

**Time and Date**

10.00 am on Tuesday, 21st February, 2017

Place

Committee Room 3 - Council House

Public business

1. **Apologies**
2. **Declarations of Interest**
3. **2017/18 Council Tax Setting** (Pages 3 - 10)
Report of the Executive Director of Resources
4. **2017/18 Budget Report** (Pages 11 - 70)
Report of the Executive Director of Resources
5. **2016/17 Third Quarter Financial Monitoring Report (to December 2016)**
(Pages 71 - 90)
Report of the Executive Director of Resources
6. **Digital Strategy** (Pages 91 - 130)
Report of the Executive Director of Resources
7. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Private business

Nil

Chris West, Executive Director, Resources, Council House Coventry

Monday, 13 February 2017

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Michelle Salmon, Governance Services, Tel: 024 7683 3237 / 3065, Email: lara.knight@coventry.gov.uk / michelle.salmon@coventry.gov.uk

Membership: Councillors L Bigham, F Abbott, K Caan, G Duggins (Chair), J Innes, A Khan (Deputy Chair), K Maton, J Mutton, J O'Boyle and E Ruane

By invitation Councillors J Blundell, P Akhtar, R Ali, R Lakha, P Seaman, C Thomas, D Welsh and G Crookes

By invitation (non-voting Opposition representatives) Councillors J Blundell and G Crookes

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language please contact us.

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**Cabinet
Council**

**21 February 2017
21 February 2017**

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Executive Director of Resources

Ward(s) affected:

City Wide

Title:

2017/18 Council Tax Setting Report

Is this a key decision?

Yes - Council are being recommended to approve the Council Tax levels for 2017/18

Executive Summary:

This report calculates the Council Tax level for 2017/18 and makes appropriate recommendations to the Council, consistent with the Budget Report 2017/18 on the same agenda. The report recommends a 4.9% increase in the City's Council Tax. Some figures and information are necessarily provisional at this stage due to the Fire Authority's precept not having been confirmed. These are shaded in grey.

The report incorporates the impact of the Council's gross expenditure and the level of income it will receive through grants, fees and charges. This results in a Council Tax requirement, as the amount that its expenditure exceeds all other sources of income.

The report includes a calculation of the Band D Council Tax that will be needed to generate this Council Tax requirement, based on the City's approved Council Tax base. The 2017/18 Band D Council Tax that is calculated through this process is increased by £70.68 from the 2016/17 level.

As part of the Chancellor's Autumn Statement (November 2015) it was announced that councils which provide social care to adults would be allowed to increase their share of Council Tax by up to an extra 2%, provided that the additional resources are all used to fund the increasing costs of adult social care. This additional Council Tax charge is known as the 'Adult Social Care (ASC) precept'. The Government indicated that authorities could include this additional 2% precept in each year of the four year period: 2016/17 to 2019/20.

Coventry City Council made use of this flexibility in 2016/17 and increased its Council Tax charge by a total of 3.9%. This was made up of a basic 1.9% increase plus a further 2% ASC precept.

In December 2016 the Government announced that Councils could opt to bring forward some, or all, of the potential 2% ASC precept available in 2019/20 to earlier years. However the maximum increase in any one year was limited to 3%, and the total over the three year period 2017/18 to 2019/20 was limited to the original total increase of 6%.

In order to maximise the resources available to fund ASC services in the city, the recommendations within the Budget Report 2017/18 are based on a proposed increase in Council Tax of 4.9%. This is made up of a basic 1.9% increase plus a further 3% ASC precept, utilising the additional flexibility described above.

At the time of writing this report the precept from the West Midlands Fire and Rescue Authority has not been confirmed. The provisional figures provided in this report are based on indicative figures. The Fire Authority is due to set its precept on the 20th February 2017.

Members should note that the recommendations follow the structure of resolutions drawn up by the Chartered Institute of Public Finance and Accountancy, to ensure that legal requirements are fully adhered to in setting the tax. As a consequence, the wording of the proposed resolutions is necessarily complex.

Recommendations:

That Cabinet recommend to Council the approval of recommendations (1) to (5).

