



Coventry City Council

# 6.1.4

## Public report

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Report to Cabinet  
Council

24<sup>th</sup> February 2009

24<sup>th</sup> February 2009

Report of Management Board

Title  
Revenue and Capital Budget 2009/10

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1. **Purpose of the Report**

- 1.1 The purpose of this report is to seek approval for the 2009/10 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 2009/10 and of the implications for future years' financial plans.

2. **Recommendations**

Cabinet is recommended to:

- 2.1 Recommend the City Council to determine that its budget requirement calculated for the financial year 2009/10 in accordance with the requirements of Section 32 of the Local Government Finance Act 1992 be **£261,920,573** as outlined in **Paragraph 5.1, Table 1** of this report. This incorporates a Council Tax rise for the City Council of 3.8%.
- 2.2 Note the implications of the budget for the 2010/11 and 2011/12 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 savings and expenditure proposals in **Appendices 4 and 5** and the fees and charges proposals referenced 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 £73.9m for 2009/10 and the future years' commitments arising from this programme of £117m in 2010/11 to 2013/14 (**Section 10 and Appendix 9**).
- 2.6 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 10.17**).

- 2.7 Note the risks facing the City Council as outlined in **Section 11**. Given the world economic climate and the financial pressure facing the UK public sector, these risks are considerably greater than in recent years.
- 2.8 Recommend the City Council to approve the proposed Treasury Management Strategy for 2009/10 (**Section 14**), and the revised investment policy (**Appendix 10**), and to adopt the prudential indicators and limits described in **Section 15** and summarised in **Appendix 11**.

### 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 are addressed in this report.

- 3.4 The Council adopted its current Corporate Plan in September 2008 and a revised Medium Term Financial Strategy in January 2009. These documents, together with the ten Cabinet Member Strategic Plans that were reviewed and adopted in September 2008 provide the context for the 2009/10 budget. The current world financial and economic climate make this budget round a particularly difficult one for the City Council and for all local authorities.
- 3.5 The report is seeking approval for an increase in our net budget from £257.7m in 2008/09 to £261.9m in 2009/10. This represents a net budget increase of 1.6% - this is explained further in **Paragraph 6.4**.
- 3.6 The report also seeks approval for a 2009/10 Capital Programme of £73.9m compared with a 2008/09 programme of £91m. This represents a decrease of 19%. The context around this reduction and consideration of the Programme in detail is covered in **Section 10** and **Appendix 9**.

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

- 4.1 The long term vision and priorities for Coventry are set out in "Coventry - the next twenty years" the Coventry Sustainable Community Strategy (SCS) which was adopted by the Coventry Partnership and the City Council in March 2008 and aims to make Coventry "*a growing and accessible city where people choose to live work and be educated and businesses choose to invest.*" This long-term vision is reflected in Coventry's three year Local Area Agreement which sets out short term priorities for the city measured by indicators and targets that have been negotiated with central government. The Council agreed its Corporate Plan in September 2008 aligning its corporate priorities with those within the SCS.

- 4.2 These SCS themes or aims need to be achieved to make the vision for the city a reality. The themes are:
- A prosperous Coventry with a good choice of jobs and business opportunities for all the city's residents
  - People of Coventry live longer, healthier, independent lives
  - A safer and more confident Coventry
  - Making Coventry's streets, neighbourhoods, parks and open spaces attractive and enjoyable places to be
  - Ensuring that children and young people are safe and enjoy, achieve and make a positive contribution to Coventry
  - A good choice of housing to meet the needs and aspirations of people of Coventry
  - Making places and services easily accessible for Coventry people
  - A creative, active and vibrant Coventry
  - A more equal Coventry with cohesive communities and neighbourhoods
  - Improving Coventry's environment and tackling climate change
- 4.3 In addition to these corporate objectives the Council has a set of Management Objectives that aim to improve its performance, efficiency and effectiveness. These Management Objectives set out the key things that the Council needs to achieve to ensure that it is an effective, efficient organisation that delivers services that meets the needs of local people and gives real value for money. These objectives are set out under three headings: Money; Improving the way we work and deliver value for money, and People.

#### **Money**

These objectives aim to ensure that the council manages its finances well.

- Ensure sound management of the council's financial resources
- Deliver the Council's Medium Term Financial Strategy to meet the Council's priorities and balance the budget.
- Maximise resources

#### **Improving the way we work and deliver value for money**

These objectives aim to ensure that the council improves the quality, efficiency and effectiveness of its services, its organisation and processes and delivers value for money for the people of Coventry.

- Continue to improve the quality of our services
- Continue to improve access to services
- Continue to improve the efficiency and effectiveness of services
- Continue to improve the "safeguarding" of adults, children and young people

#### **People**

These objectives aim to ensure that the council's elected members and employees can support and deliver the council's services and aims for the city.

- Ensure Councillors are well trained and well supported
- Develop the skills, competencies and motivation of our workforce
- Build a workforce that is representative of the local community.
- Maintain the health, safety and welfare of our workforce
- Improve attendance at work

- 4.4 The Council continues to make good progress against its priorities, reinforcing the progress previously recognised by the Audit Commission in awarding Coventry 3 stars and improving well status under the Comprehensive Performance Assessment framework in February 2008. More detail is available

within the Corporate Plan and Local Area Agreement Half-Year Review Report to Cabinet in December that was considered on 16th December 2008.

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

This year the Council and its partners, like other organisations, are preparing plans and allocating resources within the context of the developing UK and international recession. Coventry's relatively diverse local economy is holding up comparatively well but levels of unemployment in the city have begun to rise and we expect Coventry, like the rest of the country, to be increasingly affected by the recession in the coming financial year and this has implications for the delivery of Council services and the budget setting process.

4.6 The Pre-Budget Report to Cabinet in December underlined the importance of planning for and investing in the future of the city to be ready to benefit from the economic upturn when it comes. To help achieve this, the Council is in the process of developing major schemes that will have a significant impact on the future of Coventry and on the Council's resource allocation for the foreseeable future. It is important to recognise that these developments – Building Schools For the Future, our Waste Strategy (including Project Transform, which is looking to fund a new disposal facility), the Highways and Lighting PFI project and the redevelopment of the city centre – will influence significantly the shape of forthcoming revenue and capital budgets.

4.7 The City Council is committed to actively promoting equality so that people from different backgrounds have similar life opportunities. In line with this, Coventry's Sustainable Communities Strategy is clear in its aims to promote better equality of opportunity and to ensure that all Coventry people should enjoy its outcomes regardless of age, gender, faith, ethnicity, sexual orientation, physical or learning disability, community, neighbourhood or background. In order to achieve this, it is important that we take account of how changes in our services and policies are impacting on people. We undertake equality impact assessment to help us analyse whether such changes will have an adverse impact on equality of opportunity or access to services and how any adverse impact can be addressed. The potential impact of the financial proposals in this report is being assessed and will inform the implementation of the budget decisions.

4.8 Like other local authorities Coventry is facing a range of other pressures that are essentially externally driven and over which we have little or no control. These include future real-terms reductions in resources being made available through the Comprehensive Spending Review, demographic pressures in social care for adults and older people and services for children, increasing costs of waste disposal and recycling, the effects of Equal Pay legislation and increasing costs of pensions.

**4.9 Challenges for the next five years.**

Some of the most significant challenges facing the City Council are outlined below.

- Responding to the challenges faced in the current economic downturn and in the context of the current financial position of the public sector.
- Continuing to invest in the city's future which is the key to economic growth in the city and the sub-region and to tackling national housing shortages
- Maintaining current service standards

- Improving services which still have significant areas for improvement e.g. the robustness of our children's social care services and a number of our corporate services (which need to be better organised for increased effectiveness and productivity);
- Improving the customer focus of our services and stream-lining the processes by which customer service requests are delivered.
- Taking forward major strategic imperatives that will impact on the future of our city like the Climate Change and Waste Strategies, the Highways and Lighting PFI, Building Schools for the Future and the redevelopment of our city centre
- 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.
- Engaging and involving local people and communities in the development of our services and the future of the city.

4.10 Our financial circumstances are such that although we might like to invest more in any of these areas, the reality is actually that we will need to become increasingly more effective and productive. We also have to bear in mind that given economic uncertainties, pressures on public sector expenditure may increase not decrease and this will require us to be ever clearer about focus and priorities, and timing of initiatives.

4.11 We continue to want to maintain the principles we have developed 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

4.12 This report sets out budget setting proposals that are pragmatic and realistic and that respond to the current economic context and the financial position of the council. The proposals have been developed within the context of the council's medium term strategy and to meet the council's agreed priorities.

#### 4.13 **Setting the budget**

The budget proposed within this report is aligned to the Council's Medium Term Financial Strategy. As such it is designed to help provide a stable financial base from which to deliver the Council's priorities, to move the Council towards a more strategic longer-term planning approach and to set a sound financial planning framework for the Council.

4.14 It is anticipated that the sound financial base provided by our financial strategy will give us greater flexibility to maximise the opportunities available to the City Council than we have had in recent years. As a result we can expect to strengthen the integration of our policy and financial planning cycles and the degree to which investment and disinvestment decisions are driven by our policies and the needs of the City.

- 4.15 This budget and our medium term planning assumptions recognise that there will be comparatively less, not more, monies received direct from central government. We know that the demand for services, particularly for the most vulnerable is likely to increase and that the City Council and its partners will have to focus on key priorities and take some difficult, yet necessary funding decisions over this period. Whilst this may require some in-year and more short-term budget decisions to be made to respond flexibly to the rapidly changing external environment, the vision within the Sustainable Community Strategy gives us the confidence in our medium and long-term direction of travel. The Council's view is that the current economic downturn must be used as an opportunity to innovate and do things differently, including exploring the options of alternative funding sources, different risk relationships with the private sector and more leverage through the voluntary/community sector for instance. The City Council will continue to drive for greater value for money in every area of its operations and work relentlessly with partners at all levels to achieve real and lasting efficiencies, because this will unlock the resources to deliver the ambitions for the city and its people.
- 4.16 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 Corporate Plan is aligned with the Sustainable Communities Strategy and the mechanisms for carrying it out.
- 4.17 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. In aiming for a robust medium term position, the Council's budget needs to reconcile corporate spending priorities, available resources including proposed council tax increases and the availability of reserves. 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.
- 4.18 The current economic downturn and the increasingly tight financial settlements from Central Government have inevitably limited the degree to which we are able to invest beyond current policy boundaries with some notable exceptions, for example the expansion of our kerbside collection service. Given the relatively low level of reserves available to the City Council compared with previous years, the option of using reserves to support the bottom line has not been available to us to a significant degree this year. We have used the flexibility afforded us from the Area Based Grant (introduced in 2008/09) to re-allocate resources within the City Council's bottom line.
- 4.19 In the medium term we anticipate a number of capital expenditure developments that together will represent some of the most significant proposals to have taken place in the City for many years. These developments - outlined in **Paragraph 10.2** – are being incorporated within our medium term planning projections in so far as we are able to predict their anticipated financial impacts. This budget report is creating the sound financial footing that will be essential to ensure that these projects can be delivered successfully over the coming years.

## **Consultation**

- 4.20 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 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 2008 Cabinet report. The consultees included: Coventry Youth Council; the council's trades unions; the business community - through the Coventry and Warwickshire Chamber of Commerce; public sector organisations in the city; community and voluntary sector organisations and other partners. A summary of the responses to the public consultation is attached at **Appendix 1**.
- 4.21 The responses arising from the consultation process were considered when producing the final budget proposals in this report. Specific changes resulting from the consultation responses have been reflected in **Appendix 4** as follows:
- Line 206 Coventry in Bloom – saving removed
  - Line 208 Charging for Replacement Wheeled Bins – saving removed
  - Line 212 Lamb Street – saving removed
  - Line 219 Counselling and Support – saving removed
  - Line 221 Christmas Salaries – saving removed
  - Line 222 Partner Organisation Efficiencies - saving reduced

In addition, issues raised through the budget consultation process will also be used to inform future policy making decisions including the review of the Corporate Plan in 2009.

- 4.22 Changes resulting from new information that has come to light since the Pre-Budget Report have been reflected in **Appendix 4** as follows:
- Line 205 Car Parking Fees – saving increased
  - Line 220a Lord Mayor's Hospitality – new saving
  - Line 221a Gating Officer – new saving

4.23 The agenda facing the Council especially in the current economic climate continues to be 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 so the Council can best meet the needs of the people of Coventry.

4.24 The budget proposals in this report will enable the Council to sustain a good level of service delivery. 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 2009/10, plus the Council Tax estimated surplus or deficit at the end of 2008/09. 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 (2009/10)	(114,575)	
Council Tax Estimated Deficit	2,100	
<b>Total Council Tax Resources</b>		(112,475)
Revenue Support Grant	(28,025)	
Redistributed Business Rates.	(121,421)	
<b>Total Formula Grant</b>		(149,446)
<b>Total resources to meet Budget Requirement</b>		<b>(261,921)</b>

- 5.2 The Government published the 2007 Comprehensive Spending Review on the 8<sup>th</sup> October 2007, setting out their spending plans for the three year period 2008/09, 2009/10 and 2010/11. Subsequent Government announcements in November 2008 and January 2009 have confirmed the level of Formula Grant allocated to individual authorities for the next two years and given indicative information for what might happen in 2011/12. Recent turbulence in international and national economic circumstances clearly makes the prediction of future financial settlements very difficult. The figures in this report use the most up to date government information available regarding future years. The final figures for 2010/11 and 2011/12 will be announced in January 2010 and January 2011 respectively.
- 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>2009/10 (Final)</b>	2010/11 (Provisional)	2011/12 (Provisional)
Coventry's Formula Grant £m	£m	<b>(149.4)</b>	(153.0)	(155.8)
Increase (Adjusted)	£m	<b>4.1</b>	3.6	2.8
	%	<b>2.8</b>	2.4	1.8



- 5.4 After taking into account the Government's measure of inflation (the Gross Domestic Product deflator – 1.5%), Coventry's 2009/10 Formula Grant increase of 2.8% becomes a real terms grant increase of 1.3%. 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 £4.3m as a result of damping in the 2009/10 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 and an increase in Council Tax of 3.8%.
- 6.2 The Pre-Budget Report taken to Cabinet on 16<sup>th</sup> December 2008 was still showing a budget deficit position of £0.9m. The principal movements that have happened since then, including the actions identified to balance the budget are shown below.

**Table 3: Movements Since Pre-Budget Report** (Figures in brackets represent reduced spend or increased income)

	<b>£m</b>
Shortfall in Pre-Budget Report	<b>0.9</b>
2008/09 Collection Fund Shortfall	<b>1.6</b>
Additional Council Tax Revenue (from 3.5% to 3.8%)	<b>(0.3)</b>
Additional Expenditure Pressures	<b>0.4</b>
Savings Proposals Removed	<b>0.3</b>
Saving from Limiting Inflation on Council Budgets to 1.5%	<b>(1.3)</b>
Re-profiled Recycling, Street Lighting and Waste Project Costs	<b>(0.8)</b>
Tax-Base Reduction	<b>0.5</b>
Overall Borrowing and Capital Programme Costs	<b>(0.6)</b>
Savings from Additional Grant and Superannuation/Benefit Contributions	<b>(0.7)</b>
<b>Budget Balance (Nil)</b>	<b>0.0</b>

- 6.3 **Table 4** 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 savings proposals requiring decisions within this report are outlined in detail in **Appendix 4**.

