

Public Document Pack

7. **Recommendations - Budget Report 2024/25** (Pages 3 - 8)

From the Cabinet, 20 February 2024

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Coventry City Council
Minutes of the Meeting of Cabinet held at 10.00 am on Tuesday, 20 February 2024

Present:

Cabinet Members: Councillor G Duggins (Chair)
 Councillor R Brown
 Councillor K Caan
 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 Lloyd
 Councillor S Nazir

Non-Voting Opposition
Members: Councillor P Male

Other Non-Voting
Members: Councillor R Lakha
 Councillor C E Thomas

Employees
(by Service area):

Finance B Hastie (Director of Finance and Resources), P Baggott,
 P Helm, T Pinks

Law and Governance J Newman (Director of Law and Governance), T Robinson,
 M Salmon

Apologies: Councillor N Akhtar
 Councillor A Jobbar
 Councillor C Miks
 Councillor Ridley

Public Business

RECOMMENDATION

77. **Budget Report 2024/25**

The Cabinet considered a report of the Director of Finance and Resources (Section 151 Officer), which would also be considered by Council at its meeting on 20th February 2024, that followed on from the Pre-Budget Report approved by Cabinet on 12th December 2023 (minute 50/23 referred) which had since been

subject to a period of public consultation. The proposals within the report would now form the basis of the Council's final revenue and capital budget for 2024/25 incorporating the following details:

- Gross budgeted spend of £867.8m (£55.8m or 7% higher than 2023/24).
- Net budgeted spend of £277.5m (£17.0m or 7% higher than 2023/24) funded from Council Tax and Business Rates less a tariff payment of £22.2m due to the Government.
- A Council Tax Requirement of £175.9m (£11.5m or 7% higher than 2023/24), reflecting a City Council Tax increase of 4.9% detailed in the separate Council Tax Setting report on today's agenda.
- A number of new expenditure pressures, policy proposals and technical savings proposals.
- A Capital Strategy including a Capital Programme of £157.5m including expenditure funded by Prudential Borrowing of £41m.
- An updated Treasury Management Strategy, Capital Strategy, and a Commercial Investments Strategy.

The financial position in this Budget Report was based on the Final 2024/25 Local Government Finance Settlement published on 5th February 2024. Whilst the Government had provided an additional £3.2m of social care grant for 2024/25, the Settlement represented an ongoing net reduction in resources compared to the Pre-Budget report of c£2.1m per annum. The position after 2024/25 remained uncertain as the Government's spending plans were effectively the second year of a 2-year settlement, and the final year of the 5-year Comprehensive Spending Review. This therefore provided no certainty or stability for local government finances beyond 2024/25. Reviews in relation to the local government financial allocation model and Business Rates retention would not now happen in this parliament and would therefore need to be a focus of attention for the new government, following the general election expected later in 2024. As a result, it was impossible to provide a robust medium term financial forecast at this stage and the Council had instead made some planning estimates for future years. Initial assumptions indicated a strong likelihood that there would be a substantial gap for the periods following 2024/25. The view of the Director of Finance and Resources (Section 151 Officer) was that the Council should be planning for such a position.

The Pre-Budget Report was based on an increase in Council Tax of 4.9% and this position had been maintained for the final proposals in the report. This incorporated an increase of 2.9%, which was within the Government's limit of 3% above which a referendum would need to be held plus a further 2% Adult Social Care (ASC) Precept in line with Government expectations. The precept was essential to enable councils including Coventry to manage increases in the costs of care. In total, the rise in Council Tax bills would be the equivalent of around £1.60 a week for a typical Coventry household including the expected rises in the precepts for Police and Fire.

The Council had closed the significant financial gap for 2024/25 which it had at the start of the Budget process. Measures to achieving this included the identification of additional Council Tax resources, a range of technical adjustments and newly identified cost savings or income streams. All these proposals were set out in detail in Appendix 2 of the report. Where these were different to the proposals that were included in the Pre-Budget Report, this had been indicated within Appendix 2

and shown in tables 2 and 3 within section 2.2 of the report. There were no new service savings required (over and above those set out in the pre-budget report) as a result of this budget report.

The proposals did not provide the Council with a balanced budget beyond 2024/25. The Council's current medium term bottom line incorporated a combination of future inflationary and service pressures and the fall-out of uncertain specific grant resources. Some of the future funding assumptions were speculative at this stage and would be revised towards the end of 2024 as any changes to local government finance resulting from the 2025/26 Settlement were made known. The initial approach would however be dictated by an intention to review and update technical information as it became available to the Council and to identify further efficiencies from, or generate further income within, Council services. Through 2024, the Council would continue to refine and implement a programme of activity designed to review how best to deliver its services, improve integration between some of them and optimise the effectiveness of others.

