

Cabinet

15<sup>th</sup> February 2011

Council

15<sup>th</sup> February 2011

**Name of Cabinet Member:**  
**Cabinet Member (Strategic Finance and Resources) - Councillor Duggins**

**Director approving the report:**  
**Director of Finance and Legal Services**

**Ward(s) affected:**  
**All**

**Title:**  
**2011/12 Budget Report**

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**Is this a key decision?**

**Yes**

Cabinet and Council are being recommended to approve the **Council's Budget Requirement** for 2011/12 incorporating the final revenue spending and savings decisions for 2011/12 and future financial years and the **Capital Programme** for 2011/12 to 2015/16.

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**Executive summary:**

This report follows the Pre-Budget Report approved by Cabinet on 30<sup>th</sup> November 2010 that proposed a range of budget options which have since been subject to a period of public consultation. It is intended that these proposals will now form the basis of the Council's final revenue budget for 2011/12.

The budget proposed in this report is the first following the Government's Spending Review 2010 (SR 2010) which signals a dramatic reduction in the level of public sector spending over the next four years. As well as affecting the level of core Formula Grant available to the City Council, SR 2010 has reduced significantly the level of specific grant funding available. The implications of this are covered in the report.

At a local level the report builds upon the significant change of direction driven by the Council's abc Programme of service transformation projects. There are a number of projects in progress

which are fundamentally reviewing current service provision, with the objective of achieving improved services to customers and cost reduction. The abc Programme is one of the Council's key approaches to meeting the challenges which are being faced by the whole public sector at the current time. The medium term financial plan anticipates significant savings going forward to help the Council balance its budget, and the estimated impacts of these abc projects form a fundamental part of the revenue spending and saving proposals within the report.

These proposals will enable the Council to set a balanced budget for 2011/12. Based on the current financial analysis we expect our like for like net revenue budget to decrease by £16.2m from £293.3m in 2010/11 to £277.1m in 2011/12. The medium term financial position still shows revenue budget gaps of £17m and £20m in 2012/13 and 2013/14 respectively.

This report includes a proposed Capital Programme for 2011/12 and future years. In the main, this consists of schemes and programmes that have already been approved plus programmes of essential expenditure in the areas of property, highways maintenance and ICT infrastructure plus a programme of public realm and preparation costs for the 2012 Olympics. The 2011/12 programme requires a level of prudential borrowing of £20.1m in total, £12.2m to support investment in specific schemes and a further £7.9m of temporary borrowing to balance the overall Programme. This temporary borrowing will be repaid from future capital receipts in line with the Council's approved Medium Term Financial Strategy and the revenue impact of this is taken into account in the revenue budget.

The Council is also required to approve its Treasury Management Strategy and Prudential Indicators on an annual basis and these are incorporated within this report.

The Council's budget and the West Midlands Fire Authority precept are built on the assumption of no Council Tax increase in 2011/12. The West Midlands Police Authority will not be in a position to set their precept until after the Council meeting (but it is anticipated that this will also support a Council Tax freeze). As a result, the level of Council Tax is unable to be set until after the Police Authority has met on 17<sup>th</sup> February. In view of this, members are asked to approve the establishment of a special committee and delegate authority to it formally to agree the final Council Tax levels.

### **Recommendations:**

That Cabinet recommend to Council the approval of recommendations (1) to (4).

Council are recommended to:

(1) Approve the final spending and savings proposals in **Appendix 4** as the basis of the City Council's 2011/12 revenue budget.

(2) Approve that its budget requirement calculated for the financial year 2011/12 in accordance with the requirements of Section 32 of the Local Government Finance Act 1992 be £277,069,353 as outlined in **Table 2**, **Table 5** and **Appendix 3** of this report. This incorporates a Council Tax freeze for the City Council.

(3) Note the Director of Finance and Legal Services' comments confirming the robustness of the budget and adequacy of reserves in **Section 12**.

(4) Approve the Capital Programme of £64.9m for 2011/12 and the future years' commitments arising from this programme of £124.4m in 2012/13 to 2015/16 (**Section 6** and **Appendix 7**).

(5) Approve the proposed Treasury Management Strategy for 2011/12 in **Section 8**, and the revised investment policy in **Appendix 8** for immediate implementation, and adopt the prudential indicators and limits described in **Section 8** and summarised in **Appendix 9**.

(6) Approve the establishment of a committee (The Finance Committee) and authorise it to agree the final level of Council Tax to be set for the financial year 2011/12 once the level of Police Authority precept has been set and reaffirm the Council tax-base position approved by Cabinet on 4<sup>th</sup> January.

(7) Approve the membership of the Finance Committee of six members of the Council comprising four Labour members and two Conservative members to be nominated and approved at the meeting.

(8) Delegate authority to the Director of Customer and Workforce Services in consultation with the Leader to identify a replacement of any of the members on the Finance Committee should any unforeseen urgency arise that causes a member to be substituted provided that the composition of the committee remains four Labour members and two Conservative members.

**List of Appendices included:**

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**Other useful background papers:**

None

**Has it or will it be considered by scrutiny?**

No

**Has it, or will it be considered by any other council committee, advisory panel or other body?**

It is proposed that the final level of Council Tax be approved at a special committee no later than 11 March 2011.

**Will this report go to Council?**

Yes

**Report title:  
2011/12 Budget Report**

**1. Context**

- 1.1 The purpose of this report is to seek approval for the 2011/12 Revenue Budget, Capital Programme, Treasury Management Strategy and Prudential Indicators. The report also informs members of the Government's Formula Grant allocation and estimated level of specific grant funding for the Council for 2011/12 and the implications for future years' financial plans of the information contained within the report.
- 1.2 On November 30th, Cabinet received the Pre-Budget Report that formed the basis of the statutory budget consultation process. Council approved the Medium Term Financial Strategy on 7<sup>th</sup> December which provides the basis of the Council's medium term revenue and capital financial position for the next three years.
- 1.3 The proposals outlined in this report have been arrived at within the context of the Council's commitment to delivering the Coventry Sustainable Community Strategy and our Corporate Plans. The Council is fully committed to tackling the challenge of further improving the quality of its services even in the context of the financial pressure that it faces. This will be achieved through successful delivery of the Council's abc programme of transformation reviews. Members will be aware that there are a number of projects in progress which are fundamentally reviewing current service provision, with the objective of achieving improved services to customers and cost reduction. The abc Programme is one of the Council's key approaches to meeting the challenges which are being faced by the whole public sector at the current time. The medium term financial plan anticipates significant savings going forward to help the Council balance its budget and the estimated impacts of these abc projects form a fundamental part of the revenue spending and saving proposals within the report.
- 1.4 The Pre-Budget Report set the context of massive changes affecting the national financial landscape in respect of reduced funding for local authorities. At the same time the Council continues to face challenges that include providing robust services for growing numbers of vulnerable children and adults, taking investment and regeneration opportunities to maintain sub-regional economic growth, taking forward major imperatives in areas such as climate change and working with partners and communities to sustain local services.
- 1.5 The reduction in Formula Grant and, in particular, the ending of a range of specific grants targeted at the most disadvantaged groups and communities, has had the greatest impact on urban local authorities with areas of deprivation like Coventry. Other central government policy decisions – cuts to public services; welfare reform; changes to the health service – along with a faltering national economy will also impact upon Coventry, particularly on those who are most vulnerable. The Council will continue to work closely with its partners; local people and communities to understand the collective impact of these changes and consider how they might be addressed.
- 1.6 Historically, it has been normal practice to approve the budget and level of Council Tax at the same Council meeting. However, the West Midlands Police Authority will not set its precept in time for this to occur. In view of this it is proposed that a special committee (Finance Committee) be formed and meet as soon as possible before 11 March 2011 to agree the level of Council Tax once the Police precept is known.

## 2. Options considered and recommended proposal

- 2.1 The sections below outline the City Council's overall financial position including the resources available to support net budget (**Section 3**) and the savings and cost pressures reflected in the proposed budget (**Section 4**).
- 2.2 The proposals within this report will result in a decrease in our net budget from £293.3m in 2010/11 to £277.1m in 2011/12. This net budget decrease of 5.5% is explained further in **Section 3**.
- 2.3 The report seeks approval for a 2011/12 Capital Programme of £64.9m compared with an initial 2010/11 programme of £77m. This represents a decrease of 16%. The Programme is considered in detail in **Section 6** and **Appendix 7**.
- 2.4 The report is required formally to seek Council approval for determination of the City Council's net Budget Requirement (**Section 4**), the Treasury Management Strategy (**Section 8 and Appendix 8**), the Prudential Indicators (**Section 8 and Appendix 9**) and the Chief Financial Officer's assessment of the adequacy of reserves and robustness of the Budget (**Section 12**).
- 2.5 In relation to agreeing the Council Tax, a special committee is proposed (see paragraph 1.6 above). The terms of reference of the committee would be set to set the Council Tax only. It is proposed that the composition of the committee is made up of four Labour members and two Conservative members to be nominated and approved at the meeting. The alternative would be to convene another meeting of full Council to set the Council Tax before 11 March 2011.

## 3. Resources – Council Tax and Formula Grant

- 3.1 The Council's net budget is funded from a combination of Council Tax resources and Formula Grant from central government. The four key elements that determine the size of net budget that the Council can afford are explained below.

**Table 1: Factors Affecting Total Resources**

Item	Description	Basis For This Report
Council Tax-base	Measure of the taxable capacity - the estimated number of Band D equivalent chargeable dwellings for the year	Finalised in the 4 <sup>th</sup> January 2011 report to Cabinet.
Council Tax Surplus/ Deficit for Previous Year	Collection performance against original estimate	Final estimate made at the same time as determining the tax-base.

Increase in City Council Tax	Member decision on how much the City's Council Tax should increase. Influenced this year by a Government commitment to provide a Council Tax Grant equivalent to a 2.5% tax increase for all authorities who freeze their Council tax	<b>Council Tax freeze proposed within a report to the proposed special committee which will decide the level of Council Tax. In line with national government policies and grant system.</b>
Formula Grant	Final Government allocation of resources	Government announced figure in Final Settlement on 31st January

The Council will be in receipt of a new Council Tax Grant if it agrees a zero increase in Council Tax levels. This is a new time-limited (4-year) specific grant equivalent in value to 2.5% of 2011/12 Council Tax revenue. As a separate specific grant it will reduce the overall expenditure (the Budget Requirement) rather than being shown as part of the resources above.

Taking all of these factors into account the final resource position for 2011/12 is reflected in the table below.

**Table 2: Resources to Meet the Budget Requirement**

2010/11 £000s		2011/12 £000s	(Increase)/ Decrease £000s	(Increase)/ Decrease %
(117,265)	In-Year Council Tax Revenue	(117,859)	(594)	
897	Collection Fund (Surplus)/Deficit	(926)	(1,823)	
<b>(116,368)</b>	<b>Total Council Tax Resources*</b>	<b>(118,785)</b>	<b>(2,417)</b>	<b>(2.1%)</b>
(153,026)	Pre-2011/12 Formula Grant	(134,459)	18,567	
(23,951)	Grants Rolled Into Formula Grant	(23,825)	126	
<b>(176,977)</b>	<b>Total Formula Grant**</b>	<b>(158,284)</b>	<b>18,693</b>	<b>10.6%</b>
<b>(293,345)</b>	<b>Total Resources (= Budget Requirement)</b>	<b>(277,069)</b>	<b>16,276</b>	<b>5.5%</b>

\*It is assumed that individual Council Tax bills will be subject to a zero increase. The increase in revenue is due to a combination of an increasing number of properties, improved collection performance and a surplus brought forward from 2010/11.

\*\* The 2010/11 Formula Grant has been restated to take account of specific grants rolled into Formula Grant.

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 determines the amount of money it can raise through Council Tax. The Formula Grant figures in this report use the Final Settlement position for 2011/12 a Provisional Settlement notified position for 2012/13 and an indicative position from the 2010 Spending Review for 2013/14. Coventry's Formula Grant figures over the medium term are shown below.

**Table 3: Coventry's Formula Grant**

		<b>2011/12 (Final)</b>	2012/13 (Provisional Estimate)	2013/14 (Indicative Estimate)
Coventry's Formula Grant £m	£m	<b>(158.3)</b>	(146.1)	(143.0)
Change on Previous Year*	£m	<b>18.7 Decrease</b>	12.2 Decrease	3.1 Decrease
	%	<b>10.6% Decrease</b>	7.7% Decrease	2.1% Decrease

\*Equivalent 2010/11 Formula Grant is £176.98m after adjusting for Rolled-In Grants of £23.95m

Coventry has lost £7.7m of Formula Grant in the 2011/12 settlement as a result of "damping" that is built into the allocation methodology. Damping is a financial mechanism to protect those authorities which the Government assesses have fared worst from the settlement by taking money away from other authorities. The Council's view is that the damping methodology is flawed and that it has taken money away from Coventry in our final grant settlement in a way that is unfair. The Council has made representations to Government on this matter through the local government Formula Grant settlement consultation mechanism. However, the Council's arguments have not been reflected in the final settlement position.

The overall level of resources available to fund the 2011/12 budget is £3.4m better than anticipated within the Pre-budget Report. This improvement is explained in the table below.

**Table 4: Overall Movement in Resource Position**

	<b>2011/12 £m</b>
Headline level of Formula Grant	0.8
Impact of Local Allocation of Rolled-In Grants	(2.7)
Estimated Collection Fund Surplus	(1.0)
Additional Council Tax-Base Resources	(0.5)
<b>Total Resource Improvement Compared with Pre-Budget Report</b>	<b>(3.4)</b>

The headline level of Formula Grant is £0.8m lower than anticipated prior to the Provisional Settlement in December.

The Government has included a number of former specific grants within the main Formula Grant including Supporting People Area Based Grant (ABG) and a range of personal social services grants. The Pre-Budget position assumed that Coventry's share of the value of these rolled-in grants would be £24.6m compared with a lower final settlement figure approaching £24.0m. The Pre-Budget Report established the principle that these

resources should be transferred into Council services as core budget from 2011/12 onwards at existing budget levels or at a lower level if this is indicated by information provided by the Government. Our local assessment is that £21.9m of this resource is required to fund existing planned service levels leaving c£2.1m available to support the underlying base budget position (an improved position of £2.7m compared with the Pre-Budget Report). These resources arise due to four principal reasons

- Continued application of top-slices applied to ABG resources in Coventry in previous years.
- Resources being maintained at existing levels nationally in areas where Coventry has already planned for reductions
- Resources being distributed in line with national formula in areas where Coventry has not previously received any funding.
- Resources that the Government claims is "new" money for personal social services funding but which represents a top-slice of existing resources rather than being supported by any increase in grant.

In-year tax-base movements and an improvement in Council Tax collection performance has produced an estimated Collection Fund surplus of £1m in 2010/11 that is carried forward for consideration in 2011/12 budget setting. The same circumstances are anticipated to produce £0.5m additional revenue above previous assumptions in 2011/12.

#### 4. General Fund Revenue Budget

4.1 The General Fund Budget recommended in this report reflects the likely Formula Grant settlement, the Council's priorities, the approaches outlined in the Medium Term Financial Strategy and an expected Council Tax freeze. The Pre-Budget Report taken to Cabinet on 30<sup>th</sup> November 2010 showed a budget gap of £3.4m. The principal movements that have happened since then are shown in **Section 4.3** below.

4.2 The table below shows a summary of the General Fund Revenue Budget. This information is detailed in **Appendix 3**, which sets out the Cabinet Portfolio revenue budgets and sources of revenue funding and **Appendix 4** which details the line by line movements that make up the base budget.

**Table 5: Summary of General Fund Revenue Budget Requirement**

Appendix 4 Reference		£m
A	2010/11 Base Spend Position (including newly rolled-in grants)	291.5
A	Previous Budget Decisions and Pay Inflation (including provision for a pay award for those earning under £21,000 which remains a possibility)	7.2
B	New Homes Bonus and Council Tax Grants	(4.0)
C	Technical Savings	(15.8)
D	Unavoidable Spending Pressures	6.1
E	ABC Savings - Approved	(4.6)



F	- New	(3.2)
G	- Target	(2.4)
H	Other Savings Options	(1.4)
I	Policy Priorities	3.7
<b>2011/12 Net Budget Requirement</b>		<b>277.1</b>

All expenditure is shown in the Budget Requirement net of specific grants received, (from Central Government primarily), and fees and charges. The total gross income and expenditure analysis that makes up the budget is summarised in **Appendix 3**.

#### 4.3 Changes to Spending and Saving Proposals

This budget includes a number of saving and expenditure proposals. A description of these was included within the November 30<sup>th</sup> Pre-Budget Report. A line by line impact of how these proposals affect the base budget is given in **Appendix 4** with an indication of where there have been changes to the figures included at Pre-Budget time. The principal changes are shown in the table below. These changes enable the Council to deliver a balanced budget for 2011/12.