**Table 4: Summary of General Fund Revenue Budget Requirement**

	£m
2008/09 Base Budget	<b>257.7</b>
Inflation and Previous Budget Decisions	<b>15.3</b>
Category 1 Savings (Appendix 3)	<b>(6.7)</b>
Category 2 Savings Proposals (Appendix 4)	<b>(2.6)</b>
Expenditure Pressures/Proposals and Technical Adjustments (Appendix 5)	<b>(1.8)</b>
<b>2009/10 Net Budget Requirement</b>	<b>(261.9)</b>

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**.

- 6.4 The 2009/10 budget at £261.9m compares with the 2008/09 budget of £257.7m. This is an increase of £4.2m or 1.6%. This budget requirement increase is broadly in line with the Formula Grant increase of £4.1m.
- 6.5 In line with previous years, the net budget incorporates planned levels of grant income and expenditure insofar as these are known. This includes our Area Based Grant (ABG), a non ring-fenced addition to the Council's revenue support grant. ABG has replaced what were, prior to 2008/09, a number of individual grant income streams. It will continue to be applied to support Council spending priorities in 2009/10 including a number that were previously funded from these individual grants. The funding of individual areas of spend are shown in **Appendix 6**. These reflect the allocation of the Grant for 2009/10 indicated in the Pre-Budget Report to Cabinet on 16<sup>th</sup> December 2008 plus some marginal changes subsequently notified to us by Government such as the treatment of Supporting People and Preventing Violent Extremism as being included within specific grant regimes for 2009/10. This will provide for funding for priority areas of spend including services for Adults with Learning Difficulties and the City's new extended recycling scheme (see below) in addition to a currently un-earmarked budget of £500k to be allocated by Coventry's Local Public Service Board. The Board will make decisions on how to allocate this budget within 2009/10 in line with priorities in the Local Area Agreement and Sustainable Community Strategy.
- 6.6 The financial implications of the Municipal Waste Strategy Report on your agenda today are incorporated in the budget recommended within this report. The Strategy recommends a roll-out of a three bin system as standard provision throughout the city. This will incorporate separate kerbside collection of dry recyclable waste in addition to the current collections of green waste and residual household waste. The additional net revenue cost of this service is £505,000 in 2009/10 rising to £779,000 in future years. Although these costs

will be wholly or partly funded by Area Based Grant in the early years the revenue funding of this initiative will be incorporated ultimately into mainstream budgets.

- 6.7 A range of savings and pressures has already been identified within the Pre-Budget Report. Since that report the Management Board has been working to balance the revenue budget and capital programme for 2009/10 onwards. The outcome of that work is included in this report. Where Category 2 savings proposals have changed since December, this has been indicated in **Appendix 4** (see **Paragraphs 4.21 and 4.22**).

#### **Spend Proposals**

- 6.8 Overall, the recommended budget for the General Fund includes £4.5m of spending pressures that are viewed as being unavoidable or which reflect the additional cost of existing policies. These are listed in **Appendix 5**.

- 6.9 Several of these pressures were detailed in the Pre-Budget Report. The impact included within these final budget proposals is shown below:

- **Energy Inflation** - The price of our energy is anticipated to increase by £2.1m.
- **Equal Pay Capitalisation** - No Equal Pay claims have been successfully proven against the Council. Nevertheless, the Government has confirmed that we can if necessary spread the cost or "capitalise" the cost of any claims that might be settled in the future. Due to the time-limited nature of this opportunity following our successful application for a Capitalisation Direction in May 2008 we have to take advantage of the capitalisation direction in this financial year (2008/09). The view of the Director of Finance and Legal Services is that at this stage the Council should plan to capitalise a sum of £30m. The cost of setting aside a minimum revenue provision (for future repayment of borrowing debt) at 5% is £1.5m. It should be stressed that this provision is not an admission of liability. The outcome of the appeal against the Employment Tribunal decision is awaited. The City Council will continue to defend its current legal position in respect of equal pay legislation and ensure that any additional costs of equal pay are minimised.
- **Project Transform Project Management** - Costs of £0.27m assumed over each of next 3 years.
- **Prudential Borrowing to balance the Capital Programme** – Year 1 revenue cost of £0.25m to cover a capital gap of up to £10m in 2009/10. The Capital Programme in Section 10 includes a £3.9m gap between forecast spending and resources. However, the programme has an assumed level of capital receipts of £9.8m and there remains a significant level of risk that this level may not be achieved. Therefore, the retention of a degree of contingency within the revenue programme to resource an additional borrowing requirement (if required) is viewed as an appropriate and prudent response to the current economic climate.

- 6.10 Additional pressures now reported are shown below

- **Value for Money Team** – The Value for Money Partnership with PricewaterhouseCoopers has helped to identify a number of the savings shown in **Appendices 3 and 4** and these have been identified with an asterisk (\*). Within the wider context of the partnership's success to date,

the need to continue to further identify Value for Money initiatives in the future and the value of the benefits so far identified, it is proposed that funding of £0.34m for the Council's in-house Value for Money team should continue to be provided.

- 6.11 In addition to the energy inflation shown above, the Council needs to fund net costs totalling £4.5m to fund assumed pay awards and inflation across all other budgets.
- 6.12 These budget proposals, focus on protecting the services valued by Coventry tax payers and deliver a realistic balance between service delivery and keeping rises in council tax levels as low as possible for residents.

### **Savings Proposals**

- 6.13 The Council has continued to take a value for money approach towards budget setting. As far as possible this approach tries to minimise the impact on frontline services although present financial circumstances are such that it will not be possible to fund all areas of service at their previous levels. The proposals in **Appendices 3 and 4** include streamlining some services and delivering efficiencies in others. Around 190 posts will be deleted in total, some of which are already vacant.
- 6.14 The Category 1 savings identified within the Pre-Budget Report are decisions that management will deliver within their delegated authority or ones that have been or will be subject to a separate Cabinet or Cabinet Member report. For completeness, these are shown in **Appendix 3**. Some of these have already been implemented, are in the process of implementation or are the subject of local consultation exercises in line with normal practices.
- 6.15 The budget proposals subject to approval within this report are shown in **Appendix 4** and identify savings amounting to £2.6m. These include the majority of the Category 2 savings included in the Pre-Budget Report. These are savings that require a specific change of policy or are sufficiently significant to warrant member ratification as part of the budget setting process. They have been the subject of public consultation. Any changes to these proposals including some additional savings lines, are flagged in the Appendix.
- 6.16 Notwithstanding the asterisked Value For Money savings in **Appendices 3 and 4**, there are no broad, unspecified savings in relation to the Value For Money partnership for 2009/10. Future value for money related savings will be supported by a clear work-stream. Our medium term financial forecasts assume the meeting of Government efficiency targets.
- 6.17 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.
- 6.18 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. 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.

- 6.19 The fact remains that the implications of the Comprehensive Spending Review and the expectation upon us to deliver 3% cashable efficiencies in the future will mean that there will inevitably be a pressure within local government to employ fewer staff in the future and to become "leaner" organisations that deliver better value for money.
- 6.20 The Pre-Budget Report referenced the Council's financial relationships with a wide range of partners including voluntary organisations and larger trusts. Having communicated with each organisation the Council is reducing its funding of the majority of these organisations equivalent to the 3% efficiency saving that the government expects the Council to make. There is a small number of exceptions to this.

## 7 Corporate Budgets and Reserves

- 7.1 This section details some key financial information at a corporate level.
- 7.2 Given the overall reduction in our overall level of reserves in recent years, the current uncertain macroeconomic situation and the likely squeeze on public finances in forthcoming years, this is an appropriate point to review the level of our working balance reserve. As part of our revised approach, the recommended budget for 2009/10 has been balanced without a contribution from this reserve. In addition, in line with the Medium Term Financial Strategy approved by Council on 13<sup>th</sup> January we have committed to increasing uncommitted working balances from 1% to at least 2% of net revenue budget. It is proposed that we will review the scope to move towards this position during the 2008/09 final accounts process.
- 7.3 The current position on the Council's working balances is shown in **Table 5**. It shows the uncommitted working balance at a level of £2.5m, broadly 1% of net revenue budget. **Section 13** provides further context to the adequacy of the City Council's reserves.

**Table 5: Contribution from the Working Balances Reserve**

	£m
<b>Balance available as at 31<sup>st</sup> March 2008</b>	<b>(11.3)</b>
<u>Less</u>	
Policy commitments	6.8
Budget Support for 2008/09	2.0
<b>Estimated Uncommitted Balance 31<sup>st</sup> March 2009</b>	<b>(2.5)</b>

- 7.4 **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 6: Levies from Other Bodies**

	2009/10 £m
West Midlands Passenger Transport Authority	16.4
Environment Agency	0.1
<b>Total</b>	<b>16.5</b>

The increase in the Passenger Transport levy reflects an increase of £0.4m over the 2008/09 levy of £16.0m. This represents both a 2.3% increase in the costs of that body, together with the effects of changes in the West Midlands population.

- 7.5 **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 2009/10 budget contains provision to pay precepts as follows:

**Table 7: Parish Precepts**

2008/09 £	Parish	2009/10 £
3,300	Allesley	3,300
1,650	Keresley	1,500
<b>4,950</b>	<b>Total</b>	<b>4,800</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 3.80% increase in the City Council's Council Tax.
- 8.2 The table below compares the Council Tax amounts for different valuation bands in 2009/10 with those in 2008/09. The impact summarised below illustrates the figures before Police and Fire precepts are added:

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

	2008/09	2009/10		Increase	
	£	£	%	Per year	Per week
				£	£
Band A	830.29	861.85	3.8	31.56	0.61
Band B	968.68	1005.49	3.8	36.81	0.71
Band C	1107.06	1149.13	3.8	42.07	0.81
Band D	1245.44	1292.77	3.8	47.33	0.91
Band E	1522.20	1580.05	3.8	57.85	1.11
Band F	1798.97	1867.33	3.8	68.36	1.31
Band G	2075.73	2154.62	3.8	78.89	1.52
Band H	2490.88	2585.54	3.8	94.66	1.82

- 8.3 It is also possible to calculate the average Council Tax and this is given in the table below.

**Table 9: Impact of Council Tax Increases**

	2008/09	2009/10		Increase	
	£	£	%	Per year	Per week
				£	£
City Average	889.64	912.59	2.6%	22.95	0.44

- 8.4 The addition of the Police and Fire precepts affect the total % rise and actual level of Council Tax reported above. The 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 Minister for Local Government, has recently reaffirmed the view that Council Tax increases should be kept "substantially below 5%". We anticipate that the recommended Budget and consequent Council Tax levels in this report are not likely to be capped.
- 8.6 Whilst the position for 2009/10 has now been balanced, significant challenges will inevitably remain in subsequent years. The revenue proposals outlined above have implications for future years' budget projections. Any predictions regarding the Council's future financial position rely upon the robustness of the figures given to us by Government with regard to resources that they will provide through Local Government Finance Settlements. We should recognise that current economic circumstances mean that the Government is probably not able to give any guarantees about these figures, especially as far into the future as 2011/12. Our figures need to be considered in the light of this health warning. Based on our current financial plans and the decisions within this report the initial projection of our future budgetary position is shown in **Appendix 7** and **Table 10** below.

**Table 10: Anticipated Future Financial Position**

	2010/11 £m	2011/12 £m
2009/10 Base Budget position	279	287
Future Identified Pressures less Required Efficiency Savings	(8)	(9)
LESS resources – projected Formula Grant & Council Tax at assumed 3.5% increase	(271)	(278)
Anticipated Budget Position	0	0

8.8 The Council's approach to reducing spending and delivering efficiencies has recently been reaffirmed within our Medium Term Financial Strategy including a commitment to achieve the Government's 3% efficiency target. The anticipated outcomes from this are built into the position shown above. This approach, 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.

## **9 Fees and Charges**

9.1 In setting its revenue budget, the Council assumes certain levels of income to be raised from a range of fees and charges in line with inflation. The proposals made as part of the 2009/10 budget include some increases in fees and charges that are above inflation and the most significant ones are shown below.

9.2 There is a report on your agenda today that details the implications of increasing Car Parking fees as referenced in line 205 of **Appendix 4**. The total increase in income over and above inflation is £450,000.

9.3 A report to Cabinet on 16<sup>th</sup> December made proposals and outlined the consultation process for a range of increases to charges for non-residential social care services. The report is in line with the budget proposals at line 167 of **Appendix 3** and line 211 of **Appendix 4** (Blue Badges).

9.4 Separate to the issue of fees and charges, the Community Services budget especially is greatly influenced by grant aid agreements and contracts. The proposals affecting these areas are outlined in **Appendix 8**.

## **10 Capital Programme**

10.1 In **Appendix 9** there are proposals for a Capital Programme of **£73.9m**. The proposed programme is smaller than those of recent years although it still represents a significant programme for an authority of this size. The most significant reason for this is the dramatic reduction in the level of capital receipts available to the City Council from the sale of land and property as a consequence of the recession. Even at the reduced level of programme our



forecast is that we will require prudential borrowing in the short-term of **£3.9m** to balance the programme in 2009/10. The Programme included focuses largely on the continuation and completion of existing projects plus any programmes that are funded from external grant (most significantly in the area of Children, Learning and Young People).

10.2 The lack of capital resources currently available is reflected in a reduced level of investment in the infrastructure of the city in 2009/10. The medium term response to how we identify the resources to deliver such investment in the future is one of the key challenges facing the City and improving our level of service delivery. The City Council's plans include some significant areas of investment that will come on stream over a more medium to long-term horizon. These include Building Schools for the Future, the regeneration of the City Centre and Project Transform, our waste management initiative.

10.3 Although this year's programme is at a lower level than in recent years it nevertheless includes significant investment in key services. These include a large programme of expenditure in the City's schools and the start of a programme of long-term investment that will transform and replace all of the City's street lighting infrastructure. Specifically, the programme offers the following investment:

- A £37m programme in 2009/10 for Children, Learning and Young People's Services, the majority of which will be invested in schools across the City.
- Investment of £9m in total on the City's highways programme involving the Local Transport Plan, completion of works in the Burges and Ironmonger Row and continued works to fulfil our health and safety responsibilities in relation to safety barriers and street lights.
- Continuation of the Wide Area Network, Urban Traffic Management Control and Primelines projects reported to Cabinet on 27<sup>th</sup> January 2009 delivering resilient ICT communications to Council and partner services and transport infrastructure benefits to the city.
- The city's Street Lighting Private Finance Initiative will replace in the first 5 years of the contract approximately 80% of all existing street lighting and underground cabling along with the installation of up to 1,000 additional columns on currently unlit roads and footpaths where there are concerns regarding poor night time safety and the incidence of crime or fear of crime is high. In addition around 50% of all lit signage, bollards and beacons across the city will be replaced in the first 5 years with the remaining 50% renewed over the life of the 25 year contract.
- A Play builder programme of £0.8m creating a range of natural play area improvements. The project will see further play areas refurbished or developed over the medium term.
- The building of a new library in the Allesley Park area.

