing programme is delivered. As much of this programme is made up of individual grants, flexibility needs to be exercised between its various elements to achieve the desired level of spend and a recommendation has been included in this report to allow this practice to continue.

### **Children, Learning and Young People Capital Programme**

10.17 Allocations for Modernisation, Basic Need, & Schools Access total £27m for 2008 to 2011. **Appendix 8** details the proposed priorities for allocation of these resources over the first 2 years – 2008 to 2010 - using £18.3m of the total. Almost half (£9m) of this is devoted to increasing primary pupil places, as the forecast for reception class numbers in September 2008 leaves just 10 unfilled places. Approval to progress individual schemes within these priorities will be sought when detailed proposals have been worked up. Proposals for the remainder of the £27m will be brought forward next year in tandem with confirmed funding for the 'Every Child Matters: Primary Capital Programme' (for which indicative funding of £11.4m from 2009 to 2011 was notified on top of the above allocations).

10.18 As part of the Increasing Pupil Places Programme referred to above, Aldermoor Farm Primary School is to be extended to two Form Entry (FE). The existing 1.5FE school is newly built being completed in September 2007. It was carried out as a partnering contract with IID Architects, Gardiner and Theobald, and Wates Construction Ltd. and was completed within the target cost and ahead of programme. The building is presently covered by the twelve month defects liability period. It is proposed to use the same partnering team to design and construct the new extension as an addition to the existing contract taking advantage of the following:

- Same design fee percentage that was tendered for the original project.
- Pro-rata contractor's preliminaries and overheads as originally tendered.
- Consultant and Contractor have complete knowledge of the existing building.
- Consultant has allowed for the proposed extension in the planning of the original building, and was included in their masterplan planning application.
- Use of the same sub-contractors and suppliers to match existing components such as the ground source heat recovery system and maintain warranties during the defects liability period.
- The team has an established relationship with the school and community.
- Contractor can maintain their existing compound in a reduced format to save on site set up costs.

- Contractor can make an early start on construction work, provisionally April 2008 for completion by October 2008.

The construction cost estimate is £800,000, design fees £72,000 with an overall project value of £920,000. The original school contract was £4,913,000 for construction and £443,000 for fees.

## **11 Budget Risks**

11.1 In making budget recommendations to Members, officers have robustly challenged budgets with a view to ensuring maximum benefit from the resources available. This has included considering the risks with a view to ensuring that budgets and reserves are set at appropriate levels. Inevitably, in agreeing the budget, the Authority carries some risks, and the major financial ones for the coming year are set out in summary below. Where appropriate these risks are included within the City Council's overall risk register and will therefore be monitored through our existing processes for managing risk or where more appropriate through our ongoing budgetary control processes.

11.2 **New External Funding Arrangements** – The council is involved in a number of major investment projects that involve significant reliance upon external partners and external sources of finance. Street Lighting PFI, the Swanswell regeneration project and Building Schools for the Future are three very different examples of such arrangements. All of these schemes carry some degree of financial risk, the level of which is very difficult to predict at their outset. It is important to recognise that the financial implications of such schemes can change significantly – either positively or negatively – as the schemes progress. Officers representing the Council in each of the schemes are constantly vigilant to ensure that the financial implications for the Council are minimised and that we achieve the best possible value for money. Progress on these large schemes is closely monitored and regularly reported to members as they progress. Each of the schemes has a detailed risk register that is regularly reviewed.

11.3 **Children's Placements** – This refers to "looked after children" and has been a consistent cause of budgetary pressure for several years due to the numbers of children requiring care and the inflationary pressures on commissioning placements. We continue to put realistic budgetary provision in place and implement strategies for managing these pressures, for example the contract to provide more local residential placements and strategies to reduce the overall number of children and young people looked after.

### **11.4 Services for Adults with Learning Difficulties**

Our services for adults with learning difficulties have been the subject of significant cost pressure in the recent past. Notwithstanding the report to Cabinet in October 2006, which outlined the strategy for helping to manage these pressures, further medium to long-term pressures will inevitably arise in this area and we should recognise the potential need to bring forward further proposals to manage these.

### **11.5 The A Factor**

The Council has been engaged in extensive discussions with its External Auditors about how much money we need to set aside to repay debt. This follows a change in accounting rules in 2004 and is commonly referred to as the 'A' Factor. The government has recently consulted on changes to the A

Factor regulations that would remove the risk that the authority might need to make a significant one off settlement. However, the proposed changes might nevertheless have an ongoing revenue impact. Consequently, provision of up to £1.3m is included in the revenue programme to meet this potential cost.

- 11.6 Rescheduling & Pressure in Capital Spend** - The City Council manages a range of high spending complex capital projects. These often require negotiations or permissions with third parties that can take longer than anticipated to conclude. Similarly construction work can be delayed for a range of factors sometimes outside of our control. Rescheduling in the timing of projects as well as inflationary cost pressures can have an impact on cash-flow forecasts and ultimately treasury management activity. In line with last year's programme, we have attempted to place significant rigour on assessing the assumed profile of capital spending with the aim of not putting an unrealistic year 1 expenditure profile into our Capital Programme. This should continue the prevention of the level of rescheduling experienced previously and these trends will continue to be closely monitored through 2008/09.
- 11.7 Capital Receipts** – Historically the Council has underestimated its ability to generate capital receipts. However, our experience over the past year is that receipts arising from disposal have been more difficult to achieve. These receipts have been particularly susceptible to the downturn in commercial property values and uncertain housing market and this has affected our ability to dispose of assets within specific time frames. If these projected receipts targets are not achieved then this may compromise our ability to resource our capital programme in the medium term. This has led us to scale down our expectations of the level of receipts and the size of the programme that can be achieved in 2008/09. Nevertheless, there remains a risk that even our more modest expectations of receipt levels are not achieved. We intend to undertake a rigorous and regular monitoring process through 2008/09 designed to maximise the achievement of receipts within the parameters of the levels being anticipated in this report.
- 11.8 Equal Pay Claims** - The Council's 2006/07 financial outturn position was reported to Council on 26<sup>th</sup> June 2007. The report made reference to the claims against the Council that had been received under equal pay legislation and the provision in our accounts that had been made for an estimated settlement amount. The Council is robustly challenging these claims and will do likewise with any future potential claims. At the end of 2007/08 we will need to reassess the overall level of resources that we have set aside based on the number of claims that have been received and our view of the likely outcome of the legal proceedings currently under way.
- 11.9 New Revenues and Benefits System** – In the final months of 2006/07 we implemented a new revenues and benefits system to replace the previous Civica system. Although there has been some short-term disruption to the collection of Council Tax revenues we anticipate that performance will return to previously assumed collection rates. Continued close monitoring of Council Tax collection will continue through 2008/09 to ensure that we are approaching such a position.
- 11.10 Overall Risks**  
In considering the Council's corporate objectives in the context of our financial position, resources have been allocated to meet corporate priorities, and

savings have been identified. In these circumstances there are a number of inherent risks which need to be managed:

- a) that the new resources actually deliver the corporate objectives. Operational plans and quarterly monitoring reports will specifically address this issue,
- b) that ongoing spending and income are controlled to budgets. Compliance with the Council's budgetary control rules is essential,
- c) that treasury management procedures provide for cash to be available, at minimal cost, when required. The strategy and regular monitoring provide adequate safeguards.

11.11 There are always risk elements in setting a budget. These are supported by the Authority's holding of general reserves. Given the level of reserves available to us as set out in **Paragraph 13.1, Table 16**, officers are satisfied that the risks taken are acceptable. In addition to the Council's overall resources, the Council's Working Balance forecast stands at £2.5 m (see **Paragraph 7.2, Table 4**) for 2008/09 and this is an essential safeguard against unforeseen risk.

## **12 Robustness of the Budget**

12.1 Under the terms of the Local Government Act 2003, the Chief Financial Officer (the Director of Finance and Legal Services) is required to give assurance on the robustness of the estimates included in the forthcoming budget.

12.2 In the view of the Director of Finance and Legal Services the budget being recommended to the City Council is supported by robust estimates of income and expenditure. This judgement is based on the following:

- i) The budget has been set within the guidelines of the authority's Medium Term Financial Strategy, approved by members, that sets out the broad policies and assumptions, that lie behind the Council's medium term financial planning process.
- ii) There is a medium term financial plan in place that sets out the known changes to the current budget over three years incorporating the concept of strictly controlled Directorate budgets, known policy changes and best estimates of the impact of inflationary pressures and expectations of resources.
- iii) The authority operates an integrated Medium Term Policy and Financial Planning process that incorporates a comprehensive and detailed assessment of the new policy and technical changes that will affect the proposed budget and the medium term budgetary position of the authority.
- iv) Individual Directorates, working to strict budgets, prepare detailed service budgets that are the financial representation of the authority's statutory duties and corporate service objectives for the coming year.
- v) The authority's individual service Management Teams and its corporate Management Board have been fully involved in the detailed make-up of the information included in the Policy and Financial Planning process.
- vi) As discussed further in **Section 13** below, the Authority's level of reserve balances is sufficient to meet other unforeseen eventualities, within reasonable limits of assessed risk, that may potentially need to be met by the authority.



All of the authority's political groups have been provided with information on the Policy and Financial Planning process and have been consulted on the options available in a way that will enable them to take a full part in the final decisions about budget setting.

### 13 Adequacy of Reserves

13.1 In line with **Section 12** above, the Local Government Act 2003 also requires the Chief Financial Officer to give assurance on the adequacy of reserves of the Authority for which the budget provides. The latest reported position is shown below.

**Table 16: Reserves Balances at 2006/07 Outturn**

Reserve	Closing Balance 31 <sup>st</sup> March 2006 £'000	To/(from) Reserve £'000	Closing Balance 31 <sup>st</sup> March 2007 £'000
Directorate Reserves	(5,726)	1,871	(3,855)
Management of Capital	(16,962)	13,560	(3,402)
Insurance Fund	(6,179)	(1,138)	(7,317)
Schools	(9,272)	(1,294)	(10,566)
Corporate Resources	(23,558)	7,031	(16,527)
<b>Total</b>	<b>(61,697)</b>	<b>20,030</b>	<b>(41,667)</b>

13.2 The final position of reserve balances carried forward into 2008/09 will not be known until finalisation of the 2007/08 accounts. It is likely that the total level of reserves will be reduced below the 31<sup>st</sup> March 2007 level by the end of 2007/08 but will still remain at significant levels, which help to protect the Council from financial risk. It is the view of the Director of Finance and Legal Services that the City Council holds an adequate level of reserves to support the recommended budget for 2008/09. This judgement is based on the following:

- a) The Council is well provided for in terms of its reserves compared to its overall level of budget and much better provided for than many other authorities.
- b) The level of insurance reserves is sufficient to meet any likely calls on them (within reasonable limits of assessed risk).
- c) The level of reserves is sufficient to support contributions to 2008/09 directorate-based budgets (including schools) and Corporate commitments both for capital and revenue purposes.
- d) The level of uncommitted Working Balances provides a sufficient level of short-term resource to meet any other unforeseen eventualities (within reasonable limits of assessed risk) balanced against pressures to not hold an excessive level of reserve balances.

13.3 Our policy on reserve usage is set out in the Medium Term Financial Strategy. The overriding aim is to ensure that reserve usage is focused on delivery of the

Council's corporate priorities, recognising that reserves can only be used once. Whilst the level of reserves remains high, a number are dedicated to specific purposes, such as schools and insurance, and the remainder have been brought together and are regularly scrutinised by Management Board in order to ensure the best use possible for the corporate objectives of the authority.

- 13.4 The recently announced Comprehensive Performance Assessment Use of Resources judgement from the Audit Commission announced in January 2008 gave Coventry a score of three (out of four). This judgement takes into account a range of factors including whether we have an approved policy on reserves and whether we maintain our levels of reserves and balances in line with this policy. Notwithstanding this positive statement on our existing practice, we will continue to make reference to the Audit Commission's guidance and expectations in this area in the future.

## **14 Treasury Management**

- 14.1 The overall aim of the treasury management policy is to manage the Council's cashflows so that sufficient money is available to deliver its services, whilst at the same time minimising the costs of debt, at an acceptable level of risk. In addition, future stability and predictability are important considerations. More explicitly, the policy objectives are:

### **14.2 Borrowing**

- To maintain adequate liquidity;
- To reduce the revenue costs wherever possible;
- To undertake funding in any year at the cheapest cost taking a medium term view (e.g. five years);
- To manage the total debt maturity profile to ensure a fairly even spread of future repayments;
- To review actively opportunities to redeem (i.e. repay early) and reschedule debt (i.e. replace one debt with another) as interest rates change, to reduce revenue costs.

### **14.3 Investment**

- To maintain capital security,
- To maintain adequate liquidity;
- To maximise the revenue benefit by pursuing the following options, as appropriate given prevailing and forecast interest rates:
  - retain external investments
  - repay existing loans, or
  - avoid new borrowing

### **14.4 Interest Rate Forecasts**

At the start of 2007/08 base rate stood at 5.25%. Successive rises increased this to 5.75% by July 2007. Although there are some inflationary pressures, in particular to fuel prices, signs of a slowdown in economic activity and the potential broader effects of uncertainty in the financial markets signalled a reduction in the base rate to 5.5% in December 2007. Although a further reduction is expected the timing and amount of any such cut are uncertain, with the scope to ease policy being dependent on the movement in inflation. Longer term borrowing rates, such as those obtainable from the PWLB, are currently relatively low and are expected to remain at under 5% during 2008/09.

#### 14.5 Borrowing

Based on current estimated levels of spend the expected long term debt position of the authority at 31st March 2008 is as follows:

**Table 17: Estimated Long Term Borrowing at 31st March 2008**

Type of Debt	Total £m
PWLB	236.6
Money Market	60.0
Stock Issue	12.0
Total	308.6

The main funding sources used by Coventry are:

- The Public Works Loans Board (PWLB) - this is, in effect, the Government. Although loans may be obtained at variable rates of interest they are normally at fixed rates, thereby limiting the future impact of interest rate variations.
- Money Market - these are loans obtained from financial institutions, such as banks. These have generally been less competitive than PWLB loans. However, a comparatively recent development has been the LOBO (lenders option, borrowers option) which is essentially a long term loan at an initial fixed rate for typically 3-4 years then variable thereafter. Should the lender exercise the option and seek to increase the rate beyond a certain level the borrower can choose to repay the loan refinancing it at that point in time. Coventry has £58m of such loans.
- Stock Issue - this is loan stock issued by the City Council in 1996. In 2003/04 approximately £88m of the total of £100m was redeemed as part of a debt restructuring.

Given the revenue budget and associated capital programme outlined above, the estimated funding requirement for the City Council for 2008/09 is summarised below:

**Table 18: 2008/09 Funding Requirement**

	£m
Previous borrowing which matures and needs to be replaced	nil
New funds to finance the Capital Programme	22.3
Minimum Revenue Provision	(12.4)
Total forecast borrowing requirement	9.9

This sum will increase if new government supported borrowing is awarded during the year. After 2007/08 the proposed capital programme indicates a reduction in the level of required borrowing.

In the light of the interest rate forecast, the objectives underpinning the Treasury Management Strategy and the forecast borrowing requirement for 2008/09, the Director of Finance and Legal Services will, under delegated powers, undertake the most appropriate form of borrowing depending on prevailing interest rates at the time. In addition to borrowing to fund the capital programme, the Director of Finance and Legal Services will also monitor the opportunities for rescheduling debt. In essence this involves redeeming our existing debt early when long term rates are low – replacing current higher interest debt with new lower interest debt. This will only be done if revenue benefits justify it.

#### 14.6 **Minimum Revenue Provision**

Local authorities are required to provide for the repayment of long term capital programme borrowing through a revenue charge (the Minimum Revenue Provision or MRP). Draft Capital Finance Regulations are currently issued for comment, which if implemented, will require the approval of an MRP Statement setting out the authority's approach. On the basis of the current draft regulations being implemented the proposed MRP policy is:-

- For capital expenditure incurred before 1<sup>st</sup> April 2008 or which in future will be Supported Capital Expenditure will follow existing practice, with MRP broadly based on 4% of the underlying Capital Financing Requirement adjusted for the A Factor;
- From 1<sup>st</sup> April 2008 for all capital expenditure met from unsupported or prudential borrowing MRP will be based on the estimated asset life of the assets or a depreciation calculation.