**Table 6: Principal Changes to Pre-Budget Report**

	Appx 4 Line Ref	2011/12 £m	2012/13 £m	2013/14 £m
<b>Pre-Budget Report Position</b>		<b>3.4</b>	<b>9.1</b>	<b>11.2</b>
Change in Resources (see Table 4)	1, 2, 4	(3.4)	(1.5)	(0.5)
New Homes Bonus – A new non ring-fenced grant confirmed in the Government Settlement	3	(1.1)	(1.1)	(1.1)
Asset Management Revenue Account – Lower Borrowing and Debt Repayment Costs	5	(0.3)	(0.3)	(0.3)
Energy Costs – Lower than expected increases in energy prices compared with previous budget provision	8	(0.7)	(0.4)	(0.1)
Carbon Reduction Commitment	10	0.7	1.3	2.0
Revenue Funding for Highways Programme – Further corporate resourcing of £5m highways programme	14	0.5	1.0	0.5
Olympics – New revenue costs in line with 18th January 2011 Report	15	0.5	1.0	0.2
Other Changes	6, 7, 9, 11, 12, 13	0.4	(0.2)	(0.1)
<b>Budget (Surplus)/Deficit</b>		<b>0.0</b>	<b>8.9</b>	<b>11.8</b>

#### 4.4 Specific Grants

As expected, the Local Government settlement announced by Central Government has marked a significant change to the existing picture for specific grants incorporating:

- far fewer grants with a lower overall value,
- ring-fencing retained for only a few grants,
- some grants being rolled into a small number of overarching grant streams and,
- the majority of individual grant streams ending.

In total these grant streams represented c£480m or 58% of the Council's 2010/11 gross expenditure budget of £831m. Most but not all of the detail surrounding these grants has now been announced and work undertaken to identify the impact on the Council. The impact is detailed in **Appendix 5** and summarised below. Some of these figures will be subject to change as information is finalised.

**Table 7: Future Grant Funding**

	2010/11 £m	2011/12 £m	Grant (Gain)/ Loss £m
Rolled into Early Intervention Grant	(19.2)	(15.0)	4.2
Grant Ended	(19.5)	(0.0)	19.5
Rolled into Formula Grant	(21.0)	*(20.3)	0.7
Remaining Separate Grants	(414.9)	(414.7)	0.2
Unknown (Information awaited/future still unclear)	(4.3)	(4.3)	0.0
New**	0.0	(5.4)	(5.4)
<b>Total</b>	<b>(478.9)</b>	<b>(459.7)</b>	<b>19.2</b>

\*A further c£1.6m of funding for concessionary fares has been rolled into Formula Grant and is included within the Council's levy payment to the Integrated Transport Authority. This was previously paid direct to the ITA and it is not reflected in these figures.

\*\*The £2.9m Council Tax Grant will be paid as a result of the Council agreeing a zero Council Tax increase and has not been included in the analysis above.

The analysis shows that £19.5m of grants awarded in 2010/11 have now ended. This figure is likely to increase as more detail is released.

Grants totalling £20.3m have been rolled into Formula Grant including Supporting People ABG and a range of personal social services ABG grants. These resources have been treated as being required to fund services in line with previous specific grant allocations and they will transfer into services as core budget from 2011/12 onwards. This transfer will be at existing budget levels or at a lower level if this is indicated by information provided by the Department for Communities and Local Government or by previous local planning assumptions.

Grants totalling £19.2m in 2010/11 have been rolled into a new children-related Early Intervention Grant at a lower level of £15m for 2011/12. Work has begun to reconfigure services within the CLYP Directorate to manage within this reduced level of funding.

Remaining grant funding streams total £415m. Around £250m of this is schools funding provided through the Dedicated Schools Grant (DSG) and School 6th Form funding

(YPLA). A number of previously separate grant streams have been rolled into DSG and work is ongoing to assess how these changes will affect schools and services provided to schools by the Council. A further assumed c£150m of remaining grants is made up of Housing and Council Tax Benefit payments which the government funds via a subsidy grant. We await clarification of how Government plans will affect this area of activity in the medium term although it is now clear that Government funding of the administration of this service will be reduced year on year from 2011/12.

New grants provided from 2011/12 are made up of a Pupil Premium grant of £4.3m paid directly to schools and a New Homes Bonus of c£1m provided to incentivise Councils to build new homes. This latter grant is not ring-fenced and will be used to balance the overall budget bottom line. The Council will use existing mechanisms for taking forward new house building schemes within the City.

The overall human resources impact of grant funding reductions is included in **Section 13.3**. Post reductions will occur as a result of grant streams that are known to be ending and where other grant streams are continuing but at a lower level than previously. The Human Resource strategy approved within the 19th October 2010 report to Council outlined the Council's approach in relation to the impact of post reductions resulting from grant fall-out.

One of the key risks identified in **Section 7.3** relates to the potential continued incidence of spending linked to grant streams for which the funding will fall-out on 31<sup>st</sup> March 2011. There has been significant confusion and delay in the communication of information from central to local government on the totality and detail of which grants will or will not continue. Together with the consequent delay in resolving the logistical and contractual arrangements for an early retirement and voluntary redundancy programme this has led to the position where some expenditure, mainly staff costs, will overspill into 2011/12. As a result of this, officers have begun to take some in-year actions and identify sources of funding to pay for these costs. These actions are detailed in the 2010/11 period 8 budgetary control report and are aimed at creating an underspend position at year-end of between £3m and £5m. Further action may be identified at year-end if required taking advantage of technical resource switching opportunities with approved Capital Programme funding and potential windfall capital receipts.

#### 4.5 Reserves

The level of City Council reserves as at 31<sup>st</sup> March 2010 is reflected in the table below.

**Table 8: Reserves as at 31<sup>st</sup> March 2010**

	Balance as at 31 <sup>st</sup> March 2010 £m
Directorate Reserves	(7.8)
Corporate Reserves	(16.0)
Capital Reserves	(2.0)
Insurance Fund	(6.4)
Schools Reserves	(11.9)
<b>Total Reserves</b>	<b>(44.1)</b>

The 19<sup>th</sup> October 2010 report to Council earmarked £1m of Insurance reserves and £8.1m of other corporate reserves to fund one-off redundancy and early retirement costs arising out of the budget process.

The remaining reserves are committed for specific purposes including £5.4m (2% of net revenue budget) to cover unforeseen financial problems in line with the Medium Term Financial Strategy. The overall level of reserves is expected to stay above £30m including schools reserves, over the medium term.

This level of reserves is adequate for the current known liabilities and approved policy commitments facing the City Council and is appropriate to sustain current plans. However, once the Council has had to fund the expected redundancy and early retirement costs indicated above it is anticipated that the level of reserves will be at or approaching the minimum acceptable level for a Council of this size.

The 2011/12 budget does not include any contributions from these reserves to support ongoing general fund expenditure in line with the Medium Term Financial Strategy.

## 5. Medium Term Financial Position

- 5.1 Whilst this budget produces a balanced position for 2011/12, SR2010 presents significant challenges for future years. Based on our current financial plans and the decisions within this report the initial projection of our future budgetary position in the Table below is detailed further in **Appendix 6**.

**Table 9: Anticipated Future Financial Position**

	<b>2012/13 £m</b>	<b>2013/14 £m</b>
2011/12 Base Budget position	304.3	314.4
Future Pressures and Priorities Identified	10.3	9.9
Future Indicative Pressures	8.4	8.4
Future Impact of Existing Savings Proposals	(38.1)	(44.2)
Resources – projected Formula Grant & Council Tax at assumed 2.5% increase	(267.6)	(268.3)
<b>Anticipated Budget Gap</b>	<b>17.3</b>	<b>20.2</b>

The Council's approach to reducing spending and delivering efficiencies through the ABC Programme has recently been reaffirmed within our Medium Term Financial Strategy. The

anticipated outcomes from this are built into the position shown above. This approach, together with ongoing monitoring of existing budgets position, is the starting point for the Council in seeking to produce a balanced medium term financial position. However, the size of the gap is such that the Council will continue to be faced with a range of difficult budget decisions over this period.

## 6. **Capital Programme**

- 6.1 In **Appendix 7** there are proposals for a Capital Programme of £64.9m. The size of the Programme is affected by a relatively low level of capital resources available nationally, in the form of grant funding, and locally as a result of limited capital receipts from the sale of land and property due to the recession. Nevertheless, the proposals include significant largely grant funded investment in the City's schools, a highways maintenance repair programme that matches the increased 2010/11 investment in this area and significant investment in the City ahead of the 2012 Olympics. The total level of capital expenditure in 2010/11 is now not anticipated to require prudential borrowing to balance the overall programme that was identified in February 2010. However, £7.9m of such borrowing is required in 2011/12. This will be repaid from capital receipts as they are generated in future years in line with the Medium Term Financial Strategy.
- 6.2 This Programme is similar to those of recent years in focussing largely on the continuation and completion of existing projects and on programmes funded from external grant. It is likely that any additional one-off resources that are identified in the next few years will be required to fund the one-off costs of early retirement, voluntary redundancy and unfunded grant expenditure spillage. This will delay any future increase in the level of capital investment that the Council is able to make in the infrastructure and regeneration of the City.
- 6.3 This year's programme includes the following:
- A £29m programme in 2011/12 for Children, Learning and Young People's Services, the majority of which will be invested in schools across the City including continuation of a significant programme of expenditure on the City's Primary schools;
  - Investment of £8.5m in total on the City's highways programme incorporating the Local Transport Plan and a £4.75m highways maintenance programme, the majority of which will be funded from revenue resources. A further £250k of new expenditure has been accelerated into 2010/11 following a Report to Cabinet on 8<sup>th</sup> February. Also, 2011/12 will see the first full year of the programme to upgrade the City's Street Lights via the Street Lighting PFI contract;
  - Public Realm works totalling £7m in advance of the 2012 Olympics;
  - The potential start of work on the self-financing £3m Heatline Project to use energy from the Waste to Energy Plant at Whitley to heat city centre buildings. This is subject to negotiations with a range of partners before the project can proceed;
  - An externally funded programme of Disabled Facilities Grants estimated at £2m pending the announcement of Government funding;
  - The second year of a 3 year £15m ICT infrastructure project funded from Prudential Borrowing;
  - Continuation of the existing regeneration scheme in Far Gosford Street;
  - A £1.75m programme of property maintenance funded by revenue resources;
  - Externally funded parks and play schemes (£0.8m), improvements in the War Memorial Park (£0.7m) and completion of the new library in Allesley Park;

In addition, planning will continue ahead of the fundamental regeneration of the City Centre.

6.4 The main sources of funding for capital expenditure are listed below:

- Capital grants from government bodies and the private sector (£36m). The Government grants support spending within the Children's and Highways' programmes.
- Unsupported or prudential borrowing (£20.1m) – this borrowing will support £6.4m of new ICT infrastructure spending (part of which has been rescheduled from 2010/11), £7.9m on a short-term basis to bridge the 2011/12 capital programme resource shortfall, the Heatline project (£1m), the Olympics (£1.9m) and vehicle acquisition (£2.7m). This borrowing attracts no revenue support from Government and the additional cost of the borrowing has been reflected in the revenue budget.
- Capital receipts arising mainly from selling Council assets (£4.5m).
- Revenue funding of highways maintenance investment (4.25m) and property maintenance (£1.75m).
- Leasing to finance the acquisition of vehicles and equipment (£0.6m).

#### 6.5 **Forecast Capital Programme**

All areas of the Programme included have been evaluated to identify the likely realistic profile of expenditure, to maximise the amount of expenditure against which we can apply grant resources and to maximise the resources available corporately to the Council to fund capital expenditure. This has been necessary in order to maximise the size of programme that the Council is able to support.

Sustained very difficult economic circumstances have continued to make what was already a challenging position with regard to our Capital Programme even more difficult. 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. As well as the £7.9m commitment in 2011/12, the second and third years of the programme require a further £1.7m of prudential borrowing. The future years' programmes for 2014/15 to 2015/16 show a net surplus of resources and these, plus any future surplus capital receipts, will be earmarked to repay prudential borrowing. Any future capital programme approvals will be strictly limited in line with the value of resources that we can identify.

A summary of the proposed programme including existing commitments and funding sources is outlined below. This includes expenditure rescheduled into 2011/12 as a result of the 2010/11 budgetary control process. Full details of the proposed programme are included at **Appendix 7**.

**Table 10: 2011/12 – 2015/16 Capital Programme (Expenditure & Funding)**

<b>Expenditure</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>
Education/Children and Young People	29,168	12,008	17,047	12,230	12,240
City Development	16,248	4,469	3,617	2,750	2,750
City Services	11,988	9,927	14,671	8,459	8,459
Culture, Leisure, Sport & Libraries	2,055	1,152	0	0	0
Housing, Sustainability & Local Infrastructure	8,852	6,228	2,098	2,098	2,098
<b>Total Approved Programme</b>	<b>68,311</b>	<b>33,784</b>	<b>37,433</b>	<b>25,537</b>	<b>25,547</b>
<b>Allowance for Rescheduling</b>	<b>(3,416)</b>	<b>1,556</b>	<b>(105)</b>	<b>590</b>	<b>29</b>
<b>Programme after Rescheduling</b>	<b>64,895</b>	<b>35,340</b>	<b>37,328</b>	<b>26,127</b>	<b>25,576</b>

<b>Funding</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>
Prudential Borrowing	20,151	4,644	6,224	0	0
Grants & Contributions	35,668	19,349	19,602	19,407	19,407
Capital Receipts	4,500	4,600	4,600	4,600	4,600
Revenue Contributions*	3,995	6,098	6,598	4,598	5,750
Leasing	581	649	304	200	200
<b>Total</b>	<b>64,895</b>	<b>35,340</b>	<b>37,328</b>	<b>28,805</b>	<b>29,957</b>
<b>Resources Available</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,678)</b>	<b>(4,381)</b>

\* The revenue contributions total has been reduced (2011/12 – 2014/15) to recognise repayment of reserve balances used to cash-flow previous spending commitments (e.g. Stivichall School).

The programme includes an ongoing 5% allowance for the rescheduling of expenditure between years with an adjustment shown at a corporate programme level. This recognises the potential benefits of maintaining a degree of flexibility through the year and the fact that the Council is often faced with rescheduling due to factors outside its control.

Additional demands will arise over time as new initiatives are identified. The Council will continue to re-evaluate the future Capital Programme taking into account economic circumstances, its ability to generate capital receipts and the profile of other areas of significant investment that it manages.

## 7. Budget Risks

7.1 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, the Authority carries some risks in agreeing the budget, and the major financial ones for the coming year are set out in summary below. Where appropriate these risks are included within either the corporate or directorate based risk registers and will therefore be monitored through our existing processes for managing risk or where more appropriate through our ongoing budgetary control processes. However it needs to be noted that given the scale of spending reductions in this report, the general pressure on budgets is higher than ever before, and the risk of overspending is correspondingly higher and will require constant vigilance in 2011/12. A range of issues will be kept under review during the year to help deal with any problems that may arise, such as increase focus on reducing the Council's debt management and cash flow costs.

### 7.2 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 new resources are used effectively to deliver corporate objectives. Operational plans and quarterly monitoring reports will address this issue specifically,
- 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 2011/12.

7.3 **Impact of the Government Settlement** – There is now greater certainty in respect of the Government's spending plans. We have indications of the likely level of Formula Grant and the broad level of specific grants over the next 4 years. These settlements represent significant cuts in the amount of resources available to the City Council which is faced with the challenging task of redesigning many, if not all, of its services and winding down significant programmes of grant funded activity. Notwithstanding the need to achieve the necessary savings, it is clear that their delivery will not be easy and in trying to achieve them the Council will be faced with some specific risks:

- That ABC reviews do not deliver the level of savings required or do not deliver them quickly enough.
- That grant funded expenditure continues to be incurred beyond the date at which grant funding falls-out.
- That the reduction in staffing levels through normal turnover and voluntary redundancy and early retirement initiatives takes longer than required.

7.4 **Impact of External Economic Factors** – A variety of factors continues to cause additional service/cost pressures or reduced income for Council services. These include increases, for instance, in housing benefit caseloads and reduced income from fees charged to customers for building control, land charges, planning, building and consultancy services, catering, commercial waste and our commercial property section.



The impact of the recession and the reduction in some internal budgets (in repair and maintenance spend for example) have affected many of these services and prevented them from achieving their income targets. Some of these pressures have been recognised and accounted for in the Pre-Budget Report although they are not always predictable.