Council are recommended:

(1) To note the following Council Tax base amounts for the year 2017/18, as approved by Cabinet on 3 January 2017, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended) ("the Act"):

a) 78,971.9 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

b) Allesley	327.6
Finham	1491.4
Keresley	233.8

being the amounts calculated by the Council as its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

(2) That the following amounts be now calculated by the Council for the year 2017/18 in accordance with Sections 31A, 31B and 34 to 36 of the Act :

(a) £703,363,014 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils (*Gross Expenditure and reserves required to be raised for estimated future expenditure*);

(b) £584,870,944 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act. (*Gross Income including reserves to be used to meet the Gross Expenditure but excluding Council Tax income*);

(c) £118,492,070 being the amount by which the aggregate at (2)(a) above exceeds the aggregate at (2)(b) above, calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year;

$$(d) \text{ £1,500.43} \qquad \frac{(2)(c)}{(1)(a)} = \frac{\text{£118,492,070}}{78,971.9}$$

being the amount at (2)(c) above divided by the amount at (1)(a) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. (*Average Council Tax at Band D for the City including Parish Precepts*).

$$(e) \text{ £30,271} \qquad \text{being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts*);}$$

$$(f) \text{ £1,500.05} \qquad = (2)(d) - \frac{(2)(e)}{(1)(a)} = \text{£1,500.43} - \frac{\text{£30,271}}{78,971.9}$$

being the amount at (2)(d) above, less the result given by dividing the amount at (2)(e) above by the amounts at (1)(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of the area to which no special item relates. (*Council Tax at Band D for the City excluding Parish Precepts*);

g)

Coventry Unparished Area	£1,500.05
Allesley	£1,524.85
Finham	£1,513.86
Keresley	£1,506.66

being the amounts given by adding to the amount at (2)(f) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (1)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate. (*Council Taxes at Band D for the City and Parish*).

h)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,000.03	1,016.56	1,009.24	1,004.44
B	1,166.71	1,186.00	1,177.45	1,171.85
C	1,333.38	1,355.42	1,345.66	1,339.26
D	1,500.05	1,524.85	1,513.86	1,506.66
E	1,833.39	1,863.70	1,850.27	1,841.47
F	2,166.74	2,202.56	2,186.69	2,176.29
G	2,500.08	2,541.41	2,523.10	2,511.10
H	3,000.10	3,049.70	3,027.72	3,013.32

being the amounts given by multiplying the amounts at (2)(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

(3) To note that for the year 2017/18 the Police and Crime Commissioner for the West Midlands and West Midlands Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwelling shown below:

Valuation Band	Police and Crime Commissioner for the West Midlands	West Midlands Fire Authority
	£	£
A	77.70	38.09
B	90.65	44.44
C	103.60	50.79
D	116.55	57.14
E	142.45	69.84
F	168.35	82.53
G	194.25	95.23
H	233.10	114.28

(4) That having calculated the aggregate in each case of the amounts at (2)(h) and (3) above, the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2017/18 for each part of its area and for each of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,115.82	1,132.35	1,125.03	1,120.23
B	1,301.80	1,321.09	1,312.54	1,306.94
C	1,487.77	1,509.81	1,500.05	1,493.65
D	1,673.74	1,698.54	1,687.55	1,680.35
E	2,045.68	2,075.99	2,062.56	2,053.76
F	2,417.62	2,453.44	2,437.57	2,427.17
G	2,789.56	2,830.89	2,812.58	2,800.58
H	3,347.48	3,397.08	3,375.10	3,360.70

(5) That the Council determines that its relevant basic amount of Council Tax for 2017/18 is not excessive in accordance with the principles approved under Sections 52ZC and 52ZD of the Act.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 21 February 2017

**Report title:
2017/18 Council Tax Setting Report**

1. Context (or background)

- 1.1 The purpose of this report is to seek approval for the City's 2017/18 Council Tax. The total planned spending (Gross Expenditure) in 2017/18 will be met in part by grant income, fees and charges. Any spending that is in excess of these income streams must be met from Council Tax and is referred to as the 'Council Tax Requirement'.
- 1.2 The details of the planned spending for 2017/18 are proposed in the 'Budget Report 2017/18' that is being considered by the Council in conjunction with this Council Tax Setting Report.
- 1.3 As part of the Chancellor's Autumn Statement (November 2015) it was announced that councils which provide social care to adults would be allowed to increase their share of Council Tax by up to an extra 2%, provided that the additional resources are all used to fund the increasing costs of adult social care. This additional Council Tax charge is known as the 'Adult Social Care (ASC) precept'. The Government indicated that authorities could include this additional 2% precept in each year of the four year period: 2016/17 to 2019/20.
- 1.4 Coventry City Council made use of this flexibility in 2016/17 and increased its Council Tax charge by a total of 3.9%. This was made up of a basic 1.9% increase plus a further 2% ASC precept.
- 1.5 In December 2016 the Government announced that Councils could opt to bring forward some, or all, of the potential 2% ASC precept available in 2019/20 to earlier years. However the maximum increase in any one year was limited to 3%, and the total over the three year period 2017/18 to 2019/20 was limited to the original total increase of 6%.
- 1.6 In order to maximise the resources available to fund ASC services in the city, the recommendations within the Budget Report 2017/18 are based on a proposed increase in Council Tax of 4.9%. This is made up of a basic 1.9% increase plus a further 3% ASC precept, utilising the additional flexibility described above.
- 1.7 At the time of writing this report the precept from the West Midlands Fire and Rescue Authority has not been confirmed. A report, with confirmed final figures, will be presented at the Council meeting on the 21 February 2017.