The main implication of the draft changes would be that where shorter life assets are funded from Prudential Borrowing the MRP charge will be spread over fewer years, increasing the impact on revenue over a shorter period of time. The revenue programme includes provision for the impact of the draft changes.

#### 14.7 **Investments**

The City Council manages its investments by making deposits with banks and building societies, largely for fixed durations and rates of interest, and by placing money with fund managers. As fund managers are able to access different types of longer term investments, such as government gilts and certificates of deposit, this ensures the diversification of investments.

Separately, the City Council holds long-term investments for operational or policy reasons, representing past capital expenditure. These include Birmingham Airport Holdings Ltd and the Coventry Solihull Waste Disposal Company.

A central part of the Investment Policy deals with the management of counterparty or "credit risk" by determining how City Council lending or depositing limits are set. Lending limits are determined by reference to credit ratings, set by one of three credit rating agencies. In the light of financial market uncertainties since the summer, a slightly more cautious "lowest common

denominator" approach has been adopted whereby the lending limit for an institution is set with reference to the lowest rating of the three agencies. It is proposed that this is formally included within the policy for 2008/09. This approach will also reflect the fact that ratings are a statement of opinion and not a guarantee.

The limits that are currently set for investments with other local authorities are either £2.5m or £5m depending on the nature of the authority. It is proposed that these limits are increased to £4m and £8m respectively in order to more accurately reflect the level of risk in lending to other local authorities, relative to other organisations.

The impact of the proposed revisions to the policy are reflected in **Appendix 9**.

## 15 **The Prudential Code**

The Local Government Act 2003 and associated CIPFA Prudential Code for Capital Finance set the framework for the new local government capital finance system. From 2004/05 authorities have been able to borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. This is a fundamental feature of the current system. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. The Prudential Indicators are calculated on the basis of the current Capital Finance Regulations.

### 15.1 **Revenue Related Prudential Indicators**

Within **Appendix 10** those indicators with references 35 – 38 and 39 highlight the revenue impact of the proposed capital programme. These show that the revenue costs of financing our capital expenditure as a proportion of our income from government grant and Council Tax is forecast to increase marginally from 10.50% in 2008/09 to 10.74% in 2009/10.

In addition, the impact on a Band D Council Tax of the current proposed programme compared to the programme approved last year is set out in indicator 39. This also shows a marginal change from 2008/09 to 2009/10, reflecting capital financing costs net of revenue savings arising from schemes to be resourced from Prudential Borrowing. By incorporating net revenue savings this illustrates the broader impact of the investment proposals.

### 15.2 **Capital and Treasury Management Related Prudential Indicators**

These indicators, set out in **Appendix 10**, include:

- Authorised Limit (Ref 59) - This reflects the level of borrowing which could be afforded in the short term, but is not sustainable. It is the forecast maximum borrowing need with some headroom for unexpected movements. This is a statutory limit.
- Operational Boundary (Ref 60) - This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.
- Net Borrowing less than "Year 3" Capital Financing Requirement (Ref 45) - The Council needs to be certain that net external borrowing does not, except in the short term, exceed the total of the Capital Financing

Requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for 2008/09 and next two financial years. The CFR is defined as the Council's underlying need to borrow, after taking into account other resources available to fund the Capital Programme. This indicator is designed to ensure that over the medium term, net borrowing will only be for a capital purpose.

- Debt Maturity Structure, Interest Rate Exposures and Investments Longer than 364 Days (Ref 67 – 73, 74, 77) - The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position.
- Other indicators highlight Planned Capital Spend (Ref 51), Actual Debt at 31st March 2007 (Ref 64) and the adoption of the Treasury Management Code (Ref 66).

All these prudential limits need to be approved by full Council, but can be revised by Council during the financial year. Should it prove necessary to amend these limits, a further report will be brought to Cabinet, requesting that you ask for the approval of full Council to the changes required.

## 16 **Leasing**

The City Council uses operating leases for non-fixed plant and equipment, where this method of funding represents best value. The Capital Programme includes £2.4m of spend to be resourced from leasing in 2008/09, but this will only be used where this is value for money when compared with other forms of funding, such as unsupported borrowing.

## 17 **Other Specific Implications**

- 17.1 Setting the Council's revenue and capital budgets has implications for every aspect of Council activity. The paragraphs below identify any specific implications that have occurred as a result of the current process.

	<b>Implications (See below)</b>	<b>No Implications</b>
Best Value	✓	
Children and Young People		✓
Climate Change and Sustainable Development		✓
Comparable Benchmark Data	✓	
Corporate Parenting		✓
Coventry Community Plan	✓	
Crime and Disorder		✓
Equal Opportunities		✓
Finance	✓	

	Implications (See below)	No Implications
Health and Safety		✓
Human Resources	✓	
Human Rights Act		✓
Impact on Partner Organisations	✓	
Information and Communications Technology	✓	
Legal Implications	✓	
Neighbourhood Management		✓
Property Implications	✓	
Race Equality Scheme		✓
Risk Management	✓	
Trade Union Consultation	✓	
Voluntary Sector – The Coventry Compact	✓	

#### 17.2 **Best Value**

The City Council's 2008/09 Budget and Capital Programme has been prepared in accordance with the Best Value Accounting Code of Practice. This requires all authorities to account for support services in the same way, in order to achieve comparability of financial data. In particular, it lays down whether specific costs should be shown against departmental or central service accounts. In accordance with this code, corporate and democratic core costs, together with unapportionable overheads, have been separated from the service costs of Cabinet portfolios.

#### 17.3 **Comparable Benchmark Data**

The City Council is part of a number of benchmarking clubs that enable us to monitor our costs against other comparable organisations. In particular, the Council belongs to such a club for treasury management purposes, consisting of all West Midlands districts. Regular monitoring reports produced refer to benchmarks where these are available.

#### 17.4 **Coventry Community Plan**

The themes and priorities of the Coventry Community Plan have been taken into consideration in formulating the proposals in developing the Council's Corporate Plan and Cabinet Member Strategic Plans. As part of the budget setting process the Coventry Partnership has been consulted on the Council's priorities, performance and initial budget proposals.

#### 17.5 **Finance**

The financial implications are included within the main body of the report.

#### 17.6 **Human Resources**

The budget proposals will have some impact on employment levels. Any redundancies that do arise will be managed within the City Council's Security of Employment Agreement.

### **17.7 Impact on Partner Organisations**

**Appendix 6** contains information that impacts upon our dealings with some partner organisations.

### **17.8 Information and Communications Technology**

The revenue and capital proposals in the report (see **Appendices 3, 4 and 7**) include ICT related expenditure proposals.

### **17.9 Legal Implications**

This report is expressed formally to comply with section 32 of the Local Government Act 1992 and Section 25 of the Local Government Act 2003.

### **17.10 Property Implications**

Resources are included for property repairs to support the required maintenance programmes.

### **17.11 Risk Management Implications**

Budget risks are included in **Section 11** of the report.

### **17.12 Trade Union Consultation**

The trades unions have been consulted as part of the budget setting process.

### **17.13 Voluntary Sector – The Coventry Compact**

The Council has undertaken extensive consultation as part of the budget setting process. Consultees included community and voluntary sector organisations and a range of partner organisations.

## **18 Timescales and Monitoring**

18.1 The actions that result from the spending and savings decisions will be monitored and evaluated through the Council's performance management system – through half-year monitoring by Councillors of the Cabinet Member Strategic Plans and through quarterly monitoring by service managers of their Operational Plans. This information will be used to inform future policy and financial planning.

18.2 Once the budgets for 2008/09 have been approved, effective budgetary control and monitoring is essential to ensure that expenditure is kept within approved budgets. The key principles of budgetary control, which are well established, are outlined below:

- Most budget heads include provision for the full cost of inflation in that year and will not be increased during the year.
- Directors are responsible to their Cabinet Members to manage within their budgets, and any variations from approved spending on budgets must, wherever possible, be compensated elsewhere within the Cabinet Member's resources.
- Once the budget has been set, the delivery of policy is constrained by the resources available; if necessary, policy has to be amended during the year, or resources found from other sources, to ensure that the total service portfolio budget is not overspent.
- Effective budgetary control reporting is crucial. Individual Departments and Management Board now monitor revenue budgets monthly and capital budgets quarterly. Budgetary control guidelines require that Cabinet Members are regularly briefed on their budgetary control position during the year. In addition, Cabinet will receive summary



reports on a quarterly basis including the Treasury Management Strategy.

- 19 These budget proposals are recommended by the City Council's Management Board and have been designed to continue to deliver objectives which will improve the lives of Coventry citizens, in line with the Council's Corporate Plan while at the same time dealing with a challenging budget situation which will continue for the foreseeable future. If the Council accepts these proposals then the Management Board will seek to implement them as effectively as possible, working closely with members, employees and trades unions.

	Yes	No
Key Decision	✓	
Scrutiny Consideration		✓
Council Consideration	✓ 19 <sup>th</sup> February 2008	

#### List of background papers

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## **Appendices**

Appendix 1 – Public Consultation (pages 35-43)

Appendix 2 – General Fund Budget 2008/09 (pages 44-45)

Appendix 3 – Spending Proposals (pages 46-53)

Appendix 4 – Savings Proposals (pages 54-72)

Appendix 5 – Youth Resource Centre Fees & Charges (pages 73-77)

Appendix 6 – Social Services : Annual Increases in Fees

Grants to Voluntary Organisations

Central Government Grants (pages 78-88)

Appendix 7 - Capital Programme 2008/09 to 2012/13 (pages 89-97)

Appendix 8 – CLYP Capital Programme (pages 98-99)

Appendix 9 – Council Investment Policy (pages 100-104)

Appendix 10 – Council Prudential Indicators (page 105)

## **CONSULTATION ON THE COUNCIL PRIORITIES AND BUDGET SETTING JANUARY 2008**

### **1. Introduction**

- 1.1 During January 2008 the Council sought to consult with partners, local organisations and groups to find out their views on the Councils priorities prior to making final decision on the budget proposals.
- 1.2 The Council reported on its priorities, current performance and budget proposals and asked for views on the issues that needed to be addressed in the future. In addition the Council asked for views on where and how its services could be improved and whether they could be delivered more efficiently.

### **2. Consultation Process**

- 2.1 A variety of consultation meetings were arranged during January, led by the Deputy Leader or Leader of the Council supported by a member of the Management Board. The Cabinet Member City Development substituted and presented to the meeting at Coventry and Warwickshire Chamber of Commerce. Wherever possible the opportunity was taken to attend regular meetings of local organisations to maximise participation in the process. There were also open invitations sent to partners from the public and private sector and the voluntary and community sector.
- 2.2 The consultation has involved the following groups:
  - Coventry Youth Council
  - Coventry Cultural Partnership (invitations sent to individual members to attend open session)
  - Trade Union Core Group
  - Coventry and Warwickshire Chamber of Commerce
  - Public and Private Partners
  - Voluntary and Community Partners
  - Coventry Partnership (information sent)
- 2.3 Representatives from organisations who were unable to attend the meetings were given the opportunity to receive the related reports and to send their comments direct to the Council. A number of comments have been received and recorded in this way.
- 2.4 Scrutiny Board members have the opportunity to comment upon current performance and future priorities including spending proposals through the presentations from Cabinet Members on the Cabinet Member Plan half-year reviews. Cabinet approved these on 18<sup>th</sup> December 2007 and at the time of publishing this report a number of Scrutiny Board meetings had still to take place.

### **3. Outcomes of Consultation**

- 3.1 Attached as part A of this appendix is a summary of the comments made during the consultation. This includes comments from all groups, excluding the internal Trade Union Core Group where the discussion was of a different format focusing upon a more detailed analysis of the budget proposals. The Trade Unions disagreed with the proposal for a later payment date for Christmas salaries which they felt would impact on lower paid employees. They also requested further feedback on the review of the Youth Service and the proposed savings in this area.
- 3.2 There were no specific comments recorded from the Cultural Partnership or Coventry Partnership although individual group members have contributed through other forums.
- 3.3 Whilst recognising the need for growth in the City, a number of groups emphasised the importance of services being able to grow to meet the increased demand of a larger and potentially changing population. There was also a shared view from all sectors that there needed to be more emphasis on the importance of Culture and Leisure offerings for the city, as this was seen as key to encouraging people to come and work and live in Coventry.
- 3.4 There was significant support for the proposed development of the city centre in particular in the light of the recent appointment of Jerde to work with the Council and its partners in developing a Masterplan for the city. A range of views were expressed, including the need for more and improved office accommodation space in the city centre, encouraging enterprise and retaining the interests of small businesses alongside larger retailers, maintaining focal points, improving access in and out and meeting the needs of older people. There was also recognition that physical changes alone would not be enough and there was support for a good promotion strategy which would be needed to improve perceptions and re-engage people with the City Centre.
- 3.5 Given that the development of the city centre is a long-term project, it was recognised that the views of young people were particularly important. For this reason, the discussion with the Coventry Youth Council included exploring ways in which young people can continue to give their views and be involved in the planning and development phases. The creation of Youth Ambassadors was put forward as one way in which this involvement could be developed. The young people's more detailed comments on the city centre have been put forward as part of the current consultation programme.
- 3.6 As well as recognising the importance of investing in the city centre for young people, the ongoing development and investment in young people themselves, continued to be regarded as a key priority.
- 3.7 Value for money issues were commented upon at some length, in particular in light of changes to funding regimes and also with the continuing need to be as effective as possible with limited resources. The discussions highlighted the importance of partnership working, rationalising services and more joined up working, as well as mixed service delivery with the voluntary sector. Concern was expressed over the proposed reduction in funding for advice services in the city, as these were regarded as having a key role in helping to reduce worklessness and to bring people back into employment.

- 3.8 At the time of finalising this report, the Scrutiny Boards had met to discuss the Cabinet Member Plan reviews for Children Learning and Young People, Policy Leadership and Governance and Finance Procurement and Value For Money. The discussions included the need to prioritise work to tackle alcohol abuse amongst young people, to improve the provision of services to disabled parents and improving the links between the PE curriculum and the healthy schools agenda. Other discussions included improving access to jobs for people in priority neighbourhoods, the project costs and related benefits of the new Housing Benefits system, the role of Ward Forums and overall promotion of the city.