10.4 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 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.
- 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.
- Revenue funding including reserves and existing revenue budgets, 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 some of these resources.

### **Supported Borrowing**

- 10.5 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 2009/10 Formula Grant and the relevant borrowing levels are shown below.

**Table 11: Supported Borrowing**

	£'000
Local Transport Plan - Highways Maintenance	1,874
Education & Childrens Services	8,898
<b>Total Supported Borrowing</b>	<b>10,772</b>

### **Unsupported Borrowing**

- 10.6 From **Table 12**, it can be seen that the authority plans to incur £10.694m of prudential borrowing in 2009/10, and £0.454m in 2010/11. This represents the continuation of previously approved schemes together with some additional spending and some short-term borrowing to balance the programme in 2009/10. Provision has been made in the revenue budget to fund this.

**Table 12: Unsupported Borrowing**

	£'000	
	2009/10	2010/11
Vehicle Acquisition	2,627	396
Wide Area Network	2,091	0
Kerbside Recycling Bins	1,548	0
Replacement Cremators	420	58
Swanswell Multi-Storey Car Park	67	0
Temporary Borrowing to Balance the Programme	3,941	0
<b>Total Unsupported Borrowing</b>	<b>10,694</b>	<b>454</b>

**Grants**

- 10.7 A total £44.2m of grant has been made available to support the 2009/10 Programme. This is a mix of specific grant for particular schemes and non-specific grant that we have some discretion over how it is applied. An analysis of this grant funding is shown in the table below.

**Table 13: Grant Funding**

	£m
Primary Schools Capital Strategy	12.2
Sidney Stringer School (BSF)	7.2
Devolved Schools Grant	3.0
Early Years Quality	2.1
Other CLYP – Including Playbuilder	4.2
Integrated Transport & A45 Drainage	4.4
Other City Services	1.4
Housing Policy	2.8
Growth Funding	2.1
LEGI	1.3
Other CDD - Including Stoney Stanton Corridor & Far Gosford Street	2.6
Community Services – Supporting Mental Health and Demonstration & Assessment Centre	0.9
<b>Total Grant Funding</b>	<b>44.2</b>

- 10.8 The Department for Communities and Local Government (DCLG) announced in December 2008 future Growth Fund allocations. The grant is aimed at assisting Coventry to deliver projects that facilitate growth (and particularly deliver housing growth), but the grant is not ring-fenced so the Council can prioritise how the

funding is used. This builds upon grant figures already allocated by DCLG to support growth. Coventry's funding allocation and spend proposals are detailed below:

**Table 14: Growth Fund Allocation**

	£m	
	2009/10	2010/11
NDC	1.030	0.746
Canley	0.655	1.100
Swanswell & City Centre	0.425	0.670
Other – Stoke Aldermoor Health Centre	0.050	0.050
<b>Total Capital Growth Fund</b>	<b>2.160</b>	<b>2.566</b>

### Capital Receipts

10.9 Members have received regular updates on the recent economic conditions and their affect on the delay in achieving previously anticipated receipt levels. This has reduced the overall level of resource available for recent, current and future financial years and have led to a significantly lower level of programme than would otherwise have been possible.

10.10 Projected capital receipts are included in the table below. These forecast receipts will be used to fund the proposed future Capital Programme. In view of the recent deceleration of receipts we will continue to monitor closely the achievement of these projected levels and the ability to generate further receipts in the future.

**Table 15: Forecast Capital Receipts**

	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
<b>Total Receipts</b>	<b>5.0</b>	<b>8.7</b>	<b>8.6</b>	<b>0.6</b>	<b>0.6</b>	<b>23.5</b>

The overall level of receipts planned for in 2009/10 is £9.8m. However, only £5.0m is available to balance the 2009/10 programme because £4.8m is needed to repay the level of temporary borrowing forecast to be required to fund the 2008/09 programme (Cabinet 10<sup>th</sup> February 2009). The repayment represents the first call on capital receipts and these are therefore not available to fund future spend.

10.11 The £9.8m of receipts forecast remains extremely uncertain. The £10m of Prudential Borrowing planned for (**Paragraph 6.9**) gives a degree of contingency against these levels not being achieved.

### Leasing

10.12 **Table 16** identifies £2.9m of expenditure relating to the acquisition of equipment using leasing as a form of finance. The majority of this expenditure relates to vehicle and plant replacement.

**Table 16: Leasing**

	<b>2009/10 £m</b>
Vehicle and Plant Replacement	2.4
Schools Equipment and Other	0.5
<b>Total Leasing</b>	<b>2.9</b>

**Forecast Capital Programme**

10.13 Largely as a result of the impact of the reduction in capital receipts, officers have continued to re-evaluate the overall expenditure and resources position in relation to the Capital Programme for 2008/09 and 2009/10. 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 maximise the size of programme that we are able to support.

10.14 As a result of the limited resources available to us, the 2009/10 programme includes relatively limited new programmes of spend. Our evaluation of the current situation is that we can afford only to complete those schemes that have already started and continue a small number of new spending approvals largely for programmes of essential infrastructure work in the areas of property and highway repairs. The additional amounts approved in this report are shown in **Table 17**.

10.15 As a result of the pressure on the wider Capital Programme, it is proposed within this report that we halt temporarily the funding of the Council's Strategic Housing Regeneration Fund (SHRF) and the programme shown here does not include any new expenditure on the SHRF in 2009/10. In regard to schemes where the Council was planning to make a contribution, we are working to ensure that all those schemes will go ahead using funds from another part of the housing budget, by re-examining the phasing of schemes and the size of the Council contribution and by exploring external funding sources. In the longer term, with increased funding from Government being made available to support further social housing, work is in-hand to ensure that other schemes where the Council was planning to be involved will still proceed being funded by the increase in Government funding.

**Table 17: Significant areas of additional corporate investment in 2009/10**

	<b>2009/10 £m</b>
Property Repairs	2.0
Kerbside Recycling	1.5
Highways Investment	1.5
Wide Area Network	1.0
Strategic ICT	0.8
<b>Total</b>	<b>6.8</b>

- 10.16 The dramatic changes in the national and international economic circumstances of the last 12 months have worsened what was already a challenging position with regard to our Capital Programme. With no immediate prospect of being able to identify alternative sources of funding or identify any significant additional capital receipts from the disposal of property assets, the City Council has little option but to borrow on a temporary basis in order to balance the programme. The approach will be to take stock of this position over the medium term. The clear intention is that this borrowing will be repaid from future capital receipts. Any future capital programme approvals will be strictly limited in line with the value of resources that we can identify. The Medium Term Financial Strategy approved by Council in January 2009 has incorporated plans for some funding of Capital schemes from the revenue budget from 2010/11. The capacity to achieve this will be assessed as part of next year's budget setting process.
- 10.17 A summary of the proposed programme including existing commitments and funding sources is outlined in **Table 18**. This includes expenditure rescheduled into 2009/10 as a result of the period 8 monitoring report for 2008/09. Full details of the proposed programme are included at **Appendix 9**.
- 10.18 A 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.
- 10.19 The Capital Programme has evolved from a process that 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.
- 10.20 We have continued to make significant efforts to minimise the level of rescheduling that will affect the 2009/10 Programme. The programme includes a 5% allowance for the rescheduling of expenditure between the 2009/10 and 2010/11 financial years with an adjustment shown at a corporate programme level. We 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.
- 10.21 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.

**Table 18: 2009/10 – 2013/14 Capital Programme (Expenditure & Funding)**

<b>Expenditure</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>
Children, Learning and Young People	36,966	42,613	15,668	14,864	6,597
City Development	8,289	4,344	1,917	1,417	0
City Services	18,162	8,487	481	449	4,759
Climate Change, Housing & Sustainability	4,067	2,817	2,817	2,817	2,817
Community Services	674	154	154	154	154
Culture, Leisure & Libraries	1,534	350	100	45	0
Neighbourhoods & Community Safety	50	0	0	0	0
Customer & Workforce Services	8,068	2,171	900	0	0
<b>Total Approved Programme</b>	<b>77,810</b>	<b>60,936</b>	<b>22,037</b>	<b>19,746</b>	<b>14,327</b>
<b>Allowance for Rescheduling</b>	<b>-3,891</b>	<b>650</b>	<b>1,977</b>	<b>214</b>	<b>281</b>
<b>Programme after Rescheduling</b>	<b>73,919</b>	<b>61,586</b>	<b>24,014</b>	<b>19,960</b>	<b>14,608</b>

<b>Funding</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>
Supported Borrowing	10,772	8,800	8,351	8,351	3,247
Prudential Borrowing	10,694	454	250	0	4,655
Total Borrowing (sub-total)	21,466	9,254	8,601	8,351	7,902
Grants & Contributions	44,191	37,483	7,745	8,984	5,821
Capital Receipts	5,019	8,700	8,600	600	600
Revenue Contributions	352	(909)	(1,152)	(1,152)	(1,152)
Leasing	2,891	521	531	649	304
<b>Total</b>	<b>73,919</b>	<b>55,049</b>	<b>24,325</b>	<b>17,432</b>	<b>13,475</b>
<b>(Resources Available) / to be identified</b>	<b>0</b>	<b>6,537</b>	<b>(311)</b>	<b>2,528</b>	<b>1,133</b>

10.22 We have only been able to balance the 2009/10 programme in **Table 18** by virtue of the borrowing referred to in **paragraph 10.1** above. The future years' programmes for 2010/11 to 2013/14 show a net deficit of resources. This reflects the downturn in capital receipts forecasts compared to those that our previous spending plans had been predicated upon. The forthcoming Capital Programme for 2010/11 will need to consider how best to manage the overall balance of resources and expenditure aspirations.

10.23 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 2009/10 financial year be approved within this report as shown in **Appendix 9**. Over the course of the next year we will need to re-evaluate the future Capital Programme taking into account economic circumstances, our ability to generate capital receipts and the profile of other areas of significant investment being managed by the City Council. In view of this, the Programme does not include any schemes previously regarded as a high priority for inclusion in future programmes but without formal approval at this stage.

## **11 Budget Risks**

11.1 In making budget recommendations to Members, officers have 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 **Economic Climate and the Government's Financial Position** – There is huge uncertainty in respect of current economic conditions including the medium term spending and borrowing plans of the Government. We are faced with the most difficult macroeconomic conditions in recent years and the expectation is that these will continue over the short to medium term. This situation represents a significant risk to the City Council's financial position. We have already experienced a variety of factors that have impacted upon City Council services such as increases in homelessness. These can cause additional cost pressures or reduce the income earning ability within service areas. There will undoubtedly be pockets of budgetary pressure that arise over time and some of the risk areas are indicated below:

- The economic climate has seen a decline in external fee income within Building Control, Planning, Land Charges and Legal Services in 2008/09. It is possible this trend will continue in 2009/10 resulting in reduced income than budgeted for in these areas.
- The market position for our commercial property portfolio could worsen resulting in additional budget pressures from a loss of rental income and an increase in void property costs such as business rates.



- An increase in caseload due to potential higher unemployment levels means the Benefits service will be under pressure to maintain existing performance levels, impacting on subsidy levels if backlogs start to build. Additionally, as emergency accommodation issues become more prevalent, the cost of housing more individuals and families increases significantly in an area where we already subsidise due to the ceiling on the amount of subsidy that can be claimed.
- 11.3 **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. The Building Schools for the Future Programme and street Lighting PFI are examples of such arrangements. 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.
- 11.4 **Children's Services** - There are substantial pressures within children's services. Numbers of children looked after by the Council continue to be high and consequently absorb a high proportion of the budget. Strategies are in place to ensure costs of placements are contained and to try to reduce the numbers of children looked after. The strategies aim to improve outcomes for those children through more effectively meeting the children's needs while living with their families. Other pressures include the costs of transport for children with special educational needs and looked after children, increases in the need to provide high levels of contact for children looked after and the costs of care proceedings to ensure children and young people who cannot safely live with their families are safeguarded.
- 11.5 **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.
- 11.6 **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 order to control this risk we now assess rigorously the assumed profile of capital spending with the aim of not putting an unrealistic year 1 expenditure profile into our Capital Programme.
- 11.7 **Capital Receipts** – In line with effects felt across the Local Government sector, our recent experience is that receipts arising from disposal have been

increasingly difficult to achieve. These receipts have been particularly susceptible to the downturn in commercial property values, the uncertain housing market and the wider impacts of the credit crunch. This has affected our ability to dispose of assets within specific time frames. We have built significantly reduced projected levels of capital receipts into the programme although if even these lower levels of receipt are not achieved then this may compromise our ability to resource our capital programme in the short term. We now undertake rigorous and regular monitoring routines in this area to ensure that we remain well-informed about the achievement of receipts.

**11.8 Building and Consultancy Services** – This service generates income from fees charged to internal customers, schools and some external customers. The decline in revenue and capital repair and maintenance type work may have an impact on the service achieving its income targets for 2009/10.

**11.9 Equal Pay Claims** - The Council is currently awaiting the outcome of an Employment Appeal Tribunal in respect of Equal Pay. We are challenging robustly, claims received under Equal Pay legislation and will do likewise with any future potential claims. We have been successful in obtaining an Equal Pay Capitalisation Direction from Central Government that will allow us to spread the cost over 20 years of any potential successful claims. This has given us a significant degree of assurance that this risk has largely been mitigated. Further reference is made to this in **Paragraph 6.9**.

**11.10 Government Resources and Efficiency Requirements** – The level of resources that the Government is likely to make available to us in the years beyond the current spending period are certain to be significantly less generous than has been the case in recent years. The Government's view is that Councils will be able to manage within this reduced resource envelope without detriment to the overall level of service provision by achieving efficiency savings. Notwithstanding our recognition of and commitment to achievement of such savings, it is clear that their delivery will be a significant challenge to us in 2009/10 and beyond.

#### **11.11 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. This pressure is certain to increase due to the recession and compliance with the Council's budgetary control rules remains 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. This area has been under regular review more recently in response to turmoil in treasury markets and will continue to be managed at appropriate levels of detail and regularity in 2009/10.