- 7.5 **New External Funding Arrangements** – The council is involved in major investment projects that involve significant reliance upon external partners and external sources of finance such as the Street Lighting PFI. These schemes carry some degree of financial risk and it is important to recognise that the financial implications of such schemes can change significantly as the schemes progress. Council officers in each of the schemes are vigilant to ensure that the financial implications for the Council are minimised and that we achieve the best possible value for money through close monitoring and regular reporting to members as schemes progress. Each of the schemes has a detailed risk register that is reviewed regularly.
- 7.6 **Children's Services** - There are substantial pressures within children's services that have caused a budget overspend in excess of £5m in 2010/11. The single biggest area of overspend relates to the high numbers of children looked after by the Council. 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. Efforts continue to implement intervention strategies to ensure that the number of children looked after and the cost of placements come down. The strategies aim to improve outcomes for those children through more effectively meeting the children's needs while living with their families. These costs have been recognised through an additional £2.7m investment of resources for the 2011/12 budget
- 7.7 **Adult Social Care** - Social care services for vulnerable adults continue to be the subject of significant cost pressure both locally and nationally. Within this context, the Coalition Government has set out its new agenda for adult social care as set out in documents including "Transparency in outcomes: a framework for adult social care", published by the Department of Health in November 2010. Partly in response to these developments, the Council is undertaking a social care personalisation programme that will transform fundamentally the way adult social care is delivered in Coventry. Personalisation means improving choice and control over the type and shape of support that people receive with more emphasis on health, well-being and earlier intervention to reduce the need for more intensive support and encouraging people to make the best use of their own resources. As part of the Council's ABC Programme, a financial savings target has been included within the budget proposals. This is a challenging target and one that should be set in the context of the policy developments and future long-term pressures that will arise inevitably in this area.
- 7.8 **Equal Pay Claims** - The 7<sup>th</sup> December 2010 report to Council has paved the way for many of the outstanding Equal Pay claims against the Council to be settled within a £7.5m financial budget that the Council has already planned for. However, a possibility remains that further legal action occurs resulting in a financial cost to the Council. The Council's existing Equal Pay Capitalisation Direction from Central Government allows us to spread the cost over 20 years of any costs in relation to Equal Pay Claims up to a maximum of £30m and this gives us a significant degree of assurance that any remaining risk has been mitigated to a large degree.

7.9 There are always risk elements in setting a budget. The authority's financial position is underpinned by the holding of general reserves including the Council's Working Balance which stands at £5.4m for 2011/12 and which is an essential safeguard against unforeseen risk. The level of reserves available to us as set out in **Section 4.5** provides sufficient financial protection against the risks outlined above within reasonable levels of assessed risk.

## 8. Treasury Management

8.1 The overall aim of the treasury management policy is to manage the Council's cash flows 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:

### Borrowing

- To maintain adequate liquidity so that cash requirements are met;
- To minimise the cost of debt;
- To manage the total debt maturity profile, having no one future year with a disproportionate level of debt repayments;
- To undertake the restructuring of debt, in order to minimise the costs through actively reviewing opportunities for rescheduling

### Investment

- To maintain the capital security of sums invested,
- 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

8.2 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification and control of risk are integral to the treasury activities and include the following: credit risk; liquidity risk; market or interest rate risk; refinancing risk and legal or regulatory risk. These are managed through a number of vehicles including: the treasury management strategy; treasury management practices and monitoring processes.

### Interest Rate Forecasts

8.3 The pace of the economic recovery remains slow and uncertain. Forecasts are weighing-up currently the upward pressures on inflation compared with the impact of tax rises and public spending reductions through the Comprehensive Spending Review. Although commentators are divided, the expectation is that increases in base rate from the current level of 0.5% are likely to occur in the second half of 2011/12 to over 1%. Any increase in short term rates will mean that the return on investments and also the cost of any day to day or cash-flow borrowing will increase. The estimated effect of this is built into the revenue programme.

8.4 Separately, longer term interest rates for capital programme borrowing are anticipated to rise. This could raise PWLB (Public Works Borrowing Requirement) rates approximately 1% over the coming years, to up to 6%. However, there is significant uncertainty given the current world economic situation, which will mean that longer term borrowing rates remain volatile.

## Borrowing

- 8.5 Based on current estimated levels of spend the expected long term debt position of the authority at 31st March 2010 is as follows:

**Table 11: Estimated Long Term Borrowing at 31st March 2011**

Type of Debt	Total £m
PWLB	251.0
Money Market	60.0
Stock Issue	12.0
<b>Total borrowing</b>	<b>323.0</b>
PFI Liabilities	39.0
<b>Total Long Term Liabilities</b>	<b>362.0</b>

The main funding sources used by Coventry are:

- The Public Works Loans Board (PWLB) - this is, in effect, the Government. Loans may be obtained at variable or fixed rates of interest, thereby limiting the future impact of interest rate variations. On 20th October, in parallel with the Comprehensive Spending Review, the cost of PWLB borrowing was increased to 1% above the cost of government borrowing. This will increase the cost of new local authority borrowing.
  - 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 (lender's option, borrower's option) loans have been taken out by local authorities. These have 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.
- 8.6 Under accounting rules which move certain transactions onto the balance sheet, liabilities to make payments under PFI schemes and leases are now included alongside borrowings within long term liabilities.
- 8.7 Given the revenue budget and associated capital programme outlined above, the estimated funding requirement for the City Council for 2011/12 is summarised below:

**Table 12: 2011/12 Funding Requirement**

	£m
Previous borrowing which matures and needs to be replaced	nil
New funds to finance the Capital Programme	20.2
Minimum Revenue Provision (non PFI)	(14.2)
Total forecast borrowing requirement	6.0

- 8.8 This sum will increase if new government supported borrowing is awarded during the year. After 2011/12 the proposed capital programme indicates a reduction in the level of required borrowing.
- 8.9 Local authorities have scope to borrow in advance of need, essentially borrowing on the basis of future planned capital spend. It is proposed that the City Council's current practice of not borrowing in advance of need continues. Borrowing in advance of need will tend to increase investment balances until the capital spend is incurred. This has a financial cost, when borrowing rates are higher than investment rates, which has been the case in recent times. In addition, by not borrowing in advance of need the authority is less exposed to credit risk.
- 8.10 In the light of the interest rate forecast, the objectives underpinning the Treasury Management Strategy and the forecast borrowing requirement for 2011/12, 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. The changes in PWLB rates announced at the time of the Comprehensive Spending Review will tend to reduce the opportunities for local authorities to benefit through debt restructuring, although alternative forms of funding will be considered.

#### **Minimum Revenue Provision**

- 8.11 Local authorities are required to make prudent provision for the repayment of long term capital programme borrowing through a revenue charge (the Minimum Revenue Provision or MRP). Capital Finance Regulations (SI 2008/414) require the approval of an MRP Statement setting out the authority's approach. It is proposed that the existing policy continues:-
- For capital expenditure incurred before 1<sup>st</sup> April 2008 or which in future will be Supported Capital Expenditure, the Council will follow existing practice, the so called "Regulatory Method", with MRP broadly based on 4% of the underlying Capital Financing Requirement adjusted for the A Factor;
  - From 1<sup>st</sup> April 2008 for all capital expenditure met from unsupported or prudential borrowing MRP will be based on the estimated asset life of the assets or a depreciation calculation.

- 8.12 MRP in respect of leases brought onto the balances sheet under IFRS accounting rules will match the annual principal repayment for the associated deferred liability.

### **Investments**

- 8.13 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 sometimes better able to access different types of longer term investments, such as government gilts and certificates of deposit, this can help to ensure the diversification of investments.
- 8.14 A central part of the Investment Policy (**Appendix 8**) deals with the management of counterparty or "credit risk" by determining how City Council lending or depositing limits are set. The lending criteria have been reviewed with the aim of rationalising the approach, to focus on key or primary credit ratings whilst also taking into account other sources of information. The lending criteria are set out in detail in the **Appendix 8**.
- 8.15 In summary proposed lending limits are determined:-
- Initially by reference to three credit ratings: Long Term, Short Term and Support rating, 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 Poor's, and Moody's). The core Long and Short Term ratings give a view about an organisation's vulnerability to default on its obligations, whilst the Support rating indicates the likelihood that the organisations will receive external support. The individual credit rating, which is designed to assess the strength of the institution assuming no external support, will no longer be used as part of the initial rating assessment. This rating does not take into account government support, for example where a bank is part nationalised;
  - Limits based on the type of organisation. In order to provide flexibility at times of market nervousness no limit is set for deposits with the Government through its Debt Management Office (DMO). It is no longer proposed to have tiered limits for banks and building societies based on the level of credit ratings. This means that where previous limits might have been £5m or £10m per institution, they will now all be set at £10m. In line with this approach it is proposed that tiered limits for local authorities are set at £8m for all types of authorities.
- 8.16 In addition, other sources of information are used, with the City Council also drawing on advice from Arlingclose, the Council's Treasury Management advisors. Such information will include sovereign or state support mechanisms, including the credit rating of individual countries, assessments of the cost of insuring individual institutions against default, these being so called Credit Default Swaps, and other market information and financial commentaries. At times of concern or market nervousness, the Director of Finance and Legal Services imposes further limits beyond those required under the policy. Such limitations beyond that required under policy have been imposed from time to time.
- 8.17 The City Council's Fund Manager contract ends in September 2011. The options for continued investment will be reviewed in 2011, including no longer using fund managers, and switching to a pooled fund approach.
- 8.18 Separately, the City Council holds long-term investments for operational or policy reasons, representing past capital expenditure. These include Birmingham Airport Holdings Ltd and the Coventry and Solihull Waste Disposal Company.

8.19 The impact of the proposed revisions to the policy is reflected in **Appendix 8**.

### **The Prudential Code**

8.20 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, and reflect recent accounting requirements to include PFI and certain other schemes on the City Council's balance sheet

### **Revenue Related Prudential Indicators**

8.21 Within **Appendix 9** indicators 1 and 2 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 from 12.49% in 2010/11 to 15.46% in 2013/14. This increase reflects the requirement under new accounting regulations to re-categorise some PFI related costs as capital financing costs, as well as increased levels of prudential borrowing funded spend.

8.22 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 2. This also shows an increase to 2013/14, reflecting capital financing costs net of revenue savings arising from schemes to be resourced from Prudential Borrowing, as well as the inclusion of PFI related costs. By incorporating net revenue savings this illustrates the broader impact of the investment proposals.

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

8.23 These indicators, set out in **Appendix 9**, include:

- Authorised Limit (Indicator 6) - 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 (Indicator 7) - 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 (Indicators 3 & 5) - 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 2011/12 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 (Indicators 10, 11 & 12) - 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. It is proposed that the Debt Maturity indicator is amended so that the upper limit of debt maturing for repayment between 2 and 5 years time, as a % of total debt, is increased from 20% to 30%. This will provide greater flexibility in managing debt, for example in allowing greater scope to take out short term borrowing rather than long term borrowing.
- Other indicators highlight Planned Capital Spend (Indicator 4), Actual Debt at 31st March 2010 (Indicator 8) and the adoption of the Treasury Management Code (Indicator 9).

8.24 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 the approval of full Council of the changes required.

## 9. **Leasing**

9.1 The City Council uses operating leases for non-fixed plant and equipment, where this method of funding represents best value. The Capital Programme includes £0.6m of spend to be resourced from leasing in 2011/12, but this will only be used where this is value for money when compared with other forms of funding, such as unsupported borrowing.

## 10. **Results of consultation undertaken**

10.1 The proposals in this report have been subject to eight weeks public consultation ending on the 25<sup>th</sup> January 2011 including separate meetings with the Trades Unions. The details arising out of this consultation period are reported in **Appendix 1**. The changes that have been made between the Pre-Budget Report and this report are detailed in **Section 4.3**.

## 11. **Timetable for implementing this decision**

11.1 Most of the savings decisions agreed in this report will be implemented from 1<sup>st</sup> April 2011. Some of them will be implemented part way through 2011 and into 2012 whilst it may be possible to implement others before the start of the 2011/12 financial year. There is a presumption that savings will be delivered as soon as practicable. The achievement of savings will be monitored as part of the budgetary control process and through the existing Governance arrangements for the ABC Programme.

## 12. **Comments from Director of Finance and Legal Services**

### 12.1 **Financial implications**

This report is concerned wholly with financial matters. The proposals within this report represent the basis of the Council's 2011/12 revenue and capital budget supported by the Council Tax Report that will be considered by the special committee established via Recommendation (6).

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. 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 Directorate 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 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 were provided with information on the policy and financial planning process and were consulted on the options available to enable them to take a full part in the final budget setting decisions.

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 final position of reserve balances carried forward into 2011/12 will not be known until finalisation of the 2010/11 accounts. It is likely that the total level of reserves will be above £30m as detailed in **Section 4.5**. 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 2011/12. This judgement is based on the following:

- i) The Council is adequately provided for in terms of its reserves compared to its overall level of budget and much better provided for than many other authorities.
- ii) The level of insurance reserves is sufficient to meet any likely calls on them (within reasonable limits of assessed risk).
- iii) The level of reserves is sufficient to support contributions to 2011/12 directorate-based budgets (including schools) and Corporate commitments both for capital and revenue purposes.



iv) The level of uncommitted Working Balances (2% of net revenue spend) 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.

The Council's 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 the Corporate Management Board in order to ensure the best use possible for the corporate objectives of the authority.

Despite these statements about robustness of estimates and reserves, the scale of financial cutbacks incorporated in the 2011/12 budget is unprecedented and will require increased monitoring and potentially corrective action.

## 12.2 **Legal implications**

This report meets the Council's statutory obligations in relation to setting a balanced budget in line with Section 32 of the Local Government Act 1992 and Section 25 of the Local Government Act 2003. This includes the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place.

The Council is required to set its Council Tax by 11 March for the financial year 2011/12. The Council is unable to set its Council Tax until the Police Authority has set its precept which will be after this meeting of Council.

Section 67(3) of the Local Government Finance Act 1992 enables the Council to delegate the setting of the Council Tax to a committee appointed for that purpose. The numbers and terms of reference are to be decided by the Authority. It is proposed that the Finance Committee be formed to set the 2011/12 Council Tax level only. All members of the committee must be members of the Council. It is proposed that membership of the Committee comprise four Labour members and two Conservative members. In addition, it is also proposed that delegated authority be provided to the Director of Customer and Workforce Services in consultation with the Leader to identify a replacement of any of the members on the Finance Committee should any unforeseen urgency arise that causes a member to be substituted provided that the composition of the committee remains four Labour members and two Conservative members.

## 13. **Other implications**

### 13.1 **How will this contribute to achievement of the council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?**

The Council has continued to take an approach within its approach to budget setting that is intended to have as little adverse impact as possible on the quality and level of service provided to the citizens of Coventry and our ability to deliver the key objectives of the Sustainable Community Strategy. The significant resource constraints that now face the Council impact significantly upon our ability to deliver existing services at the same level that the citizens of Coventry have become accustomed to especially in areas funded previously by specific grants. Like the rest of local government, the Council has to consider the range of key objectives that it has set itself and make some difficult choices between the priorities that have been agreed previously. The emphasis that has been

placed on the Council's transformation agenda is designed to mitigate these challenges. As far as possible the Council will try to deliver better value for money in its core services.

### 13.2 **How is risk being managed?**

Delivery of our Medium Term Financial Strategy is one of the Council's key corporate risks. The proposals within this report are aimed directly at trying to mitigate the risks involved within this. The budget savings options within the report do not impact upon individual services that are the subject of significant risk at a Corporate level.

### 13.3 **What is the impact on the organisation?**

As recently as December 2009, the number of staff employed by the City Council and the city's schools had continued to display a consistent upward trend. The prospect in future years is that these numbers will reduce markedly in line with reductions in funding for Local Government. Posts are being removed currently from the Council's staffing establishment as a result of grant fall-out, a management restructuring process and a range of current ABC reviews facilitated by an early retirement and voluntary redundancy scheme for employees. The Council's current estimate is that together, these changes will result in approximately 500 post deletions over the next year. Some of these posts are already vacant whilst more than 250 applications for voluntary redundancy and early retirement have been accepted by the Council. The Council is hoping to keep the number of compulsory redundancies to a minimum through accepting voluntary redundancy applications and redeploying people into vacant posts. All deletions or changes to jobs arising from the implementation of budget decisions are being managed through the appropriate City Council Human Resources policies and procedures.

There are a range of service impacts, many of which are focussed on back office functions managed through the ABC process. The ABC programme will also affect the way in which many of our customer-facing services are delivered although the overall intention for the majority of these is to at least maintain service standards and deliver services in a more efficient and targeted way. The impact of grant fall-out will have an impact on a further range of current services and a full list of grant implications is included at **Appendix 5**.

### 13.4 **Equalities (Equality Impact Assessments)**

The City Council is required to set its budget within the context of range of central government decisions about local government funding. The reduction in Formula Grant and, in particular, decisions taken by central government to end a range of specific grants, was not fully assessed for equality impact. The decision making process for this year's budget is very tightly constrained due to the lateness of the information about the Council's settlement from central government and a lack of clarity about some specific grants.

The City Council has been planning for the reduction in its funding and where savings are being made through ABC fundamental service reviews or through planned changes to its own service provision the equality impact of these proposals have been considered as these have been developed. It is more difficult to assess fully the detailed impact of the sudden ending of specific grant and in particular, to assess the collective impact of these central government decisions locally and work to understand this will continue.

Potential equality impact has been assessed at a strategic level for each of the Council's service areas that are affected by the budget proposals to inform the Council's decision

making. Where it is not yet possible to understand fully the equality impact of grant fallout and other funding changes in a service area this has been identified, with further equality assessment planned to ensure that any potential adverse impacts on specific groups are recognised and addressed in an appropriate manner.

Further information about equality impact along with a summary of service area equality impact assessments is included within **Appendix 2** of this report.

**13.5 Implications for (or impact on) the environment**

No specific implications.