**Consultation on Council Priorities and Budget Setting Proposals  
January 2008**

Corporate Objectives	Comments	Sector
<p><b>Vision for Coventry</b></p>	<p>Important to have a public infrastructure of services to support the growth agenda. It will become increasingly important for Warwickshire to be involved as part of the overall promotion strategy. A good Culture and Leisure offering is particularly important for the development of the city and is key to attracting employees.</p>	<p>Business Partners</p>
	<p>The demographics of society are an important factor and influence the location of services. The importance of leisure facilities does not come out clearly through the vision.</p>	<p>Voluntary and Community Partners.</p>
	<p>Vision for the City is good, but not sufficient investment in the arts. There needs to be a better articulation of what we want Coventry to be. Would support money being spent to portray a positive perception of the City. The plans still lack the touch of sophistication needed to make people want to come to live and work here. Important that in 10 – 20 years time there are the services in place to support the redeveloped City Centre. We recognise the budgetary pressures the Council will be under, given the context of lower levels of growth in public funding, but would be disappointed if these pressures resulted in an adverse effect on expenditure on culture and leisure. These activities require support if the city is to continue to have a vibrant cultural scene - as exemplified by Warwick Arts Centre - alongside its economic prosperity.</p>	<p>Public and Private Partners</p>
<p>Improve the quality and efficiency of services</p>	<p>Important to give support for business contingency planning and emergency planning for all organisations in the City.</p>	<p>Business Partners</p>

Corporate Objectives	Comments	Sector
and make it easier to access them.	The Coventry Sustainable Community Strategy is good and a very inclusive document.	Voluntary and Community Partners
Ensure the best quality education for all and that children and young people can achieve their maximum potential.	Building Schools for the Future programme requires effective joined up working to make sure that secondary schools are fit for the future.	Business Partners
	Growth of the City is an investment being made for the young people of Coventry, it is important to continue to develop and invest in young people themselves. Social inclusion continues to be a key priority for Children and Young People in Coventry.	Public and Private Partners
Regenerate the city and ensure people have a good choice of jobs and housing and transform the City Centre.	LEGI project is helping to raise aspirations, recognising that people need new skills and breaking down the benefits cycle. There is a lack of small office accommodation in the city centre and what is available is of poor quality. Pleased that big scale schemes are being encouraged for the city. Sale of land is important and freehold offerings are particularly attractive. Important to have a regional airport, this has an impact on jobs. Concern that the creation of listed buildings may hamper more radical development of the city centre.	Business Partners
	Importance of private sector involvement to fund development of the city centre. Must not be just another large shopping centre, this will not make things better in Coventry. Advice services provide a valuable role in helping people to get off benefits and into employment and yet money is potentially being taken away from these services in terms of grant provision. Important that people are supported rather than forced into work.	Voluntary and Community Partners

Corporate Objectives	Comments	Sector
	<p>Pleased that the city centre remains a priority it needs transformation. Coventry needs to be a more entrepreneurial community. .</p> <p>The Masterplan for the City Centre must be capable of attracting smaller shops and businesses to encourage enterprise.</p> <p>There is a need to find ways of engaging people back into the City centre. Physical changes will be key but also feeling that people have lost touch. People don't always know what is going on in the City, partners could share information more effectively and promote initiatives more widely.</p> <p>It is important to create one Coventry and not just the more affluent areas. Coventry needs to stop being famous for something rather than something that has been rebuilt.</p> <p>Make buildings look better in the interim period, use of murals has been successful in other Cities.</p> <hr style="border-top: 1px dashed black;"/> <p>There need to be opportunities for smaller businesses as part of the City centre proposals.</p> <p>There is a need to encourage the evening economy, improved nightlife with more places for people to go at night.</p> <p>Belgrade Plaza area is looking good.</p> <p>Spon Street could be improved in particular giving better access in and out of the City.</p> <p>Pedestrianisation is a good thing but need to make sure that there is good access into the City Centre.</p> <p>Maintain a central focus point for people to meet.</p>	<p>Public and Private Partners</p> <hr style="border-top: 1px dashed black;"/> <p>Coventry Youth Council</p>
<p>Promote health, independence and choice for all citizens.</p>	<p>Request that consideration is given to development of an Older Peoples centre as part of City Centre Development proposals.</p> <p>The Voluntary Sector could do more through its networks to promote what's on offer in the city but cannot afford to stand the costs of producing related materials.</p> <p>The reports appear to have little emphasis on services for Older People.</p> <p>Many older people would not be able to organise life enriching activities for themselves, so trust that day care centres in the voluntary sector, will continue to be funded for those who gain so much from socialising and being cared for at the same time.</p>	<p>Voluntary and Community Partners</p>



Corporate Objectives	Comments	Sector
<p>Create a city where people feel safe and confident and no-one is disadvantaged by the neighbourhood in which they live.</p>	<p>A suggestion for saving would be to reduce the number of Neighbourhood Wardens in non-priority areas and work more closely with Community Policing.</p>	<p>Voluntary and Community Partners</p>
	<p>Violent crime and excessive drunken behaviour is still a problem and must continue to be addressed.  One of the problems is that businesses are striving for the same clients with promotions and cheap price drinks.  Whilst supportive of plans to develop the city centre mustn't overlook work with neighbourhoods and communities and the potential impact of housing growth. .  Money has to be found to improve older housing estates, there is a currently a danger of these becoming isolated.</p>	<p>Public and Private Partners</p>
	<p>Bus prices are high in the city, if people are to pay more then we should be able to expect improvements to the service.</p>	<p>Coventry Youth Council</p>
<p>Make the city clean and green and tackle climate change.</p>	<p>The Council has not allocated specific budgets to reflect importance of Climate Change.  Environmental issues are important and help people to understand Climate Change issues.  Environmental and sustainability issues need to be built into planning of all services.</p>	<p>Voluntary and Community Partners</p>
	<p>The city centre development should be environmentally friendly.</p>	<p>Coventry Youth Council</p>
<p>Actively promote equality so that people from different backgrounds have similar life opportunities.</p>	<p><i>Comments relating to different communities of interest are included under each corporate objectives, this is consistent with the Councils approach to mainstreaming equalities.</i></p>	

Corporate Objectives	Comments	Sector
Money	<p>Grant funding has been an issue for a long time, important to be involved in the consultation and development of the future strategy.</p> <p>NRF Funding has done a lot for Coventry and has helped services to evolve and re-shape. The frustration with grant giving regimes is that they always require a radical overhaul proposal and there is a reluctance to fund things that are already going on. The hopes for NRF projects were that they would ultimately become mainstreamed with appropriate funding. This has provided significant opportunity to learn and achieve joint working.</p> <p>NRF was valuable and achieved change but also has the effect of giving community organisations false hope.</p> <p>Council tax increases will have an impact on lower income groups.</p> <p>Budgets need to change over time to reflect changes in population groups.</p> <p>Concern over the implications and costs of large PFI initiatives. Not acceptable that private sector is making large sums of money out of PFI 's.</p> <hr/> <p>Importance of levering in money to support cultural offerings.</p> <p>Can be less reliant on European Funding in the future as it becoming increasingly difficult to attract.</p>	<p>Voluntary and Community Partners</p> <hr/> <p>Public and Private Partners</p>
People	<p><i>No specific comments recorded.</i></p>	

Corporate Objectives	Comments	Sector
<p>Improving the Way We Work and Deliver Value for Money</p>	<p>Important that the Council works with the voluntary sector to deliver services more effectively.            Importance of a mixed economy for the delivery of services.            There is not enough emphasis on joined up working.            There is a good dialogue between the Voluntary Sector and Community Services Directorate, but not as well replicated across other Council Directorates.            Voluntary sector will be different in the future with less freedom to shape service. It increasingly has to respond to the government line to obtain funding.            Year on year reductions cannot mean service improvements, there must come a point where improvements cannot be sustained.            The value for money principle is something that we subscribe to but also something that the voluntary and community sector has come to dread.            It is hard to put value on some of the caring services that are provided, as these often have very specific organisational features.            The Council is spending additional money on consultants to achieve value for money, are there alternatives through learning from other Council's and organisations.            The Community Empowerment Network is not being used enough could be more city wide and used to support more services.</p>	<p>Voluntary and Community Partners</p>
	<p>The main way of improving funding offering will be by delivering value for money and re-investing, there is an opportunity to extend value for money through partnership working.            Importance of partners working together so that they can deliver what we think is important for the city.            The importance of partnership working will also be driven through the new Local Area Agreement and require more joint working.            The Council's approach to procurement needs to encourage efficiency and also support small businesses.            Explore potential to work with other Councils to improve efficiency.</p>	<p>Public and Private Partners</p>

**General Fund Revenue Budget 2008/9**

**Appendix 2**

<b>2007/8 Base Budget</b>	<b>Cabinet Member Portfolios</b>	<b>Inflation and Previous Budget Decisions</b>	<b>All Other Changes</b>	<b>2008/9 Final Budget</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
69,708	Children, Learning and Young People	35	(5,814)	63,929
33,039	City Services	570	(4,268)	29,341
74,411	Community Services	1,370	3,288	79,069
20,698	Culture, Leisure and Libraries	(515)	(2,826)	17,357
5,460	Finance, Procurement and Value For Money	50	145	5,655
(1,624)	Customer Workforce & Legal Services	99	(82)	(1,607)
5,579	Neighbourhoods and Community Safety	25	16	5,620
943	Policy, Leadership and Governance	0	(313)	630
2,047	City Development	293	(2,322)	18
2,965	Climate Change Housing & Sustainability	0	285	3,250
12,043	Corporate and Democratic Core and Unapportioned Overheads	0	160	12,203
<b>225,269</b>	<b>Total Cabinet Member Portfolios</b>	<b>1,927</b>	<b>(11,731)</b>	<b>215,465</b>
7,905	Asset Management Revenue Account	971	20,508	29,384
524	Contingencies and Corporate Budgets	7,028	(6,476)	1,076
(3,914)	Reserve Contributions to support General Fund Budget	4,000	(2,103)	(2,017)
(5,222)	Local Authority Business Growth Incentive Funding	2,100	790	(2,332)
15,523	Levies from Other Bodies	391	222	16,136
5	Parish Precepts	0	0	5
<b>240,091</b>	<b>City Council Budget Requirement 2006/07</b>	<b>16,417</b>	<b>1,210</b>	<b>257,717</b>
	Financed by:			
(134,109)	Central Government Resources			(145,403)
(105,982)	Council Tax @ 2.7% increase			(111,067)
0	Collection Fund Surplus			(1,247)
<b>(240,091)</b>	<b>Total Resources</b>			<b>(257,717)</b>

**Notes**

1 During the budget setting process, revenue information was presented in a Directorate format reflecting the fact that Management Board members and their management teams have formulated the spending and saving proposals. This appendix is on a cabinet portfolio basis and therefore may not align exactly to the directorate totals in Appendices 3 and 4. In addition, a few items are currently shown under Contingencies and Corporate budgets pending allocation to the appropriate budget area. The figures in the column entitled All Other Changes is summarised under the Headings of Transfers of Responsibility and Other Technical Adjustments, Spending Pressures, Savings Proposals and Contribution from Reserves within the table in section 6.2 of the main report.

2 Transfers of Responsibility total £5.9m. In effect these represent additional duties plus transfers of funding from specific to Formula Grant.

**Gross Expenditure & Income 2008/09**

**Appendix 2**

<b>2007/8 Base Budget £000</b>	<b>Cabinet Member Portfolios</b>	<b>Gross Expenditure £000</b>	<b>Gross Income £000</b>	<b>Net Expenditure £000</b>
69,708	Children, Learning and Young People	308,933	(245,004)	63,929
33,039	City Services	44,244	(14,903)	29,341
74,411	Community Services	102,792	(23,723)	79,069
20,698	Culture, Leisure and Libraries	25,097	(7,740)	17,357
5,460	Finance, Procurement and Value For Money	99,314	(93,659)	5,655
(1,624)	Customer Workforce & Legal Services	6,610	(8,217)	(1,607)
5,579	Neighbourhoods and Community Safety	7,212	(1,592)	5,620
943	Policy, Leadership and Governance	679	(49)	630
2,047	City Development	24,890	(24,872)	18
2,965	Climate Change Housing & Sustainability	22,322	(19,072)	3,250
12,043	Corporate and Democratic Core and Unapportioned Overheads	12,203	0	12,203
<b>225,269</b>	<b>Total Cabinet Member Portfolios</b>	<b>654,296</b>	<b>(438,831)</b>	<b>215,465</b>
7,905	Asset Management Revenue Account	32,244	(2,860)	29,384
524	Contingencies and Corporate Budgets	1,126	(50)	1,076
(3,914)	Reserve Contributions to support General Fund Budget	275	(2,292)	(2,017)
(5,222)	Local Authority Business Growth Incentive Funding	0	(2,332)	(2,332)
15,523	Levies from Other Bodies	16,136	0	16,136
5	Parish Precepts	5	0	5
<b>240,091</b>	<b>City Council Budget Requirement 2006/07</b>	<b>704,082</b>	<b>(446,365)</b>	<b>257,717</b>
	Financed by:			
(134,109)	Central Government Resources			(145,403)
(105,982)	Council Tax @ 2.7% increase			(111,067)
0	Collection Fund Surplus			(1,247)
<b>(240,091)</b>	<b>Total Resources</b>			<b>(257,717)</b>

**Spending Proposals**

**Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
<b>Corporate</b>					
100	2007/08 Pay Award	Cost of 2.5% pay award above our 2% pay contingency	800	800	800
101	Housing Benefit Subsidy (Change from Pre-Budget Report)	Likely future cost within Benefit Subsidy account in line with 2007/08 budgetary control reporting.	500	500	500
102	Employers Superannuation Contributions	Increase in underlying employer contributions in line with actuarial review	240	1,560	1,920
103	Superannuation scheme - Early Retirement Costs	The authority's underlying employer superannuation rate does not allow for the cost of non-ill health early retirement decisions (usually on the grounds of service efficiency). We are required to set resources aside to take account of any strain on the pension fund that result from these decisions. Over the past three years, these costs have broadly equated to £1m per annum (the figures for 2007/08 will not be known until April 2008).	750	1,000	1,000
104	Herbert Art Gallery and Museum - Revenue costs of repaying Prudential Borrowing	The 2007/08 Capital Programme had previously assumed that a £3m loan and part funding of repayment costs would be provided in the short term by the Higgs Trust in respect of redevelopment costs for the Herbert Art Gallery and Museum. This option is not being pursued and we are following an alternative strategy of prudentially borrowing to resource this expenditure. Indications are that we can borrow at more favourable rates through this route. This proposal incorporates the revenue costs of repaying such borrowing.	210	210	210
105 A	Factor - Changes to Statement of Recommended Practice	The Government is currently consulting authorities on changes to the A Factor regulations that will remove the risk that we previously faced in this area. However, the proposed changes will nevertheless leave us in a position of needing to make future provision for the repayment of debt.	1,300	1,100	1,000
105A	Discretionary Rate Relief (New Line - change from Pre-Budget Report)	Deals with outstanding budget issue	70	70	70
105B	Council Tax Arrears Recovery Savings from 2006 Budget Setting (Change from Pre-Budget Report - New Line)	Technical adjustment - Previous income target now subsumed within Council Tax Collection Fund	100	100	100

**Spending Proposals**

**Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
105C	Asset Management Revenue Account (Change from Pre-Budget Report - New Line)	Overall change in costs of Capital Programme and Treasury Management activity	280	1,350	1,128
<b>Total Corporate Pressures</b>			<b>4,250</b>	<b>6,690</b>	<b>6,728</b>
<b>Children Learning &amp; Young People</b>					
106	Neighbourhood and Specialist Children's Services (Change from Pre-Budget Report)	New statutory and regulatory requirements in relation to the processing of social care cases prior to making applications through the courts. Requirements include more court related work including Family Group Conferences (FGCs) to be completed in advance of hearings, the development of specialist foster care placements, and an emphasis on young people staying in care for longer. (This area was subject to a late transfer as part of the final Government grant settlement).	120	240	240
107	Children's Specialist Services (Change from Pre-Budget Report)	Domestic violence notification partnership with the police to achieve the effective joint management of domestic violence notifications from the police service to social care. This will be delivered through a combination of mainstream budgets and grant funding streams available to Children Learning and Young People.	0	0	0
108	Youth Offending Service & Neighbourhood Services - Positive activities, Basic skills, Family intervention. (Change from Pre-Budget Report)	Continuation of successful programmes to prevent offending and anti-social behaviour and support participation in education and positive activities. Support for young people in the Youth Justice System to develop basic skills and engage in pre-employability and other training and development courses. Provision of intensive support and challenge to families with dependent children at risk of multiple poor outcomes due to anti-social behaviour. This replaces several lost grant funding streams including NRF and RESPECT programmes and a reduction in West Midlands Police Funding. This will be considered through a combination of mainstream budgets and grant funding streams available to Children Learning and Young People.	0	0	0
<b>Children Learning &amp; Young People Pressures</b>			<b>120</b>	<b>240</b>	<b>240</b>

**Spending Proposals**

**Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
<b><u>City Development</u></b>					
109	City Centre Masterplan/ Development (Change from Pre-Budget Report)	Cost of procurement & backfilling, production of action plan thereafter (with likely future revenue and capital bids to follow resulting from the outcome of the masterplan). This item will now be funded from within CDD mainstream budgets.	0	0	0
110	St Johns/Much Park Street Car Park Income	Loss of income following the sale of this site for the Severn Trent Water Authority office development - Per Cabinet report 25 September 2007. A proportion of the car parking spaces provided within the new Severn Trent Water development will be available to the public on a contract basis but are not City Council spaces. Indications are that the current 2007/08 position is on target and cannot finance any future losses against the target.	124	124	124
111	Council property Electrical Surveys	This one-off cost is needed in 2008/9 and is required for Health & Safety purposes. It cannot be classed as capital spend and must be funded therefore from revenue. Previous revenue allocations have been made for this purpose, which have proved to be insufficient.	230	0	0
<b>Total City Development Pressures</b>			<b>354</b>	<b>124</b>	<b>124</b>