**11.12** 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 19**, 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 £2.5m (see **Paragraph 7.3, Table 5**) for 2009/10 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 19: Reserves Balances at 2007/08 Outturn**

Reserve	Closing Balance 31 <sup>st</sup> March 2007 £'000	(To)/from Reserve £'000	Closing Balance 31 <sup>st</sup> March 2008 £'000
Directorate Reserves	(3,855)	(882)	(4,737)
Corporate Reserves	(16,527)	6,409	(10,118)
Capital Reserves	(3,402)	2,038	(1,364)
Insurance Fund	(7,316)	(109)	(7,425)
Schools Reserves	(10,566)	(1,590)	(12,156)
<b>Total Reserves</b>	<b>(41,666)</b>	<b>5,866</b>	<b>(35,800)</b>

13.2 The final position of reserve balances carried forward into 2009/10 will not be known until finalisation of the 2008/09 accounts. It is likely that the total level of reserves will be higher than the figure as at 31<sup>st</sup> March 2008. 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 2009/10. 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 2009/10 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. We will seek to move towards increasing Working Balances from their current level of 1% of net revenue spend to 2% over the medium term.

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 and that they should not be used to support ongoing expenditure. A number of these reserves are dedicated to specific purposes, such as schools and insurance, and the remainder have been brought together and are scrutinised by Management Board in order to ensure the best use possible for the corporate objectives of the authority.

13.4 The Comprehensive Performance Assessment Use of Resources judgement from the Audit Commission is due to be announced shortly. This judgement will take 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. 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 so that cash requirements are met;
- To minimise the cost of debt, both in taking out new borrow and in restructuring existing borrowings;
- To manage the total debt maturity profile, having no one future year with a disproportionate level of debt repayments.

### 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

The rapid fall in interest rates in recent months, together with the very uncertain economic outlook mean that it is likely that short term interest rates will remain low for some time. This will mean that the return on investments and also the cost of any day to day or cashflow borrowing will be lower than in previous years. The effect of this is built into the revenue programme.

Separately, longer term interest rates for capital programme borrowing are anticipated to be somewhat higher, at 4% - 5%, although this level is relatively low when compared to historical long term borrowing costs.

### 14.5 Borrowing

Based on current estimated levels of spend the expected long term debt position of the authority at 31st March 2009 is as follows:

**Table 20: Estimated Long Term Borrowing at 31st March 2009**

Type of Debt	Total £m
PWLB	243.2
Money Market	60.0
Stock Issue	12.0
Total	315.2

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, in recent years LOBO loans (lenders option, borrowers option), have been used by local authorities. These are long term loans 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 2009/10 is summarised below:

**Table 21: 2009/10 Funding Requirement**

	£m
Previous borrowing which matures and needs to be replaced	nil
New funds to finance the Capital Programme	21.5
Provision for Debt Repayment (including MRP)	(13.9)
<b>Total forecast borrowing requirement</b>	<b>7.6</b>

This sum will increase if new government supported borrowing is awarded during the year. After 2009/10 the proposed capital programme indicates a significant 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 2009/10, 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). It is proposed that the existing MRP policy continues:-

- For capital expenditure incurred before 1<sup>st</sup> April 2008 or which in future will be Supported Capital Expenditure we will follow existing practice, with MRP broadly based on 4% of the underlying Capital Financing Requirement adjusted for the Adjustment A;
- 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.

#### 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.

A central part of the City Council's Investment Strategy and Policy (**Appendix 10**) deals with the management of counterparty or "credit risk" by determining how investment or lending limits are set. In summary lending limits are determined:-

- Initially by reference to a "basket" of credit ratings, using the "lowest common denominator" approach, whereby the lending limit for an institution is set with reference to the lowest rating of the three agencies (Fitch, Standard and Poors and Moodys);
- Lower limits are set for less highly rated institutions. In order to provide flexibility at times of market nervousness the limits for deposits with the Government through its Debt Management Office (DMO) are set at the highest level;

The key proposed changes to the policy are:-

- Where an institution is eligible to take part in the HM Treasury Credit Guarantee Scheme, but would otherwise not meet the lending criteria in a very limited way, it is proposed to include such institutions on the lending list subject to strict criteria. This is designed to reflect the substance of government support arrangements;
- In the event of the City Council's own bank falling below the minimum criteria, no fixed term deposits would be made with the bank, thereby minimising exposure to risk. However, day to day "current account" banking arrangements could continue.

The investment criteria set out in the Investment Strategy and Policy provide a sound approach to investment. However, in the light of the uncertainties surrounding the current market conditions, the Director of Finance and Legal Services will, as appropriate, continue to restrict further investment activity to those counterparties considered of higher quality than the minimum. Examples of such restrictions can include limiting investments to specific organisations,

their duration or both. In addition, country limits, whereby investments in certain foreign regulated institutions are restricted can be used to manage risk.

There is a financial trade off in managing risk. For example, the rate paid by the Government's DMO is typically 0.5% - 1% lower than that paid by many banks and building societies, as well as being significantly less than the base rate.

Separate from treasury arrangements, 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.

## 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 11** 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 11.28% in 2009/10. This is due to reduced investment returns as interest rates fall, together with the impact of further prudential borrowing.

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 11**, 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 2008 (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 £2.9m of spend to be resourced from leasing in 2009/10, 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.

	Implications (See below)	No Implications
Best Value	✓	
Children and Young People		✓
Climate Change and Sustainable Development		✓
Comparable Benchmark Data	✓	
Corporate Parenting		✓
Coventry Sustainable Community Strategy	✓	

	Implications (See below)	No Implications
Crime and Disorder		✓
Equal Opportunities		✓
Finance	✓	
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 2009/10 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.

### 17.4 **Coventry Community Plan**

The themes and priorities of the Coventry Sustainable Community Strategy 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 8** contains information that impacts upon our dealings with some partner organisations and **Appendix 4** also contains savings proposals that affect a number of our partners. Appropriate communication and consultations has occurred to ensure that these organisations are aware of and understand the reasons behind these proposals.

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

The capital proposals in the report (see **Appendix 9**) includes ICT related expenditure proposals that are designed to meet the expenditure requirements of the Council's ICT Strategy.

#### 17.9 **Legal Implications**

This report is expressed formally to comply with section 32 of the Local Government Finance 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 2009/10 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	✓ 24 <sup>th</sup> February 2009	

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**CONSULTATION ON THE COUNCIL'S BUDGET PROPOSALS  
JANUARY 2009**

**1. Introduction**

- 1.1. During January 2009 the Council undertook an extensive round of local consultation on its budget proposals for 2009/10, prior to making the final decision on its budget.
- 1.2. The Council reported on its priorities, current performance and how the recession was impacting on Coventry, before going on to outline its proposals for the next financial year. The Council asked for consultees' views on its priorities and on the budget proposals.

**2. Consultation process**

- 2.1. A number of meetings were held, led by the Deputy Leader of the Council and supported by members of Management Board. Wherever possible, the opportunity was taken to attend existing meetings held by local organisations and groups to maximise participation in the consultation process.
- 2.2. The consultation involved the following:
  - Coventry Youth Council
  - Coventry and Warwickshire Chamber of Commerce
  - Public and Private Partner organisations
  - Voluntary and Community Groups including Faith groups
  - Local Business Community
  - The Council's Trade Union Core Group
- 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 directly to the Council.
- 2.4. Scrutiny members considered the Council's current performance on its Corporate Plan and the Local Area Agreement through the Scrutiny Co-ordination Committee meeting on the 3<sup>rd</sup> December 2008. Scrutiny members were asked to give their views on the council's budget proposals through the Scrutiny Co-ordination Committee meeting which took place on 17 December 2008 and the Revenue and Capital Pre-Budget report was given further consideration at a subsequent Scrutiny Co-ordination Committee meeting on 21 January 2009.
- 2.5. The council's trades unions were formally consulted on the budget proposals at the meetings held on 8 and 11 December 2008 and had a further opportunity to comment on the council's budget proposals on 3 February 2009. Representations were received on a number of the proposals in the budget report including those relating to the current provision of physiotherapy and other specialist health support to council employees and proposals relating to the council's provision of children's services in the city.

### **3. Outcomes of the public consultation on the Council's budget proposals**

- 3.1. The main issues that were raised through the public consultation on the Council's budget proposals are set out below - revenue in section 4 and capital in section 5 with some further issues about the impact of the economic recession in section 6. A table is included at the end of this report that provides a summary of the comments made during the consultation, grouped into subject areas.

### **4. Revenue Budget**

- 4.1. Through the public meetings, respondents expressed a general understanding of the challenges facing the Council in a difficult economic climate, and accepted that this would inevitably lead to a tighter financial settlement locally.
- 4.2. Whilst recognising the difficult economic position facing Coventry in general and the City Council in particular, a number of voluntary and community sector organisations felt that the efficiencies they were expected to make would have a big impact on the sector. There was a shared view from the voluntary and community sector that as many of the organisations affected were quite small, it would be difficult for these organisations to focus these efficiencies in their back office functions. Instead, it was felt that the cut in grant will effectively be a cut in the services that these organisations will be able to provide.
- 4.3. This, it was felt, would have a wider societal impact as many of the services being provided were used by vulnerable people who would need additional support in the current economic climate.
- 4.4. A number of respondents raised questions about the reallocation of the Area Based Grant. The importance of ensuring that grants for specific services were not reallocated was emphasised, and the discussion highlighted the need to continue to use the Area Based Grant to support the services for which it had previously been allocated.
- 4.5. The need to ensure that the Council's budget was aligned to deliver the priorities of the Sustainable Community Strategy was highlighted by a number of respondents. It was felt that the Sustainable Community Strategy was a key document, which set out the vision and priorities for the city and assurance was sought that it was not disregarded in the budget setting process. A comment was also made about the level of savings that need to be achieved, and the impact this will have on the Council's ability to deliver on the priorities in the Sustainable Community Strategy and the Local Area Agreement.
- 4.6. The discussion highlighted the importance of making Coventry an attractive place to live by improving the built environment and through investing in culture and leisure activities, and the view was expressed that the current budget proposals did not recognise or give enough weight to this.
- 4.7. The proposal around increasing car parking fees raised concerns amongst respondents. The discussions highlighted the importance of attracting people and businesses to come into the city centre, and it was felt that increasing car parking fees would drive away business from an already struggling retail sector. It was explained that the increased charges would focus on longer-stay car parks, which were used by workers rather than shoppers. The aim of



making changes to the fees was to encourage people to use public transport and increase the availability of car parking spaces in the city.

- 4.8. At the Business Group meeting, a question was raised about the proposal to reduce the number of planning staff. It was felt that the time taken to process planning applications at the moment was quite long, and concern was expressed over the implication reducing staff numbers would have on the time taken to process planning applications. The Council explained that there had been a significant reduction in the number of planning applications it received due to the current economic climate, and therefore this proposal would not adversely affect the level of service provided.
- 4.9. One commentator felt that the proposal to suspend funding for the Strategic Housing Regeneration Fund was disadvantageous to the residents of Coventry. It was felt that this approach would further disadvantage vulnerable groups.

## **5. Capital Programme**

- 5.1. There was general agreement to the approach taken by the Council to manage its capital programme. Respondents agreed that it would not represent sound financial management for the council to sell its assets at a time of falling land values.
- 5.2. Support was expressed for the city centre regeneration plans and the importance of continuing these in the current climate was recognised and valued. Questions were raised about the amount of time it would take for the plans to come to fruition, and the amount of disruption and traffic congestion it would cause. However, it was recognised that the city centre did need to change in order to attract more businesses, jobs and people into Coventry.
- 5.3. A number of questions were raised about Private Finance Initiative (PFI) as a means of funding capital works, and about the Street Lighting PFI in particular. Respondents wanted to know how the Street Lighting PFI would be funded and what the cost to the council would be of this. Support was expressed for the need to replace the existing lighting with more sustainable, energy saving light bulbs.

## **6. Tackling the Recession**

- 6.1. Many respondents saw the role of the Council as key to improving the local economy and helping revitalise the jobs market. Through the discussions, a number of respondents highlighted the need for the Council to support the local economy by procuring local goods and services. This view was shared across different sectors including the voluntary and community sectors and the business sector.

**Summary of Responses from the Council's public Budget Consultation - January 2009**

Revenue Budget	Comments	Sector
Efficiency savings	Partners recognise that some organisations will be able to absorb the 3% efficiency savings, however, many voluntary and community sector organisations are quite small and the cut in grant could effectively be a cut in the services that these organisations will be able to provide.	Voluntary and Community Sector
Area Based Grant	<p>The Learning and Disability Development Fund is now part of the Area Based Grant. Questions were raised about whether this would be reallocated and how the Government's priorities around disabilities will be met if this was the case.</p> <p>The city has few stroke rehabilitation services/facilities, and central government money that has been allocated to Coventry for stroke rehabilitation should be used for this purpose and not be reallocated elsewhere.</p> <p>Concern was expressed over the reduction of the Supporting People grant, which, after adding central government and local reductions together, would be reduced by 16.3%.</p>	Public and Private Sector Partners/Voluntary and Community
Aligning budget to priorities	<p>How does the budget align to the Sustainable Community Strategy (SCS)?</p> <p>If we look at all the savings proposals individually, they do not amount to huge changes, but if you look at the category 1 and 2 savings holistically, then they have significant impact on achieving the priorities of the LAA and the Sustainable Community Strategy.</p> <p>Making the city an attractive place to live is a priority in the Sustainable Community Strategy, but it's not taken into account in this budget.</p> <p>The Council's budget needs to be aligned to deliver the priorities and the vision of the Sustainable Community Strategy</p>	Public and Private Sector Partners/Voluntary and Community Sector
Car parking	<p>Increasing car parking fees will have an adverse impact on businesses in the city centre, which is not helpful in the current economic climate</p> <p>The need to improve car parking as part of the city centre regeneration was highlighted.</p>	Business/ Youth Council
Housing	Concern expressed that the Strategic Housing Regeneration Fund is being suspended and the view expressed that this approach disadvantages those who are already disadvantaged and is not sensible. As land and building costs are so low, it would be sensible to spend on improvements now so that Coventry is ready for the upturn.	Public and Private Sector Partners

Revenue Budget	Comments	Sector
Schools	<p>Respondents raised questions about the proposal to reduce the amount of money available for after-school provision and youth groups</p> <p>Concerns were raised about possible delays in the Building Schools for the Future programme because of issues with schools.</p> <p>By asking schools to pay for CRB checks, are you not just moving the same money around?</p>	Voluntary and Community Sector/ Business
Planning	<p>What is the impact of reducing the number of Planning staff in the council? It was felt that a reduction in Planning staff would impact on time taken to progress applications.</p>	Business Partners
Environment/Waste	<p>Support was expressed for the Coventry in Bloom programme, and the question was asked as to whether it was possible to find alternative sponsors.</p> <p>The importance of having a good environment, which would impact on the perceptions of an area and curb anti-social behaviour, was highlighted. It was felt that not enough resources were being allocated to environmental improvements.</p> <p>Questions were raised about the Waste Strategy, and whether this would generate opportunities for the Council to either generate efficiency savings by working in partnership or to raise additional revenue.</p> <p>Questions were raised about whether the new incinerator would be able to deal with the majority of waste items, or whether landfill was still needed as an option.</p>	Voluntary and Community Sector/ Business
Transport	<p>Important to improve transport routes around the city</p> <p>The council needs to work to reduce congestion in the city, especially when work on the city centre regeneration starts, and encourage people to use public transport.</p> <p>Will the Council look at trams as an alternative mode of transport?</p>	Business/ Youth Council
Improve the way we work and deliver value for money	<p>We need to ensure we are using external funds/grants as efficiently and effectively as possible, specifically in relation to the Train to Gain funding.</p> <p>The Council does not have a good record for employing apprentices. It could increase the number of apprentices it takes on and thereby help increase the numbers in employment.</p> <p>The authority has improved its performance significantly over the last few years. It needs to ensure that it has enough flexibility to make changes/improvements to services.</p> <p>Coventry Partnership is looking at how we can increase the level of volunteering. This will have obvious benefits for the organisations involved, and would help those looking for work onto the employment ladder.</p>	Public and Private Sector Partners/ Voluntary and Community Sector