**13.6 Implications for partner organisations?**

There are no new proposals to reduce the funding of our grant funded partner organisations and it is proposed only to reduce existing budgets for selected grant funded partners by 3% in 2011/12 as already agreed in the December 2009 budget report. As reported to Cabinet on 30<sup>th</sup> November, the Council will continue to review its grants to external organisations individually as each one is due for renewal and there is no guarantee that the City Council will be in a position to maintain its existing position over the medium-term. The wider concerns of partner organisations are reflected in a range of budget consultation responses received by the Council and included in **Appendix 1**.

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**CONSULTATION ON THE COUNCIL'S BUDGET PROPOSALS  
JANUARY 2011**

**1. Introduction**

- 1.1. Between November 2010 and January 2011 the Council undertook an extensive round of local consultation on its budget proposals for 2011/12, prior to making the final decision on its budget.
- 1.2. The Council reported on its priorities, the pressures on its services and how the reduction in public sector spending was impacting on Coventry, before going on to outline its proposals for the next financial year. The Council asked for consultees' views on the Council's priorities and on the budget proposals.
- 1.3. The Council's current performance on its Corporate Plan was considered by members through the Full Council meeting on the 24<sup>th</sup> June 2010. Scrutiny members were asked to give their views on the Council's Medium Term Financial Strategy through the Finance, Corporate and Neighbourhood Services Scrutiny Board meeting which took place on 24 November 2010.

**2. Consultation process**

- 2.1. A series of meetings were held between November and January, 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. The Council consults with the trade unions on an ongoing basis on the implications of the specific reviews under the ABC Programme. Comments and issues raised by the trade unions on the individual reviews are addressed at project level. The trade unions were also consulted on the draft budget proposals at a series of meetings held between November and December 2010. The Council continues to consult with the trade unions on the impact and implementation of the Council's budget.

### **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 reduction in public sector spending 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 financial challenges facing local authorities following the 2010 Spending Review, and accepted that this would inevitably lead to significant reductions in the real level of resources available to the Council over the next four years. Across all sectors there was a desire to build on the productive relationships that exist with the Council to work through the difficult times ahead.
- 4.2. Consultees across all groups welcomed the Council's priority of protecting the most vulnerable residents of the city whilst dealing with the changes in the level of funding. Respondents stressed the importance of continuing to provide services to those who need them the most. A number of specific groups of service users were mentioned through the consultation period, who respondents thought were especially vulnerable to changes/loss in services. These groups include: looked after children; young people not in employment, education or training; children using early years services; and victims of sexual violence.
- 4.3. A number of organisations highlighted the need to fully understand the impact the removal of funding will have on particular groups of the population, and expressed concern about the cumulative impact of public sector retraction on certain groups within the city. It was explained that the Council is undertaking an equality impact assessment on its budget, and other organisations that have carried out impact analyses were invited to share this with partners so that a fuller picture of the impact of reductions in public sector spending is apparent.
- 4.4. 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 savings that they were expecting to make, either as a result of withdrawal of specific government grants or local efficiency savings, would have a big impact on the sector and subsequently on the groups of users who were supported by these organisations. There was a shared view from the voluntary and community sector that reduction in funding will effectively be a reduction in the level of services that these organisations will be able to provide, and in some cases would lead to staff redundancies and closures, and that this should be recognised by the Council.
- 4.5. Respondents endorsed the Council's approach to responding to the reductions in resources by undertaking the ABC Programme and focusing, wherever possible, on making efficiencies through streamlining back office functions. A question was raised about the robustness of the programme and whether it would deliver the expected £10million savings. The group was informed that the ABC programme has a robust performance management structure around it to ensure that projects deliver target savings.

- 4.6. A number of respondents stressed the need for the Council to continue to procure local goods and services and ensure that it realises value for money from all its contracts. Respondents welcomed the Council's willingness to 'do things differently' and expressed an interest in being involved in these discussions. A question was raised about the new Localism Bill and whether there were opportunities for engaging the voluntary, community and business sectors in local service delivery. It was explained that the Council is already working with partners to look at more efficient ways of commissioning services.
- 4.7. There was a discussion around the Total Places approach and the Council was encouraged to explore the opportunities for joint working and sharing resources with other public agencies.
- 4.8. The Chamber of Commerce felt that it was important for the Council to continue investing in the future of the city and ensure that Coventry continues to do business. In particular, it was felt that the Council should do more to attract private sector re-location into the city.
- 4.9. The importance of Coventry as an Olympic city was recognised by both the voluntary and community and business sectors. The discussion focused on ensuring that the city avail itself of the business opportunities that this will bring. A respondent highlighted the importance of working with neighbouring authorities to ensure that we sell a whole tourist 'package' to visitors.
- 4.10. A question was raised about the possible number of staff exiting the local authority and what strategies existed to ensure that these people were supported to find new jobs or start businesses. A comment was also made about the need to support employees who were facing difficult circumstances. It was explained that the Council was supporting employees who were affected by offering a range of services including information and advice on career transitions, counselling, training to develop new skills and working with Jobcentre Plus to help employees find suitable vacancies and completing application forms/CVs.
- 4.11. A number of respondents raised concerns about the savings arising from the personalisation of social care. It was explained that the efficiencies would be secured through changes in administration and management structures, more efficient commissioning arrangements and a move to more people living independently, rather than a reduction in either the number of people supported or a reduction in the amounts provided for support packages.
- 4.12. As part of the consultation with the Youth Council, a role play scenario was used to identify priority areas for young people. The Youth Council's priorities were investing more in safeguarding children and adults, providing social care for older people, improving public transport and tackling climate change.
- 4.13. The voluntary and community sector respondents raised queries about the level of efficiency savings that the Council was expecting the sector to make. It was explained that the proposal is to reduce existing budgets for grant funded partners by 3% in 2011/12, as previously agreed in the December 2009 budget report. The Council will continue to review its grants to external organisations individually as each one is due for renewal.
- 4.14. A question was raised about how the Council consults on its priorities and its budget. It was explained that the Council undertakes consultation exercises

with both service users and non-service users on a range of issues throughout the year. The results of these exercises are used to inform decision making on a day-to-day basis and the Council's priorities. The Council consults on its budget proposals with a range of stakeholders and the results of this are fed into the final budget report.

## **5. Capital Programme**

- 5.1. Support was expressed for the proposal to improve the city's road network. Respondents felt that investing in the city was important in order to take advantage of the opportunities that would arise from Coventry's involvement in the Olympics. The Youth Council felt that it was important to invest in the city's public transport infrastructure and reduce the city's carbon emissions through installing energy efficient street lighting.

## **6. Tackling the Recession**

- 6.1. Through the discussions, a number of groups of respondents highlighted the need for the Council to support the local economy by procuring local goods and services and using the Olympics as an opportunity to boost income and investment into the city. Respondents also welcomed the Council's proposal to invest in job creation and the growth of the city.



## Summary of Responses from the Council's Public Budget Consultation – January 2011

Revenue Budget	Comments	Sector
Protecting vulnerable groups	<p>Partners were reassured that the Council will be working to minimise the impact of funding cuts on vulnerable residents of the city and welcomed this approach. Partners also wanted to work closely with the Council in order to protect services to these groups.</p> <p>A number of respondents stressed the importance of understanding what the cumulative impact of the cuts would be on different groups of the population.</p>	Voluntary and Community Sector/Public and Private Sector Partners/Chamber of Commerce
Efficiency savings	Partners felt that many voluntary and community sector organisations are facing challenging times financially. It was felt that the smaller organisations are particularly vulnerable and the cumulative impact of the cuts in government grants would effectively be a cut in the services that these organisations will be able to provide.	Voluntary and Community Sector
Personalisation of social care	<p>Questions were raised as to whether the savings would come from supporting fewer people or reducing the amount spent on supporting people.</p> <p>Partners welcomed the move towards a more mixed economy that the Personalisation agenda would bring and hoped to work closely with the Council to help deliver tailored services for users.</p>	Voluntary and Community Sector
Transport	More should be done to improve public transport, whilst keeping costs down.	Youth Council
Improve the way we work and deliver value for money	<p>It was recognised that the Council is doing its best to protect frontline services by switching resources to focus on the more important services that the public rely on, and is making changes in back-office functions to drive out savings.</p> <p>Partners felt that the Council should explore the Total Place approach of sharing resources, assets and services with other public agencies.</p> <p>It was recognised that the way in which traditional City Council services were delivered would need to change in order to respond to the challenging financial climate, and that there would be opportunities for the voluntary, community and private sectors to be engaged in looking at how services could be delivered differently in future.</p>	Voluntary and Community Sector/Public and Private Sector Partners/Chamber of Commerce

<b>Capital Programme</b>	<b>Comments</b>	<b>Sector</b>
City Centre Regeneration	<p>The Council needs to focus on attracting more private sector companies to relocate to Coventry.</p> <p>The city needs to make sure that it takes advantage of the opportunities that the Olympics will bring and use this to support the regeneration of the city.</p>	Chamber of Commerce

<b>Tackling the Recession</b>	<b>Comments</b>	<b>Sector</b>
Procurement	<p>Support was expressed for the Council to procure goods and services from local organisations, which would help to stimulate Coventry's economy.</p> <p>Respondents also expressed the need to ensure that the Council achieve value for money from each contract.</p>	Youth Council/ Public and Private Sector/Chamber of Commerce/Voluntary and Community Sector
Involving local people and agencies	How can we (local people and organisations) be involved in helping the Council to look at delivering services in a more efficient and cost effective manner? How can we take more responsibility?	Chamber of Commerce/Voluntary and Community Sector

### **Equality Impact Assessments**

Under equality legislation, the Council currently has a specific duty to assess the potential equality impact on proposed changes to key policies, including major financial decisions.

The City Council's functions are regularly assessed for equality impact and the Council considers the equality impact of its decisions. The City Council's abc transformation programme includes equality impact assessment as part of its methodology. Impact assessments cover all aspects of equalities including age, race, gender, transgender, disability, religion, belief, sexual orientation, pregnancy and breastfeeding and socio-economic disadvantage.

The City Council is committed to promoting equality of opportunity and to protect the most vulnerable people but is setting its budget within the context of a range of central government decisions about local government funding. The decrease of £18.7m (10.6%) in formula grant the Council will receive in 2011/12 and the ending of £19.5m of specific grant will inevitably impact on the Council's services and on local people.

In recent years specific grant to local government has been focused on providing additional support to groups and communities that are most disadvantaged. The decisions that been taken by central government to end and reduce these grants were not fully assessed for any equality impact. Furthermore the "damping" under the new formula funding of local government is also considered to have had a greater impact on local authorities with higher levels of urban deprivation such as Coventry

It is not possible for the City Council simply to replace specific grant funding from its formula grant funding as this has also been significantly reduced and will be continued to be reduced for each of the next three years. Aware of the likely impact on some disadvantaged priority groups, the Council is proposing to replace funding falling out for young people not in employment, education and training and for work on domestic violence to protect vulnerable women and children.

The decision making process for this year's budget is very tightly constrained by the lateness of the information about the Council's settlement from Central government and a lack of clarity about some specific grants. In view of the need for speed and the current lack of information about potential impact, it has not always been possible at this stage to complete comprehensive impact assessments of the impact of grant fall out and budget changes for all areas or to assess fully the collective equality impact of the reduction in funding on all groups. However the budget has to be set and work will continue to understand any differential impact and how this could be addressed.

Conscious of the expected impact of central government policy and the reduction of specific grants on the third sector the City Council is not proposing to impose further reductions to its own grants (apart from those already agreed) to voluntary and community organisations in its budget proposals and is maintaining the current level of grant for vital community services such as the provision of advice.

The City Council has been planning for the reduction in its funding and where savings are being made through abc fundamental service reviews or through planned changes to its own service provision the equality impact of these proposals have been considered as these have been developed. It is more difficult to assess fully the detailed impact of the sudden ending of specific grant and in particular, to assess the collective impact of these central government decisions locally and work to understand this will continue.

Potential equality impact has been assessed at a strategic level for each of the Council's service areas that are affected by the budget proposals to inform the Council's decision making. Where it is not yet possible to understand fully the equality impact of grant fallout and other funding changes in a service area this has been identified, with further equality assessment planned to ensure that any potential adverse impacts on specific groups are recognised and addressed in an appropriate manner.

Set out below is a summary of the outcome of each of the equality impact assessments that have been carried specifically for service areas affected by the budget proposals showing expected impact, the steps being taken to address any differential equality impact and where further assessment is planned.

#### **CLYP - Strategic Services**

In relation to the planned reduction in budget to the Connexions service, it has been concluded that at this stage it is not possible to state if there will be any equalities impact. This outcome will be reviewed in June 2011. In relation to budget reductions in other areas of this division, it has been concluded that there will be a major equalities impact. In order to mitigate this there will be a strategy for prioritisation through the Early Intervention Grant, and the performance of particular groups will be closely monitored.

#### **CLYP - Education and Learning**

This EIA has concluded that through the cessation of services currently delivered by the Council there will be moderate equalities impact on those children and young people identified as vulnerable and under achieving in school. The change in service provision through the new Pupil Premium means that, at this stage, it is not possible to conclude if there will be any equalities impact by the delivery of these services by schools in the future. This will be reviewed in October 2011 when schools will have a better understanding of their own budgets and budget setting priorities. To try and mitigate any negative impact, schools will be encouraged to financially support initiatives which will no longer be delivered by the Council.

#### **CLYP - Neighbourhood Services**

The EIA has concluded that the budget changes will overall have a moderate equalities impact. There will be no changes to service delivery in Neighbourhood Social Care. Family Support Services will provide current levels of service delivery by working together differently. There will be minimal changes in service in Early Years and Childcare although there maybe some impact on young children with poor mental health and an impact on children experiencing speech and language difficulties. Steps have been taken to embed work to address mental health issues in young children and further discussions are planned to deliver speech and language work through the Healthy Child programme. The reduction of posts in the Youth Service will have a small impact on young people in relation to poverty, and educational underachievement, although the reshaping of the service will have some

positive impact. Budgets have been allocated to reduce negative impact and external funding opportunities will be maximised for specific projects. This impact will continue to be monitored.

#### **CLYP - Specialist Services**

In relation to the reduction in budget affecting the Short Breaks services to disabled children, this EIA has concluded that there will be no equalities impact. Savings will be made by reducing management costs and streamlining service delivery to reduce overheads and protect frontline services. In relation to the budget changes to the Youth Offending Service, the EIA has concluded that it is not possible to state what the equalities impact will be as the grant information is not yet known. This will be reviewed in June 2011.

#### **Community Services - Public Safety and Housing**

As there are fundamental service reviews (FSR's) currently underway in relation to both Public Safety and also Housing, this EIA has concluded that at this stage it is not possible to conclude if there will be any equalities impact following the reduction in budget. This will be reviewed this year as part of the EIA process during completion of the FSR's.

#### **Community Services – Adult Social Care**

The Personalisation Programme that has been in place since 2009 will continue to deliver savings in a number of areas, including through commissioning support more cost effectively and the re-alignment of adults social care. A range of EIAs will be carried out as part of the programme and will underpin the decision making process.

#### **Community Services- Culture, Leisure, Sports and Libraries**

The EIA carried out on Culture, Leisure, Sports and Libraries has concluded that there is a moderate impact on service delivery. The proposed savings include budget reduction, reduction in support grants to external partners, changes to charging policy and reduction to services where grant received has been reduced particularly in Adult Education. The steps taken to alleviate negative impact include continuing to offer Passport to Learning & Leisure subsidy for courses during 2010/11 through existing budgets and looking to offset charges related to ESOL. To assess the impact of the budget changes Adult Education will continue to collect demographic data on learners accessing their course.

#### **City Services and Development - Property Asset Management**

This EIA has concluded that there will be no equalities impact as the budget changes will affect business occupiers of the Council's commercial space and not specifically any disadvantaged groups.

#### **City Services and Development - Economy and Community**

The impact of budget changes in this area will mean that the scale and type of service delivery to individuals seeking work and local business will be reduced and more focused around certain target groups. As it is not yet known which disadvantaged groups will be specifically affected, this EIA has concluded that it is not known if there will be any equalities impact. This will be reviewed in September 2011.

#### **City Services and Development - CVOne Review**

The budget savings in this area relate to redesigning current services to achieve cost savings through in-house service delivery. The EIA concluded

that at this stage it is not known if there will be any equalities impact. This will be reviewed from April 2011.

#### **City Services and Development - Parking Enforcement**

The budgetary impact in this area relates to income generation through increased levels of parking fines. The outcome of this EIA is that although no equalities impact is anticipated, at this stage it is not possible to firmly conclude this. The impact on groups, including Blue Badge holders, will be monitored through the appeals process. This outcome will be reviewed in September 2011.

#### **City Services and Development - Planning**

This EIA has concluded that there will be no equalities impact as a result of budget changes as the level of service will remain the same.

#### **City Services and Development - Traffic Management**

The budget changes in this area relate to the charging of fees for contractors to work on the highways. As such the outcome of the EIA is that there is no equalities impact.