**Spending Proposals**

**Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
<b><u>City Services</u></b>					
112	Recycling - continuation of Public Service Agreement (PSA) Pilot: glass, cans, and plastics service. (Change from Pre-Budget Report)	Recycling continuation. A detailed evaluation of the current trial will be undertaken as part of the business case for the expansion of the service, as well as at the end of the scheme. It is estimated that the ongoing cost of providing the current service is £150k and the proposal now is to identify year one funding for this from alternative grant funding sources.	0	150	150
113	Street Cleansing PSA Pilot (Change from Pre-Budget Report)	Continuation of Improved Cleanliness Standards. A significant citywide improvement in standards of cleanliness has been achieved following the additional resources secured through last years Budget Setting and through the PSA. This has increased the number of barrow rounds, which are extremely popular from 3 to 12. The proposal now is to identify year one funding for this from alternative grant funding sources.	0	190	190
114	Smokefree Coventry (Change from Pre-Budget Report)	Smokefree Coventry - continue programme to meet Health & Wellbeing targets in the Community Plan. Working to reduce levels of smoking particularly during pregnancy and in the priority neighbourhoods - in particular coordinating National No-smoking Day in Coventry and initiatives involving partner organisations. The proposal now is to identify year one funding for this from alternative grant funding sources.	0	50	50
115	Animal Welfare	Stray Dogs - Extension of Council duty with effect from 6th April 2008 to provide a 24/7 service. Current service is provided Monday to Friday 9am to 5pm.	25	25	25

**Spending Proposals**

**Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
116	Emergency Services Unit (ESU)	ESU loss of Income. Whitefriars were a major customer for the ESU's services but there has been a steady migration to in-house services or alternative providers who specialize in supporting Registered Social Landlords. The service has undergone a number of service reviews, with the aim of generating income to resolve the ongoing shortfall.	150	150	150
117	CCTV Control Rooms - Joint City Development and City Services pressure	Original decision to merge City Council and CVOne control rooms based upon consultants report 2/3 years ago that indicated £250k could be saved by merging 2 CCTV control rooms into 1. The Coventry Traffic Management Centre Project (based within the ESU) now supports the need for 2 Control Rooms to provide managed traffic flows and provide city-wide resilience and emergency response.	225	225	225
118	Emergency Planning - Civil Contingencies Manager	There is increasing pressure nationally and locally in the areas of Emergency Planning, Civil Contingencies and Business Continuity Management. To reflect the additional responsibilities and to maximise the opportunities to co-ordinate these functions this proposal is for a Civil Contingencies Manager and associated costs of establishing a Civil Contingencies team.	34	67	67
118A	Waste Disposal (New line - change from Pre-Budget Report)	One-Off Project Management Costs to support Waste Disposal project	150	0	0
<b>Total City Service Pressures</b>			<b>584</b>	<b>857</b>	<b>857</b>
<b>Community Services</b>					
119	Herbert Art Gallery and Museum (Change from Pre-Budget Report)	Additional costs of museum approved by Council on 27th June 2006 for which it is now intended that officers review potential ways of managing within existing budgets.	0	0	0
120	Parks For People	Reprofile of costs of bid in line with report to Cabinet	(150)	0	62
<b>Total Community Services Pressures</b>			<b>(150)</b>	<b>0</b>	<b>62</b>

**Spending Proposals**

**Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
<b><u>Customer &amp; Workforce Services</u></b>					
121	Wide Area Network 2 Project (Change from Pre-Budget Report)	Prudential Borrowing for this project may be required before all savings from switch off of existing networks are achieved. The proposal now is to deliver this within Treasury Management arrangements.	0	0	0
122	One Stop Shops	Costs of continuing One Stop Shops 2008. Estimated that £65K needed to cover currently unfunded 9 months from July 2008 – March 2009 pending outcome of review in June 2008.	65	0	0
123	Coventry Direct Express	Coventry Direct Express is managed by Coventry Direct and support One Stop Shops at peak times. It is estimated that £30K is needed to maintain this support during the 9 months from July 2008 – March 2009 pending outcome of review in June 2008..	30	0	0
124	ICT Restructure	To meet the Council's ICT needs.	210	340	340
125	Election Team Restructure	Increase capacity within the Electoral Services Team to improve the service and take on new statutory requirements.	75	75	75
125A	Post and Fastprint (Change from Pre-Budget Report - New Line)	Existing budget pressure	119	119	119
125B	Legal costs to support work on Equal Pay Claims (Change from Pre-Budget Report - New Line)	Possible cost of continued legal support on Equal Pay Claims (£500k less contribution of £182k from CLYP retained reserves).	318	0	0
126	ICT Licensing & staffing savings	An original savings proposal from 2003/04 was for £350K to be met from a rationalisation of licences & reduced staffing by centralisation. In reality the Council was under-licensed & staffing savings did not materialise as anticipated. £229K has been identified from overall budget. £121K remains that cannot be absorbed – see line 124 above.	121	121	121

**Spending Proposals**

**Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
127	Coventry Direct	Contact Centre staff £365K, Contact centre ICT system £95K. These items were previously being funded from the capital project and now need to be "mainstreamed" into the revenue budget.	460	460	460
128	Criminal Record Bureau checks	These costs are incurred on behalf of other directorates and the cost has increased.	40	40	40
<b>Total Customer and Workforce Services Pressures</b>			<b>1,438</b>	<b>1,155</b>	<b>1,155</b>
<b><u>Chief Executives</u></b>					
129	Community Centres (Change from Pre-Budget Report - New Line)	Financial impact of Report to Cabinet on 29th January - see main report Paragraph 6.8	530	700	700
130	Anti-Social Behaviour Measures (Change from Pre-Budget Report - New Line)	The Community Safety Team implements national community safety policy on behalf of the Council and the Community Safety Partnership including work to tackle the high profile issue of anti-social behaviour. There is currently one anti-social behaviour caseworker within the Team, who is responsible for dealing with individual cases in the owner/occupier and private rented sectors. This proposal is aimed at increasing capacity in this area and taking the opportunity to ensure that effective practice and working arrangements that have been established could be used more broadly across the city, in particular in a more preventative way.	110	110	110
			<b>640</b>	<b>810</b>	<b>810</b>

**Spending Proposals****Appendix 3**

Line	Directorate, Service Area and Title	Description and Impact	2008/09 £000	2009/10 £000	2010/11 £000
131	<b>Finance &amp; Legal</b> Legal Costs in CLYP & Community Services (Change from Pre-Budget Report -	Existing budget pressure reflecting the additional costs of legal support in these areas.	60	60	60
			<b>60</b>	<b>60</b>	<b>60</b>
<b>GRAND TOTAL ALL SERVICES</b>			<b>7,296</b>	<b>9,936</b>	<b>10,036</b>

**Saving Proposals**

**Appendix 4**

Line VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
<b>CATEGORY 1 : LOW IMPACT</b>								
	<b>Chief Executives</b>							
200 Support Services	Corporate Communications	Stop attendance at annual Labour and Conservative Party conferences. This has been successful in raising the profile of Coventry with decision makers and opinion formers. However the costs are high and we could maintain this profile with a break for some years. Considerable staff time also involved could be redirected to University Fresher Fairs etc.			865	(30)	(30)	(30)
201 Support Services	Policy & Performance and Community safety	Back office savings from Chief Executive's Policy & Performance and Community Safety teams.			995	(24)	(24)	(24)
202 Support Services	Policy & Performance	Savings to be achieved from within the overall Policy and Performance budget. Principally this will be achieved by deleting our subscription to the Local Government Information Unit and seeking to keep updated on local government issues via other sources particularly the internet, saving £18k. Other savings will be sought from ceasing to use external premises for seminars (linked to a wider VFM review) and allocating marginally fewer resources to Equalities and Cohesion budgets.			67	(28)	(28)	(28)
203	Corporate Communications	Cease specific budget for awards sponsorship and identify other funding streams to continue sponsorship of community awards.			9	(9)	(9)	(9)
204	Neighbourhood Management- Warden surplus	Reset the base budget for wardens to reflect actual spend			2,385	(144)	(144)	(144)
205	Scrutiny	Reduce Scrutiny Board budget to reflect historical spending patterns. There has been an underspend and Scrutiny Board are now well managed and focused.			37	(20)	(20)	(20)
<b>Total Chief Executive's - Category 1: Low Impact</b>				<b>0.0</b>		<b>(255)</b>	<b>(255)</b>	<b>(255)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
		<b><u>Children, Learning and Young People</u></b>							
206	Home to School Transport	Children's Transport Escorts	Reduce staffing costs budget to reflect actual spend			691	(20)	(20)	(20)
207	Looked After Children	Foster Carer Fees	Reduce budget on foster carer fees to reflect historic spend			1,218	(50)	(50)	(50)
208	Looked After Children	Looked After Children	Reduce budget on maintenance allowances to reflect historic spend			2,819	(100)	(100)	(100)
209	Services Provided to Schools	Client Catering Team	Staffing costs of providing support and advice service to schools will be met by schools, as provided for in the Service Level Agreement			196	(110)	(110)	(110)
210	Services Provided to Schools	Information Team	Proposal that expenditure to be met from growth in delegated Dedicated Schools Grant subject to agreement with the Coventry Schools Forum			201	(25)	(25)	(25)
211	Services Provided to Schools	Outdoor Education Service	Proposal that expenditure to be met from growth in delegated Dedicated Schools Grant subject to agreement with the Coventry Schools Forum			436	(150)	(150)	(150)
212	Services Provided to Schools	Performing Arts Service	Proposal that expenditure to be met from growth in delegated Dedicated Schools Grant subject to agreement with the Coventry Schools Forum			1,043	(50)	(50)	(50)
213	Services Provided to Schools	School Improvement Service	Restructuring of Education Officer support - this will reduce some capacity to support schools management and governance issues	12.0	(1.0)	1,468	(60)	(60)	(60)
214	Services Provided to Schools / Looked After Children	Looked After Children	Proposal that expenditure on education of Looked After Children to be met from centrally retained Dedicated Schools Grant subject to agreement with the Coventry Schools Forum			169	(169)	(169)	(169)

**Saving Proposals**

**Appendix 4**

Line VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
215	Minority Group Support Service	Reduced funding requirement linked to Supplementary Schools and Training Works projects that either were one-off in nature or are now being delivered through mainstream funding.			1,443	(60)	(60)	(60)
216	Recruitment Team	Reduction in advertising budget to reflect historic spend.			355	(20)	(20)	(20)
217	Safeguarding Team	Savings to be generated through more equitable share of costs with external partners, reflecting the national pattern. To be discussed and negotiated with partners.			858	(20)	(20)	(20)
218	Schools Broadband (Change to Pre-Budget Report)	A one-off grant contribution in 2007/08 to the Wide Area Network 2 project included within the Capital Programme (Appendix 7) will reduce the required level of prudential borrowing and subsequently the budgeted cost of repayment. The Prudential Borrowing will now be required within the Capital Programme such that this saving will no longer be available.			636	0	0	0
<b>Total Children Learning &amp; Young People - Category 1: Low Impact</b>					<b>(1.0)</b>	<b>(834)</b>	<b>(834)</b>	<b>(834)</b>
<b>City Development</b>								
219	Commercial Property	Additional commercial income			1,600	(95)	(95)	(95)
220	Planning & Strategic Transportation Division Grant Funding	Revised income forecasts from commercial income-producing property (after allowing for Phase 1 disposal programme)			n/a	(150)	(150)	(150)
221	Credit Union Development	It is anticipated that sustainable medium term resources will be received in the form of Planning and Delivery Grant and Growth Point funding. This can be used to finance significant work within the Planning and Strategic Transportation Division to carry out work on the growth and planning agendas.			54	(4)	(4)	(4)
<b>Total City Development - Category 1: Low Impact</b>					<b>0.0</b>	<b>(249)</b>	<b>(249)</b>	<b>(249)</b>



**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
		<b>City Services</b>							
222		Waste	Additional income to Coventry from Landfill Allowance Trading Scheme (LATS).			6,437	(150)	(250)	(150)
<b>Total City Services - Category 1: Low Impact</b>					<b>0.0</b>		<b>(150)</b>	<b>(250)</b>	<b>(150)</b>
		<b>Community Services</b>							
223	Housing Strategy	Homelessness	Work is now nearing completion to identify savings from revision of Supporting People contracts with Coventry Cyrenians who we reimburse for the emergency accommodation and support service they provide for single homeless people. In the future the work will be funded through grant funded Supporting People resources whilst also delivering better value for money. As well as achieving savings in our mainstream budget, this work will finance the counselling and support elements of an improved Rough Sleeper Scheme and ensure that the people who are helped claim the Housing Benefit for which they are entitled.			140	(140)	(140)	(140)
224	Leisure	Fees and Charges	Increase in income and new income streams from fees and charges agreed by Cabinet on 11th September 2007			733	(100)	(100)	(100)
225	Leisure	Sports Trust	Target saving from new tenders to run the Sports Trust			1,847	(100)	(100)	(100)
226	Leisure	Sports Trust	Remove management of change budget once tender process is completed			150	(150)	(150)	(150)
227	Process Improvement and Cost Reduction in Social Care	Continuing Care	Transfer of responsibility for meeting the costs of new nursing care placements to Primary Care Trust (PCT) in line with new government guidance and through discussions with the PCT			7,136	(500)	(1,000)	(1,500)

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
228	Process Improvement and Cost Reduction in Social Care	Learning Difficulties (LD)	Last year the Budget Setting process allocated additional monies to the LD services as projected for 2008/09. We have re-assessed this figure and have reduced the estimates based on current information by £81k.			12,062	(81)	(81)	(81)
229	Process Improvement and Cost Reduction in Social Care	Joint posts with PCT	Agreement with PCT to realign responsibility for appropriate share of joint funded posts.			308	(100)	(100)	(100)
<b>Total Community Services - Category 1: Low Impact</b>					<b>0.0</b>		<b>(1,171)</b>	<b>(1,671)</b>	<b>(2,171)</b>

**Saving Proposals**

**Appendix 4**

Line VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
<b>Customer and Workforce Services</b>								
230 ICT	Rationalisation of printers/copiers/telephones.	Review of printers, copiers & telephones, requires flexibility in services to accommodate an increase in sharing of facilities. This is an estimate and is dependent on the printer, copier & telephone requirements of all directorates. This saving will be achieved over a 4 year period and capturing the saving will require budget reductions in various administration as well as ICT budgets.			n/a	(25)	(50)	(75)
231 ICT	Serco Contract - Savings increase over 07/8	Awarding of 2 year contract extension to Serco, reducing costs as approved by Cabinet in October 2007.			6,600	(94)	(402)	(898)
232 Support Services	Charging Strategy Review	Review of charging strategy to ensure we are fully recovering costs for Customer & Workforce services provided to others			n/a	(5)	(5)	(5)
233 Support Services	Advertising contract	Saving from external contract for staff advertising			1,400	(25)	(25)	(25)
234 Support Services	Voluntary Additional 1% management of vacancies target	Increase savings from managing vacancies in year.			10,000	(100)	(100)	(100)
235	Officer Car Park passes review	Reduce number of staff car park passes in public car parks. This will result in more paid public car park spaces.			500	(125)	(125)	(125)
<b>Total Customer and Workforce Services - Category 1: Low Impact</b>				<b>0.0</b>		<b>(374)</b>	<b>(707)</b>	<b>(1,228)</b>
<b>Finance and Legal Services</b>								
236 Revenues & Benefits	Revenues and Benefits (Change from Pre-Budget Report)	Primarily cashflow savings resulting from reprofiling of Council Tax. It is no longer anticipated that we can deliver similar savings for National Non-Domestic Rate (NNDR) payments hence the change to the Pre-Budget Report.			n/a	(75)	(75)	(75)
237 Revenues & Benefits	Revenues and Benefits	Council Tax Court Cost Recovery. Increase in fees in line with national average			n/a	(80)	(80)	(80)

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)	
238	Revenues & Benefits	Single Person Discount - Council Tax	Improved Council Tax collection based on validating the single person discount status of households - Savings from our policy on Single Person Discounts are delivered through the Council Tax Collection Fund and have not been shown here.		0.0	n/a	0	0	0	
239		Later payment of Christmas Salaries (Change from Pre-Budget Report)	Cash flow benefit of the removal of the current policy of paying Christmas salaries approximately 1 week early (Savings proposal removed)			n/a	0	0	0	
240		Premium on Business Improvement District (BID) loan	Interest rate benefit resulting from the loan facility extended to the City Wide BID company to finance the WAN infrastructure investment.			n/a	(15)	(15)	(15)	
241		Risk Management Fund Risk Management and Insurance (Change from Pre-Budget Report)	Mainstream arrangements for the funding of risk management and undertake more focused risk management activities, together with a review of the risk management and insurance team staffing structures and Insurance tender savings.	9.0	(1.0)	n/a	(400)	(200)	(200)	
<b>Total Finance and Legal Services - Category 1: Low Impact</b>							<b>(570)</b>	<b>(370)</b>	<b>(370)</b>	
<b>TOTAL ALL SERVICES - Category 1: Low Impact</b>						<b>(2.0)</b>		<b>(3,603)</b>	<b>(4,336)</b>	<b>(5,257)</b>
			<b><u>CATEGORY 2: SERVICE REDESIGN</u></b>							
242		<b><u>Chief Executives</u></b> Community Safety	Staff restructure incorporating reduction in administrative support and reconfiguration of communications support		(1.0)	754	(22)	(22)	(22)	
<b>Total Chief Executive's - Category 2: Service Redesign</b>						<b>(1.0)</b>	<b>(22)</b>	<b>(22)</b>	<b>(22)</b>	