<b>Capital Programme</b>	<b>Comments</b>	<b>Sector</b>
City Centre Regeneration	We are pleased that the city centre regeneration remains a priority for the council. We like the old parts of Coventry, such as the cathedral, and don't want these changed.	Youth Council/ Public and Private Sector/ Business
Capital receipts	We recognise that this year is going to be difficult for everyone, and I understand that selling capital receipts now would not be useful. The council should think of creative ways in which to generate capital receipts. For example, a number of councils have sold off some of their buildings to the voluntary and community sector. This helps the council to generate capital receipts and helps the voluntary and community sector by keeping their accommodation costs down.	Voluntary and Community Sector
Private Finance Initiative (PFI)	How does the PFI work? How much will it cost the council? Questions were raised as to the relative importance of the Street Lighting PFI, and whether it was possible to delay it. The council is involved in a number of PFI projects. Why are contractors stopping other building projects, but going for PFI projects? The importance of replacing the existing street lights with energy efficient bulbs was stressed.	Public and Private Sector Partners/ Youth Council/ Business/Voluntary and Community Sector/

<b>Tackling the Recession</b>	<b>Comments</b>	<b>Sector</b>
Procurement	We urge the Council to look at the issues facing small businesses in Coventry and provide support for them. Is the Council doing anything to encourage take-up of the Small Business Rate Relief? The Council should adopt a 'buy local' policy to help local companies. Support from all sectors was expressed for the Council to procure goods and services from local organisations, which would help to stimulate Coventry's economy. The Council should offer support and information to local organisations and help up skill them so that they could bid for public sector contracts.	Voluntary and Community Sector Partners/ Business /Youth Council

**General Fund Revenue Budget 2009/10**

<b>2008/9 Base Budget</b>	<b>Cabinet Member Portfolios</b>	<b>Inflation and Previous Budget Decisions</b>	<b>All Other Changes</b>	<b>2009/10 Final Budget</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
63,929	Children, Learning and Young People	484	(1,842)	62,571
29,341	City Services	719	(1,118)	28,942
79,069	Community Services	2,589	(2,469)	79,189
17,357	Culture, Leisure and Libraries	347	(369)	17,335
4,946	Finance and Value For Money	1,264	(560)	5,650
(898)	Customer & Workforce Services	(277)	(897)	(2,072)
5,620	Neighbourhoods and Community Safety	797	(230)	6,187
630	Policy, Leadership and Governance	374	(34)	970
18	City Development	136	(819)	(665)
3,250	Climate Change Housing & Sustainability	71	(89)	3,232
12,203	Corporate and Democratic Core and Unapportioned Overheads	127		12,330
<b>215,465</b>	<b>Total Cabinet Member Portfolios</b>	<b>6,631</b>	<b>(8,427)</b>	<b>213,669</b>
29,384	Asset Management Revenue Account	1,273	(183)	30,474
1,076	Contingencies and Corporate Budgets	2,962	(2,643)	1,395
(2,017)	Reserve Contributions to support General Fund Budget	1,692	325	0
(2,332)	Local Authority Business Growth Incentive Funding	2,332	(96)	(96)
16,136	Levies from Other Bodies	368	(30)	16,474
5	Parish Precepts	0	0	5
<b>257,717</b>	<b>City Council Budget Requirement 2009/10</b>	<b>15,258</b>	<b>(11,054)</b>	<b>261,921</b>
	Financed by:			
(145,403)	Central Government Resources			(149,446)
(111,067)	Council Tax @ 3.8% increase			(114,575)
(1,247)	Collection Fund (Surplus) / Deficit			2,100
<b>(257,717)</b>	<b>Total Resources</b>			<b>(261,921)</b>

Note

During the budget setting process, revenue information was presented in a Directorate format reflecting the fact that Management Board members and their teams have formulated the spending and saving proposals. This appendix is on a cabinet portfolio basis and therefore may not align exactly to the directorat Appendices 3 and 4. In addition, a few items are currently shown under Contingencies and Corproate budgets pending allocation to the appropriate budget ; figures in the column entitled All Other Changes include savings proposals, spending pressures and proposals and technical adjustments.

**Gross Expenditure & Income Budget 2009/10**

<b>2008/9 Base Budget £000</b>	<b>Cabinet Member Portfolios</b>	<b>Gross Expenditure Budget £000</b>	<b>Gross Income Budget £000</b>	<b>Net Expenditure Budget £000</b>
63,929	Children, Learning and Young People	333,551	(270,980)	62,571
29,341	City Services	43,087	(14,145)	28,942
79,069	Community Services	104,384	(25,195)	79,189
17,357	Culture, Leisure and Libraries	25,593	(8,258)	17,335
4,946	Finance and Value For Money	101,566	(95,916)	5,650
(898)	Customer & Workforce Services	4,554	(6,626)	(2,072)
5,620	Neighbourhoods and Community Safety	8,304	(2,117)	6,187
630	Policy, Leadership and Governance	1,019	(49)	970
18	City Development	28,771	(29,436)	(665)
3,250	Climate Change Housing & Sustainability	20,916	(17,684)	3,232
12,203	Corporate and Democratic Core and Unapportioned Overheads	12,330	0	12,330
<b>215,465</b>	<b>Total Cabinet Member Portfolios</b>	<b>684,075</b>	<b>(470,406)</b>	<b>213,669</b>
29,384	Asset Management Revenue Account	31,282	(808)	30,474
1,076	Contingencies and Corporate Budgets	4,821	(3,426)	1,395
(2,017)	Reserve Contributions to support General Fund Budget	0	0	0
(2,332)	Local Authority Business Growth Incentive Funding	0	(96)	(96)
16,136	Levies from Other Bodies	16,474	0	16,474
5	Parish Precepts	5	0	5
<b>257,717</b>	<b>City Council Budget Requirement 2009/10</b>	<b>736,657</b>	<b>(474,736)</b>	<b>261,921</b>
	Financed by:			
(145,403)	Central Government Resources			(149,446)
(111,067)	Council Tax @ 3.8% increase			(114,575)
(1,247)	Collection Fund (Surplus) / Deficit			2,100
<b>(257,717)</b>	<b>Total Resources</b>			<b>(261,921)</b>

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b>CATEGORY 1 - MANAGEMENT DECISION OR SUBJECT TO CABINET MEMBER REPORT</b>								
<b>Chief Executives Category 1</b>								
101	Community Safety Team	Reducing the local area budget that supports the delivery of local community safety initiatives.			71	(35)	(35)	(35)
102	Communications Team (marketing the city budget)	Saving from budget allocated to market the city			104	(40)	(40)	(40)
103	Neighbourhood Management	Restructuring of Wardens Service per report to Cabinet 16 December	85	(13.0)	2,296	(183)	(183)	(183)
104	Corporate Policy and Research	Reduce Chief Executive's Directorate's administrative and support budgets			817	(24)	(24)	(24)
105	Performance & Scrutiny Team	Reduce Scrutiny budget			383	(12)	(12)	(12)
106	Corporate Policy and Research	Fund founder member subscription to Institute of Community Cohesion from within Preventing Violent Extremism part of Area Based Grant			20	(20)	(20)	(20)
<b>Total Chief Executive's Category 1</b>				<b>(13.0)</b>		<b>(314)</b>	<b>(314)</b>	<b>(314)</b>



**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>Children, Learning &amp; Young People Category 1</u></b>								
107	Children & Family Education Service - Management structure	Proposal to remove 1 vacant post of integrated support manager	35	(1.0)	1,136	(50)	(50)	(50)
108	Residential Family Assessments	Changing the process and introducing a new protocol to ensure that these are only used in exceptional circumstances or when ordered by the family court			283	(100)	(100)	(100)
109	Looked After Children	The contract for children leaving care will be retendered with effect from 1/04/09, with a view to finding more effective and efficient provision			878	(150)	(150)	(150)
110	Looked After Children *	A fostering framework is being introduced across Coventry, Warwickshire and Solihull which should lead to consistency and economies and efficiencies in procurement - value for money			2,585	(80)	(80)	(80)
111	Education & Learning - Printing	Proposal to increase the income target in relation to Elmbank Print Room to ensure full costs are recovered	5.0	(1.0)	50	(50)	(50)	(50)
112	Youth Offending Service	Efficiency Savings	46	(0.8)	1,235	(50)	(50)	(50)
113	Education & Learning - Primary & Secondary Service	Realignment of the Primary Leading Teacher Programme, and realignment of Leadership & Management work	50.0	(2.4)	727	(89)	(89)	(89)
114	Education & Learning - KS 3 PRU	Reduction in staffing levels	13.0	(1.0)	600	(50)	(50)	(50)
115	Minority Group Support Service - Regional Traveller's Children	This is currently a consortia payment. The service is to be redesigned to provide a more streamlined service in-house			78	(30)	(30)	(30)
116	Education & Learning - Reduction in Running Costs	Efficiency savings, to be achieved by a reduction in running costs			614	(42)	(42)	(42)

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
117	School IT Running Costs	Plans to use grant funding to pick up some of the costs that are currently funded from this budget			648	(100)	(100)	(100)
118	Student Finance	Proposed reduction in service level pending transfer outside local authorities, it is expected that there will be a reduction in Revenue Support Grant to reflect this	5	(2.0)	305	(50)	(50)	(50)
119	Child Death Review	Now funded by Area Based Grant			57	(50)	(50)	(50)
120	Looked After Children	Reduction in residential placements budget			7,323	(100)	(100)	(100)
121	Whole Service	Admin Efficiencies - to be achieved across CLYP Directorate. The service FTE and budget approximations will include some grant funded staff.	229	(3.0)	4,873	(60)	(60)	(60)
122	Younger People's Services *	Implementation of the VFM review, changes to sessional staff terms and conditions, achieving better VFM through commissioning services and achieving overall reductions in delivery staff - value for money	83	(4.0)	2,325	(110)	(110)	(110)
123	Outdoor Education Service	Proposal that expenditure be met from growth in delegated Dedicated Schools Grant subject to agreement with Coventry Schools Forum			300	(150)	(150)	(150)
124	Performing Arts Service	Proposal that expenditure be met from growth in delegated Dedicated Schools Grant subject to agreement with Coventry Schools Forum			1,019	(150)	(150)	(150)
125	Schools Premature Retirement Costs & Management of Change	Proposal that expenditure be met from growth in delegated Dedicated Schools Grant subject to agreement with Coventry Schools Forum			1,758	(200)	(200)	(200)
<b>Total Children Learning and Young People Category 1</b>				<b>(15.2)</b>		<b>(1,661)</b>	<b>(1,661)</b>	<b>(1,661)</b>

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b>City Development Category 1</b>								
126	Reduction in Planning staff	The Planning and Strategic Transport Service is dealing with substantial drops in income, both reduced grant (particularly Housing and Planning Delivery Grant from 1/4/09) and reduced fee income which supports the Planning and Building Control services. The statutory highway function is also part funded from fee income. A range of efficiency savings are being sought but a reduction in staffing is likely to be needed to balance income/spend, potentially affecting current levels of service offered in some areas.		(4.0)	1,644	(70)	(135)	(135)
127	Client Support Unit	Assumes the unit is externally funded in future	10	(1.0)	48	(23)	(48)	(48)
128	Other	Further reductions in staffing to be specified within the Directorate with no wider service implications	487	(5.0)	15,106	(100)	(200)	(200)
129	Ceasing of Groundwork Trust sponsorship	Groundwork is being reorganised on a West Midlands basis, so core funding of Groundwork Coventry & Warwickshire will end. The Council will continue to work with Groundwork.			48	(48)	(48)	(48)
130	Clothing Centre - removal of subsidy	Final removal of funding subsidy which supports the Clothing Centre. The centre provides technical manufacturing advice, CAD/CAM design services and business advice to the creative technologies sector. Over several year, the City Council contribution to the Clothing Centre has been reduced to make the project self-financing.		(5.0)	82	(43)	(82)	(82)
<b>Total City Development Category 1</b>				<b>(15.0)</b>		<b>(284)</b>	<b>(513)</b>	<b>(513)</b>

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b>City Services Category 1</b>								
131	Review of Grounds Maintenance * (part)	Review all Grounds Maintenance activity across the City including commissioning/service delivery arrangements between Directorates, bedding plant displays and incorporation of playscheme landscape design work costs within future Project and Capital fees - value for money	120	(3.0)	1,783 Grounds Maint & Parks Grounds	(56)	(93)	(93)
132	Review of End to End Services in Street Cleansing and Grounds Maintenance *	Implement findings of the process review in Street Cleansing and Grounds Maintenance - value for money	211	(3.0)	3,637 Grounds Maint & Street Cleansing	(70)	(70)	(70)
133	Review of interface between Neighbourhood Management and City Services	Review working arrangements between the Neighbourhood Warden Service and current enforcement arrangements within City Services.		(0.75)		(20)	(20)	(20)
134	Review of fee structures for Waste disposal at CSWDC	In conjunction with Coventry and Solihull Waste Disposal Company (CSWDC) review waste disposal budgets to deliver a reduction in expenditure and improved efficiencies.			5,340	(120)	(120)	(120)
135	Policy and Performance Team	Review of policy & performance support services across directorate	5.5	(4.5)	191	(108)	(108)	(108)
136	Stores	Review of the stores purchasing function following greater use of I-procurement and forthcoming street lighting PFI.	3.5	(1.5)	96	(50)	(50)	(50)
137	School Crossing Patrols	Traditionally we have been unable to fill vacancies for a number of school crossing patrol sites. However, we still have standby payment budgets for these sites that have not been spent. This proposal will remove these standby budgets. This proposal will not affect current service levels.	25	(1.0)	422	(15)	(15)	(15)

