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10. **2023/24 First Quarter Financial Monitoring Report (to June 2023)** (Pages 3 - 6)

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Agenda Item 10
Council – 5th September 2023
Recommendation from Cabinet
29th August 2023

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 29th August 2023

Present:

Members: Councillor G Duggins (Chair)
Councillor L Bigham
Councillor P Hetherton
Councillor J O'Boyle
Councillor K Sandhu
Councillor P Seaman
Councillor D Welsh

Non-Voting Deputy
Cabinet Members:

Councillor S Agboola
Councillor P Akhtar
Councillor G Hayre
Councillor A Jobbar
Councillor G Lloyd
Councillor S Nazir

Non-Voting Opposition
Members:

Councillor S Gray
Councillor P Male
Councillor R Simpson (Substitute for Councillor G Ridley)

Other Non-Voting
Members:

Councillor N Akhtar
Councillor R Lakha
Councillor C E Thomas

Employees
(by Service Area):

Chief Executive

Julie Nugent (Chief Executive)

Business, Investment
and Culture

A Livesey

Finance

B Hastie (Chief Operating Officer (Section 151 Officer),
T Pinks

Law and Governance

J Newman (Chief Legal Officer), G Singh Sangha, M Salmon

Streetscene and
Regulatory Services C Styles

Transportation, Highways
and Sustainability M Dillow, R Palmer

Apologies: Councillor R Brown
Councillor K Caan
Councillor A S Khan (Deputy Chair)
Councillor C Miks
Councillor G Ridley

Public Business

RECOMMENDATION

22. 2023/24 First Quarter Financial Monitoring Report (to June 2023)

The Cabinet considered a report of the Chief Operating Officer (Section 151 Officer), that would also be considered at the meetings of Council on 5th September 2023 and Audit and Procurement Committee on 2nd October 2023, which advised of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2023. The net revenue forecast position after management action was for spend in 2023/24 of £12.1m over budget. At the same point in 2022/23 there was a projected overspend of £9.5m.

The Council continued to face budget pressures within both Adults and Children's Social Care which together accounted for £11m of the underlying overspend. The overwhelming majority of this was caused by the continuing high level of inflation within the economy and difficult conditions within social care markets. Other smaller but still significant overspends were also being reported in Business Investment and Culture, Transportation, Highways and Sustainability, and Streetscene and Regulatory Services.

Recent weeks have seen a number of councils with social care responsibilities report large in-year budgetary difficulties and it was clear that there were systemic problems for the whole sector which represented a serious threat to its financial sustainability. The Council's position above reflected a number of largely one-off actions that had already been taken to reduce the overspend. As the underlying position was significantly higher than had been experienced in recent years, further urgent action was proposed to address the pressure in order to prevent the 2024/25 position increasing to unmanageable levels.

The Council's capital spending was projected to be £163.6m and included major schemes progressing across the city. The size of the programme and the nature of the projects within it continued to be fundamental to the Council's role within the city. Inflationary pressures were also affecting capital projects. The assumption was that stand-alone projects that were already in-progress would be delivered as planned but that future projects that had not yet started may need to be re-evaluated to determine their deliverability within previously defined financial budgets.

The materiality of the emerging financial pressures, both revenue and capital, had renewed the imperative to maintain strict financial discipline and re-evaluate the Council's medium-term financial position. This would be a priority across all services as the Council developed its future budget plans in the coming months.

Cabinet agreed to:

- 1) Approve the Council's first quarter revenue monitoring position and endorse the proposal for officers to seek to identify further ongoing service options to mitigate the position in conjunction with Cabinet Members as appropriate.
- 2) Approve the revised forecast capital outturn position for the year of £163.6m incorporating: £14.0m rescheduling from 2022/23 outturn, £29.7m net increase in spending relating to approved/technical changes, £0.4m underspend and £38.9m of net rescheduling of expenditure into future years.
- 3) Recommend that Council receive and note the decisions of Cabinet as outlined in recommendations 1) and 2) above.

RESOLVED that Council is recommended to receive and note the decisions of Cabinet as outlined in recommendations 1) and 2) above.

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