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
243		<b>Corporate</b> Value for Money (VfM) Partnership Reviews	Saving to be delivered through the work undertaken by the VfM Partnership (City Council and PwC). All reviews will be supported by a robust approval process including outline and detailed business cases, which will establish the realisable benefits to be delivered. Nevertheless, given that the work of the partnership is now underway, it is appropriate to make an initial relatively low saving proposal now that will increase significantly over time as this work progresses.				(100)	(100)	(100)
<b>Total Corporate - Category 2: Service Redesign</b>					<b>0.0</b>		<b>(100)</b>	<b>(100)</b>	<b>(100)</b>
244	Looked After Children	<b>Children, Learning and Young People</b> Children's Residential Placements	Strategy to reduce numbers of Looked After Children through improved management of services and improvements in social care practices. This will lead to a reduction in the need for the current level of out of city residential and fostering placements.			10,196	(330)	(330)	(330)
245	Looked After Children	Looked After Children	The additional external placements capacity for Looked After Children provided by NorthernCare makes this an appropriate point to undertake a review of our internal provision. It is anticipated that efficiency savings of £125k can be realised as part of this exercise after taking account of the need to make alternative provision for young people currently in in-house provision through residential placements and alternative community based services. The impact on posts will not be known until this review has been completed.			1,895	(125)	(125)	(125)
246	Services Provided to Schools	Before and After-School Childcare Provision	Existing provision and charging arrangements to be integrated with strategies for Children's Centres and Extended Services. Implementation to be phased to minimise impact.	15.0	0.0	285	(65)	(65)	(65)

**Saving Proposals**

**Appendix 4**

Line VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
247 Youth Service	Youth Service	Implementation of PriceWaterhouseCoopers Value For Money review (staffing impact of between 8 and 10 posts)	88.0	(10.0)	2,665	(300)	(300)	(300)
248	Special Educational Needs	Savings from review of arrangements for administrative support	10.0	(1.0)	476	(50)	(50)	(50)
<b>Total Children Learning &amp; Young People - Category 2: Service Redesign</b>						<b>(870)</b>	<b>(870)</b>	<b>(870)</b>
<b>City Development</b>								
249 Commercial Property	Commercial Property restructuring and rationalisation	Restructure clerical and technician functions in Commercial Property Management to reduce posts.	237.0	(2.0)	1,100	(45)	(45)	(45)
250	Reduction in Property Running Costs	Conduct an NNDR rating appeal across all corporate buildings and car parks, similar to the successful exercise conducted in 2007 for schools. The one off costs of this exercise can be offset against the backdated windfall savings. Additional savings have also been generated from relocating the Asylum seeker team.			n/a	(120)	(120)	(120)
251	Regeneration - Rationalisation and restructuring of the service	Reduce staffing across each of the following services: Development projects £50,000; Employment £50,000; Business and Investment £60,000	62.0	(5.0)	2,200	(50)	(160)	(160)
<b>Total City Development - Category 2: Service Redesign</b>						<b>(215)</b>	<b>(325)</b>	<b>(325)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
		<b>City Services</b>							
252	Environment al Health and Protection Services	Public Protection - Environmental Health & Trading Standards	Strategically review statutory enforcement activity in the areas of Environmental Health & Trading Standards. To undertake a strategic review of Regulatory Services within 2008/09, reflecting recent national reviews such as Hampton and Rodgers Review, imminent legislative changes and guidance to be shortly issued by the Local Better Regulation Office. The strategic review will seek to establish the 'Coventry approach' to this changing regulatory landscape.	68.0	(7.6)	5,428	(150)	(300)	(300)
253	Fleet Management	Fleet Management	Improved Fleet Utilisation resulting in reduction in numbers of vehicles/plant required.			(579)	(85)	(145)	(180)
254	Street Care Services	Street Cleansing	Mainstream work of dedicated litter bin maintenance teams within the mainstream street cleansing service	2.0	(2.0)	2,323	(20)	(45)	(45)
255	Waste Collection	Waste Services	Review of frequency of collection of green waste during winter. The proposal is to cease green waste collection during December & January, resulting in a reduction in resource requirements.	42.0	(1.0)	4,716	(20)	(20)	(20)
256		Administration	Reduce post in administrative service	33.0	(1.0)	488	(15)	(25)	(25)
257		Traffic Management & Design (currently City Development Directorate (CDD))	Integration and consolidation of Traffic Management design and consultancy service, following proposed transfer of service from CDD to City Services, to provide a citywide and integrated traffic management, consultancy and design service	6.0	(1.0)		(40)	(40)	(40)

**Saving Proposals**

**Appendix 4**

Line VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
258	Public Protection Out-of-hours noise service and Migration of Taxi Licensing (from CDD to City Services) (Change from Pre-Budget Report - Merger of Lines 258 and 282)	Redesign the out-of-hours noise service, premises licensing and taxi licensing services to create a more integrated, out-of-hours compliance team dealing with a range of street based, compliance activities.	22.5	(2.5)		(55)	(95)	(95)
259	Public Protection - Consumer Advice (Change from Pre-Budget Report)	Redesign the Consumer Advice Service. For the financial year 2008/09, to cease providing a walk-in Consumer Advice Counter Service - instead, referring all initial enquiries for consumer Advice via Consumer Direct West Midlands (CDWM). To also cease the Consumer Education programme. A second tier consumer advice service will continue to be provided, but only for enquiries routed through CDWM. For 2009/10, the additional £95k budget savings target will form part of a wider strategic review of Coventry's Regulatory	29.0	(2.6)	1,366	(95)	(190)	(190)
<b>Total City Services - Category 2: Service Redesign</b>				<b>(17.7)</b>		<b>(480)</b>	<b>(860)</b>	<b>(895)</b>
<b>Community Services</b>								
260 Housing Strategy	Private Sector Housing	Restructure of Enforcement and Grants Team took place mid year following retirement of post holders. Two senior posts were replaced with one Senior post and one deputy making a small saving.	30.0	(1.0)	702	(10)	(10)	(10)
261 Libraries	Library Services (Change from Pre-Budget Report)	Savings from a review of management structure which has been undertaken. Consultation still needs to take place with staff and Unions (50% phased implementation in 2008/09)	157.0	(6.0)	5,862	(88)	(176)	(176)



**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
262	Process Improvement and Cost Reduction in Social Care	Social Care Services	Efficiencies from reduced management and administrative posts, improving purchasing arrangements, revising training delivery and reducing Policy and Business budgets. These efficiencies relate to a range of items some of which can be easily delivered and some of which will require consultation.	1,012.0	(24.0)	32,040	(744)	(744)	(744)
263	Process Improvement and Cost Reduction in Social Care	Social Care Services	A project has been successfully run in this financial year to assist all tenants in housing with care schemes to assist them in claiming attendance allowance. This action has both increased income for tenants and increased their contribution to the Council to meet the costs of the services. This should be fully delivered by March 2008 to deliver the additional income.			19,120	(300)	(300)	(300)
<b>Total Community Services - Category 2: Service Redesign</b>					<b>(31.0)</b>		<b>(1,142)</b>	<b>(1,230)</b>	<b>(1,230)</b>
<b>Customer and Workforce Services</b>									
264	Post & Fastprint including Electronic Mail and Document Management	Post & Fastprint	The relocation resulting from the Severn Trent Water development on the St John's Car Park site will facilitate a review of this service. Savings are anticipated from accommodation, a review of the postal service including the introduction of 'clean mail' and a printing review including the Elmbank printing operation.	30.3	(2.0)	1,784	(120)	(120)	(120)
265	Support Services	Delete one full time equivalent (fte) Admin Post - workforce development	Rationalisation of administration within workforce development	5.0	(1.0)	649	(23)	(23)	(23)
266	Support Services	Directional vacancy advertising	Anticipated savings relating to the use of directional advertising in the Coventry Evening Telegraph. i.e. a small advert explaining where to get more information via the internet etc.			n/a	(50)	(50)	(50)

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
267	Support Services	Generic Recruitment of clerical staff	Savings from the generic recruitment of grade 1-3 staff. The pooling of recruitment and advertising has realised savings across the council.			n/a	(20)	(20)	(20)
268	Support Services and ICT	Resourcelink - Savings increase over 07/8	Savings have already been achieved and budgeted for from the Resourcelink HR and Payroll project. Further savings shown here are now anticipated, in line with the original business case but beyond those currently budgeted for.	107.0	(22.6)	1,504	(160)	(160)	(160)
<b>Total Customer and Workforce Services - Category 2: Service Redesign</b>					<b>(25.6)</b>		<b>(373)</b>	<b>(373)</b>	<b>(373)</b>
<b>Finance and Legal Services</b>									
269	Revenues & Benefits	Revenues and Benefits	Productivity benefits from Home Working pilot extension.	151.0	(1.5)	3,897	(50)	(50)	(50)
270	Revenues & Benefits	Revenues and Benefits	Net service redesign savings achieved following the introduction of the new Revenues and Benefits Academy system, following assessment of work processes to identify efficiencies in working practises. (fte savings to be determined)			6,659	(125)	(125)	(125)
271	Strategic Procurement	Procurement	Procurement savings through restricting procurement options for certain costs e.g. stationery.			n/a	(50)	(50)	(50)
272	Options Review of Legal Services	Legal Services	Savings resulting from a review of external legal cost arrangements			1,663	(25)	(25)	(25)
273		Financial Management and Management Team	Review of the management arrangements within the Directorate & Financial Management division teams			5,082	(50)	(50)	(50)
<b>Total Finance and Legal Services - Category 2: Service Redesign</b>					<b>(1.5)</b>		<b>(300)</b>	<b>(300)</b>	<b>(300)</b>
<b>TOTAL ALL SERVICES - Category 2: Service Redesign</b>					<b>(94.8)</b>		<b>(3,502)</b>	<b>(4,080)</b>	<b>(4,115)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
<b><u>CATEGORY 3: POLICY CHANGE</u></b>									
274		<b><u>Chief Executives</u></b> Community Safety	Work in a more targeted way and seek to access other funding streams in order to respond to local crime and antisocial behaviour issues raised at Safer Neighbourhoods Groups, Active Intelligence Mapping (AIMs) and requests from elected Members. The combined impact of any savings here will need to be considered along with those in Neighbourhood Management and work on equalities and community cohesion.			119	(34)	(34)	(34)
<b>Total Chief Executive's - Category 3: Policy Change</b>					<b>0.0</b>		<b>(34)</b>	<b>(34)</b>	<b>(34)</b>
<b><u>City Development</u></b>									
275	Cap external grants at maximum of £50,000 for 2008/09 onwards:	Groundwork	This grant reduction would require amendment of the Grant Aid Agreement with Groundwork. As a result, they will be more dependent on additional contract commissions with the Council and other third parties for specific work. The Council's grant aid is only one source of funding and it is not expected that this reduction will lead to service level reductions in the short term.			69	(20)	(20)	(20)
276	Commercial Property/ Operational Property	Reduce repair and maintenance expenditure	Reduce reactive repair and maintenance budgets on operational and commercial property with some impact on flexibility and reactivity of repairs service.			2,800	(70)	(70)	(70)
277		Review of CVOne contract	Jointly review the contract with CVOne to identify areas of cost reduction in line with Vfm target.			5,342	(270)	(270)	(270)
<b>Total City Development - Category 3: Policy Change</b>					<b>0.0</b>		<b>(360)</b>	<b>(360)</b>	<b>(360)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
		<b>City Services</b>							
278	Waste Collection	Refuse Collection (Change from Pre-Budget Report)	Introduce part-charging for replacement wheeled bins. Proposed charge £10 per bin against cost of replacement bin approx £20 (Saving proposal removed)			0	0	0	0
279	Waste Collection	Waste Services	Cessation of free green waste shredding service. During 2006 there were 866 requests for this service and, at the time of writing, 707 to date in 2007	2.0	(2.0)	4,716	(80)	(80)	(80)
280		Highways	Reduce the highways revenue budget and reprogramme maintenance work following the capital investment in this area over the past 3 years.	79.0	(4.0)	2,049	(164)	(164)	(164)
281		Public Protection - Health Development Unit	In conjunction with the PCT and Community Services undertake a review of this service.	12.0	(5.2)	245	(82)	(164)	(164)
282		Public Protection - Out of hours noise service (Change from Pre-Budget Report)	A review of the out of hours noise investigation service involving response times and the prioritisation of casework. (Merged with Saving reference 258)		0.0		0	0	0
<b>Total City Services - Category 3: Policy Change</b>					<b>(11.2)</b>		<b>(326)</b>	<b>(408)</b>	<b>(408)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
		<b>Community Services</b>							
283	Leisure	Culture and Leisure Grant Bodies	Efficiencies delivered by Grant Aided Partners e.g. Coventry Transport Museum, Belgrade and CVOne Promotions.			3,173	(82)	(82)	(82)
284	Libraries	Library Services (Change from Pre-Budget Report)	Forthcoming proposals in relation to a standard framework for opening hours across the city. (25% phased implementation in 2008/09)	157.0	(7.6)	5,862	(30)	(119)	(119)
285	Process Improvement and Cost Reduction in Social Care	Charging Policy (Change from Pre-Budget Report)	Phasing out of Council subsidy to those receiving domiciliary care who are able to meet full cost of that service. The Council at present allows a 15% reduction in the cost of the care package to those who have been means tested under the government guidance as being deemed to be able to afford to pay for the full cost of their package of care.			2,143	(85)	(142)	(196)
<b>Total Community Services - Category 3: Policy Change</b>					<b>(7.6)</b>		<b>(197)</b>	<b>(343)</b>	<b>(397)</b>
		<b>Customer and Workforce Services</b>							
286		Union Learning Representatives (ULRs)	Reduction in ULR funding. There is a statutory duty to provide trade unions with union learning representative facility time. Currently the 13 trade unions that we recognise receive funding for the equivalent of 3fte ULRs whose time they share between them to undertake this work. A reduction in funding of the 3fte's to approximately 2fte's would mean a diminution and redistribution of facility time allocated to this.	3.0	(0.8)	100	(25)	(25)	(25)
<b>Total Customer and Workforce Services - Category 3: Policy Change</b>				<b>3.0</b>	<b>(0.8)</b>		<b>(25)</b>	<b>(25)</b>	<b>(25)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
287		<b>Finance and Legal Services</b>							
		3% Efficiency saving to be achieved within Voluntary Organisations (Change from Pre-Budget Report)	Efficiency savings to be agreed with Coventry voluntary sector advice agencies - Savings Proposal Removed.			0	0	0	0
<b>Total Finance and Legal Services - Category 3: Policy Change</b>					<b>0.0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ALL SERVICES - Category 3: Policy Change</b>					<b>(19.6)</b>		<b>(942)</b>	<b>(1,170)</b>	<b>(1,224)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
			<b><u>NEW SAVINGS PROPOSALS</u></b>						
		<b><u>Chief Executives</u></b>							
288		Corp Comms & Publications (Change from Pre-Budget report - New Line)	Saving on Council wide publications budgets				(125)	(300)	(500)
289		PCSOs (Change from Pre-Budget Report - New Line)	Funding for 12 PCSOs to deal with anti-social behaviour across the city was awarded to the Police to provide additional presence in areas of anti-social behaviour at the same time as the Neighbourhood Warden Service was developing. There were relatively few Police PCSOs in the city at the time and the council funding provided additionality and a specific response to anti-social behaviour. More recently, Home Office PCSO funding has increased significantly and there are now approximately 100 PCSOs in Coventry. Funding for all PCSOs in the West Midlands is provided by Central Government through the West Midlands Police Service.				(300)	(300)	(300)
<b>Total Chief Executive's - New Savings Proposals</b>							<b>(425)</b>	<b>(600)</b>	<b>(800)</b>