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
138	Review of outsourced Technical Highways services *	Review of Urban Traffic Management Control services, structures maintenance and technical support services currently provided by Jacobs (Babtie) - value for money				(100)	(100)	(100)
139	Vehicle Utilisation	Review of vehicle usage and replacement to maximise asset efficiency and reduce number of replacements				(60)	(60)	(60)
140	Fees and Charges Report *	Bereavement Services - introduction of additional charges for non resident grave purchases and interments - value for money			(788)	(40)	(40)	(40)
141	Administrative Support	Review of administrative support services across the directorate		(5.0)	Within Service budgets	(107)	(107)	(107)
<b>Total City Services Category 1</b>				<b>(18.8)</b>		<b>(746)</b>	<b>(783)</b>	<b>(783)</b>

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>Community Services Category 1</u></b>								
142	Culture Leisure & Libraries Management & Administration	Reduction in management and admin budgets			420	(115)	(115)	(115)
143	Culture Leisure & Libraries Marketing	Reduce advertising within marketing budgets			36	(4)	(4)	(4)
144	Culture Leisure & Libraries Administration	Restructure of admin and quality and staffing	6.5	(1.0)	144	(15)	(15)	(15)
145	Libraries	Deletion of Assistant Head of Libraries post offset by grant fall-out relating to Hillfields library and existing ICT budget pressure.	3	(1.0)	222	(16)	(16)	(16)
146	Libraries	Reduce media fund (books), cease purchase of all new CDs and change to purchase of magazines and newspapers by subscription where possible.			642	(32)	(32)	(32)
147	Libraries	Associated reduction by taking out hours equivalent to 2 libraries assistant posts re changing magazines/newspaper /CD purchasing by subscription. Part year saving in first year.	143	(2.0)	5,521	(16)	(30)	(30)

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
148	Libraries	Reduction in 2 libraries assistants in Central library following full introduction of self service facility at Central library.	143	(2.0)	5,521	(30)	(30)	(30)
149	Housing Policy	Reduction of Business Support	4	(1.0)	124	(35)	(35)	(35)
150	Housing Policy	Increase in HMO Licence fee			553	(10)	(10)	(10)
151	Housing Policy	Reduce equipment budgets			15	(5)	(5)	(5)
152	Policy and Business	Review of administrative posts and other non-pay budget efficiencies	10	(1.5)	268	(60)	(70)	(80)
153	Social Care	Review of Elm Bank/NVQ (service currently being reviewed)			1,000	(30)	(30)	(30)
154	Social Care	Promoting Independent Living Service Co-ordination role. Delete 1 support co-ordinator post.	89	(1.0)	1,189	(40)	(40)	(40)
155	Social Care	Commissioning efficiencies from across adults and older people			17,765	(285)	(305)	(305)
156	Social Care	Reduction in supplies and services budgets.			288	(5)	(5)	(5)
157	Social Care	Savings in overtime/agency spend.			12,177	(40)	(40)	(40)
158	Social Care	Realign cash collection budgets			2,132	(10)	(10)	(10)
159	New Homes For Old	Implementation in line with Cabinet Report		(65.0)	2,494	(761)	(895)	(895)
160	Culture Leisure and Libraries	Delete 1 of 3 seasonal posts and reduction to equipment budgets at Coombe.	3	(1.0)	30	(20)	(20)	(20)
161	Social Care	Reduce grants to external organisations - Mental Health.			630	(20)	(20)	(20)
162	Housing Policy	End grant to Community Transport			35	(35)	(35)	(35)
163	Social Care	Effective utilisation of the capacity and resources available at Gilbert Richards as part of the reprovision of centre based day opportunities following the closure of Hawthorne Lodge			358	(20)	(40)	(40)
164	Social Care	Maurice Edelman staffing. Reduce the grade of night staff from 4 to 3.			639	(15)	(15)	(15)

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
165	Social Care	Learning Disability Campus Closure funding.			14,153	(36)	(59)	0
166	Social Care	Reducing the number of short-term transition places from an estimated 14 to 10, that are currently provided at Hawthorn Lodge to be replaced by more cost-effective short-term tenancies in our Housing with Care schemes and beds commissioned as required where identified as part of the Care Outside Hospital project work.			245	(70)	(70)	(70)
167	Social Care - Review of Charging *	A separate Cabinet Report will incorporate a review of charging across a range of social care services including transport, home meals and domiciliary care - value for money				(448)	(538)	(538)
168	Culture, Leisure & Libraries Sport	Reduction from £60,000 in Olympics contribution. Partnership contribution compares to £30,000 contribution from Warwickshire			60	(6)	(6)	(6)
<b>Total Community Services Category 1</b>				<b>(75.5)</b>		<b>(2,179)</b>	<b>(2,490)</b>	<b>(2,441)</b>



**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>Customer and Workforce Services Category 1</u></b>								
169	Reject letters	End sending letters to unsuccessful applicants. Part year saving 2008 - full year savings in 2009	23	(0.5)	697	(10)	(10)	(10)
170	Advertise jobs on intra/internet	End weekly hard copy Job Opportunities bulletin			697	(10)	(10)	(10)
171	Review of HR Directorate teams *	Review of HR directorate teams - value for money	52	(6.0)	1,979	(100)	(200)	(200)
172	Recruitment Advertising	More use of national jobs websites for recruitment and directional adverts in local newspapers directing candidates to micro sites/websites for more information			804	(250)	(250)	(250)
173	Review staffing levels associated with the delivery of service requests in ICT	End to end processes with customers to be reviewed long term. Further work to be undertaken.	6	(0.5)	211	(15)	(15)	(15)
174	Review all Service Level Agreements and other income options	SLAs not reviewed for a number of years. A 5% increase over inflation on HR's SLA with schools after a 2 year fixed price deal, to reflect full cost recovery.			(606)	(62)	(62)	(62)
175	Reduction in postal services	Reduce the central offices postal delivery and collections from twice a day to once a day, review method of postal deliveries to schools.	31	(1.0)	1,955	(30)	(30)	(30)
176	Reduce the number of wage slips printed and delivered	Provide wage slips electronically, unless staff specifically request a paper version			1,928	(7)	(7)	(7)

**Category 1 Savings****APPENDIX 3**

<b>Line Directorate &amp; Title</b>	<b>Description</b>	<b>Service FTE</b>	<b>FTE (Decr)</b>	<b>Service Budget (£000)</b>	<b>2009/10 (£000)</b>	<b>2010/11 (£000)</b>	<b>2011/12 (£000)</b>
177 Attendance Advisors	Removal of attendance officer budget			75	(75)	(75)	(75)
178 Print and Design *	Review areas of spend such as venue management, rationalisation of printers, mobile phones and publicity - value for money				(200)	(200)	(200)
179 Review staffing structure in Governance Services	Review governance services, Phase 1 review structure.	17	(2.7)	855	(50)	(50)	(50)
<b>Total Customer and Workforce Services Category 1</b>			<b>(10.7)</b>		<b>(809)</b>	<b>(909)</b>	<b>(909)</b>

**Category 1 Savings**

**APPENDIX 3**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>Finance and Legal Services - Category 1</u></b>								
180	Revenues and Benefits - Service Redesign	Additional service redesign savings to be achieved following the introduction of the new Revenues and Benefits Academy system and legal debt recovery service redesign	140	TBD	6,402	(150)	(150)	(150)
181	Shared Services (Revenues and Benefits)	Income generated as a result of opportunities to deliver services jointly with other partners				(50)	(50)	(50)
182	Accounts Payable - Invoice Payment Terms *	Saving delivered from overall treasury management activity. This will include exploring the potential for re-examining potential cashflow benefits and discount savings from using external agencies to agree payment terms with our creditors - value for money				(120)	(120)	(120)
183	Better Debt Management *	Capture savings of "Debt Down" project that aims to release cash-flow related savings - value for money				(40)	(40)	(40)
184	Financial Management Structure *	Further review of staffing structure to identify efficiencies - value for money	115	(4.0)	4,668	(119)	(119)	(119)
185	Procurement *	Capture savings from work within Procurement focusing on stationery and photocopiers in the first instance - value for money				(47)	(47)	(47)
186	Special Projects, Audit, Risk Management & Insurance	Review of staffing structures to identify efficiencies, and consideration of ability to recover costs of services provided to external partners	28	(2.4)	1,418	(70)	(70)	(70)
187	Insurance charges to external customers	Increase insurance charges to external customers			4,005	(50)	(50)	(50)

**Category 1 Savings****APPENDIX 3**

<b>Line Directorate &amp; Title</b>	<b>Description</b>	<b>Service FTE</b>	<b>FTE (Decr)</b>	<b>Service Budget (£000)</b>	<b>2009/10 (£000)</b>	<b>2010/11 (£000)</b>	<b>2011/12 (£000)</b>
188 Legal Services	Review legal library provision and fees to external clients (including increasing fees within Registrars)			3,691	(40)	(40)	(40)
<b>Total Finance and Legal Services Category 1</b>			<b>(6.4)</b>		<b>(686)</b>	<b>(686)</b>	<b>(686)</b>

**Total Category 1 Savings** (154.6) (6,679) (7,356) (7,307)

**Category 2 Savings Proposals**

**APPENDIX 4**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b>CATEGORY 2 - MEMBER DECISION FOR FEBRUARY</b>								
<b><u>Children, Learning &amp; Young People Category 2</u></b>								
200	Before & After School Provision	Plans are in place to cease funding before and after school provision after 31/08/09. The FTE reduction reflects the impact if all provision ends with effect from 1/9/09. Work will be carried out with schools to see if schools can continue to provide using their funding and charging to parents.	19	(11.0)	293	(175)	(175)	(175)
201	School Nursery Provision pilot - Extended Opening	There are significant funding changes taking place in the Early Years sector, including the provision of additional resources to extend the 3 and 4 year old free entitlement from 12.5 to 15 hours. This, alongside the requirement for the pilots to be sustainable if they want to continue, will mean the pilot can come to an end at 31/08/09. The FTE reduction reflects the impact if all provision ends with effect from 1/9/09.	5.5	(3.0)	113	(65)	(65)	(65)
202	Performing Arts Services	Officers are reviewing the provision, and charging mechanisms with a view to delivering savings. The FTE reduction assumes that all the savings will need to be achieved by a reduction in posts.	56	(5.5)	1,239	(150)	(150)	(150)
203	Children & Family Service	Redesign of service resources into multi-disciplinary teams to support targeted early intervention and ending of existing services providing after school clubs and other open access children's activities	35	(10.8)	1,138	(250)	(250)	(250)
<b>Total Children Learning and Young People Category 2</b>				<b>(30.3)</b>		<b>(640)</b>	<b>(640)</b>	<b>(640)</b>

**Category 2 Savings Proposals**

**APPENDIX 4**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>City Development Category 2</u></b>								
204	Reduction in CVOne grant	Reflects 3% of total annual payment to CVOne			4,900	(150)	(150)	(150)
205	Car Parking Fee Increases * - change from pre budget report	Consideration of a variety of targeted fee increase options detailed within 24th February report			(4,447)	(450)	(450)	(450)
<b>Total City Development Category 2</b>				<b>0.0</b>		<b>(600)</b>	<b>(600)</b>	<b>(600)</b>

**Category 2 Savings Proposals**

**APPENDIX 4**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>City Services Category 2</u></b>								
206	Cessation of Coventry In Bloom - change from pre budget report	Cease all Coventry In Bloom activities.			1,675 Grounds Maint	0	0	0
207	Review of Waste Collection Services *	Review of the current waste collection service following last internal review in November 2005. This is in anticipation of expansion of recycling services citywide and the maintenance of a weekly collection of household waste	200	(3.0)	4,533 Waste Collection & Recycling	(200)	(200)	(200)
208	Charging for Replacement Wheeled Bins * - change from pre budget report	Introduction of charging for replacement wheeled bins from 1st April 2009 in line with Section 46 of the Environmental Protection Act 1990.			4,533 Waste Collection & Recycling	0	0	0
<b>Total City Services Category 2</b>				<b>(3.0)</b>		<b>(200)</b>	<b>(200)</b>	<b>(200)</b>

**Category 2 Savings Proposals**

**APPENDIX 4**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>Community Services Category 2</u></b>								
209	Culture Leisure & Libraries Events	Reduce total events budget across the City.			729	(65)	(65)	(65)
210	Culture, Leisure & Libraries Events	Reduced annual events grant to CV One. This budget has stayed the same for the last 3 years.			540	(21)	(21)	(21)
211	Social Care - Review of Charging *	Implementation of Charges for Blue Badges in line with govt guidance - value for money				(90)	(90)	(90)
212	Social Care - Change to Pre-Budget Report	End payment for attendance at Lamb Street in line with other establishments.			0	0	0	0
213	Culture, Leisure & Libraries Sport	Reduction in sport and physical activity (including Coventry Active database, marketing related to Active for Health)			328	(30)	(30)	(30)
214	Cease contribution to Warwick Arts Centre.	Used to support its role in promoting the image and profile of Coventry.			32	(32)	(32)	(32)
215	Social Care	Efficiencies from within the Adults & Older Peoples budgets through service improvement whilst maximising the use of additional Transformational Grant to deliver the Personalisation agenda.			1243	(533)	(530)	(230)
216	CLL - Change to Pre-Budget Report	3% efficiency savings from the major trusts (Belgrade, CHAT, Transport Museum & Coventry Sports Foundation).			4,241	(125)	(125)	(125)
<b>Total Community Services Category 2</b>				<b>0.0</b>		<b>(896)</b>	<b>(893)</b>	<b>(593)</b>



**Category 2 Savings Proposals**

**APPENDIX 4**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>Customer and Workforce Services - Category 2</u></b>								
217	Criminal Records Bureau Checks	Include the administrative costs of schools' CRB checks within the overall service level agreement between schools and the Human Resources service.				(20)	(20)	(20)
218	Stop free private physiotherapy service	Last year 529 employees were treated, 2441 treatments - 339 work related problems. A 3 year contract has just been signed that requires 3 months notice to terminate. Physio access via GPs is quicker now than when this service was first introduced.	9		45	(45)	(45)	(45)
219	To reduce the Counselling & Support service - change to pre budget report	Confidential counselling services to employees, schools and a number of external contracts. The service deals with issues which directly or indirectly affect work performance	5	0.0	144	0	0	0
220	To reduce the Healthy lifestyles screening programme.	The Healthy Lifestyles Screening programme aims to identify employees in the early stages of a chronic health problem which could lead to long term ill health. 3055 employees asked to be screened in 2007/8. Proposal to mothball caravan and reduce staffing by one part-time post.	9	(0.5)	38	(21)	(21)	(21)
220a	Democratic Services - change from pre-budget report	Lord Mayor's Hospitality			67	(4)	(4)	(4)
<b>Total Customer and Workforce Services Category 2</b>				<b>(0.5)</b>		<b>(90)</b>	<b>(90)</b>	<b>(90)</b>