2. Options considered and recommended proposal

- 2.1 The total Band D Council Tax in 2016/17 was £1,596.95. The figures calculated in this report represent a 4.9% increase from the 2016/17 figures for the City's Council Tax, and a 4.8% increase in total.

Total Council Tax, excluding any element for Parish Precepts, can be broken down as:

	Band D £	Increase from 2016/17 %	Proportion of total bill %
Coventry City Council	1,500.05	4.9	89.6
Police and Crime Commissioner for the West Midlands	116.55	4.5	7.0
West Midlands Fire Authority	57.14	2.0	3.4
Total Coventry Council Tax	1,673.74	4.8	100.0

- 2.2 The Band D Council Tax is used by Government as the national comparator. However, for Coventry, this does not reflect the demographics of the area and the make-up of the property mix; Coventry's property base is weighted towards Bands A to C. The average Council Tax bill in Coventry is £995.07, after allowing for all discounts and exemptions.
- 2.3 The total or "headline" council tax calculated for each band, for households of 2 or more adults with no reductions, and for households of 1 adult (who receive a 25% discount), is summarised below:

Valuation Band	Value of Property As at April 1991	Proportion of Band D	Chargeable Dwellings		Council Tax	
			No.	%	2 + Adults ¹ £	1 Adult ¹ £
Band A dwellings entitled to Disabled Persons Relief		5/9	137	0.1	929.86	697.39
A	Up to £40,000	6/9	53,414	40.2	1,115.82	836.86
B	£40,001 to £52,000	7/9	39,840	30.0	1,301.80	976.35
C	£52,001 to £68,000	8/9	22,233	16.7	1,487.77	1,115.82
D	£68,001 to £88,000	9/9	9,006	6.8	1,673.74	1,255.30
E	£88,001 to £120,000	11/9	4,531	3.4	2,045.68	1,534.26
F	£120,001 to £160,000	13/9	2,265	1.7	2,417.62	1,813.21
G	£160,001 to £320,000	15/9	1,343	1.0	2,789.56	2,092.17
H	Over £320,000	18/9	95	0.1	3,347.48	2,510.60
			132,864	100.0		

¹ These amounts may be subject to penny rounding when the actual bill is produced

3. Results of consultation undertaken

The proposals in the Pre-Budget Report have been subject to an eight week period of public consultation ending on the 27 January 2017. The details arising out of this consultation period have been reported in Appendix 1 of the budget report.

4. Timetable for implementing this decision

The proposals in this report take effect for the financial year starting 1st April 2017

5. Comments from Executive Director of Resources

5.1 Financial implications

A £1m increase or decrease in either the City Council's 2017/18 Council Tax requirement or Government grant, would lead to a £12.66 increase or decrease in Band D Council Tax (£7.53 in the average Council Tax per chargeable dwelling). Every £1 added to or removed from the Council Tax level will raise or reduce Council Tax income by £78,972.

5.2 Legal implications

A statutory duty is placed on the Council, as billing authority, to set for each financial year an amount of council tax for different categories of dwellings according to the band in which the dwelling falls. The requirements to calculate and set a Council Tax are set out in the Local Government Finance Act 1992 and are detailed in the report. The Localism Act 2011 made significant changes to this Act, requiring authorities to calculate a Council Tax requirement for the year, not a budget requirement as was previously required. The Local Government Finance Act 2012 made minor changes to the 1992 Act, clarifying the effect of the changes made to the way non-domestic rates income is distributed.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The budget report on today's agenda outlines the very tight resource constraints facing the Council and the planned approach to identify savings options that are intended to minimise any adverse impact on the quality and level of services provided and the achievement of key objectives.

6.2 How is risk being managed?

A non-collection rate is built into estimates of Council Tax income. Collection performance is monitored on a regular basis.

6.3 What is the impact on the organisation?

See Budget Setting 2017/18 Report, Council 21 February 2017.