**Saving Proposals**

**Appendix 4**

Line	VFM Ref	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)
		<b>Corporate</b>							
290		Limit Inflation to 2% on controllable budgets (currently 2.6%) (Change from Pre-Budget Report - New Line)	Directorates to prioritise allocation of inflation across cost centres				(425)	(425)	(425)
291		Energy Inflation (Change from Pre-Budget Report - New Line)	Reclaim 2.0% paid on top of overall adjustment on energy budgets				(50)	(50)	(50)
292		Central Budgets (Change from Pre-Budget Report - New Line)	Inflation contingency unneeded				(550)	(550)	(550)
<b>Total Corporate - New Savings Proposals</b>							<b>(1,025)</b>	<b>(1,025)</b>	<b>(1,025)</b>
<b>TOTAL ALL SERVICES - New savings Proposals</b>							<b>(1,450)</b>	<b>(1,625)</b>	<b>(1,825)</b>
<b>GRAND TOTAL ALL SERVICES</b>					<b>(116.4)</b>		<b>(9,497)</b>	<b>(11,211)</b>	<b>(12,421)</b>



## Youth Resource Centre – Fees and Charges

## Appendix 5

Item	Current Rate	200% increase	100% increase
Fund Raising Games (charges per day – Weekend hire charge for all fund raising games Games and badge making machine is 1 day)			
Ball in Bucket Roll a Ball	£3.25	£9.75	£6.50
Bar Skittles Roll a Disc	£3.25	£9.75	£6.50
Car Racing Game Roll a Penny	£3.25	£9.75	£6.50
Curling See 4 Game	£3.25	£9.75	£6.50
Giant Draughts Shuffle Board	£3.25	£9.75	£6.50
Hole in One Game Spin a Disc	£3.25	£9.75	£6.50
Hook A Duck Splat the Rat	£3.25	£9.75	£6.50
Hoopla Game on Stand Stevie Bell	£3.25	£9.75	£6.50
Hoopa Game (Table Top) Stocks	£3.25	£9.75	£6.50
Horse Racing Game Table Top Bowling	£3.25	£9.75	£6.50
Horseshoe Game Target Hockey	£3.25	£9.75	£6.50
Open The Safe Ten Pin Bowling	£3.25	£9.75	£6.50
Pinboard Game Tombola Stand	£3.25	£9.75	£6.50
Pin the Tail on the Donkey TT Run	£3.25	£9.75	£6.50
Play Your Cards Twin Stevie Bell	£3.25	£9.75	£6.50
Wooden Skittle Alley	£18.00	£54.00	£36.00
Badge Making Machine – 55mm Badge making machine produces badges, mirrors, magnets, key rings and photo stands	£4.00	£12.00	£8.00
Badges – Bagged in 50s per bag	£6.00	£18.00	£12.00
Magnets, mirrors, key rings and photo stands – bagged in 20s per bag	£5.80	£17.40	£11.60
Tents			
Vango Mk 4 Ridge Tent Sleeps 2	£1.10	£3.30	£2.20
Vango Mk 5 Ridge Tent Sleeps 3	£1.10	£3.30	£2.20
Basecamp Ridge Tent Sleeps 3 (lightweight D of E Awards)	£1.10	£3.30	£2.20

Item	Current Rate	200% increase	100% increase
Spacecamp Ridge Tent Sleeps 4 (lightweight D of E Awards)	£1.10	£3.30	£2.20
Vaude Hogan Dome Tent Sleeps 3 (D of E Awards)	£1.10	£3.30	£2.20
Stormhaven Tent Sleeps 7 (Canvas tent with laced doora and separate groundsheet)	£4.30	£12.90	£8.60
Mess Tent 14' x 14.6"	£4.30	£12.90	£8.60
Large Mess Tent 20' x 14.6"	£5.00	£15.00	£10.00
Frame Tent – without inner (Suitable for Fund Raising Events)	£2.50	£7.50	£5.00
<b>Camping Equipment (Weekend hire charge for all camping equipment is 3 days)</b>			
BBQ Shelter	£0.55	£1.65	£1.10
Billie Can Set	£0.15	£0.45	£0.30
Cagoule – Children's & Adult	£0.20	£0.60	£0.40
Casserole – Aluminium with 2 handles	£0.28	£0.84	£0.56
Compass & Whistle set	£0.32	£0.96	£0.64
Cooler Box	£0.35	£1.05	£0.70
Daysack	£0.15	£0.45	£0.30
Dining Shelter	£0.55	£1.65	£1.10
Dining Shelter – large	£0.70	£2.10	£1.40
Double Burner	£0.32	£0.96	£0.64
Frying Pan	£0.25	£0.75	£0.50
Gaiters	£0.15	£0.45	£0.30
Karrimat	£0.18	£0.54	£0.36
Map Case	£0.15	£0.45	£0.30
Melamine Dish/Mug/Plate (per item)	£0.04	£0.12	£0.08
Over trousers – Child	£0.15	£0.45	£0.30
Over Trousers – Adult	£0.20	£0.60	£0.40
Rucksack – 35 litres to 65 litre (framed or unframed)	£0.20	£0.60	£0.40
Rucksack – 100 litre	£0.32	£0.96	£0.64
Sigg fuel bottle	£0.15	£0.45	£0.30

Item	Current Rate	200% increase	100% increase
Sleeping bag – Full size	£0.35	£1.05	£0.70
Sleeping bag – ½ and ¾ size (no liner required)	£0.32	£0.96	£0.64
Sleeping bag – lightweight for D of E Awards	£0.52	£1.56	£1.04
Sleeping bag liner – must be hired with sleeping bag	£0.06	£0.18	£0.12
Teapot – large aluminium	£0.25	£0.75	£0.50
Trangia (meths cooking system)	£0.32	£0.96	£0.64
Trangia Gas Conversion Kit	£0.25	£0.75	£0.50
Walking Boots – Child 12 to Adult 14	£0.32	£0.96	£0.64
Water Bottle – 0.75 litre or 1 litre	£0.15	£0.45	£0.30
Water container – 2 gallon	£0.20	£0.60	£0.40
Water container – 5 gallon	£0.25	£0.75	£0.50
<b>OUTDOOR EQUIPMENT</b>			
Canoeing Accessories (Weekend hire charge for all canoeing equipment is 2 days)			
Buoyancy Aid	£0.65	£1.95	£1.30
Canoe Helmet	£0.60	£1.20	£1.20
Canoe Wetsuit	£1.20	£3.60	£2.40
Indoor Jumper Canoe – for pool use only	£1.75	£5.25	£3.50
Trailers (Weekend hire charge for all trailers is 3 days)			
Camping Trailer 5' l x 4' w	£6.00	£18.00	£12.00
Large Boxed Trailer 5' h x 7' l x 4' w	£12.00	£36.00	£24.00
Small Boxed Trailer 4' h x 5' 6" l x 3' 6" w	£10.00	£30.00	£20.00
Archery (Weekend hire charge is 1 ½ days)			
Archery set is suitable for up to 4 people	£6.00	£18.00	£12.00
Stop Net	£1.25	£3.75	£2.50
Outdoor Games (Weekend hire charge is 1 ½ days)			
Kwik Cricket – suitable for children	£1.20	£3.60	£2.40
Rounders stick and ball	£0.60	£1.80	£1.20
Softball bat and ball	£0.50	£1.50	£1.00
Sensor ball (supplied with inflator)	£1.20	£3.60	£2.40
Earthball (supplied with inflator)	£1.20	£3.60	£2.40

Item	Current Rate	200% increase	100% increase
Games Package (includes several outdoor games)	£6.00	£18.00	£12.00
Juggling Package (with unicycle)	£6.00	£18.00	£12.00
Parachute	£1.20	£3.60	£2.40
<b>Events (Weekend hire charge is 1 ½ days)</b>			
BBQ – 2' 1'	£0.60	£1.80	£1.20
BBQ Shelter	£0.55	£1.65	£1.10
Burco Boiler (electric)	£1.18	£3.54	£2.36
Burco Boiler (gas)	£1.60	£4.80	£3.20
Display Boards – various sizes	£6.00	£18.00	£12.00
H.V. Vest	£0.25	£0.75	£0.50
Megaphone (with batteries and microphone)	£2.40	£7.20	£4.80
Megaphone (no separate microphone or batteries)	£1.20	£3.60	£2.40
Spot Light (with filters)	£1.20	£3.60	£2.40
Stage Lighting (Quad lights on stand)	£5.00	£15.00	£10.00
<b>INDOOR EQUIPMENT</b>			
<b>Indoor Equipment (Weekend hire charge is 1 ½ days)</b>			
14" Colour television	£1.20	£3.60	£2.40
14" television/video	£2.50	£7.50	£5.00
14" television/DVD player	£2.50	£7.50	£5.00
Unihoc set	£1.20	£3.60	£2.40
Badge Making Machine (weekend 1 day charge)	£4.00	£12.00	£8.00
Overhead projector	£1.20	£3.60	£2.40
Projector Screen	£1.20	£3.60	£2.40
Slide Projector	£1.20	£3.60	£2.40
<b>Music Equipment (Weekend hire charge is 1 ½ days)</b>			
Amplifier (bass/lead/keyboard)	£1.20	£3.60	£2.40
C.D Player (not amplified)	£3.00	£9.00	£6.00
Coomber (with internal speaker and CD facility)	£4.25	£12.75	£8.50
Guitar (lead or bass)	£1.20	£3.60	£2.40

Item	Current Rate	200% increase	100% increase
Karaoke System with cassette and CD facility with 6 CDs (produces words onto television)	£10.00	£30.00	£20.00
Lights Package (suitable for disco)	£6.00	£18.00	£12.00
Microphone	£0.60	£1.80	£1.20
Microphone – wireless	£2.35	£7.05	£4.70
Microphone stand	£0.60	£1.80	£1.20
P.A. System – inc amp/speakers/microphone (only suitable for outdoor use when under cover)	£5.25	£15.75	£10.50
Portable P.A. System (can be used on mains or battery with wireless mic and CD tape facility)	£9.00	£27.00	£18.00
Speakers (pair)	£1.20	£3.60	£2.40
Speaker Stand (pair)	£1.20	£3.60	£2.40
Tape Player (not amplified)	£3.00	£9.00	£6.00
Twin CD Deck with mixer	£9.40	£28.20	£18.80
Twin CD Deck (DJ quality) with mixer and speakers	£20.00	£60.00	£40.00
<b>Video/Photographic Equipment (Weekend hire charge is 1 ½ days)</b>			
Digital camcorder	£6.00	£18.00	£12.00
Tripod	£1.20	£3.60	£2.40
Video Camera (takes full size VHS tapes)	£7.50	£22.50	£15.00
Digital Camera (7 million pixels)	£2.00	£6.00	£4.00
Polaroid Camera	£1.20	£3.60	£2.40
<b>Team Building Games &amp; Puzzles (weekend charge is 1 day)</b>			
Connecting Game (small or large) Shapes Puzzle	£2.50	£7.50	£5.00
Dice Square Puzzle	£2.50	£7.50	£5.00
Maze Puzzle T Shape Puzzle	£2.50	£7.50	£5.00
Poles Together Tower Blocks (large Jenga)	£2.50	£7.50	£5.00
Pyramid Puzzle Walking Feet	£2.50	£7.50	£5.00
Round Puzzle (small or large)	£2.50	£7.50	£5.00

## COMMUNITY SERVICES' ANNUAL FEES, CHARGES, GRANTS TO VOLUNTARY ORGANISATIONS AND CENTRAL GOVERNMENT GRANTS

### 1. Purpose of this Appendix

- 1.1 This Appendix is submitted as part of the Council's 2008/09 budget making process, specifically in relation to expenditure on social care. It makes recommendations on fees, contracts with voluntary organisations and the allocation of Central Government Grants.

### 2. Recommendations

- 2.1 This report makes a number of separate recommendations:

#### 2.1.1 Fees

- To approve a 2.50% (Gross) increase in the gross social care element of fees for existing contracted care services to adults and older people and to delegate authority to heads of group to vary this rate in exceptional circumstances. Any increased costs to be met from within existing care purchasing budgets.
- To approve a 2.50% (Gross) increase in direct payments for care services.
- To continue to delegate to service managers the authority to negotiate costs on an individual basis for new services where provision in respect of adults and older people, is not available at standard rates.
- To continue to delegate to service managers the authority to negotiate spot, block or cost and volume contracts for new care services to adults and older people in compliance with Council Standing Orders.

#### 2.1.2 Compact Contracts with Voluntary Sector

- To approve levels of individual contracts with voluntary organisations as set out in Annex A.
- To acknowledge a single negotiated tender with Grapevine [Coventry & Warwickshire] Limited to provide a range of advocacy services. This will be reported to Cabinet Member (Community Services) in a cabinet report in the summer of 2008.

#### 2.1.3 Government Grants

- To note the receipt of Government Personal Social Services grants as set out in Annex B.
- As a 3-star authority, we are not required to comply with the ring-fencing or general directions for the use of Government Grants.

However, we have broadly stuck to the purposes for which the grants are given.

### **3. Information/Background**

#### Annual Fees Increase

- 3.1.1 The Council's policy is that fees are increased in line with the general level of inflation increases applied to City Council budgets. For 2008/09 it is proposed that fees for the gross social care element of contracted services be increased by 2.50% (Gross). This increase will apply to all contracted services included those in the voluntary sector. Where non-standard fee rates are currently paid these shall also be increased by 2.5% (Gross) unless an alternative payment clause is specified in the contract for services.  
The bandings of the City Council's quality payment scheme for residential and nursing homes for older people will remain unchanged from the 2007/2008 levels.

#### 3.2 Allocation of Central Government Grants

- 3.2.1 Government Personal Social Services Grants for 2008/09 for Coventry City Council total £20,843,000. A more detailed breakdown of these grants is at Annex B.

#### 3.3 Mental Health

- 3.4 There is a joint Mental Health Strategy currently under full consultation. It is hoped that the strategy will be finalised and a commissioning action plan in place by April 2008. This action plan will drive review and commissioning intention across mental health service delivery. 2008 - 2009 will see the start of the process of change and modernisation in Voluntary Sector, Domiciliary Care, Residential Care and Nursing Care contracts. This will be initially managed on a cost neutral basis.