**Category 2 Savings Proposals**

**APPENDIX 4**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
<b><u>Finance and Legal Services - Category 2</u></b>								
221	Consistent Payment of Christmas Salaries - Change from Pre-Budget Report	Cash-flow saving of re-aligning payment of December officers payroll with that of Teachers with all groups being paid on last working day of December (officers current payroll run is last working day before Christmas).				0	0	0
<b>Total Finance and Legal Services Category 2</b>				<b>0.0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Chief Executives</u></b>								
221a	Gating Officer - Change from Pre-Budget Report	Deletion of gating officer post in line with removal of gating spend from Capital Programme	30	(1.0)		(20)	(30)	(30)
<b>Total Chief Executives Category 2</b>				<b>(1.0)</b>		<b>(20)</b>	<b>(30)</b>	<b>(30)</b>

**Category 2 Savings Proposals**

**APPENDIX 4**

Line	Directorate & Title	Description	Service FTE	FTE (Decr)	Service Budget (£000)	2009/10 (£000)	2010/11 (£000)	2011/12 (£000)
	<b><u>Directorate Wide</u></b>							
	222 Partner Organisation Efficiency Savings - Change from Pre Budget Report	Requirement for grant funded partner organisations to make 3% efficiency savings.			4,704	(105)	(105)	(105)
<b>Total Directorate Wide Category 2</b>				<b>0.0</b>		<b>(105)</b>	<b>(105)</b>	<b>(105)</b>

**Total Category 2 Savings** (34.8) (2,551) (2,558) (2,258)

**Expenditure Proposals/Pressures and Technical Changes**

**Appendix 5**

<b>Line</b>	<b>Title</b>	<b>Description</b>	<b>2009/10 £000</b>	<b>2010/11 £000</b>	<b>2010/11 £000</b>
	<b><u>Expenditure Pressures/Proposals</u></b>				
	Energy Costs	Current estimate of likely increase in energy costs as a result of recent and forthcoming contract renewal	2,098	2,098	2,098
	Equal Pay Claims Capitalisation	Revenue cost of Capitalisation Direction amount of £30m. This funds the setting aside a minimum revenue provision (for future repayment of borrowing debt) at 5%. The inclusion of this budget is in no way an admission of liability, it does not change the City Council's stance in continuing to appeal against the current tribunal judgement, to continue to defend our current legal position in respect of equal pay legislation and to minimise any additional costs of equal pay. No money will be borrowed unless and until it is necessary.	1,500	1,500	1,500
	Project Transform - Waste Project Management	Estimated time limited project management costs the majority of which ends in 2010/11	274	274	274
	Funding for Capital Programme Borrowing Gap	Revenue cost of Capital Programme gap assumed at £10m. This assumes Minimum revenue provision (for future repayment of debt) at 4% and interest at 5%. Year 1 cost represents 50% of interest cost only. The gap assumed here includes a contingency against loss of currently forecast capital receipts.	250	900	900
	Value for Money Team	Mainstream funding for City Council officers working within the value for money team	343	343	343
<b>Total Expenditure Pressures/Proposals</b>			<b>4,465</b>	<b>5,115</b>	<b>5,115</b>

**Expenditure Proposals/Pressures and Technical Changes**

**Appendix 5**

<b>Line</b>	<b>Title</b>	<b>Description</b>	<b>2009/10 £000</b>	<b>2010/11 £000</b>	<b>2010/11 £000</b>
	<u>Technical Changes</u>				
	Area Based Grant	Use of ABG to support previously mainstreamed Council spending priorities.	(2,685)	0	0
	Limiting Inflation	Effect of capping inflation for non-pay City Council budgets at 1.5%	(2,007)	(2,007)	(2,007)
	Street Lighting PFI Gap Funding	Rephasing Street Lighting PFI Project, now planned to start later than previously indicated and therefore providing a year 1 cash-flow benefit.	(514)	0	0
	Superannuation scheme - Early Retirement Costs	Reduction in amount set aside to allow for the affect of non-ill health early retirement decisions on the superannuation fund in line with 2008/09 payment trends.	(250)	0	0
	Asset Management Revenue Account	Balance of debt repayment, borrowing costs and investment income within the Council's AMRA	(762)	(513)	(530)
	<b>Total Technical Changes</b>		<b>(6,218)</b>	<b>(2,520)</b>	<b>(2,537)</b>

**Total Expenditure Pressures/Proposals and Technical Changes**

**(1,753)**

**2,595**

**2,578**

## Area Based Grant : Local Allocation 2009 - 2011

Lead City Council Directorate & Funding Stream	2009/10 £000	2010/11 £000 (Indicative)
<b><u>Chief Executives</u></b>		
Stronger Safer Communities - NE	258	0
Youth Taskforce	30	30
Stronger Safer Communities	357	357
<b>Total Chief Executives</b>	<b>645</b>	<b>387</b>
<b><u>City Development</u></b>		
Local Enterprise Growth Initiative	4,021	3,565
<b>Total City Development</b>	<b>4,021</b>	<b>3,565</b>
<b><u>City Services</u></b>		
Detrunking	166	198
Ex-PSA Funded Services (Recycling, Street Cleansing) (will revert to mainstream funding in 2010/11)	390	0
Proposed New Expansion of Recycling of Waste (ongoing cost is £779k from 2010/11 onwards of which £13k will become mainstream funded)	505	766
<b>Total City Services</b>	<b>1,061</b>	<b>964</b>
<b><u>Children Learning and Young People</u></b>		
Young People's Substance Misuse	139	139
School Development Grant	1,461	1,461
Extended Schools Start up Costs	990	377
Primary National Strategy - Central	197	197
Secondary National Strategy - Central	207	207
Secondary National Strategy - Behaviour/Attend	68	68
School Improvement Partners	132	132
Education Health Partnerships	78	78
School Travel Advisers	35	35
Choice Advisers	43	43
School Intervention Grant	71	71
14-19 Flexible Funding	91	91
Extended Rights Free Transport	65	105
Connexions	3,046	3,032
Children's Fund	948	948
Positive Activities for Young People	818	1,008
Teenage Pregnancy	247	247

## Area Based Grant : Local Allocation 2009 - 2011

<b>Lead City Council Directorate &amp; Funding Stream</b>	<b>2009/10 £000</b>	<b>2010/11 £000 (Indicative)</b>
Children Learning and Young People (continued)		
Care Matters White Paper	360	409
CAMHS	649	679
Child Death Review Processes	49	51
Child Trust Funds	10	12
<b>Total CLYP</b>	<b>9,704</b>	<b>9,390</b>
<b><u>Community Services</u></b>		
Supporting People - administration	229	196
Supporting People (Supporting People funding is likely to be paid as Specific Non Ring-Fenced Grant for 2009/10)	13,651	12,964
Childrens Social Care Workforce	121	120
Adult Social Care Workforce	793	812
Carers	1,499	1,592
Learning and Disability Development Fund	272	271
Local Involvement Networks	177	177
Mental Capacity Act/Independent Advocate Serv	197	189
Mental Health	1,014	1,062
Preserved Rights	1,180	1,123
Adults With Learning Difficulties (will revert to mainstream funding in 2010/11)	2,295	0
<b>Total Community Services</b>	<b>21,428</b>	<b>18,506</b>
<b><u>Cross Cutting</u></b>		
Preventing Violent Extremism (Likely to be Funded from Specific Grant)	150	162
Local Public Service Board	500	500
Coventry Partnership Funding	75	75
Contribution From 2008/09 Area Based Grant	(1,000)	0
<b>Total Cross Cutting</b>	<b>(275)</b>	<b>737</b>
Sub-Total: Grant for Schemes Included in Original Area Based Grant Notifications	36,584	33,549
<u>Less</u> Amount Subsequently Notified to be Funded From Non-ABG Funding Stream	(15,565)	(162)
<b>Total ABG to be Paid</b>	<b>21,019</b>	<b>33,387</b>

**Appendix 7****Medium Term Financial Position 2009/10 to 2011/12**

	£m	£m	£m
	2009/10	2010/11	2011/12
Base Revenue Expenditure	273.0	279.4	287.0
<u>2009/10 Budget Setting and Future Projected Medium Term Expenditure Changes</u>			
Category 1 Savings	(6.7)	(7.4)	(7.3)
Category 2 Savings	(2.6)	(2.6)	(2.3)
Expenditure Pressures/Proposals and Technical Changes	(1.8)	2.6	2.6
City Centre Regeneration Rental Income Loss, Employer's NI, Waste PFI, Revenue Support to Capital Programme	0.0	4.5	9.5
Potential Future Expenditure Capacity	0.0	1.8	2.7
Balance of Savings Identified by specific VFM Partnership Reviews to be delivered beyond 2009/10	0.0	(2.5)	(2.5)
Additional Savings to Deliver Overall Efficiency Targets	0.0	(4.5)	(11.5)
<b>Medium Term Revenue Expenditure</b>	<b>261.9</b>	<b>271.3</b>	<b>278.2</b>
Revenue Resources	(261.9)	(271.3)	(278.2)
<b>Medium Term Revenue Resources</b>	<b>(261.9)</b>	<b>(271.3)</b>	<b>(278.2)</b>
<b>Balance of Expenditure/(Resources)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>



## COMMUNITY SERVICES' ANNUAL FEES, CHARGES AND PAYMENTS TO VOLUNTARY ORGANISATIONS

### 1. Purpose of this Appendix

- 1.1 This Appendix is submitted as part of the Council's 2009/10 budget making process, specifically in relation to expenditure on social care. It makes recommendations on non-standard fees and contracts with voluntary organisations.

### 2. Recommendations

- 2.1 This report makes a number of separate recommendations:

#### 2.1.1 Fees

- 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.

**SERVICES TO BE FUNDED AND COMMISSIONED BY COMMUNITY SERVICES 2009/2010**

<b>Contracts requiring Members approval during 2008/09</b>								
<b>Ref No.</b>	<b>Organisation</b>	<b>Service Funded</b>	<b>User Group</b>	<b>Current Agreement</b>	<b>Expiry Date of Funding</b>	<b>08/ 09 Budget (£)</b>	<b>09/10 Budget (£)</b>	<b>Expiry Date of Funding</b>
A1	St Barnabus	Day Service*	OP	1 Year Contract	March 31 <sup>st</sup> 2009	82,950	85,024	1 Year to 31/03/2010
A2	Tuesday Club	Day Service*	OP	1 Year Contract	March 31 <sup>st</sup> 2009	80,996	83,021	1 Year to 31/03/2010
A3	Gosford Asian	Day Service*	OP	1 Year Contract	March 31 <sup>st</sup> 2009	63,343	64,927	1 Year to 31/03/2010
A4	Canley Evangelical	Day Service*	OP	1 Year Contract	March 31 <sup>st</sup> 2009	35,382	36,267	1 Year to 31/03/2010
A5	Coundon Care	Day Service*	OP	1 Year Contract	March 31 <sup>st</sup> 2009	22,186	22,741	1 Year to 31/03/2010
A6	Rehab Irish Centre	Day Service*	OP	1 Year Contract	March 31 <sup>st</sup> 2009	33,279	34,111	1 Year to 31/03/2010
A7	Risen Christ	Day Service*	OP	1 Year Contract	March 31 <sup>st</sup> 2009	30,328	31,086	1 Year to 31/03/2010
A8	Penderels Society	Support for Direct Payments	OP	1 Year Contract	March 31 <sup>st</sup> 2009	28,504	29,217	2 Years to 31/03/2011

A9	Age Concern	To provide an Appointeeship service to adults who do not have friends or family and who are not able to manage their own finances.	Adults	Contract	31/03/09	49,851	51,097	2 years to 31/3/2011
A10	Coventry PCT - "Home Based Support" (in-house provider) **	To provide a home based support service for people with learning disabilities. Jointly funded with Supporting People.	LD/SP	Contract	31/03/09	32,968	33,792	3 years to 31/3/2012***
A11	Coventry Law Centre	To provide a welfare rights advice service and appeal tribunals advocacy and support service.	C	GAA (Corporate)	31/03/09	36,582	37,497	Yearly contract arranged corporately
A12	Foleshill Advice & Information Centre	Information and advice service based in the Foleshill area of the city.	C	GAA (Corporate)	31/03/09	64,634	66,250	Yearly contract arranged corporately
A13	Wood End Advice & Information Centre	Advice and information services in the Wood End area of the city.	C	GAA (Corporate)	31/03/09	84,780	86,900	Yearly contract arranged corporately
A14	Rethink ****	Homebase. Support to people with MH needs.	MH	Contract	31/3/08	85,604	87,744	3 years to 31/3/2011
A15	Rethink ****	Spectrum. To provide employment opportunities for people with MH needs	MH	Contract	31/3/08	86,931	89,104	3 years to 31/3/2011
A16	Tamarind Centre ****	Supportive service to black people with MH needs and their carers.	MH	Contract	31/3/08	108,685	111,402	3 years to 31/3/2011
A17	Sahara ****	Advocacy support to Asian Elders with MH needs and their carers.	MH	Contract	31/3/08	21,701	21,701	3 years to 31/3/2011

A18	Sahil ****	To provide an access service for Asian women experiencing social isolation & stress.	MH	GAA/ Contract	30/9/08	18,379	18,838	3 years to 30/9/2011
A19	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 31/3/2011
A20	MIND	Drop In Centre for people with mental health needs	MH	Contract	31/03/09	50,542	51,805	3 years to 31/3/2012
A21	MIND	Day Centre for people with mental health needs	MH	Contract	31/03/09	55,443	56,829	3 years to 31/3/2012
A22	Cyrenians	Norton House Day Centre for the Homeless	MH	Contract	31/03/09	57,080	58,507	3 years to 31/3/2012
A23	Penderels Trust	Support services for Adults for the establishment of, and management of Direct Payments, Managed Accounts and Appointeeships	PD	Contract	31/3/09	290,754	298,022	2 years to 31/3/2011
A24	Prime	Person Centred Planning for Adults	PD	Contract	31/3/09	23,042	23,618	1 year to 31/3/2010
A25	Coventry Carers Centre	Assessments to improve the quality of life outcomes for Family carers	PD	Contract	31/3/09	23,500	24,087	2 years to 31/3/2011

Key to Users Groups:	<b>LD</b> = Learning Disability <b>OP</b> = Older People	<b>SP</b> = Supporting People <b>C</b> = City-Wide/Corporate	<b>PD</b> = Physical Disability <b>MH</b> = Mental Health
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\* Day Care - We have been working with voluntary sector day services providers in spirit of COMPACT to develop new service models to meet the requirements of our Day Opportunities strategy. Any tendering will take place as appropriate following full evaluation of Value for Money of these new models

- \*\* Formally known as North Warwickshire NHS Trust
- \*\*\* Subject to LD/SP on going Commissioning review of all its existing contracts
- \*\*\*\* Funding changes to contracts approved through last year's budget setting process.