#### **Chief Executive's Directorate**

A separate assessment has not been undertaken for the Chief Executive's Directorate. The main budget proposals that affect the Directorate will be through the review of the council's management restructure and the human resources strategy and these are already being addressed through specific individual equality impact assessments.

The fall out of Area Based Grant affects two areas of the Directorate's activity: funding for the Coventry Partnership and work to prevent violent extremism. It was expected that this funding would end in March 2011. Any impact on the staffing of the Coventry Partnership will be included in the assessment of the Council's overall human resources strategy. The three-year work programme to prevent violent extremism was specifically designed to ensure subsequent activity would be mainstreamed from April 2011 and a detailed equality impact assessment has already been undertaken for the programme. Both grants were subjected to an additional assessment in September 2010 for the in-year reduction of funding of area based grant and further assessment is not considered necessary.

#### **Customer and Workforce Services – Early Retirement/Voluntary Redundancy (ER/VR) Programme**

This EIA relates to the ER/VR programme, which has as its aim the reduction in staffing levels and staffing costs in order to generate significant savings. At this stage this EIA has concluded that it is not possible to know if there is any equalities impact of the programme. This will be determined by those employees applying for, and being granted ER/VR. Data on uptake and approval will be closely monitored to identify whether any equalities impact is arising from the process.

#### **Customer and Workforce Services - Customer Services**

This EIA relates to the deletion of the Coventry Direct Express Bus service, and it is acknowledged that there will be a moderate equalities impact as a result of this change. Service provision for customers who use the bus on a regular basis to access Council services will be affected, including some groups who are frequent service users due to restricted mobility issues. In order to alleviate this negative impact the focus will be on promoting other

customer access channels. Impact will be monitored by assessing any increased demand at local surgeries and increased telephone contact. A range of other customer access channels are being considered as part of the Customer Service Strategy and Customer Management Review.

### **Finance and Legal Services**

Revenues and Benefits Housing Benefit Administration Grant supports a significant percentage of the expenditure and therefore the posts in the Housing Benefit section. It is expected that this grant will be reduced by about 5% in 2011/12. Work will continue within the Benefit Service to monitor performance, restructure the service and identify opportunities for streamlining and improvement within the service which should ensure that there are no negative impacts on particular people or groups.

A saving has been included for the Revenues and Benefits Division of £150k rising to £250k. The approach will be to deliver this through service realignment and greater efficiency in a way that does not affect service users and therefore avoids any detrimental equality impacts.

### **Summary**

In all cases where the outcome of the EIA has been that the equalities impact is not yet known, a date has been set to review this outcome. In other EIAs where the finding has been moderate or major equalities impact, actions have been identified to alleviate this impact. Further information is contained in the separate report "*Equality Impact Assessment on Budget Setting 2011/12*" and this is available on the Council's website at [www.coventry.gov.uk/budgetEIA](http://www.coventry.gov.uk/budgetEIA).





**APPENDIX 3****General Fund Revenue Budget 2011/12**

<b>2010/11 Budget* £000</b>	<b>Cabinet Member Portfolios</b>	<b>Inflation &amp; Previous Budget Decisions £000</b>	<b>2011/12 Budget Changes £000</b>	<b>2011/12 Final Budget £000</b>
64,840	Education/Children,& Young People**	(391)	2,232	66,681
23,954	City Services	(481)	(844)	22,629
85,181	Community Services	(571)	(3,155)	81,455
16,733	Culture, Leisure, Sport and Libraries	(1,135)	(535)	15,063
5,709	Strategic Finance & Resources	(278)	(76)	5,355
15,742	Corporate & Neighbourhood Services	(538)	(685)	14,519
4,248	Policy, Leadership & Governance	(98)	0	4,150
(1,590)	City Development	1,237	(1,034)	(1,387)
15,061	Housing, Sustainability & Local Infrastructure	310	(4,726)	10,645
<b>229,878</b>	<b>Total Cabinet Member Portfolios</b>	<b>(1,945)</b>	<b>(8,823)</b>	<b>219,110</b>
31,101	Asset Management Revenue Account	3,507	(2,675)	31,933
13,887	Contingencies & Corporate Budgets	5,318	(11,058)	8,147
(96)	Local Authority Business Growth Funding	96	0	0
18,570	Levies from Other Bodies	235	(931)	17,874
5	Parish Precepts	0	0	5
<b>293,345</b>	<b>City Council Budget Requirement 2011/12</b>	<b>7,211</b>	<b>(23,487)</b>	<b>277,069</b>
	Financed By:			
(176,977)	Central Government Resources			(158,284)
(117,265)	Council Tax			(117,859)
897	Collection Fund (Surplus)/Deficit			(926)
<b>(293,345)</b>	<b>Total Resources</b>			<b>(277,069)</b>

See notes on following page.

**APPENDIX 3****Gross Expenditure & Income Budget 2011/12**

<b>2010/11 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>
64,840	Education/Children,& Young People**	349,069	(282,388)	66,681
23,954	City Services	36,305	(13,676)	22,629
85,181	Community Services	106,999	(25,544)	81,455
16,733	Culture, Leisure, Sport and Libraries	24,374	(9,311)	15,063
5,709	Strategic Finance & Resources	154,510	(149,155)	5,355
15,742	Corporate & Neighbourhood Services	18,387	(3,868)	14,519
4,248	Policy, Leadership & Governance	4,203	(53)	4,150
(1,590)	City Development	23,820	(25,207)	(1,387)
15,061	Housing, Sustainability & Local Infrastructure	13,305	(2,660)	10,645
<b>229,878</b>	<b>Total Cabinet Member Portfolios</b>	<b>730,972</b>	<b>(511,862)</b>	<b>219,110</b>
31,101	Asset Management Revenue Account	32,603	(670)	31,933
13,887	Contingencies & Corporate Budgets	12,166	(4,019)	8,147
(96)	Local Authority Business Growth Funding	0	0	0
18,570	Levies from Other Bodies	17,874	0	17,874
5	Parish Precepts	5	0	5
<b>293,345</b>	<b>City Council Budget Requirement 2011/12</b>	<b>793,620</b>	<b>(516,551)</b>	<b>277,069</b>
	Financed By:			
(176,977)	Central Government Resources			(158,284)
(117,265)	Council Tax			(117,859)
897	Collection Fund (Surplus)/Deficit			(926)
<b>(293,345)</b>	<b>Total Resources</b>			<b>(277,069)</b>

\* 2010/11 budgets have been restated to take account of grants rolled into Formula Grant, major Directorate restructures & portfolio changes and technical accounting adjustments required under the Best Value Accounting Code of Practice

\*\*The budgets relating to the two Cabinet Member Portfolios covering Education and Children and Young People have been combined for the purposes of this analysis.

**Final Summary Financial Position****APPENDIX 4**

Line description and Reference to Report Table 5	2011/12	2012/13	2013/14
Note Ref	£m	£m	£m
Base Spend Position - Incl previous budget decisions <b>(A)</b>	301.430	307.500	317.790
1 Grants Rolled into Formula Grant <b>(A)</b>	(2.688)	(3.187)	(3.310)
2 Formula Grant	(158.284)	(146.105)	(142.971)
3 New Homes Bonus Grant <b>(B)</b>	(1.073)	(1.073)	(1.073)
4 Council Tax	(118.790)	(121.527)	(125.308)
Council Tax Grant <b>(B)</b>	(2.932)	(2.932)	(2.932)
<b>Budget Gap Before Savings &amp; Pressures</b>	<b>17.663</b>	<b>32.677</b>	<b>42.196</b>
<u>Potential Technical Savings</u>			
Street Lighting PFI	(1.300)	(1.300)	(1.300)
City Centre Regeneration Income Loss On Hold	(3.000)	(3.000)	0.000
0% Pay Award Impact (1% in 2013/14)	(3.000)	(4.000)	(8.000)
Reduce Non-Salary Spend Budgets (Incl External Venues)	(2.000)	(2.000)	(2.000)
Waste Project Affordability Gap	(1.500)	(2.500)	(3.500)
Commercial Income from Wide Area Network/ Managed Area Network	(0.050)	(0.050)	(0.050)
Fostering Payments	(0.075)	(0.075)	(0.075)
Higher National Insurance Threshold	(0.534)	(0.534)	(0.534)
ICT Contract Inflation	(0.200)	(0.500)	(0.900)
5 Asset Management Revenue Account	(0.766)	(0.275)	(0.275)
6 Waste Disposal Dividend	(1.900)	(0.600)	(0.600)
7 ITA - 3% Savings vs 2% Inflation Assumption	(0.727)	(1.559)	(2.391)
8 Street Lighting Energy	(0.718)	(0.368)	(0.118)
<b>Total Technical Savings (C)</b>	<b>(15.770)</b>	<b>(16.761)</b>	<b>(19.743)</b>
<b>Financial Gap (carried forward onto next page)</b>	<b>1.894</b>	<b>15.916</b>	<b>22.454</b>

**Final Summary Financial Position**

**APPENDIX 4**

Line description and Reference to Report Table 5	2011/12	2012/13	2013/14
Note Ref	£m	£m	£m
<b>Financial Gap (brought forward from previous page)</b>	<b>1.894</b>	<b>15.916</b>	<b>22.454</b>
<u>Potential Unavoidable Pressures</u>			
Emerging Pressures - CLYP Children's Placements	2.200	2.200	2.200
Emerging Pressures - CLYP Transport	0.500	0.000	0.000
Emerging Pressures - CSD Bereavement Services Income	0.180	0.180	0.180
Emerging Pressures - CSD Landfill Allowance Trading Scheme	0.150	0.150	0.150
Emerging Pressures - CSD Waste Disposal	0.370	0.370	0.370
Emerging Pressures - Street Lighting	0.300	0.300	0.300
Emerging Pressures - CSD Skip Licensing Income	0.180	0.180	0.180
Emerging Pressures - Legal Services Land Charges	0.300	0.300	0.300
Waste Recycling - Former Area Based Grant	0.766	0.766	0.766
Total Place	0.250	0.250	0.250
9 Waste Senior Crew	0.080	0.111	0.143
10 Carbon Reduction Commitment	0.700	1.300	2.000
11 Council Tax Migration to Contact Centre	0.120	0.120	0.120
<b>Total Unavoidable Pressures (D)</b>	<b>6.096</b>	<b>6.227</b>	<b>6.959</b>
<u>ABC Savings Approved in 2010/11</u>			
I-Cov	(3.800)	(4.000)	(5.000)
Catering - Primary and Special	(0.850)	(1.050)	(1.190)
<b>Total ABC Savings Approved in 2010/11 (E)</b>	<b>(4.650)</b>	<b>(5.050)</b>	<b>(6.190)</b>
<u>Potential New ABC Savings</u>			
Admin & Business Support	(0.140)	(1.550)	(1.550)
12 Facilities Management (Cleaning)	(0.375)	(0.400)	(0.400)
Personalisation (Social Care)	(2.160)	(2.160)	(2.160)
13 Catering - Secondary	(0.069)	(0.069)	(0.069)
Corporate Transport	(0.300)	(0.300)	(0.300)
PaPER (Post & Print Efficiency Review)	(0.568)	(0.660)	(0.660)
Commercial Waste	(0.420)	(0.420)	(0.420)
Net ABC Programme Spending	0.274	(0.615)	(0.645)
Additional ABC Investment	0.500	0.500	0.500
<b>Total Potential New ABC Savings (F)</b>	<b>(3.258)</b>	<b>(5.674)</b>	<b>(5.704)</b>
<b>Financial Gap (carried forward onto next page)</b>	<b>0.082</b>	<b>11.419</b>	<b>17.519</b>

**Final Summary Financial Position**

**APPENDIX 4**

Line description and Reference to Report Table 5	2011/12	2012/13	2013/14
Note Ref	£m	£m	£m
<b>Financial Gap (brought forward from previous page)</b>	<b>0.082</b>	<b>11.419</b>	<b>17.519</b>
<u>Target ABC Savings</u>			
Financial Management	(0.360)	(1.670)	(3.640)
Waste Collection and Recycling	0.000	0.000	0.000
Cultural Services	(0.535)	(0.600)	(0.600)
Revenue & Benefits	(0.150)	(0.250)	(0.250)
Private Sector Housing and Strategic Housing	(0.200)	(0.400)	(0.400)
Early Years & Childcare	(0.500)	(1.000)	(1.000)
Public Safety	(0.150)	(0.300)	(0.300)
Management Restructuring	(0.500)	(1.000)	(1.000)
<b>Total Target ABC Savings (G)</b>	<b>(2.395)</b>	<b>(5.220)</b>	<b>(7.190)</b>
<u>Other Savings Options</u>			
Inflationary Increases to Service Level Agreements	(0.125)	(0.125)	(0.125)
Review of Commercial Property Rents	(0.500)	(0.500)	(0.500)
Review of City Centre On-Street Parking	(0.100)	(0.100)	(0.100)
Traffic Management Initiatives - Charges to Contractors	(0.100)	(0.100)	(0.100)
Coventry Direct Express	(0.070)	(0.070)	(0.070)
CVOne	(0.500)	(0.500)	(0.500)
<b>Total Other Savings (H)</b>	<b>(1.395)</b>	<b>(1.395)</b>	<b>(1.395)</b>
<u>Policy Priorities</u>			
Youth Service - Grant Fall-Out	0.300	0.300	0.300
Domestic Violence - Grant Fall-Out	0.020	0.020	0.020
Kilo 2 Noise Enforcement - Increase to 24/7 Service	0.086	0.086	0.086
14 Revenue Funding for Highways Programme	2.500	2.500	2.000
NEETs Education or Training Support - Grant Fall-Out	0.266	0.266	0.266
15 Olympics	0.536	0.952	0.232
<b>Total Policy Priorities (I)</b>	<b>3.708</b>	<b>4.124</b>	<b>2.904</b>
<b>Budget (Surplus)/Deficit</b>	<b>(0.000)</b>	<b>8.928</b>	<b>11.838</b>

	<b><u>Explanation of Changes from Pre-Budget Report</u></b>	
1	Grants Rolled into Formula Grant	See full explanation in Section 3 of report. £2.7m benefit in 2011/12.
2	Formula Grant	Final Settlement Formula Grant less than estimated in Pre-Budget Report by £0.8m in 2011/12.
3	New Homes Bonus Grant	A new grant provided to incentivise Councils to build new homes. This grant is not ring-fenced and will be used to balance the overall budget bottom line. £1.1m in 2011/12.
4	Council Tax	There will be an estimated £0.9m surplus carried forward from the 2010/11 Council Tax Collection Fund and an additional £0.6m available through the Council Tax-Base in 2011/12.
5	Asset Management Revenue Account	Overall resources available largely as a result of lower debt repayment resulting from re-profiled capital expenditure plans. £0.3m improvement on Pre-Budget Report in 2011/12.
6	Waste Disposal Dividend	Dividends now assumed for future years.
7	ITA - 3% Savings vs 2% Inflation Assumption	Final adjustment following assessment of technical details.
8	Street Lighting Energy	Energy costs are lower than those budgeted for previously.
9	Waste Senior Crew	Cost arising from job re-evaluation.
10	Carbon Reduction Commitment	Legislative changes outlined in the Government's Spending Review 2010 are anticipated to signal the need for large organisations to purchase carbon emissions allowances in 2011/12. The precise scale and timing of the liability and the workings of the trading nature of the scheme is still uncertain and this proposal reflects our current best estimate of the proposal.
11	Council Tax Migration to Contact Centre	Cost of staffing to enhance responsiveness of telephone answering when Council Tax call handling moves to Contact Centre.
12	Facilities Management (Cleaning)	A further saving of £75k has been identified through the Fundamental Service Review.

13	Catering - Secondary	Several schools have not renewed their contract with the City Council's catering service. This prevents the service from delivering part of the saving planned previously.
14	Revenue Funding for Highways Programme	This increases the total revenue funding for the highways capital maintenance programme to £4.5m in 2011/12 (and £5m in the following two years). A further £500k capital has been earmarked for maintenance purposes within the remainder of the Highways Capital programme for 2011/12.
15	Olympics	Cost profile in line with Cabinet Report on 21st January 2011.