**SERVICES TO BE FUNDED AND COMMISSIONED BY COMMUNITY SERVICES 2008/2009**

Contracts requiring Members approval during 2008/09								
Ref No.	Organisation	Service Funded	User Group	Current Agreement	Expiry Date of Funding	07/ 08 Budget (£)	08/09 Budget (£)	Expiry Date of Funding
A1	Age Concern	1. Appointeeship * 2. Advocacy * 3. Information and Advice * 4. Retirement Options 5. Cash Collection Service	OP	Block Contract	31/03/08	225,084	230,711	4 years to 31/03/2012
A2	Alzheimer's Society	1. Day Services ** 2. Alzheimer's cafe ** 3. Dementia Support and management *	OP	Block Contract	31/03/08	171,192	175,472	4 years to 31/03/2012
A3	Coventry Carers' Centre	1 Core Grant to support Carers , providing information, advice and other support requirements outside of direct care *. 2. Asian Carers Support * 3. Hospital Discharge Support * 4. Expert Carers Support *	OP	Block Contract	31/03/08	218,874	224,346	4 years to 31/03/2012



A4	Coventry Crossroads	1. Core Grant to support Carers , providing information, advice and other support required outside of direct care *. 2. Sitting Service to provide break for Carer. 3. Home Based support service.	OP	Block Contract	31/03/08	133,242	136,573	4 years to 31/03/2012
A5	Community Transport	1. Transport for voluntary sector organisations including Day Services Providers 2. Furniture supply service to low income households	OP	Block Contract	31/03/08	91,590	93,880	2 years to 31/03/2010 (amount reducing each year)
A6	Coundon Care	To provide Day Services for Older People**.	OP	Block Contract	31/03/08	21,645	22,186	1 year to 31/03/2009
A7	Canley Evangelical	To provide Day Services for Older People**.	OP	Block Contract	31/03/08	34,519	35,382	1 year to 31/03/2009
A8	Gosford Asian	To provide Day Services to Older People primarily from the Asian community**.	OP	Block Contract	31/03/08	61,798	63,343	1 year to 31/03/2009
A9	Risen Christ	To provide Day Services to Older People**.	OP	Block Contract	31/03/08	29,588	30,328	1 year to 31/03/2009
A10	St Barnabus	To provide Day Services to Older People**.	OP	Block Contract	31/03/08	80,927	82,950	1 year to 31/03/2009

A11	Tuesday Club	To provided ** Day Services to Older People primarily from the Afro-Caribbean community.	OP	Block Contract	31/03/08	79,020	80,996	1 year to 31/03/2009
A12	Rehab Irish Elders	To provide Day Services for Older People, primarily from the Irish community **.	OP	Block Contract	31/03/08	37,897	38,844	1 year to 31/03/2009
A13	Coventry Society for the blind	Wireless service for the blind	PD	Contract	31/09/08	2,435	2,500	3 yrs to 31/09/11
A14	Coventry Law Centre	To provide a welfare rights advice service and appeal tribunals advocacy and support service.	C	GAA (Corporate)	31/03/07	35,690	36,582	Yearly contract arranged corporately
A15	Foleshill Advice & Information Centre	Information and advice service based in the Foleshill area of the city.	C	GAA (Corporate)	31/03/07	63,058	64,634	Yearly contract arranged corporately
A16	Wood End Advice & Information Centre	Advice and information services in the Wood End area of the city.	C	GAA (Corporate)	31/03/07	82,712	84,780	Yearly contract arranged corporately
A17	Grapevine (Coventry & Warwickshire) Limited	To provide a range of advocacy services including: Advice & Support; Task Advocacy; Self advocacy; community connections and quality monitoring.	LD	Joint GAA	31/03/08	£132,770	£146,343	Two year contract

A18	Cov & Warks Sign Language Interpreting Service (CWSLIS)	To purchase a sign language interpreting service to enable deaf people to access Council services.	PD	Joint GAA	31/09/08	39,553	40,542	3 years to 30/09/11
A19	Penderels Trust	Support Services for Older People in the establishment and management of Direct Payments	OP	Block Contract	31/03/08	16,000	28,504	1 year to 31/03/09
A20	Rethink	Homebase. Support to people with MH needs.	MH	Contract	31/3/08	90,104	92,357	3 years to 31/3/11
A21	Rethink	Spectrum. To provide employment opportunities for people with MH needs	MH	Contract	31/3/08	89,288	91,526	3 years to 31/3/11
A22	Tamarind Centre	Supportive service to black people with MH needs and their carers.	MH	Contract	31/3/08	123,207	126,287	3 years to 31/3/11
A23	Sahara	Advocacy support to Asian Elders with MH needs and their carers.	MH	Contract	31/3/08	22,460	23,022	3 years to 31/3/11
A24	Sahil	To provide an access service for Asian women experiencing social isolation & stress.	MH	GAA/ Contract	30/9/08	17,948	18,397	3 years to 30/9/11
A25	CROW	Coventry Recycling of Waste	LD	GAA/ Contract	31/3/08	10,125	10,378	3 years to 31/3/11
A26	The Samaritans	Contribution towards a confidential counselling service for people who are at risk.	MH	GAA/ Contract	31/3/08	2,196	2,251	3 years to 31/3/11

A27	CVSC	Coventry Voluntary Service Council. Support and advice to voluntary groups in Coventry	C	Joint/GAA	31/3/08	12,951	13,275	3 years to 31/3/11
Key to Users Groups: <b>LD</b> = Learning Disability <b>SP</b> = Supporting People <b>PD</b> = Physical Disability <b>OP</b> = Older People <b>C</b> = City-Wide/Corporate								

\* Where contracts have multiple components each component will be separately identified in the contracts. Over four year contracts the contract components may be varied dependant on City Council requirements. Any variations will be negotiated in accordance with COMPACT guidelines. In particular, where contract extensions relate to the purchase of financial support services these contract elements will be extended for 12 months initially pending a review of how Community Services purchases and arranges these services

\*\* Where Day Services are funded, these contracts and/or elements of contracts will be subject to a tender process during 2008/2009.

**COMMUNITY SERVICES - GOVERNMENT GRANTS**

Grant	2008-09 £'000	2009-10 £'000	2010-11 £'000
Social Care Reform	534	1,243	1,524
<b>TOTAL RINGFENCED</b>	<b>534</b>	<b>1,243</b>	<b>1,524</b>
Mental Health	967	1,014	1,062
Carers	1,458	1,552	1,645
Preserved Rights	1,247	1,180	1,123
LDDF	303	302	301
Local Involvement Networks	178	177	177
Independent Mental Capacity	157	197	189
Adult Social Care Workforce	860	881	900
Supporting People (Program)	14,890	14,146	13,439
Supporting People (Admin)	249	229	196
<b>TOTAL UNRINGFENCED</b>	<b>20,309</b>	<b>19,678</b>	<b>19,032</b>
<b>TOTAL AREA BASED GRANT</b>	<b>20,843</b>	<b>20,921</b>	<b>20,556</b>

All figures per LASSL (DH)(2007)2 – At time of writing there remains some doubt over whether the Supporting People elements will be included within Area Based Grant. Supporting People elements are not included within the figure quoted for ABG in Paragraph 6.4 of the main report.

**Ring-fenced specific grants****Social Care Reform Grant**

Amount of Grant: £534,000  
Responsible Officer: Mark Godfrey (Interim Head of Adults)

This is a new, ring-fenced specific grant to help councils to reshape and redesign their systems to deliver the transformations necessary to make personalisation the cornerstone of social services.

Details of conditions were made available in a separate Local Authority Circular LAC (DH) (2008) 1 published on 17<sup>th</sup> January 2008.

**Area Based Grants****Mental Health Grant**

Amount of Grant: £967,000  
Responsible officer: Mark Godfrey (Interim Head of Adults) in collaboration with Director of Mental Health (Primary Health Trust)

The Mental Health Grant is intended for use in developments designed to support implementation of the Mental Health National Service Framework standards and those necessary mental health service developments set out in the NHS Plan. Such investments should augment existing mental health expenditure and help support delivery of milestones set out in Mental Health Local Delivery Plans.

It is a ring-fenced, specific grant. Details of conditions and external audit arrangements will be made available in a separate Local Authority Circular to be published in 2008-09.

### Carers Grant

Amount of Grant:	£1,458,000
Responsible officers:	Mark Godfrey (Interim Head of Adults) Amanda Carr (Older People) Colin Green (Children's Services)

This grant is to:

- i. Enhance provision of community care and children's services to allow carers to take a break from caring by stimulating greater diversity of provision
- ii. Stimulate a greater awareness by authorities of the need for services in their area to be more responsive to the needs of carers; and
- iii. Provide carers with services other than breaks services in keeping with the 2001 Carers and Disabled Persons Act.

The grant has been allocated as follows: 20% to Children's Services to support families of disabled children and young carers; 24% to Adults' (18-64); and, 51% to Older People. A maximum of 5% is recommended for administrative costs.

This is a specific formula grant without conditions, but Coventry City Council is committed to allocating the whole grant to deliver the Carers' Strategy. Expenditure incurred in providing services to Carers is a key piece of information required by the Self Assessment Survey.

### Preserved Rights Grant

Amount of Grant:	£1,247,000
Responsible Officers:	Mark Godfrey (Interim Head of Adults) Amanda Carr (Older People)

Under Section 50(1) of the Health and Social Care Act 2001, local authorities are responsible for the provision of residential accommodation for persons ordinarily resident in their area who were in relevant accommodation with Preserved Rights to higher rates of income support prior to April 2002. The Preserved Rights Grant is paid to local authorities to help them discharge these responsibilities. This is a specific formula grant without conditions.

This grant has reduced from previous years, reflecting the Government's expectation that the number of service users with these Preserved Rights reduces over time. The resource is allocated within Community Purchasing budgets and is effectively treated as part of the base budget available.

### Learning Disability Development Fund

Amount of Grant:	£303,000
Responsible Officer:	Mark Godfrey (Interim Head of Adults)

The LDDF was created to support local implementation of the agenda set out in the learning disability white paper, Valuing People (2001), and until 2007-08 has been allocated to PCT's for local learning disability partnership boards to determine its allocation. In recognition of the lead role of local authorities on learning disabilities, the funding will be provided directly to local authorities to support them in delivering the key outcomes for people with learning disabilities.

Expenditure incurred in delivering these outcomes is a key piece of information required by the Self Assessment Survey.

#### Local Involvement Networks

Amount of Grant:	£178,000
Responsible Officer:	Simon Brake (Head of Policy and Business)

Under the Local Government and Public Involvement in Health Act 2007, each local authority has a duty to make contractual arrangements for the involvement of people in the commissioning, provision and scrutiny of health and social care services – i.e. to establish local involvement networks or LINKS.

Cabinet report 08 – Local Involvement Networks presented to cabinet on 20<sup>th</sup> November 2007 set out how Coventry City Council will facilitate the necessary tender process to identify the preferred supplier of this service.

#### Mental Capacity Act and IMCA Service Grant

Amount of grant:	£157,000
Responsible Officer:	Mark Godfrey (Interim Head of Adults)

The Mental Capacity Act 2005 came fully into force on 1<sup>st</sup> October 2007. The DoH continues to make resources available to assist councils to:

- i. Train staff to understand the implications of the Act
- ii. Fund the Independent Mental Advocate Service to help vulnerable people who lack capacity who are facing important decisions made by the NHS or local authorities about serious medical treatment and changes of residence. The IMCA service needs to be independent of both local authorities and local health providers.
- iii. Meet increased social care costs arising from implementation
- iv. Plan for the implementation of the Deprivation of Liberty Safeguards. This will provide an opportunity to maintain and extend the work of existing local Mental Capacity Act implementation networks.

#### Adult social care workforce

Amount of Grant:	£860,000
Responsible Officer:	Jacqui Goode (Head of EDU)

This funding stream replaces the resources provided through the adults services parts of the National Training Strategy and Human Resources Development Strategy and is designed to support workforce development in the adult social care workforce in the statutory, private and voluntary sectors.

### Supporting People

Amount of Grant:	£14,890,394
Amount of Grant:	£248,792
Responsible Officer:	Steven Rudge (Housing)

Supporting People grant provides resource to secure vulnerable people the opportunity to improve their quality of life by providing a stable environment enabling greater independence.

Details of conditions and external audit arrangements will be made available in a separate Local Authority Circular to be published in 2008-09.

### **Grants now paid through FSS**

#### Access and Systems Capacity Grant

Amount of Grant 2007-08:	£3,343,000
Responsible Officers:	Amanda Carr (Older People) Lynda Bull (Adults)

This grant is to enable local authorities to build up the stock of community based social services, and promote older people's independence, reduce delayed discharges and meet new targets for assessment. This is a specific formula grant without conditions.

#### Delayed Discharges Grant

Amount of Grant 2007-08:	£614,000
Responsible officer:	Amanda Carr (Older People)

The grant was introduced in 2003-04 to accompany the Community Care (Delayed Discharges) Act 2003, which introduced reimbursement charges payable by local authorities to NHS Trusts for those delays in hospital discharge for which they are solely responsible. The aim of the grant is to encourage local authorities to work with health partners to invest to tackle the causes of delay in their local system. It will also be used for the prevention of hospital admissions as well as speeding up discharges and supporting case management. This is a specific formula grant without conditions.



## SUMMARY

## CAPITAL PROGRAMME: 2008/09 - 2012/13

<b>Expenditure</b>	<b>2008/09 £000s</b>	<b>2009/10 £000s</b>	<b>2010/11 £000s</b>	<b>2011/12 £000s</b>	<b>2012/13 £000s</b>
<b>Cabinet Member:</b>					
Children, Learning & Young People	29,037	24,014	14,127	500	500
City Services	17,108	6,372	5,970	-	-
Climate Change, Housing & Sustainability	7,476	3,308	3,308	3,308	3,308
Community Services	355	154	154	-	-
Culture, Leisure & Libraries	4,751	290	150	-	-
Customer Workforce & Legal Services	9,887	2,419	1,446	900	-
Neighbourhood & Community Safety	120	-	-	-	-
City Development	27,353	5,349	1,137	55	835
<b>Total Programme</b>	<b>96,087</b>	<b>41,906</b>	<b>26,292</b>	<b>4,763</b>	<b>4,643</b>
<b>Allowance for Rescheduling</b>		4,804	2,336	1,431	310
	- 4,804 -	- 2,336 -	- 1,431 -	- 310 -	- 248
<b>Programme After Rescheduling</b>	<b>91,283</b>	<b>44,374</b>	<b>27,197</b>	<b>5,884</b>	<b>4,705</b>
<b>Future Schemes to be Considered</b>		9,600	9,700	9,600	10,645

## APPENDIX 7

<b>Cabinet Member</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
<b>Children, Learning &amp; Young People</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Approved Programme</b>					
Childrens Play Strategy	245	270	115	-	-
Primary School Places/Re-modelling	4,250	6,950	4,100	-	-
Sowe Valley Primary	1,550	40	-	-	-
Children's Centres	3,105	2,600	2,558	-	-
Devolved Formula Capital	4,037	3,841	4,368	-	-
DCSF Formula Capital	5,560	2,457	1,511	-	-
Aldermoor Farm Replacement Primary	300	-	-	-	-
ICT in schools	383	-	-	-	-
Computers for Schools Initiative	235	-	-	-	-
Schools Access Programme	575	575	575	-	-
Charter School	35	-	-	-	-
Stivichall Primary School	5,158	150	-	-	-
Leased Equipment	200	200	200	200	200
Youth Capital	185	-	-	-	-
Integrated Children	28	-	-	-	-
Whitley Abbey Sports Hall	761	31	-	-	-
Pathways to Care (Support to Foster Carers)	300	300	300	300	300
Non-Schools Building Programme	130	-	-	-	-
New Broad Spectrum Primary School	2,000	6,600	400	-	-
<b>Total Approved Programme</b>	<b>29,037</b>	<b>24,014</b>	<b>14,127</b>	<b>500</b>	<b>500</b>

APPENDIX 7

Cabinet Member  
City Services

**Approved Programme**

Highways Investment  
Integrated Transport Programme  
Vehicle & Plant Replacement  
Liveability Programme  
Replacement Cremators  
Ironmonger Row/Burges

**Total Approved Programme**

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
Highways Investment	3,250	-	-	-	-
Integrated Transport Programme	7,236	5,302	5,912	-	-
Vehicle & Plant Replacement	2,603	-	-	-	-
Liveability Programme	571	-	-	-	-
Replacement Cremators	894	420	58	-	-
Ironmonger Row/Burges	2,554	650	-	-	-
<b>Total Approved Programme</b>	<b>17,108</b>	<b>6,372</b>	<b>5,970</b>	<b>-</b>	<b>-</b>

Future schemes to be considered

Highways Investment

2,900	2,900	2,900	2,900
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APPENDIX 7

**Cabinet Member**

**Climate Change, Housing & Sustainability**

**Approved Programme**

Social Housing Regeneration Fund

Housing Policy (incl Disabled Facilities Grants)

**Total Approved Programme**

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
Social Housing Regeneration Fund	4,470	-	-	-	-
Housing Policy (incl Disabled Facilities Grants)	3,006	3,308	3,308	3,308	3,308
<b>Total Approved Programme</b>	<b>7,476</b>	<b>3,308</b>	<b>3,308</b>	<b>3,308</b>	<b>3,308</b>

Future schemes to be considered

Social Housing Regeneration Fund

	3,600	3,600	3,600	3,700
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APPENDIX 7

Cabinet Member  
Community Services

**Approved Programme**

Relocate NVQ Team from Torrington Site  
Supporting Mental Health

**Total Approved Programme**

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
	200	-	-	-	-
	155	154	154	-	-
	355	154	154	-	-

APPENDIX 7

**Cabinet Member  
Culture, Leisure & Libraries**

**Approved Programme**

Herbert Art Gallery  
Coventry Sports Centre Repairs  
Libraries Refurbishment  
War Memorial Park (Match Funding)  
Belgrade Theatre  
Allesley Library  
Play Areas  
Extension of Foleshill Library

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
Herbert Art Gallery	1,989	-	-	-	-
Coventry Sports Centre Repairs	918	200	-	-	-
Libraries Refurbishment	29	-	-	-	-
War Memorial Park (Match Funding)	-	90	150	-	-
Belgrade Theatre	20	-	-	-	-
Allesley Library	998	-	-	-	-
Play Areas	656	-	-	-	-
Extension of Foleshill Library	141	-	-	-	-
<b>Total Approved Programme</b>	<b>4,751</b>	<b>290</b>	<b>150</b>	<b>-</b>	<b>-</b>