## SUMMARY

## CAPITAL PROGRAMME: 2009/10 - 2013/14

## Expenditure

## Cabinet Member:

Children, Learning & Young People  
 City Services  
 Climate Change, Housing & Sustainability  
 Community Services  
 Culture, Leisure & Libraries  
 Customer & Workforce Services  
 Neighbourhoods & Community Safety  
 City Development

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
Children, Learning & Young People	36,966	42,613	15,668	14,864	6,597
City Services	18,162	8,487	481	449	4,759
Climate Change, Housing & Sustainability	4,067	2,817	2,817	2,817	2,817
Community Services	674	154	154	154	154
Culture, Leisure & Libraries	1,534	350	100	45	-
Customer & Workforce Services	8,068	2,171	900	-	-
Neighbourhoods & Community Safety	50	-	-	-	-
City Development	8,289	4,344	1,917	1,417	-

## Total Programme

	77,810	60,936	22,037	19,746	14,327
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## Allowance for Rescheduling (5%)

	(3,891)	650	1,977	214	281
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## Programme After Rescheduling

	73,919	61,586	24,014	19,960	14,608
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## Resources Available

	(69,978)	(55,049)	(24,325)	(17,432)	(13,475)
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## Additional temporary borrowing required to balance the programme

	(3,941)
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## Budget Report Shortfall / (Resources In Hand)

	-	6,537	(311)	2,528	1,133
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**Cabinet Member**  
**Children, Learning & Young People**

**Approved Programme**

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
Childrens Play Strategy	345	113	-	-	-
Primary Capital Strategy:					
Castle Wood	7,205	2,130	-	-	-
Courthouse Green	4,459	3,100	150	-	-
Increasing Pupil Places - Broad Heath	1,565	43	-	-	-
Increasing Pupil Places - Stanton Bridge	1,300	37	-	-	-
Increasing Pupil Places - Manor Park	730	20	-	-	-
Increasing Pupil Places - Joseph Cash	635	21	-	-	-
Increasing Pupil Places - Walsgrave	394	16	-	-	-
Increasing Pupil Places - Ernesford Grange	140	5	-	-	-
Increasing Pupil Places - Miscellaneous	2,962	7,850	6,362	5,148	150
Minor Works (Condition)	500	250	250	250	250
Rebuild Richard Lee	-	50	4,200	3,600	150
Whitmore Park - Design	-	-	100	-	-
Open Plan Remodelling	-	-	-	1,878	2,122
Sowe Valley Primary	5	-	-	-	-
Children's Centres	633	682	-	-	-
DCSF Formula Capital	207	-	-	-	-
Schools Access Programme	889	575	575	575	575
Extended Schools	504	297	-	-	-
Stivichall Primary School	143	-	-	-	-
Leased Equipment	200	200	200	200	200
Early Years Quality	2,132	1,842	-	-	-
Extended Learning Centres (Pilot)	-	1,900	-	-	-
Design (BSF)	450	-	-	-	-
Sidney Stringer Academy (BSF)	7,160	19,760	630	-	-
Playbuilder Programme	415	415	-	-	-
Stoke Park Youth Centre	452	-	-	-	-
Youth Capital	185	-	-	-	-
Pathways to Care (Support to Foster Carers)	219	300	300	300	300
Non-Schools Building Programme	130	-	-	-	-
Devolved Formula Capital	3,007	3,007	2,901	2,913	2,850
<b>Total Approved Programme</b>	<b>36,966</b>	<b>42,613</b>	<b>15,668</b>	<b>14,864</b>	<b>6,597</b>

**Cabinet Member  
City Services**

**Approved Programme**

Highways Investment  
Integrated Transport Programme  
Vehicle & Plant Replacement  
Expansion of Kerbside Recycling  
Liveability Programme  
Replacement Cremators  
Ironmonger Row/Burges  
Monitored Careline Facility

**Total Approved Programme**

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
Highways Investment	1,500	-	-	-	-
Integrated Transport Programme	5,909	8,108	-	-	-
Vehicle & Plant Replacement	5,005	321	481	449	4,759
Expansion of Kerbside Recycling	2,845	-	-	-	-
Liveability Programme	393	-	-	-	-
Replacement Cremators	540	58	-	-	-
Ironmonger Row/Burges	1,950	-	-	-	-
Monitored Careline Facility	20	-	-	-	-
<b>Total Approved Programme</b>	<b>18,162</b>	<b>8,487</b>	<b>481</b>	<b>449</b>	<b>4,759</b>



**Cabinet Member**  
**Climate Change, Housing & Sustainability**

**Approved Programme**

Housing Policy (inc Disabled Facilities Grants)  
 Social Housing Regeneration Fund

**Total Approved Programme**

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
	2,817	2,817	2,817	2,817	2,817
	1,250	-	-	-	-
	4,067	2,817	2,817	2,817	2,817

**Cabinet Member**  
**Culture, Leisure & Libraries**

**Approved Programme**

Coventry Sports Centre Repairs  
 War Memorial Park (Match Funding)  
 Allesley Park Library  
 Play Areas  
 Extension of Foleshill Library

**Total Approved Programme**

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
Coventry Sports Centre Repairs	300	200	-	-	-
War Memorial Park (Match Funding)	90	150	100	45	-
Allesley Park Library	1,002	-	-	-	-
Play Areas	137	-	-	-	-
Extension of Foleshill Library	5	-	-	-	-
<b>Total Approved Programme</b>	<b>1,534</b>	<b>350</b>	<b>100</b>	<b>45</b>	<b>-</b>

## APPENDIX 9

**Cabinet Member  
Community Services**

**Approved Programme**

Demonstration & Assessment Centre  
Supporting Mental Health

**Total Approved Programme**

	<b>2009/10 £000s</b>	<b>2010/11 £000s</b>	<b>2011/12 £000s</b>	<b>2012/13 £000s</b>	<b>2013/14 £000s</b>
	<b>520</b>	-	-	-	-
	<b>154</b>	<b>154</b>	<b>154</b>	<b>154</b>	<b>154</b>
	<b>674</b>	<b>154</b>	<b>154</b>	<b>154</b>	<b>154</b>

**Cabinet Member**  
**Customer & Workforce Services**

**Approved Programme**

Strategic ICT Projects  
 Social Services IT System: Connecting Care  
 Enterprise Licence / Server Upgrade  
 Asset Management Database  
 Wide Area Network (WAN 2)  
 Replacement HR/Payroll System

**Total Approved Programme**

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
Strategic ICT Projects	2,151	1,300	900	-	-
Social Services IT System: Connecting Care	1,413	-	-	-	-
Enterprise Licence / Server Upgrade	385	425	-	-	-
Asset Management Database	82	-	-	-	-
Wide Area Network (WAN 2)	3,987	396	-	-	-
Replacement HR/Payroll System	50	50	-	-	-
<b>Total Approved Programme</b>	<b>8,068</b>	<b>2,171</b>	<b>900</b>	<b>-</b>	<b>-</b>

**Cabinet Member  
City Development**

**Approved Programme**

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
NDC Leisure & Neighbourhood Centre	160	69	-	-	-
Property Repairs	2,000	-	-	-	-
Canley Regeneration	1,143	1,100	-	-	-
Swanswell MSCP	86	-	-	-	-
Swanswell Central Depot	300	-	-	-	-
N D C Capital Development	1,280	946	-	-	-
City Centre - Footbridge (STWA Friars Rd)	30	70	1,167	867	-
City Centre - Enhancements (inc Growth)	614	1,145	-	-	-
Barracks Car Park Repairs	600	-	-	-	-
Far Gosford St	-	140	-	-	-
NDC Masterplanning (Project Management)	50	320	-	-	-
Far Gosford St Regeneration	565	504	-	-	-
Retail Market Phase 2	6	-	-	-	-
Aldermans Green Industrial Estate	15	-	-	-	-
Daventry Road (Centro)	200	-	-	-	-
IKEA Connections	10	-	-	-	-
Other GROWTH funded (Stoke Aldermoor Health Facility)	50	50	-	-	-
Pool Meadow Access Rd	80	-	-	-	-
City Centre Stops 1 & 2	300	-	-	-	-
Stoney Stanton Corridor	800	-	-	-	-

**Total Approved Programme**

	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
	8,289	4,344	1,917	1,417	-

APPENDIX 9

**Cabinet Member  
Neighbourhoods & Community**

**Approved Programme**

Gating Programme

**Total Approved Programme**

2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s
50	-	-	-	-
50	-	-	-	-

## COUNCIL INVESTMENT STRATEGY AND POLICY

### 1. Governance

In respect of investments, the key requirements of the CIPFA "Treasury Management in the Public Services : Code of Practice and Cross Sectoral Guidance Notes" and the "Guidance on Local Authority Investments" issued on 12th March 2004 by the ODPM, are to set an annual investment strategy covering the identification and approval of the following:

- The strategy guidelines for decision making on investments:
- The principles to be used to determine the maximum periods for which investments can be made;
- Specified and Non Specified investments the Council will use.

This strategy is to be approved by full Council.

### 2. Principles Governing Investment Criteria

The fundamental principle governing the City Council's investment criteria is the security of its investments, although the return will be a consideration. The Council will ensure:

- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counter parties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments, taking into account known and potential cashflow requirements.

### 3. Types of Investments Available to the City Council

Government guidance on local authority investments categorises investments as either specified or non-specified:-

*Specified investments* are high security (i.e. high credit rating), liquid investments in sterling, with a maturity of no more than a year, and include investments :-

- The UK Government;
- Supranational bonds of less than one year's duration (eg. multilateral development bank bonds such as the European Investment Bank), a financial institution that is guaranteed by the United Kingdom Government. 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.
- A local authority, parish council or community council;
- 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;

- 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.

*Non-specified investments* are any other type of investment (i.e. not defined as specified above) with a greater level of risk, and include investments: -

- Supranational Bonds of more than one years duration
- 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.
- 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.
- Banks or building society for more than one years duration
- Any non-rated subsidiary of a credit rated institution included in the *specified* investment category.

#### 4. Counterparties and Investments to be Used Directly by the City Council

The Director of Finance and Legal Services will maintain a counterparty list based on the criteria set out below. The credit rating criteria stated are those determined by the Fitch crediting rating agency. In addition, 2 other agencies undertake credit ratings : Standards and Poors and Moody's. However, the rating criteria use the "lowest common denominator" method of selecting counterparties, whereby the limit is determined by the lowest of the 3 agency ratings.

Where a counterparty does not have a Fitch rating, the equivalent rating of one of the other 2 agencies will be used.

The following specified investments can be used directly by the City Council:

Specified Investments < 12 months	Limit £m	Time Limit	Minimum Short Term Rating	Minimum Long Term Rating	Individual Rating	Support Rating
UK Government	£20m	12 months				
Supranational Bonds	£10m	12 months				
Local Authority "a"	£8m	12 months				
Local Authority "b"	£4m	12 months				
MoneyMarket Funds	£10m	12 months		AAA		
Credit Rated Body (incl banks & building societies)	£10m	12 months	F1+	AA-	C	3



<b>Specified Investments &lt; 12 months</b>	<b>Limit £m</b>	<b>Time Limit</b>	<b>Minimum Short Term Rating</b>	<b>Minimum Long Term Rating</b>	<b>Individual Rating</b>	<b>Support Rating</b>
Credit Rated Body (incl banks & building societies)	£5m	12 months	F1	A	C	3

The following non-specified investments can be used directly by the City Council:

<b>Non Specified Investments &gt; 12 months</b>	<b>Limit</b>	<b>Time Limit</b>	<b>Minimum Short Term Rating</b>	<b>Minimum Long Term Rating</b>	<b>Individual Rating</b>	<b>Support Rating</b>
Credit Rated Body (incl banks & building societies)	£10m	3 years	F1+	AA-	C	3
A body which is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 <sup>th</sup> October 2008	£10m	1 month	F1+	AA-	E	1

Investment limits apply at the time the investment is made.

In the event of the City Council's own banker falling below the minimum criteria, balances held at the bank would be minimised as far as possible. In particular, no fixed term deposits would be made with the bank. In such circumstances any balances held would then be classified as Non Specified Investments.

The tables above set out the *maximum* limits that provide a sound approach to investment. However, in the light of the uncertainties surrounding the current market conditions, the Director of Finance and Legal Services will, as appropriate, restrict further investment activity to those counterparties considered of higher quality than the minimum. Examples of such restrictions can include limiting investments to specific organisations, their duration or both. In addition, country limits, whereby investments in certain foreign regulated institutions are restricted will be used to manage risk.

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.

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

The credit rating of counter parties will be monitored regularly. The Council receives credit rating information from its advisers, Butlers, on a daily basis as and when

ratings change. 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. Any counter party failing to meet the criteria will be removed from the list immediately by the Director of Finance and Legal Services and new counterparties, which meet the criteria, will be added to the list.

## **6. 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 requirements that:

- the average duration of the investments in each portfolio does not exceed 3 years;
- investments arranged by the Fund Manager with each counterparty are limited to 10% of the fund balance, at the time the investment is made;
- only counterparties with a minimum rating of F1, AA- are used.

## Prudential Indicators

## Appendix 11

REF		Actual 07/08 £000's	Budget 08/09 £000's	Forecast 09/10 £000's	Forecast 10/11 £000's	Forecast 11/12 £000's
35-	<b>Ratio of financing costs to net revenue stream:</b>					
38	(a) General Fund financing costs	25,298	27,072	29,733	31,210	30,442
	(b) General Fund net revenue stream **	239,235	257,717	263,685	271,501	278,403
	General Fund Percentage	10.57	10.50	11.28	11.50	10.93
39	<b>Estimates of Council Tax (Band D equiv) ~ 2009 Programme</b>			128.44	129.24	126.63
39	<b>Estimates of Council Tax (Band D equiv) ~ 2008 Programme</b>			123.27	123.67	
45	<b>Net borrowing and the capital financing requirement:</b>					
	gross borrowing	359,532	340,066	343,787	336,885	329,447
	less investments (see para 88 definition)	-35,648	-25,932	-17,480	-17,480	-17,480
	less transferred debt reimbursed by others (para 93)	-21,984	-21,502	-20,972	-20,389	-19,747
	= net borrowing	301,900	292,632	305,335	299,016	292,220
	Capital Financing Requirement in year 3 (as below)					375,452
	net borrowing must not exceed year 3 CFR			388,567	382,248	375,452
	<b>Capital Expenditure (Note this excludes leasing)</b>					
51	General Fund	94,470	88,842	71,028	54,528	23,794
	<b>Capital Financing Requirement (CFR)</b>					
53 & 57	Capital Financing Requirement	369,636	381,001	388,567	382,248	375,452
59	<b>Authorised limit for external debt</b>					
	Authorised limit for borrowing		393,564	397,815	381,496	374,700
	+ authorised limit for other long term liabilities		0	0	0	0
	= authorised limit for debt		393,564	397,815	381,496	374,700
60	<b>Operational boundary for external debt</b>					
	Operational boundary for borrowing		343,564	350,315	341,496	334,700
	+ Operational boundary for other long term liabilities		0	0	0	0
	= Operational boundary for external debt		343,564	350,315	341,496	334,700
64	<b>Actual external debt</b>					
	actual borrowing at 31 March 2008		337,548			
	+ actual other long term liabilities at 31 March		0			
	= actual external debt at 31 March 2008		337,548			
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>					
			lower	upper		
	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 :			10,000	10,000	10,000