**Analysis of Impact on Specific Grants In 2011/12**

<b>Grant Status</b>	<b>2010/11 £m</b>	<b>2011/12 £m</b>
Early Intervention Grant	19.2	15.0
Grant Ended	19.5	0.0
New	0.0	5.4
Rolled into Formula Grant	21.0	20.3
Separate Core Revenue Grant	414.9	414.7
Unknown	4.3	4.3
<b>Total</b>	<b>478.9</b>	<b>459.8</b>

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
<b>Early Intervention Grant</b>				
<b>Children, Learning &amp; Young People</b>				
-	Early Intervention Grant		14.957	New unringfenced grant for Children's Services. Government expectations are that this will continue to support Sure Start children's centres, free early education places for disadvantaged two-year-olds, short breaks for disabled children, support for vulnerable young people, mental health in schools and support for families with multiple problems.
0.012	ABG - Child Trust Fund	0.0	0.000	Provision of funding for Child Trust Funds for children in care. With the reduction in overall EIG funding, this specific activity will not be receiving any renewed funding.
0.948	ABG - Children's Fund	10.7	0.000	Projects commissioned by the Joint Commissioning Board to address priorities in the Children and Young People's Plan. Always expected to end in March 2011. The projects range from ones delivered by partners (e.g. PCT, CSWP) to ones delivered within the council (e.g. support for teen pregnancy initiatives, funding within the Multi-disciplinary Teams). Allocation before in-year cut. With the reduction in overall EIG funding, this specific activity will not be receiving any renewed funding.
0.120	ABG - Children' Social Care Workforce	0.0	0.000	Training and development for Children's social care workforce. Activity to continue to receive funding via the EIG.
0.431	Youth Opportunity Fund	0.0	0.000	Funding to improve the provision of positive activities for young people by giving them the power to decide how it's spent in their area. With the reduction in overall EIG funding, this specific activity will not be receiving any renewed funding.
1.008	ABG - Positive Activities for Young People	6.0	0.000	Program to reduce youth crime and antisocial behaviour both in the short and long term by targeting young people who are 'at risk' of offending or offenders and engaging them in positive activities. Includes funding for LA staff and commissioned work with partners. Allocation before in-year cut. With the reduction in overall EIG funding, this specific activity will not be receiving any renewed funding.
0.247	ABG - Teenage Pregnancy	2.0	0.000	Resource to deliver the priorities in the Joint Respect Yourself and Sexual Health action plan in partnership with the Health Authority. Includes funding for LA staff to coordinate work and commissioned work with partners. Allocation before in-year cut. Activity to continue to receive a reduced level of funding via the EIG.
0.042	ABG - Young Peoples Substance Misuse	1.0	0.000	Funding to support substance misuse work for young people. Further funding received via the Home Office is still in the unknown category. Allocation before in-year cut. Activity to continue to receive funding via the EIG.
7.600	Sure Start - Children's Centres	265.8	0.000	Funding for the 24 Children's Centres in Coventry, including the former Sure Start Children's Centres. Activity to continue to receive a reduced level of funding via the EIG.
3.262	Sure Start - Early Years & Child Care	5.0	0.000	Funding for other Early Years and Childcare activity including sufficiency & access; outcomes, quality & inclusion; and the 2 year old nursery pilot which involves providing free nursery provision for 2 year olds in deprived areas. Activity to continue to receive a reduced level of funding via the EIG.
1.277	AHDC Short Breaks	6.4	0.000	Funding for respite and services for disabled children and their families. Activity to continue to receive a reduced level of funding via the EIG.

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
3.068	ABG - Connexions and January Guarantee	0.0	0.000	Commissioned service from Coventry Solihull & Warwickshire Partnership offering advice about careers, education, training, employment, volunteering and other issues. Allocation before in-year cut. Activity to continue to receive a reduced level of funding via the EIG.
0.197	DCSF: Targeted Mental Health in Schools	1.8	0.000	Funding to support mental health work in schools. With the reduction in overall EIG funding, this specific activity will not be receiving any renewed funding.
0.179	Think Family: Multi-Disciplinary Teams - Youth Crime Action Plan	5.0	0.000	Funding supporting the Family Intervention Project based in the Multi-disciplinary Teams. Activity to continue to receive a reduced level of funding via the EIG
0.126	Standards Fund: Foundation Learning	0.0	0.000	Funds Foundation Learning provision for KS4 - brings together functional, vocational and subject learning and personal and social development and supports learner in employment and life skills required to move on to Diplomas, apprenticeships and general qualifications. Activity to continue to receive a reduced level of funding via the EIG
0.050	Think Family: Senior Parent Practitioner	0.0	0.000	The Senior Parenting Practitioner co-ordinates and supports delivery of targeted, evidence based parenting programmes, works in partnership with all agencies to ensure that parents and carers of those children and young people at risk of poor outcomes are able to access appropriate support, advice and guidance around parenting. Capacity has been built in the Multi-Disciplinary Teams to continue this work.
0.125	Think Family: Parent Early Intervention Pathfinder	4.1	0.000	Funding supporting the city's parenting strategy including the Parenting Headquarters. Activity to continue to receive a reduced level of funding via the EIG
0.086	Think Family: Anti-Social Behaviour and National Health Practitioner (YOS)	2.0	0.000	Funding for the Youth Offending Service (YOS) to deliver the Family Intervention Project. Activity to continue to receive a reduced level of funding via the EIG
0.080	Think Family: Multi-Disciplinary Team - Women Offenders	2.0	0.000	Funding supporting the Family Intervention Project based in the Multi-disciplinary Teams. Activity to continue to receive a reduced level of funding via the EIG
0.050	Think Family: Parenting Expert Post	1.6	0.000	Funding supporting the city's parenting strategy including the Parenting Headquarters. Activity to continue to receive a reduced level of funding via the EIG
0.024	ContactPoint	1.5	0.000	Funding to support the government database that held information on all children under 18 in England. It aimed to improve child protection by improving the way information about children was shared between services. Ended in August 2010.
<b>Community Services</b>				
0.174	Youth Crime Action Plan	0.0	0.000	This funds targeted activity to tackle crime and disorder amongst young people who are at risk or are currently offending. Funds prevention activities. Dept for Education (DFE) Funded. 2010/11 represents the final year of a 3 year settlement. Whilst the grant has been rolled into EIG, with the reduction in overall EIG funding, this specific activity will not be receiving renewed funding at the same level. It is intended to continue to fund the triage work in the Youth Offending Service.
0.075	Challenge and Support	0.0	0.000	This is used to deliver nationally recognised Challenge and Support model to support Young People and their Families where at risk of offending. Funds posts within the Youth Offending Service. Dept for Education funded. The funding for this activity is announced annually and whilst the grant has been rolled into EIG, with the reduction in overall EIG funding, this specific activity will not be receiving any renewed funding.

<b>2010/11 Amount £m</b>	<b>Grant Title</b>	<b>Posts Funded by Grant</b>	<b>2011/12 Awarded / Nominal Allocation £m</b>	<b>Appendix 5 Notes</b>
0.030	ABG - Youth Taskforce	0.0	0.000	This is used to part fund an Anti Social Behaviour post within Whitefriars. Whilst the grant has been rolled into EIG, with the reduction in overall EIG funding, this specific activity will not be receiving any renewed funding.
<b>19.211</b>	<b>Total Early Intervention Grant</b>	<b>314.9</b>	<b>14.957</b>	

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
<b>Grants Ended</b>				
<b>Children, Learning &amp; Young People</b>				
0.091	ABG - 14 - 19 Flexible Funding Pot	1.4	0.000	Funding staff within the secondary school federations in relation to 14 - 19 Education.
0.043	ABG - Choice Advisers	0.8	0.000	Funds a post to support parents in making choices about their child's education (e.g. Admissions).
0.078	ABG - Education Health Partnerships	1.1	0.000	Supports the Healthy Schools Programme.
0.377	ABG - Extended Schools Start-Up Grants	0.0	0.000	To support schools with the start up of extended school provision - always due to end 31/03/2011.
0.197	ABG - Primary National Strategy - Central	2.0	0.000	Resources and support for improving teaching and learning in schools. Part of the funding within the School Improvement Service.
0.068	ABG - Secondary National Strategy - Behaviour and Attendance	1.0	0.000	Resources and support for improving teaching and learning in schools. Part of the funding within the School Improvement Service.
0.207	ABG - Secondary National Strategy - Central Co-ordination	4.2	0.000	Resources and support for improving teaching and learning in schools. Part of the funding within the School Improvement Service.
0.602	ABG - School Development Grant	4.3	0.000	Supports activity in Education and Learning including school improvement and special educational needs (speech & language, sensory support, dyslexia , autism, hearing screening, team teach). Also includes grants to PCT for speech & language
0.644	ABG - Excellence in Cities/Behaviour Improvement Programme	8.0	0.000	Supports a large number of areas: Learning Mentors, common approach to induction across Children's Services, support for Gifted and Talented Strand, common assessment framework development and management of coordinators, Children's Champion and associated work, language acquisition and competence strand (all phases) including direct work in schools and children's centres, service level agreement with Health for Speech and Language, training of school staff, developing communication skills in secondary schools, anti - bullying strategy and links to businesses and universities, Looked After Children mentor, Looked After Children Education Services mentor, graduate mentors, schools in challenging circumstances, various awards (Library, Digital Creativity, Debates etc), Social & Emotional Aspects of Learning work in schools.
0.215	ABG - Multi-Disciplinary Teams	8.5	0.000	Former Behaviour Education Support Team funding transferred to Neighbourhood to support Multi disciplinary teams (MDT) in the NE and NW. MDTs support integrated working and have a preventative focus. They work closely with Schools and Social Care in delivering services at risk levels 2 and 3 in the common assessment framework arena. They are integral to the delivery of the Team Around Child, Family Support and Parenting agendas. Contribution from the dedicated schools grant to be agreed to continue this work.
0.132	ABG - School Improvement Partners	2.0	0.000	Used for statutory school monitoring and evaluation work as required by Dept for Education. There are changes to statutory requirements from next year.
0.071	ABG - School Intervention Grant	1.0	0.000	Delivery of targetted intervention to identified schools causing concern.
0.308	Standards Fund - National Challenge	0.0	0.000	Funding due to support schools with national challenge (always due to end March 2011).

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
1.802	Achievement for All	1.7	0.000	Project aims to improve outcomes for all children and young people with special educational needs and disabilities (SEND). The project is designed to enable schools and local authorities to reflect on existing strategies that are effective for children and young people with SEND and provide the capacity to strengthen provision in areas which will have the most impact for this group of learners.
0.500	Regional Social Work Recruitment & Retention	8.0	0.000	Funding for recruitment and retention of social workers. This is regional money and Coventry has been the lead authority. This funding is ringfenced and ends 31/03/11. Temporary contracts until March 2011.
0.160	Playing For Success	3.0	0.000	Partners with a broad range of sporting organisations to offer a vibrant and unique learning environment for students, using sport and sport facilities to engage underachieving Key Stage 2 and 3 children who are struggling at school to attain Government targets on literacy, numeracy and ICT.
0.150	Alternative Provision Pilot Programme	0.0	0.000	Funding to deliver new enterprise focused & work related extended learning centres from providers in the private or voluntary sectors.
0.116	Big Lottery: Children's Play Programme - Play Activator	2.3	0.000	Funding to support the Children's Play Initiative and ensure that local authorities work with other local stakeholders to develop and deliver children's play strategies and plans. Programme ended.
0.090	Teacher Development Agency: Modernisation of the School Workforce	2.0	0.000	Funding to support schools in building and sustaining a highly effective workforce.
0.081	Aim Higher	0.0	0.000	Funding helps to develop careers education materials; support 6th form and college tutors with INSET around the range of opportunities available to young people; to promote, provide support and guidance in achieving "Investors in Careers" as a kitemark and to develop an on-going on-line advice forum to support young people and school, college staff in choosing future career, education and training opportunities.
0.058	Preventing Violent Extremism	0.1	0.000	Toolkit roll out programme with schools around preventing violent extremism and promoting community cohesion.
0.050	Children's Workforce Development Council: Integrated Working/Workforce Reform	1.0	0.000	To enable capacity for local areas to engage in workforce reform and the development of integrated working practices in Children's Services.
0.028	Learning Skills Council: Post 16 Learners support fund	0.0	0.000	Provides exceptional support to learners 16-18 who are experiencing financial difficulty with meeting costs associated with learning.
0.021	Young Apprenticeships Cohort 7	0.0	0.000	Funds courses for KS4 pupils. Payments to various training service providers.
0.018	National College for School Leadership - Succession Planning	0.0	0.000	Funding to support schools with succession planning
0.017	Youth Sports Trust: Physical Education & School Sport Partnership Development	0.0	0.000	Funding to purchase or develop additional resources to support the delivery of professional development as outlined in the Local Delivery Agency strategic plan for sport and Physical Education.
0.014	Children's Workforce Development Council: Integrated Youth Support Services	0.0	0.000	Funding helps local areas to support integrated youth workforce development - includes use of the Children's Workforce Development Council's Workforce Framework tool.
0.014	New Deals for Communities - Youth Music inspiration	0.0	0.000	Provision of specialist music sessions.

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
0.013	Dept for Education: Play Strategy	0.0	0.000	Funding to support the delivery of the Play Strategy.
0.010	Coventry Solihull & Warwickshire Partnership: One Voice Parent Group	0.0	0.000	Enables parent involvement in developing and shaping services for disabled children in Coventry. Ends 31/03/2011
0.010	New Deals for Communities: Virtual Head Project	0.3	0.000	Supports cost of running data base for Virtual Head project
<b>Community Services</b>				
0.066	Free Swimming for Under 16's	0.0	0.000	No new impact. This scheme was time limited to promote swimming and had already been terminated early as part of the Emergency Budget earlier in the year
0.028	Free Swimming for Over 60's	0.0	0.000	No new impact. This scheme was time limited to promote swimming and had already been terminated early as part of the Emergency Budget earlier in the year
0.026	Blue badge Centres of excellence	1.0	0.000	No new Impact. This was a time limited grant
0.020	Homelessness One off Grant	1.0	0.000	No new Impact. This was a time limited one off grant to support homelessness in 2010/11. This has now been replaced by a specific Preventing Homelessness Grant
0.140	New Deals for Communities Leisure & Neighbourhood Centre	0.0	0.000	No new Impact. As part of the original funding package corporate resources were identified to deal with the funding fall out
0.052	Beacon Project	1.0	0.000	No new impact. This is the balance of time limited one off funding following beacon award status being achieved
0.020	Domestic Violence. <b>See separate spend proposal to backfill grant resources.</b>	0.0	0.000	Home Office Grant announced annually which had been advised was likely to end after 2010/11. Identified as a policy priority spend item in the Pre-Budget report.
0.085	All Talk Now & Footsteps and SHARE	3.0	0.000	This was Dept for Education Early Years Grant funding for reading schemes
0.216	DEFRA	0.0	0.000	This grant relates to 4 bids for site based contaminated land work. It is expected these commitments will be fulfilled so impact minimal, future bids may not be available
0.018	Fly Tipping - Don't Dump It	0.0	0.000	No new impact. This is the balance of a time limited grant committed to pay for the end of the project once provider has resolved outstanding issues.
0.040	National Literacy Trust	1.0	0.000	This was a one year pilot project funded by Dept for Education.
0.196	ABG - Supporting People Administration	6.0	0.000	2010/11 funding was deleted as part of emergency budget earlier in the year. The Admin grant is used to fund the team who commission and administer the main Supporting People grant allocation. With the main Supporting People Grant continuing, the administration of this grant will be subsumed within the Social Care Commissioning function
0.979	Kickstart Grant	0.0	0.000	This is an initiative to offer low cost loans to help vulnerable home owners to raise finance to allow them to carry out essential home repairs to bring their homes up to a decent standard.
<b>Central and Corporate Services</b>				
0.094	Performance Reward Grant	0.0	0.000	Grant received for the achievement of Public Service Agreement (PSAII) targets. This was always time limited grant that the Council knew would fall-out.
0.096	LABGI	0.0	0.000	Local Authority Business Growth Incentive grant. This was anticipated to be time-limited.

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
0.075	ABG - Coventry Partnership Funding	1.0	0.000	Funding to support projects and activities to improve the outcomes against the Local Area Agreement targets and address community inequalities. It was expected that funding would be reduced or removed
0.500	ABG - Local Public Service Board	0.0	0.000	Funding identified originally as a topslice of ABG. The budget was made available to the Local Public Services Board to allocate in line with its priorities.
0.226	ABG - Preventing Violent Extremism	1 Police	0.000	Funding supports a secondee from WM Police to a role of Cohesion Co-ordinator. It was expected that funding would be reduced to some degree and the secondment ends during 2010/2011.
0.083	ABG - Corporate Allocation	0.0	0.000	Remaining ABG used to balance the Corporate bottom line.
0.842	Consumer Direct	40.0	0.000	Funding for Consumer Direct Team. Contract has been lost and the grant & function will move elsewhere.
<b>City Services &amp; Development</b>				
2.733	ABG - Local Enterprise Growth Initiative (Revenue)	31.0	0.000	Partnership programme delivering intensive business start up, employment support, support to existing businesses and inward investment - developing an enterprising and sustainable economy.
0.035	ABG - School Travel Advisers	1.0	0.000	Sustainable transport for schools - including transport to and from home - safer routes etc
0.766	ABG - Recycling of Waste. <b>See separate spend proposal to backfill grant resources.</b>	28.0	0.000	Waste Infrastructure Grant. Funding allocated for expansion of recycling activities across the city.
2.724	New Deals for Communities (Capital and Revenue)	24.0	0.000	Coventry New Deal for communities is a 10 year £54 million regeneration programme focusing on the Wood End, Henley Green, Deedmore and Manor Farm areas of North East Coventry. The New Deals for Communities (NDC) programme operates under eight themes including employment, crime, housing, youth and the environment. The programme provides significant employment and skills support to NDC residents.
1.570	Future Jobs Fund (Revenue)	4.0	0.000	Work placement scheme offering 6 month, paid placements to young people on Job Seekers Allowance and people living in unemployment hotspots. Developing valuable experience and workplace skills for people seeking sustainable employment. A large proportion of clients have secured sustainable employment following the placement and training activity.
0.217	Emergency Fund Winter Damage	0.0	0.000	One-off Funding in 2010 to help with road damage from Winter 2009/10
0.008	Walking to School Initiative	0.0	0.000	Sustainable transport for schools - particularly promoting walking to and from home - safer routes etc
0.505	Skills for Jobs (Revenue)	0.0	0.000	Project supports clients that are a long way from entering the labour market, providing intensive support and training to guide progress to employment. Additional interventions address personal barriers, skills and competencies to improve the chances of people securing sustainable work.
0.010	Technical Assistance (Revenue)	0.5	0.000	Project facilitates partnership working between employment support and skills providers within Coventry & Warwickshire. A specific focus of the project is supporting community and voluntary sector providers to access the European Social Fund to finance service delivery.