Whatever the future holds for national changes to local government finance in the next parliament, the Council remained committed to maintaining, and where possible strengthening its own financial self-sustainability and the need to support the vibrancy and growth of the city. Over the coming year the Council would continue to consider investment in activities that strengthened its existing financial interests and those of the city, within the restrictions imposed by Government in relation to access to borrowing from the Public Works Loans Board. The Council's view was that a positive and ambitious strategy was preferable to a more passive approach which would leave the Council more vulnerable to central government policy and the wider pressures on local government services.

The Council's Medium Term Financial Strategy (MTFS), included as Appendix 1 to the report, set out the financial planning foundations that supported the setting of the Council's revenue and capital budgets, including the policy assumptions and financial management framework that underpinned the strategy. The purpose of the MTFS was to describe the environment within which the Council operated and bring together resource and cost projections to explain how the Council planned to address its funding gap, whilst retaining focus on its strategic priorities.

The recommended Capital Programme proposals were a key part of the Council's approach and amounted to £157.5m in 2024/25. The proposals reflected the Council's ambitions for the city and included: extensive highways infrastructure works including specific schemes relating to continued delivery of the City Region Sustainable Transport Settlement (CRSTS) programme that included transport packages for the Foleshill and London Road corridor; moving towards Stage Gate 2 of the Very Light Rail project; the commencement of City Centre Cultural Gateway; progressing the City Centre South redevelopment; and the commencement of the Woodlands School project. Over the next 5 years the Capital Programme was estimated at a total of £405m as part of on-going investment delivered by and through the City Council.

The report detailed the annual Treasury Management Strategy, incorporating the Minimum Revenue Provision policy and the Commercial Investment Strategy. These covered the management of the Council's treasury and wider commercial investments, cash balances and borrowing requirements. These strategies and

other relevant sections of this report reflected the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code and Prudential Code for Capital Finance, as well as statutory guidance on Minimum Revenue Provision (MRP) and Investments.

Appendix 9 of the report contained details of proposed changes to the Council Tax Support Scheme (CTSS). These had been modified from those included in the Pre-Budget Report following public consultation. The report requested approval for these changes to be implemented from 1st April 2024. The budgetary challenges faced by the Council for 2024/25 required the Council to review all areas of discretionary expenditure including the option to revise the amount of support provided through the CTSS for working age households.

RESOLVED that Cabinet recommends to Council the approval of recommendations 1) to 11) below:

- 1) Approve the Medium-Term Financial Strategy in Appendix 1 to this report, as the basis of its medium-term financial planning process.**
- 2) Approve the Budget proposals in Appendix 2, after due consideration of the consultation responses set out in Appendix 3 and the Equality Impact Assessment set out in Appendix 11 to 28 in relation to proposals to revise the Council Tax Support scheme.**
- 3) Approve the total 2024/25 revenue budget of £870m in Table 1 and Appendix 5, established in line with a 4.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.**
- 4) Note the Director of Finance and Resources (Section 151 Officer) comments confirming the adequacy of reserves and robustness of the budget in Section 5.1.2 and 5.1.3.**
- 5) Approve the Capital Strategy incorporating the Capital Programme of £157.5m for 2024/25 and the forward commitments arising from this programme totalling £405m between 2024/25 to 2028/29 detailed in Section 2.3 and Appendix 6.**
- 6) Authorise in respect of food waste, the introduction of a separate weekly food waste collection to be implemented with effect from 1 April 2025 delivering the savings in Appendix 2 and detailed in Section 2.3.4, including:**
 - the acceptance of the capital grant funding of £1.87m from the Department for Environment Food and Rural Affairs specifically for the delivery of a separate food waste collection, and**
 - the addition of £1.87m grant funding to the capital programme in 24/25 to facilitate the necessary capital investment required to bring this recommendation into effect.**

- 7) Approve the addition to the capital programme of a new capital scheme for Temporary Accommodation acquisition at a total cost of £1.5m funded from prudential borrowing to support the delivery of the saving line Increasing alternative Temporary Accommodation provisions in Appendix 2 - Budget Proposals and Financial Position and detailed in Section 2.3.5.**
- 8) Approve the expansion of the existing Residential Children's Home Strategy scheme at a total cost of £1.4m funded from prudential borrowing to support the delivery of the saving line Expansion of Residential Strategy in Appendix 2 - Budget Proposals and Financial Position and detailed in Section 2.3.6.**
- 9) Approve the Council's Treasury Management Strategy and Minimum Revenue Provision Statement for 2024/25 in Section 2.4 and the Prudential Indicators and limits described and detailed in Appendix 8, the Commercial Investment Strategy for 2024/25 in Section 2.5 and Appendix 7 and the Commercial Investment Indicators detailed in Appendix 8.**
- 10) Consider and note the proposed changes to the Council Tax Support Scheme set out in Appendix 9 to the report, as a result of the consultation (Appendix 10) and the Equality Impact Assessment (Appendix 16).**
- 11) Approve the implementation of the revised Council Tax Support scheme as laid out in Appendix 9a of this report with effect from 1st April 2024.**

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