Future schemes to be considered

War Memorial Park Improvements

	-	100	-	45
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APPENDIX 7

**Cabinet Member**

**Customer Workforce & Legal Services**

**Approved Programme**

Strategic ICT Projects  
 Social Services IT System: Connecting Care  
 Enterprise Licence / Server Upgrade  
 Wide Area Network 2  
 Replacement Human Resources Payroll System

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
Strategic ICT Projects	1,183	900	900	900	-
Social Services IT System: Connecting Care	1,641	-	-	-	-
Enterprise Licence / Server Upgrade	611	385	190	-	-
Wide Area Network 2	6,402	1,084	356	-	-
Replacement Human Resources Payroll System	50	50	-	-	-
<b>Total Approved Programme</b>	<b>9,887</b>	<b>2,419</b>	<b>1,446</b>	<b>900</b>	<b>-</b>

Future schemes to be considered

Strategic ICT Projects

-	-	-	900
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APPENDIX 7

Cabinet Member  
Neighbourhoods & Community Safety

**Approved Programme**

Gating Programme

**Total Approved Programme**

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
Gating Programme	120	-	-	-	-
<b>Total Approved Programme</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Future schemes to be considered

Gating Programme

	100	100	100	100
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## APPENDIX 7

**Cabinet Member  
City Development**
**Approved Programme**

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
Primelines	5,333	-	-	-	-
NDC Leisure & Neighbourhood Centre	8,807	152	-	-	-
Property Repairs	4,010	-	-	-	-
Stoney Stanton Corridor 2	1,000	-	-	-	-
Canley Regeneration	484	147	-	-	-
Swanswell	4,729	564	-	-	-
N D C Capital Development	123	616	572	-	-
City Centre - Footbridge (STWA Friars Rd)	200	300	50	50	835
City Centre - Public Parking	150	1,850	-	-	-
City Centre - Public Realm Improvements	80	650	515	5	-
Barracks Car Park Repairs	275	300	-	-	-
City Centre Package	285	75	-	-	-
Corridor Regeneration	106	-	-	-	-
North East Regeneration & Riley Square	333	295	-	-	-
Far Gosford St Regeneration	877	400	-	-	-
Stoke Aldermoor Regeneration	47	-	-	-	-
Electric Wharf	180	-	-	-	-
Pool Meadow Access Road	150	-	-	-	-
North South Road	32	-	-	-	-
Asset Management Database	54	-	-	-	-
Aldermans Green Industrial Estate	15	-	-	-	-
St Johns Site (Relocation of Post and Fast Print)	80	-	-	-	-
Retail Market Phase 2	3	-	-	-	-
<b>Total Approved Programme</b>	<b>27,353</b>	<b>5,349</b>	<b>1,137</b>	<b>55</b>	<b>835</b>

Future schemes to be considered

Property Repairs	3,000	3,000	3,000	3,000
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## Appendix 8

### CLYP Capital Programme - Proposed Allocation of Modernisation, Basic Need, & Schools Access Funding

The proposed allocation of the first 2 years (2008/09 & 2009/10) is as follows. These are included within the 'Primary School Places/Remodelling', 'DCSF Formula Capital', and 'Schools Access Programme' lines within CLYP's capital programme (Appendix 7). Approval to progress individual schemes within these priorities will be sought when detailed proposals have been worked up :-

**1. Previously approved Projects and Prior Claims funded from LA Formula Allocation (£3.5m - £0.8m in 2008/09 and £2.7m in 2009/10).**

There are a number of projects within the approved capital programme currently being progressed that have not yet reached an agreed target price, tenders finalised or final cost agreed. There are therefore a number of uncertainties but building costs continue to increase and it would be prudent to allocate some funding from 2008/09 to deal with issues as these already agreed projects are progressed.

**2. Increasing Primary Pupil Places (£9m in total - £3.85m in 2008/09 and £5.15m in 2009/2010).**

The forecast for reception class numbers in September 2008 is 3785 leaving just 10 or 0.3% unfilled places. Five of the primary planning areas are forecast to have more pupils than there are places available for reception children.

The number of reception class places needs to be increased for September 2008. The School Admissions Forum at their meeting on 7 December 2007 received specific proposals for increasing admission numbers for some primary schools to take effect from September 2008 and September 2009. Many of these increases are dependent on the completion of capital building work to remodel and/or extend a number of schools.

The schools that are proposed for increased admission numbers in September 2008 and September 2009 are:

School	Planning Area	Existing Admission Number	New Admission Number	Building Work Required
Broad Heath	1B	30	60	New Major Extension
Stanton Bridge	1B	45	60	Extension and remodelling to address open plan and associated issues
Joseph Cash	1B	45	60	Remodel and extend (previously open plan)
Hill Farm	1B	60	90	
Aldermoor Farm	3	45	60	Build new 3 classroom extension
Ernesford Grange	3	45	60	Add cloaks/toilets to withdrawal room to provide classroom
Walsgrave	3	45	60	Extension to provide new staffroom and release a classroom for pupil use
Richard Lee	3	60	90	
Finham	5&6	60	90	Remodel former clinic and extend

**3. Continuation of Open Plan Primary Schools Remodelling Programme (£2m - £0.35m in 2008/09 and £1.65m in 2009/2010).**

Progress with the remodelling of open plan areas in primary schools is a high priority to raise educational attainment. 12 open plan schools were identified in the report to cabinet in March 2004. Three of those schools (Pearl Hyde, Clifford Bridge and Keresley) have yet to have any work undertaken as part of the Authority's programme. Two schools (Gosford Park and Sowe Valley) will be completed during 2008. The remaining seven have had some work done in one or two phases but further work remains. It is proposed that as a priority allocations are made in 2008/09 and 2009/10 to complete the Frederick Bird reception class area (which was recently identified as unsatisfactory in an OFSTED report) and to further progress the remodelling of Stoke Primary where the open plan arrangement is adversely affecting pupils with hearing impairment and Grangehurst.

**4. School Access Initiative (£1.15m - £0.575m in 2008/09 and £0.575m in 2009/10).**

Priorities will be determined in accordance with the needs of pupils already on the school roll or about to be admitted and needs as prioritised in the AMP suitability database as requiring improved access. All schools are made aware of the opportunity to submit proposals for consideration for improving access issues that are beyond an individual schools ability to manage as part of their Devolved Capital funding.

**5. Condition (£1m - £0.25m in 2008/09 and £0.75m in 2009/10).**

It is proposed that as far as possible schools should use their Devolved Capital to address condition needs but some projects may arise that are beyond a small school's financial capacity to manage. This will be held as a contingency and any funding unused at the end of the year can be reallocated towards larger strategic projects.

**6. Progress the Initial Design of One Replacement Primary School (£0.2m - £0.05m in 2008/09 and £0.15m in 2009/10).**

Two other primary schools have the same construction as Stivichall School's BAC building that is being replaced with a new building. The two schools are Courthouse Green (2 form entry 420 pupil places) and Whitmore Park (3 form entry 630 pupil places). Whitmore Park is a large, level site with reasonable access, which potentially could provide the site for the second broad-spectrum primary school. Coventry has not built a new special school for many years and it would be helpful to learn from the first broad-spectrum school to be built at Moat House before embarking on the second. It is proposed that the initial design for the replacement of Courthouse Green be progressed.

**7. Sustainability – Refurbish a second CLASP Primary School (£1.5m - £0.2m in 2008/09 and £1.3m in 2009/10).**

Cabinet have previously agreed allocations towards meeting a very good BREEAM (Building Research Establishment Environmental Assessment Method) score. The majority of the funding was allocated as a pilot project to progress the refurbishment at Sowe Valley to upgrade the CLASP building to improve sustainability including re-cladding, re-roofing, and replacement windows, remove asbestos and provide fire breaks and a sprinkler system and complete the removal of open plan teaching areas. It is proposed that a second project be progressed at Pearl Hyde to upgrade the CLASP building and remodel the open plan teaching areas.

## COUNCIL INVESTMENT STRATEGY AND POLICY

A. **Strategy Guidelines** – The main principles governing the Council's investment criteria are the security and liquidity of its investments, although the return will be a consideration. The Council will ensure:

- It has sufficient liquidity in its investments. For this purpose it will set a minimum amount to be held in short term investments (specified investments).
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counter parties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.

The Director of Finance and Legal Services will maintain a counter party list in compliance with these criteria. The current proposed criteria are shown below for approval. These criteria determine the counterparty groups that may be used, rather than the specific investment type to be entered into. This latter issue is dealt with within section D.

- Banks and Building Societies ~ the Council will use banks and building societies which have at least the following Fitch (or equivalent) credit ratings:
  - Short Term ~ F1
  - Long Term ~ A
  - Individual ~ C
  - Support ~ 3

Credit ratings provide an opinion on the ability of an organisation to meet financial commitments. Credit ratings are used by local authorities to help determine where and for how long deposits are made. Fitch, along with other similar agencies, provides credit ratings. "F1" and "A" indicate a minimum of a "high credit quality" over the short and long term. The individual and support ratings are subsidiary ratings that add further context referring to how a bank would be viewed if it were entirely independent (individual) and also the likely external support that it would receive (support).

- Bank Subsidiary ~ the Council will use these where the parent bank has the necessary ratings outlined above.
- Treasury Operations ~ some banks operate separate treasury operations, effectively a treasury or dealing operation of the bank. Where these have the required Short and Long Term ratings, but no Individual or Support rating the Council will use these where the "parent" has the necessary ratings.
- Money Market Funds ~ the Council will use Money Market Funds which have at least a AAA Long Term Rating.

- UK Government (including gilts and the DMO)
- Local Authorities, Parish Councils etc
- Supranational institutions

Where a counterparty is rated by more than one credit rating agency the lending limit is to be determined with reference to the lowest rating.

## **B. Specified and Non Specified Investments**

Government guidance on local authority investments defines specified and non-specified investments. Specified investments are high security (i.e. high credit rating), liquid investments in sterling, with a maturity of no more than a year. All other investments are defined as non-specified investments, and will include longer term investments with a maturity of over one year.

In the normal course of the council's cash flow operations it is expected that both specified and non specified investments will be utilised for the control of liquidity as both categories allow for short term investments. The use of longer term instruments (greater than one year from inception to repayment) will fall in the non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. The Director of Finance and Legal Services, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.

## **C. Annual Investment Strategy**

The key requirements of both the CIPFA publication, Treasury Management in the Public Services : Code of Practice and Cross Sectoral Guidance Notes and ODPM investment guidance issued on 12th March 2004, are to set an annual investment strategy covering the identification and approval of the following:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year. This will need to define broad categories of investment and the regularity of monitoring.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

This strategy is to be approved by full Council.

## **D. Investment Policy – The proposed investment policy is:-**

## D1 Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. These would include investments with:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. An investment scheme that has been awarded a high credit rating by a credit rating agency. This covers a money market fund rated by Fitch (or equivalent) rating agency.
5. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). This covers bodies with a minimum rating of F1 for banks and building societies as rated by Fitch (or equivalent) rating agency.

In accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are set out below:

	Minimum Short Term Rating	Minimum Long Term Rating	Limit	Time Limit
Upper Limit Category	F1+	AA -	£10m	12 months
Lower Limit Category	F1	A	£5m	12 months
Money Market Funds		AAA	£10m	12 months
UK Government (Debt Management Office)			£10m	12 months
Local Authorities ~ a			£8m	12 months
Local Authorities ~ b			£4m	12 months

Local Authorities "a" include London Boroughs, Metropolitan districts, County Councils and unitary authorities.

Local Authorities "b" include shire districts, fire & civil defence authorities, passenger transport authorities and police authorities.

Lending to bodies within the same group (subsidiaries and treasury operations) have a total group limit of that of the parent body.

## D2 Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include any sterling investments:-

1. Supranational Bonds greater than 1 year to maturity:

(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).

(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})

The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt-edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.

2. Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category 1 above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
3. Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.
4. Any bank or building society that has a minimum long-term credit rating of AA-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment). The limits are £10m at the time the investment is made and a duration of up to 3 years. The limits set for individual institutions apply to the aggregate of specified and non specified investments.
5. Any non-rated subsidiary of a credit rated institution included in the *specified* investment category. These institutions will be included as an investment category subject to having a parent institution with the minimum full rating as set out above in section A. The limits are £2.5m at the time the investment is made and a duration up to 6 months.

Other than by making investments within categories 4 and 5, as laid out above, the City Council will not directly invest in non specified investments.

In aggregate (i.e. direct investments and those via fund managers) the total of non specified investments falling into categories 1, 2, 4, and 5 will not exceed the lower of £20m or 50% of investments.

In addition, the City Council holds share or loan investments for policy reasons. These are non-specified investments. In such instances the acquisition of the share or loan capital represents capital expenditure of the authority and is reported on as part of the capital monitoring process.

#### **E. The Monitoring of Investment Counter parties**

The credit rating of counter parties will be monitored regularly, at least monthly. However the Council receives credit rating advice from its advisers, Butlers, on a daily basis as and when ratings change, and counter parties are checked

promptly. There will be a minor time delay between rating changes and the Council receiving notification, and on occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counter party failing to meet the criteria will be removed from the list immediately by the Director of Finance and Legal Services and, if required, new counter parties which meet the criteria will be added to the list.

**F. Use of External Fund Managers**

It is the Council's policy to use an external fund manager for part of its investment portfolio. The fund manager will use both specified and non-specified investment categories. The parameters within which fund managers invest City Council funds are set out in their contract. In summary, these include the requirement that the average duration of the investments in each portfolio does not exceed 3 years. In addition, limits apply to the level of investments in individual counterparties.



## Summary Prudential Indicators

## Appendix 10

REF (para)		Actual 06/07 £000's	Budget 07/08 £000's	Forecast 08/09 £000's	Forecast 09/10 £000's	Forecast 10/11 £000's
35-	<b>Ratio of financing costs to net revenue stream:</b>					
38	(a) General Fund financing costs	23,985	25,311	27,072	28,344	28,341
	(b) General Fund net revenue stream **	232,991	239,235	257,717	263,967	271,114
	General Fund Percentage	10.29	10.58	10.50	10.74	10.45
39	<b>Estimates of Council Tax (Band D equiv) ~ 2008 Programme</b>			119.13	123.27	123.67
39	<b>Estimates of Council Tax (Band D equiv) ~ 2007 Programme</b>			125.84	121.11	
45	<b>Net borrowing and the capital financing requirement:</b>					
	gross borrowing	345,418	330,622	340,066	339,094	334,860
	less investments (see para 88 definition)	-55,086	-31,732	-25,932	-23,632	-23,632
	less transferred debt reimbursed by others (para 93)	-22,423	-21,984	-21,502	-20,972	-20,389
	= net borrowing	267,909	276,906	292,632	294,490	290,839
	Capital Financing Requirement in year 3 (as below)					371,175
	net borrowing must not exceed year 3 CFR			376,087	375,236	371,175
	<b>Capital Expenditure (Note this excludes leasing)</b>					
51	General Fund	104,892	82,307	88,842	44,174	26,997
	<b>Capital Financing Requirement (CFR)</b>					
53 & 57	Capital Financing Requirement	354,842	366,570	376,087	375,236	371,175
59	<b>Authorised limit for external debt</b>					
	Authorised limit for borrowing	379,784	393,564	383,122	379,471	
	+ authorised limit for other long term liabilities	0	0	0	0	
	= authorised limit for debt	379,784	393,564	383,122	379,471	
60	<b>Operational boundary for external debt</b>					
	Operational boundary for borrowing	344,784	343,564	343,122	339,471	
	+ Operational boundary for other long term liabilities	0	0	0	0	
	= Operational boundary for external debt	344,784	343,564	343,122	339,471	
64	<b>Actual external debt</b>					
	actual borrowing at 31 March 2007	322,995				
	+ actual other long term liabilities at 31 March	0				
	= actual external debt at 31 March 2007	322,995				
66	<b>CIPFA Treasury Management Code?</b>					
	Has the authority adopted the TM Code?	Yes				
	<b>Interest rate exposures</b>					
67-	upper limit on fixed rate exposures			110%	110%	110%
73	upper limit on variable rate exposures			30%	30%	30%
74	<b>Maturity structure of borrowing - limits</b>					
	under 12 months	0%	15%			
	12 months to within 24 months	0%	20%			
	24 months to within 5 years	0%	20%			
	5 years to within 10years	0%	30%			
	10 years & above	40%	100%			
77	<b>investments longer than 364 days</b>					
	upper limit :			20,000	20,000	20,000