2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
0.023	Know Cities (Revenue)	0.0	0.000	Transnational project aimed at sharing knowledge and good practice in sustainable regeneration. Specifically focused on what makes cities sustainable and attractive to investors and residents. Coventry City Council withdrew from this project in May 2010.
0.038	Low Carbon Vehicle (Revenue)	0.0	0.000	The project will deliver a showcase demonstration of 110 ultra low carbon vehicles across Birmingham and Coventry over a two year period. A cross section of electrically powered vehicles will be trialled. One hydrogen fueling station will be installed. This project is part of Coventry's low carbon vehicle strategy, ensuring that Coventry maintains its place as a lead location for the design, manufacture, deployment and understanding of energy efficient cars, vans and buses. The ongoing development of this sector should lead to high value employment and enterprise opportunities for residents of Coventry as the manufacture and implementation of low carbon vehicles and other green technologies increases.
0.120	Workstep (Revenue)	0.0	0.000	WORKSTEP was a national Dept of Work & Pensions (DWP) employment programme aimed at disabled people who experience complex barriers to gaining and retaining paid employment over 16 hrs per week. Following a review by Government, the programme was replaced by Work Choice in October of this year - now delivered by JHP Training in Coventry.
0.185	Coventry Connections to Opportunities (Revenue)	0.0	0.000	Funding for this project was withdrawn as part of Advantage West Midlands funding cuts. Funding contribution for Coventry City Council bid development and contracting time.
0.200	Employer Hub (Revenue)	1.0	0.000	Regional project supporting employers and unemployed people to fill job opportunities. Includes employer engagement, identification of candidates, interviewing and post employment support for individual and employer. Assisting disadvantaged unemployed people to secure sustainable work.
0.251	Growth Fund (Revenue) - Planning	4.0	0.000	To support the provision of infrastructure for planned housing growth.
0.053	Growth Fund (Revenue) - Other	0.0	0.000	To support the provision of infrastructure for planned housing growth.
0.040	Housing & Planning Delivery Grant (Revenue)	1.0	0.000	To incentivise and support Local Authorities to improve delivery of housing via planning
<b>19.465</b>	<b>Total Grants Ended</b>	<b>201.2</b>	<b>-</b>	

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
<b><u>New Grants</u></b>				
<b>Children, Learning &amp; Young People</b>				
-	Pupil Premium Grant		4.375	New direct grant to schools. Will be based on £430 per eligible Free School Meals pupil. Due to funding freezes in the DSG, in most cases this money will be required to maintain the status quo.
<b>Central and Corporate Services</b>				
-	New Homes Bonus		1.073	A new grant that will in the future be paid based on the number of new homes built each year and in particular the number of affordable homes.
-	<b>Total New Grants</b>	-	<b>5.448</b>	

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
<b><u>Rolled into Formula Grant</u></b>				
<b>Children, Learning &amp; Young People</b>				
0.409	ABG - Care Matters White Paper	7.0	0.409	Funds various work with looked after children including support for LAC and care leavers, support for the Looked After Children Education Service, personal education allowances to improve educational outcomes for Looked After Children.
0.679	ABG - Child & Adolescent Mental Health	1.0	0.679	This funds a service for young people who experience difficulties with their mental health.
0.051	ABG - Child Death Review Processes	0.0	0.023	Funding for the work of the Child Death Review Panel. This is joint work with Warwickshire County Council
0.350	ABG - Learning Skills Council Staff Transfer	6.6	0.323	Funding that transferred to the Local Authority to fund staff that came to us from the former Learning Skills Council.
<b>Community Services</b>				
0.812	ABG - Adult Social Care Workforce	0.0	0.812	Workforce funding provides for training and development of Adult Social Care Staff within Coventry City Council and care provider organisations.
1.592	ABG - Carers (incl CLYP)	10.0	1.592	This funding supports projects to stimulate diversity and flexibility in provision of breaks for carers and/or services to support them in their caring role. This funding supports carers of adults as well as children.
0.271	ABG - Learning & Disability Development Fund	1.0	0.271	Supports the delivery of the 5 key priorities of Valuing People now. Funds our support for self advocacy to enable engagement in the Learning Disability Partnership Board, advocacy and wider citizen involvement
0.177	ABG - Local Involvement Networks	0.0	0.177	Funds contract with Voluntary Action Coventry to provide LINKs (Local Involvement Network). LINKs are independent networks made up of individuals and community groups who work to improve local health and social care services
0.189	ABG - Mental Capacity Act & Independent Mental Capacity	3.0	0.189	Supports the delivery of statutory functions and implementation of Deprivation of Liberty Safeguards, the Mental Capacity Act and the provision of an organisation to deliver independent mental capacity advocacy.
1.062	ABG - Mental Health	26.5	1.062	The Mental Health grant is intended for use in developments designed to support implementation of the Mental Health National Service Framework standards and mental health service developments set out in the NHS plan. This is our core statutory Mental Health service for Adults.
1.123	ABG - Preserved Rights	0.0	1.092	Funds residential care costs for people with preserved rights. This represents core care costs.
12.964	ABG - Supporting People	107.0	12.873	Supporting People funding was provided to deliver high quality and strategically planned housing-related services which are cost effective and reliable, and complement existing care services. Typically, schemes funded through Supporting People are either accommodation based or floating support although Home Improvement Agencies Community Alarm schemes are also supported
0.099	Stroke Care for Adults	0.0	0.099	This is a Dept of Health grant to deliver stroke care for adults in the community.

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
0.764	Social Care Reform Grant - Transformation grant	0.0	0.230	This was a time limited 3 year grant to 2010/11 to help councils reshape and redesign their systems to deliver the transformational change required to meet the Personalisation agenda. This funding has been rolled into the new Recycled Personal Social Services grant as part of the Formula Grant
0.004	Animal Health & Welfare Enforcement	0.0	0.003	This funding from DEFRA funds additional work by Trading Standards officers carried out outside of core service delivery e.g animal disease outbreak such as foot and mouth
0.269	HIV Grant	2.0	0.269	Contribution towards expenditure to meet HIV/AIDS related social care.
<b>City Services &amp; Development</b>				
0.198	ABG - Detrunking	0.0	0.220	Funding to reflect the transfer of responsibility for the A45
<b>21.013</b>	<b>Total Rolled into Formula Grant</b>	<b>164.1</b>	<b>20.324</b>	

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
<b>Separate Core Revenue Grant</b>				
<b>Children, Learning &amp; Young People</b>				
-	Dedicated Schools Grant (Combined)	schools & centrally retained	234.222	Funding for pupil provision either in schools or managed centrally by the Local Authority. Includes the mainstreamed grants. The general principle will be that the Local Authority will seek to continue to maintain funding managed centrally from mainstreamed grants, but this will be subject to Schools Forum agreement.
14.465	Standards Fund - School Development Grant	schools	0.000	A number of standards fund grants were amalgamated in 2007 to form an unringfenced grant for schools called the School Development Grant. Distribution of the grant to schools is still linked to the distribution of the predecessor grants, based on the grant distribution requirements. Now rolled into Dedicated Schools Grant.
0.441	Standards Fund - Advanced Skills Teachers	schools	0.000	An element of the School Development Grant that has been held and distributed separately as relates to Advanced Skills Teachers in schools and their outreach function. Now rolled into Dedicated Schools Grant.
0.266	Standards Fund - Excellence in Cities	schools	0.000	An element of the School Development Grant that has been held and distributed separately. Now rolled into Dedicated Schools Grant.
2.856	Standards Fund - Ethnic Minority Achievement	6.0	0.000	A grant to support narrowing achievement gaps for Black and minority ethnic pupils. Majority of funding in schools, although approximately 15% supports Minority Group Support Service. Now rolled into Dedicated Schools Grant.
1.869	Standards Fund - Early Years Extended Entitlement	schools & PVI	0.000	Funding for the extension of the free education entitlement for 3 and 4 year old pupils from 12.5 hours to 15 hours. Now rolled into Dedicated Schools Grant.
1.099	Standards Fund - Primary Strategy	7.2	0.000	Resources and support for improving teaching and learning in schools. The majority of this funding is devolved to schools, but a small part funds the School Improvement Service. Now rolled into Dedicated Schools Grant.
0.697	Standards Fund - Support for Key Stage 3	3.0	0.000	Resources and support for improving teaching and learning in schools. The majority of this funding is devolved to schools, but a small part funds the School Improvement Service. Now rolled into Dedicated Schools Grant.
1.203	Standards Fund - Extended Schools Sustainability	9.6	0.000	Funding for Extended School activity. Supports activity in schools and the extended school co-ordinator roles. Now rolled into Dedicated Schools Grant.
1.242	Standards Fund - Extended Schools Subsidy	0.0	0.000	Funding for Extended School activity to ensure that activities are accessible to all children and young people, focusing on those disadvantaged by economic circumstances and children in care. Now rolled into Dedicated Schools Grant.
0.515	Standards Fund - School Lunch Grant	0.0	0.000	Funding that is used to improve the quality of school meals by subsidising the price of school meals. Now rolled into Dedicated Schools Grant.
1.696	Standards Fund - Making Good Progress	1.9	0.000	Funding aimed at supporting and improving pupil progress in English and mathematics. The majority of this funding is devolved to schools, but a small part funds the School Improvement Service. Now rolled into Dedicated Schools Grant.
197.717	DSG	schools & centrally retained	0.000	Funding for pupil provision either in schools or managed centrally by the Local Authority. Includes the mainstreamed grants. Now rolled into Dedicated Schools Grant.

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
10.099	School Standard Grant	Schools	0.000	Direct unringfenced grants to schools to support the raising of standards and personalisation. Now rolled into Dedicated Schools Grant.
0.057	Teaching & Learning Partnership (part of School Development Grant)	Schools	0.000	An element of the School Development Grant that has been held and distributed separately as relates to Teaching & Partnership work across all secondary schools. Now rolled into Dedicated Schools Grant.
16.923	Young Person's Learning Agency 6th Form Grant	Schools	16.923	Funding for 6th Form pupils in schools. Final level of this funding is unknown for 2011/12, and will be confirmed in March.

### Community Services

0.065	Coventry Sporting Futures - Football Foundation	2.0	0.065	This funds 2 Coordinator posts who manage a number of different funding streams that may or may not continue. The required grant funding matches have now been confirmed which secures this funding
0.060	Homelessness Grant	1.0	0.263	This grant was ringfenced to fund work relating to homelessness. It was funding a homeless strategy implementation officer post (now vacant) and some temporary posts within the housing options service. This funding has been replaced by a specific Preventing Homelessness Grant
1.742	New Homes for Old (NHFO) PFI Grant	0.0	1.742	This is the PFI credits for the NHFO scheme
0.171	Communities for Health	4.0	0.171	Funded from resources already received for time-limited project.
0.044	Coventry Sporting Futures - Coventry Health Improvement Programme Funding	0.0	0.050	Funded from resources already received for time-limited project.
1.318	Learning Disability Health Reform	0.0	1.373	This represents Learning Disability services historically funded by the PCT. This was more recently changed to be a transfer of funds from the PCT of which the Local Authority then paid for the same services using the funding. This final change moves the funding to be core Local Authority funded.
0.604	HUB (Renaissance ) funding - Museum, Libraries and Council Archives (MLA's) 0809/0910/1011	0.0	0.478	This funding is provided to the Coventry Heritage and Arts Trust to support the operations of the Herbert Art Gallery and museum as a 'HUB museum' as part of the MLA's Renaissance programme to develop and engage audiences in new and innovative ways. An indicative allocation for 2011/12 has been received
0.049	NDC Football Foundation	0.0	0.040	This grant is used by Coventry Sports Trust to deliver the Football development plan at the New Deals for Community leisure centre. Contributes towards staffing, equipment and promotion costs. This is time limited funding to deliver the project
7.110	Learning Skills Council Adult Education	196.0	6.951	The Adult Education Service offers a wide range of courses for adults across the city providing opportunities to learn a new skill, get a qualification, or find out more about something they are interested in. Grants are received on an academic year basis.

### Central and Corporate Services

147.715	Housing Benefit Subsidy	0.0	147.715	Housing Benefit Subsidy is the amount that the Authority can claim to offset against its expenditure in providing payments to those residents of the City that are eligible for Housing Benefit
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2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
3.489	Housing Benefit Admin	146.0	3.316	Grant paid to part-fund the Housing Benefit function. Allocation per DWP HBCTB Circular November 2010

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
<b>City Services &amp; Development</b>				
0.266	Not in Education, Employment or Training (NEETS) Support package (Revenue) <b>See separate spend proposal to backfill grant resources.</b>	3.0	0.155	Employment Placement Scheme offering NEETS 6 month, paid work placements. Developing valuable experience and workplace skills for young people that are seeking employment. Project supports a number of Looked After Children and is securing sustainable employment for over half of clients following the placement. Project also supports recent graduates and unemployed managers/professionals. Grant now extended to July 11, and strong potential for further award from European Social Fund subsequent to that, but not confirmed.
0.088	European Social Fund Employers for Employment	3.0	0.093	Programme supporting the exchange of knowledge and good practice between West Midlands and Transnational partners. Focused on improving employers working methods and delivery of employment support services to disadvantaged groups.
1.014	Far Gosford Street Townscape Heritage Initiative (Capital and Revenue)	0.0	1.014	The Far Gosford Street area regeneration scheme is aiming to restore historical buildings, develop gap sites and comprehensively restore a key area of Coventry City Centre. The development of a high quality, historic, business quarter will provide trading space for small medium enterprises and new start ups, creating new job opportunities for the city and retaining graduates from the city's universities.
0.050	Lead Local Flood	0.0	0.127	Funding for activities including preparation of local flood defence strategies and surface water management plans.
<b>414.930</b>	<b>Total Separate Core Revenue Grants</b>	<b>382.7</b>	<b>414.698</b>	



2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
<b>Unknown</b>				
<b>Children, Learning &amp; Young People</b>				
0.105	ABG - Extended Rights to Free Transport	0.0	0.105	Provision of transport for school children linked to low income families. ABG to fund an extension of the statutory requirement
0.499	Standards Fund - Music	18.4	0.499	To support and develop school pupils in music (including learning musical instruments). Managed and spent by the Performing Arts Service.
0.728	ESF - 14-16 Alternative Curriculum	6.5	0.728	Funds the management of and courses for KS4 disaffected pupils. This is a bid based grant, and is joint with Warwickshire County Council. Awaiting confirmation on level and status of bid for September 2011 onwards.
0.097	ABG - Young People Substance Misuse Partnership	0.0	0.097	Home Office Grant announced annually which had been advised was likely to end after 2010/11. Awaiting confirmation of ongoing allocation for 2011/12.
0.428	Unaccompanied Asylum Seeking Children	3.0	0.428	Funding received from the Home Office to support unaccompanied asylum seeking children. Awaiting confirmation of ongoing allocation for 2011/12.
0.403	Inherited Liabilities	0.0	0.403	Funding from the Higher Education Funding Council for inherited staff liabilities. Expect to continue.
0.288	Youth Justice Board - Core Effective Practice	5.0	0.288	Funding for the Youth Offending Service to deliver core work. Awaiting confirmation of level of allocation for 2011/12.
0.332	Youth Justice Board - Intensive Supervision & Surveillance Programme	6.8	0.332	Funding for the Youth Offending Service to deliver core work. Awaiting confirmation of level of allocation for 2011/12.
0.214	Teacher Development Agency : Golden Handcuff	0.0	0.214	Money paid to teachers as an incentive to study and teach certain subjects.
0.197	Youth Justice Board - Prevention	5.8	0.197	Funding for the Youth Offending Service to deliver early intervention and prevention work. Awaiting confirmation of ongoing allocations for 2011/12.
0.116	Nursery Milk	0.0	0.116	Funding to provide free milk to under 5's. Awaiting confirmation of level of allocation for 2011/12, but expect to continue.
0.088	Youth Justice Board - Resettlement and Aftercare Provision	1.6	0.088	Funding for the Youth Offending Service to deliver core work. Awaiting confirmation of level of allocation for 2011/12.
0.081	Drugs Worker Grant	3.5	0.081	Funding to support the Governments drug strategy. Linked to the Substance Misuse monies.
0.055	Young Person's Learning Agency: Education and Business Partnership Services	0.0	0.055	Funds statutory work related learning and enterprise education to schools. Commissioned via CSWP Connexions service.
0.053	Youth Justice Board - Prevention of Violent Extremism	1.0	0.053	Funding to address the risk factors that put young people at risk of being drawn into criminality & violence motivated by extremism. Awaiting confirmation of ongoing allocations for 2011/12.
0.052	Young Person's Learning Agency Young Apprenticeships Engineering	0.08	0.052	Funds courses for KS4 pupils. This is a bid based grant, and is joint with Warwickshire County Council. Awaiting confirmation on level and status of bid for September 2011 onwards.
0.048	Young Person's Learning Agency Young Apprenticeships Health & Social Care	0.0	0.048	Funds courses for KS4 pupils. This is a bid based grant, and is joint with Warwickshire County Council.
0.035	Youth Justice Board - Keeping Young People Engaged	0.0	0.035	Funding to support YOT's in keeping young offenders engaged in suitable education or employment during and at the end of their sentence. Awaiting confirmation of ongoing allocations for 2011/12.