6.4 Equalities / EIA

No further implications

6.5 Implications for (or impact on) the environment

No further implications

6.6 Implications for partner organisations?

No further implications

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Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
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Names of approvers: (officers and members)				
Lara Knight	Governance Services Co- ordinator	Resources	2/2/17	6/2/17
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Councillor John Mutton	Cabinet Member for Strategic Finance and Resources –		2/2/17	8/2/17

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Cabinet
Council

21st February 2017
21st February 2017

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Executive Director, Resources

Ward(s) affected:

All

Title:

Budget Report 2017/18

Is this a key decision?

Yes - The report sets the Council's Revenue Budget for 2017/18 incorporating revenue spending and savings decisions for 2017/18 and future financial years and the Capital Programme for 2017/18 to 2021/22.

Executive Summary:

This report follows on from the Pre-Budget Report approved by Cabinet on 29th November 2016 which has since been subject to a period of public consultation. The proposals within this report will now form the basis of the Council's final revenue and capital budget for 2017/18 incorporating the following details:

- Gross budgeted spend of £703m (£11m and 2% higher than 2016/17).
- Net budgeted spend of £232.5m (£0.9m lower than 2016/17) funded from Council Tax and Business Rates less a tariff payment of £0.7m due to Government.
- A Council Tax Requirement of £118.5m (£7.7m and 7% higher than 2016/17), reflecting a City Council Tax increase of 4.9% detailed in the separate Council Tax Setting report on today's agenda.
- New service savings of £1.4m in 2017/18 rising to £10.4m in 2019/20.
- A Capital Programme of £123.2m (£42.2m and 52% more than the latest estimated 2016/17 programme) including expenditure funded by Prudential Borrowing of £60.9m;
- An updated Treasury Management Strategy.

It should be noted that, at the time of producing this Budget Report, the Final 2017/18 Local Government Finance Settlement has not yet been published. The proposals within this Budget Report have been made on the basis of the latest information regarding the likely details of the Settlement. In particular, this includes the estimated impact of joining the '100% Business Rates Pilot'. The difference between these estimates and the details in the Final Settlement are likely to be insignificant and will be met by reserve contributions.

The Settlement is anticipated to incorporate continued reductions in core Government funding over the next 3 years with a planned reduction of £24m in Coventry's funding assessment. However, along with the other 6 West Midlands councils, Coventry is taking part in a 100% Business Rates Pilot scheme. This will enable Coventry to retain 99% of Business Rates income including an element of growth against an historic baseline which would otherwise have been returned to the Government. This money is available for the Council to use within the budget proposals within this report and is in addition to the resource base assumed within the Pre-Budget Report.

In previous years the City Council has had the flexibility to increase Council Tax by up to 2% without holding a local referendum on the matter. In 2016/17 the Government allowed councils to increase this flexibility by a further 2%, up to a maximum of 4%, recognising the increasing pressure on Adult Social Care (ASC) services across the country. This was the basis on which the Pre-Budget position was reported. The Government has subsequently announced a further extension of this ASC flexibility from 2% up to 3%. The recommended budget within this report assumes taking up this 3% flexibility in order to increase the resources available to fund ASC services in the city. As a result, the budget is being proposed on the basis of increasing Council Tax by 4.9%. This proposed increase will be the equivalent of around a pound a week for a typical Coventry household.

This Council's medium term financial position includes the impact of reductions in Government funding that had already been anticipated and savings programmes have been approved previously. At the start of the 2017/18 Budget Setting process the Council faced a financial gap of £19m after taking these factors into account including a temporary delay in the likely achievement of some savings. In broad terms, the Budget has been balanced by additional resources available from Council Tax and Business Rates resources, including those available as a result of the Council's participation in the West Midlands 100% Business Rates Pilot. Costs are also now expected to be lower than planned previously in the areas of contingency budgets, capital financing costs and pensions. New savings totalling £1.4m (rising to £10.4m) have also been identified in service budgets, reduced from £3.2m (rising to £14.7m) following the period of consultation triggered by the Pre-Budget Report. All these proposals are set out in detail in Appendix 1. Where these are different to the proposals that were included in the Pre-Budget Report, this has been indicated within the appendix.

These proposals have been designed to provide the Council with a robust medium term position and subject to the recommendations being approved the Council will have a balanced budget over the medium term period, 2017/18 to 2019/20.

Given the forthcoming national proposals for local government finance to be based on a 100% Business Rates model from 2020/21, the vibrancy and growth of the city is vital to ensure a secure level of Business Rates income. Proposals within the recommended Capital Programme are designed to help achieve this and amount to £123m in 2017/18. These represent an ambitious approach to investing in the City and include the completion of the Council's Friargate office building, the initial construction phase of the new city centre leisure facility, the first phases of the City Centre South and Connecting Coventry schemes and continued advancement of the Coventry Station Master Plan. Over the next 5 years the Capital Programme is estimated to be £600m and represents the largest ever investment by and through the City Council.