2010/11 Amount £m	Grant Title	Posts Funded by Grant	2011/12 Awarded / Nominal Allocation £m	Appendix 5 Notes
0.024	Young Person's Learning Agency: Young Apprenticeships Sport	0.0	0.024	Funds courses for KS4 pupils. Payments for Henley College placements.
	<b>Community Services</b>			
0.067	Safer Stronger Communities	0.0	0.067	This is used to fund individual ad-hoc projects for CCTV and environmental issues relating to crime and disorder. Approximately 50% of the funding is used to provide Domestic Security Services for victims of crime. Home Office Settlement details surrounding this area of funding are yet to be confirmed
0.357	ABG - Stronger Safer Communities	4.0	0.357	This funds a number of one off Community Safety Projects as well as core funding posts within the Community Safety Team. Home Office Settlement details surrounding this area of funding are yet to be confirmed
0.058	Coventry Sporting Futures - Positive Futures - Home Office Funding	1.0	0.058	This funds coordination activity of a number of funding streams. Home Office Settlement details surrounding this area of funding are yet to be confirmed, however funding for the post has been secured through other grants
<b>4.325</b>	<b>Total Unknown Grants</b>	<b>56.7</b>	<b>4.325</b>	

Medium Term Financial Position 2011/12 to 2013/14

	£m	£m	£m
	2011/12	2012/13	2013/14
<b>Base Revenue Expenditure</b>	<b>298.7</b>	<b>304.3</b>	<b>314.5</b>
<u>2011/12 Budget Setting Expenditure Changes</u>			
Technical Savings	(15.8)	(16.8)	(19.7)
New Grants Applied	(4.0)	(4.0)	(4.0)
Approved, Potential and Target ABC Savings	(10.3)	(15.9)	(19.1)
Other Savings	(1.4)	(1.4)	(1.4)
Unavoidable Pressures	6.1	6.2	7.0
Policy Priorities	3.7	4.1	2.9
<b>Medium Term Revenue Expenditure Reflecting 2011/12 Budget Proposals</b>	<b>277.1</b>	<b>276.6</b>	<b>280.1</b>
<u>Potential Indicative Medium Term Pressures</u>			
Further ER/VR Provision	0.000	1.000	1.000
City Centre Income Loss (£4m from 2013/14)	0.000	1.000	0.000
Vision for Leisure (PB Revenue cost of £20m)	0.000	2.000	2.000
Grant Fall-Out	0.000	2.000	2.000
Council Tax Benefit Changes	0.000	1.000	1.000
ICT Investment	0.000	1.000	2.000
Homelessness	0.000	0.400	0.400
<b>Medium Term Revenue Expenditure Reflecting Indicative Medium Term Pressures</b>	<b>277.1</b>	<b>285.0</b>	<b>288.5</b>
<b>Resources</b>			
Formula Grant	(158.3)	(146.1)	(143.0)
Council Tax Resources	(118.8)	(121.5)	(125.3)
<b>Medium Term Revenue Resources</b>	<b>(277.1)</b>	<b>(267.6)</b>	<b>(268.3)</b>
<b>Balance of Expenditure/(Resources)</b>	<b>(0.0)</b>	<b>17.3</b>	<b>20.2</b>



**SUMMARY**

**CAPITAL PROGRAMME: 2011/12 - 2015/16**

<b>Expenditure</b>	<b>2011/12 £000s</b>	<b>2012/13 £000s</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>	<b>2015/16 £000s</b>
<b>Cabinet Member:</b>					
Education/Children & Young People	29,168	12,008	17,047	12,230	12,240
City Development	16,248	4,469	3,617	2,750	2,750
City Services	11,988	9,927	14,671	8,459	8,459
Culture, Leisure, Sports & Libraries	2,055	1,152	0	0	0
Housing, Sustainability & Local Infrastructure	8,852	6,228	2,098	2,098	2,098
<b>Total Programme</b>	<b>68,311</b>	<b>33,784</b>	<b>37,433</b>	<b>25,537</b>	<b>25,547</b>
Allowance for Rescheduling (5%)	(3,416)	1,556	(105)	590	29
<b>Programme After Rescheduling</b>	<b>64,895</b>	<b>35,340</b>	<b>37,328</b>	<b>26,127</b>	<b>25,576</b>
<b>Resources Available</b>	<b>(56,978)</b>	<b>(35,235)</b>	<b>(35,759)</b>	<b>(28,805)</b>	<b>(29,957)</b>
Additional temporary borrowing required to balance the programme	(7,917)	(105)	(1,569)		
<b>Net Resources Available</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,678)</b>	<b>(4,381)</b>

**APPENDIX 7**

**Cabinet Member  
City Development**

	2011/12 Base Prog £000s	2012/13 Base Prog £000s	2013/14 Base Prog £000s	2014/15 Base Prog £000s	2015/16 Base Prog £000s
2012 Olympics	6,300	500	0	0	0
Heatline	3,300	0	0	0	0
Property Repairs	1,870	2,250	2,750	2,750	2,750
Far Gosford St Regeneration	1,498	0	0	0	0
Gosford Gate	872	0	0	0	0
Swanswell	820	0	0	0	0
Barracks Car Park Repairs	602	0	0	0	0
Meantime Strategy	255	250	0	0	0
NDC Leisure & Neighbourhood Centre	240	0	0	0	0
Nuckle	182	0	0	0	0
NDC Masterplanning (Project Management)	137	200	0	0	0
Far Gosford St	110	0	0	0	0
Canley Regeneration	46	0	0	0	0
Stoke Aldermoor Regeneration	16	0	0	0	0
City Centre - Friars Rd Footbridge	0	1,269	867	0	0
<b>Total Approved Programme</b>	<b>16,248</b>	<b>4,469</b>	<b>3,617</b>	<b>2,750</b>	<b>2,750</b>

**Resourcing:**

Corporate Resources	4,174	3,969	3,617	2,750	2,750
Prudential Borrowing	2,850	0	0	0	0
Grant	9,153	500	0	0	0
Revenue	71	0	0	0	0
Leasing	0	0	0	0	0
<b>Total Resourcing</b>	<b>16,248</b>	<b>4,469</b>	<b>3,617</b>	<b>2,750</b>	<b>2,750</b>

**Cabinet Member  
City Services**

	2011/12 Base Prog £000s	2012/13 Base Prog £000s	2013/14 Base Prog £000s	2014/15 Base Prog £000s	2015/16 Base Prog £000s
Highways Investment	4,750	5,000	5,000	3,000	3,000
Integrated Transport Programme	3,747	4,478	4,912	5,459	5,459
Vehicle & Plant Replacement	3,041	449	4,759	0	0
Liveability Programme	242	0	0	0	0
Replacement Cremators	208	0	0	0	0
<b>Total Approved Programme</b>	<b>11,988</b>	<b>9,927</b>	<b>14,671</b>	<b>8,459</b>	<b>8,459</b>

**Resourcing:**

Corporate Resources	4,492	5,000	5,000	3,000	3,000
Prudential Borrowing	2,868	0	4,655	0	0
Grant	4,247	4,478	4,912	5,459	5,459
Leasing	381	449	104	0	0
<b>Total Resourcing</b>	<b>11,988</b>	<b>9,927</b>	<b>14,671</b>	<b>8,459</b>	<b>8,459</b>

**APPENDIX 7**

**Cabinet Member**

**Education/Children & Young People**

**Schools/Early Years**

	2011/12	2012/13	2013/14	2014/15	2015/16
	Base Prog	Base Prog	Base Prog	Base Prog	Base Prog
	£000s	£000s	£000s	£000s	£000s
Basic Need Programme	17,945	5,460	2,200	1,700	1,700
Sidney Stringer Academy	5,257	408	0	0	0
Devolved Formula Capital	2,861	850	850	850	850
Condition Programme	1,630	4,830	13,527	8,333	1,430
Leased Equipment	200	200	200	200	200
Suitability/Access Projects	190	100	100	100	100
Other Major Projects	0	0	0	867	7,770
Caludon Extended Learning Centre	609	0	0	0	0
<b>Social Care / Other</b>					
Playbuilder Programme	266	0	0	0	0
Pathways to Care (Support to Foster Carers)	210	160	170	180	190
<b>Total Approved Programme</b>	<b>29,168</b>	<b>12,008</b>	<b>17,047</b>	<b>12,230</b>	<b>12,240</b>

**Resourcing:**

Corporate Resources	10,338	160	4,255	180	190
Prudential Borrowing	127	409	0	0	0
Grant	18,499	11,239	12,592	11,850	11,850
Revenue	4	0	0	0	0
Leasing	200	200	200	200	200
<b>Total Resourcing</b>	<b>29,168</b>	<b>12,008</b>	<b>17,047</b>	<b>12,230</b>	<b>12,240</b>

**APPENDIX 7**

**Cabinet Member**

**Culture, Leisure, Sports & Libraries**

	2011/12	2012/13	2013/14	2014/15	2015/16
	Base Prog	Base Prog	Base Prog	Base Prog	Base Prog
	£000s	£000s	£000s	£000s	£000s
War Memorial Park - Heritage Lottery Fund	701	285	0	0	0
Parks Development	644	848	0	0	0
Coombe Top Pool Lodge	290	0	0	0	0
Coventry Sports Centre Repairs	156	0	0	0	0
Play Areas	149	0	0	0	0
Allesley Park Library	115	19	0	0	0
<b>Total Approved Programme</b>	<b>2,055</b>	<b>1,152</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Resourcing:**

Corporate Resources	371	118	0	0	0
Grant	1,684	1,034	0	0	0
<b>Total Resourcing</b>	<b>2,055</b>	<b>1,152</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Cabinet Member**

**Housing, Sustainability & Local Infrastructure**

	2011/12	2012/13	2013/14	2014/15	2015/16
	Base Prog	Base Prog	Base Prog	Base Prog	Base Prog
	£000s	£000s	£000s	£000s	£000s
Strategic ICT Projects	6,389	4,130	0	0	0
Housing Policy	2,085	2,098	2,098	2,098	2,098
Connecting Care Social Care IT System	278	0	0	0	0
Asset Management Database	80	0	0	0	0
HR/Payroll System	20	0	0	0	0
<b>Total Approved Programme</b>	<b>8,852</b>	<b>6,228</b>	<b>2,098</b>	<b>2,098</b>	<b>2,098</b>

**Resourcing:**

Corporate Resources	358	0	0	0	0
Prudential Borrowing	6,389	4,130	0	0	0
Grant	2,085	2,098	2,098	2,098	2,098
Revenue	20	0	0	0	0
<b>Total Resourcing</b>	<b>8,852</b>	<b>6,228</b>	<b>2,098</b>	<b>2,098</b>	<b>2,098</b>



## **COUNCIL INVESTMENT STRATEGY AND POLICY**

### **1. Governance**

In respect of investments, the key requirement of the government's "Guidance on Local Government Investments" initially issued on 12th March 2004 by the ODPM, and revised by Communities and Local Government (CLG) in April 2010, is for local authorities to draw up an annual investment strategy for the management of its investments. The 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 investment 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 the following investment types:-

- The UK Government, including DMADF and Treasury Bills;
- 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. This covers organisations with a minimum rating of F1 (short term) and A (long term) 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 the following investment types: -

- Supranational Bonds of more than one year's 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 year's 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 below are those determined by the Fitch crediting rating agency. In addition, the Council also has regard to the 2 other agencies that undertake credit ratings: Standards and Poor's and Moody's. As recommended by CIPFA the Council uses 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:

<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>Support Rating</b>
UK Government	unlimited	12 months			
Supranational Bonds	£10m	12 months			
Local Authorities, including single purpose authorities"	£8m	12 months			
Money Market Funds and other Collective Investment Schemes	£10m	12 months		AAA	
Credit Rated Body (incl banks & building societies)	£10m	12 months	F1	A	3

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

Non Specified Investments > 12 months	Limit	Time Limit	Minimum Short Term Rating	Minimum Long Term Rating	Support Rating
Credit Rated Body (incl banks & building societies)	£10m	3 years	F1	A+	3

The limit for all non specified investments is £15m, including investments made directly by the City Council and on its behalf through fund managers.

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 light of any uncertainty, 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 precautionary 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.

Separately, the City Council holds share or loan investments for policy reasons. The acquisition of such 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, Arlingclose, on a weekly basis. As and when ratings change, the Council will be notified immediately by Arlingclose by telephone and email. 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 counter parties which meet the criteria will be added to the list.

The authority has access to more detailed data through its treasury consultants. This includes information on equity and credit default swap prices, which can provide an indicator to risk. In addition, use is made of the financial media as a source of information on financial institutions.

## 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.

## **7. The Use of Treasury Management Consultants**

The authority employs consultants to provide treasury management advice. This includes both the provision of advice on credit risk and information on credit ratings from the 3 rating agencies, referred to above (section 4). Regular review meetings with the consultants provide a vehicle through which quality is managed. In addition, within the City Council, the Treasury Management Monitoring Group meets on a quarterly basis to review treasury issues, including the use of consultants.

## **8. Treasury Management Staff Training**

The authority's process of performance management, of which the Personal Development Reviews are central, addresses the training requirements of individuals. Staff with involvement in treasury issues routinely attend events, including training courses, seminars and networking sessions focused on treasury management.

## APPENDIX 9

### Summary Prudential Indicators

	Actual 09/10 £000's	Forecast 10/11 £000's	Forecast 11/12 £000's	Forecast 12/13 £000's	Forecast 13/14 £000's
<b>1 Ratio of financing costs to net revenue stream:</b>					
(a) General Fund financing costs	32,662	33,638	36,137	39,372	41,465
(b) General Fund net revenue stream	263,685	269,344	277,069	267,635	268,287
General Fund Percentage	12.39%	12.49%	13.04%	14.71%	15.46%
<b>2 Estimates of Council Tax Impact ~ Proposed Programme</b>			£150.68	£180.56	£196.70
<b>Estimates of Council Tax Impact ~ Feb 10 Programme</b>			£144.55	£148.66	
<b>3 Net borrowing and the capital financing requirement:</b>					
gross borrowing, including PFI liabilities	378,089	382,409	394,502	391,930	390,175
less investments	-25,806	-17,870	-17,870	-17,870	-17,870
less transferred debt reimbursed by others	-20,971	-20,388	-19,746	-19,040	-18,264
= net borrowing	331,312	344,151	356,886	355,020	354,041
Capital Financing Requirement in year 3					462,458
<b>4 Capital Expenditure (Note this excludes leasing)</b>					
General Fund	72,192	88,871	64,314	34,691	37,024
<b>5 Capital Financing Requirement (CFR)</b>					
Capital Financing Requirement	449,614	465,975	465,317	463,454	462,458
Capital Financing Requirement excluding transferred debt	428,643	445,587	445,571	444,414	444,194
<b>6 Authorised limit for external debt</b>					
Authorised limit for borrowing		411,031	409,032	392,428	381,854
+ authorised limit for other long term liabilities		40,010	45,724	55,462	65,057
= authorised limit for debt		451,041	454,756	447,890	446,911
<b>7 Operational boundary for external debt</b>					
Operational boundary for borrowing		361,031	359,032	342,428	331,854
+ Operational boundary for other long term liabilities		40,010	45,724	55,462	65,057
= Operational boundary for external debt		401,041	404,756	397,890	396,911
<b>8 Actual external debt</b>					
actual borrowing at 31 March 2010	317,414				
+ actual other long term liabilities at 31 March	39,138				
= actual external debt at 31 March 2010	356,552				
<b>9 CIPFA Treasury Management Code?</b>					
Has the authority adopted the TM Code?			Yes		
<b>10 Interest rate exposures</b>					
upper limit on fixed rate exposures			110%	110%	110%
upper limit on variable rate exposures			30%	30%	30%
<b>11 Maturity structure of borrowing - limits</b>					
	<b>actual</b>	<b>lower</b>	<b>upper</b>		
under 12 months	0%	0%	15%		
12 months to within 24 months	0%	0%	20%		
24 months to within 5 years	6%	0%	30%		
5 years to within 10years	10%	0%	30%		
10 years & above	84%	40%	100%		
<b>12 Investments longer than 364 days</b>					
upper limit :			15,000	15,000	15,000