The annual Treasury Management Strategy is also set out, incorporating the Minimum Revenue Provision policy that was revised in 2016/17 and covering the management of the Council's investments, cash balances and borrowing requirements.

Recommendations:

That Cabinet recommend to Council the approval of recommendations (1) to (5).

Council are recommended to:

- (1) Approve the spending and savings proposals in **Appendix 1**.
- (2) Approve the total 2017/18 revenue budget of **£703m** in **Table 1** and **Appendix 4**, 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.
- (3) Note the Executive Director of Resources' comments confirming the adequacy of reserves and robustness of the budget in **Section 5.1.2 and 5.1.3**.
- (4) Approve the Capital Programme of £123.2m for 2017/18 and the future years' commitments arising from this programme of £480.5m between 2018/19 to 2021/22 detailed in **Section 2.3** and **Appendix 5**.
- (5) Approve the proposed Treasury Management Strategy for 2017/18 in **Section 2.4**, the revised Investment Strategy and Policy at **Appendix 6** for immediate implementation and the Prudential Indicators and limits described in **Section 2.4.11** and summarised in **Appendix 7**.

List of Appendices included:

Appendix Number	Title
1	Budget Financial Proposals – Changes to Base Position
2	Consultation Responses
3	Equality Analysis
4	Summary Revenue Budget
5	Capital Programme 2017/18 to 2021/22
6	Investment Strategy and Policy
7	Prudential Indicators

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – February 21st 2017

Budget Report 2017/18

1. Context (or background)

- 1.1 This report seeks approval for the 2017/18 Revenue Budget and corresponding Council Tax rise, Capital Programme, Treasury Management Strategy and Prudential Indicators. The report includes detail of the resources retained as part of the 2017/18 Government funding allocation and forecasts of the Council's medium term revenue financial position. This will represent the second year of the Government's 4 year funding position for local government which began in 2016/17.
- 1.2 The revenue budget proposals in this report follow on from the Pre-Budget Report approved by Cabinet on 29th November 2016. They have been established in line with the Council's current Medium Term Financial Strategy and Council Plan,
- 1.3 In December the Government announced the provisional Local Government Finance Settlement for 2017/18. This re-affirmed a continuation of public sector spending reductions up to at least 2020. No firm indication has been given for the period after 2020 and this will be the subject of considerable uncertainty until nearer the time.
- 1.4 Resources available to Coventry had fallen by c£95m over a four year period to 2016/17 and the Settlement Funding Assessment for Coventry announced in December shows a further reduction of £12m for 2017/18 and a total reduction of £24m over the coming three years. Incorporating this grant loss, the Council's starting gap for 2017/18 was £11m. However through the current Budget exercise it emerged that some existing savings plans would not be delivered in 2017/18 to the original timescale and this has increased the overall budget shortfall to £19m. The overall budget shortfall rises to £36m by 2019/20 and means that the Council has had to plan for significant reductions in its budgets over the medium term. This report incorporates savings proposals that have been the basis of consultation since approval of the Pre-Budget Report.
- 1.5 In 2016/17 councils nationally had the flexibility to increase Council Tax by up to 2% without holding a local referendum on the matter plus additional flexibility of up to 2% in recognition of the increasing pressure on Adult Social Care (ASC) services across the country. The Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of just under 4%. The Government have increased the ASC flexibility to 3% for 2017/18 and the recommended Budget within this report assumes taking this up in order to increase the resources available to fund ASC services in the city. As a result, the budget is being proposed on the basis of increasing Council Tax by 4.9%.
- 1.6 The 2016/17 Settlement introduced changes to the New Homes Bonus (NHB) Grant with the key change being a reduction in the amount allocated to the Bonus nationally in order to fund the Better Care Fund. Future reductions in Coventry's New Homes Bonus are built into the Council's medium term financial plan. The 2017/18 Local Government Finance Settlement has further top-sliced New Homes Bonus and used this to fund a 2017/18 Adult Social Care Grant causing a further net loss of resources of £0.3m for Coventry.
- 1.7 It is important to recognise the major projects that are being delivered across the city which the Council is leading on or supporting in 2017/18: work will begin on the construction of a new water and leisure facility in the city centre; it is anticipated that further restaurants will be attracted to Coventry to add to the high profile names that have come to the city recently; major projects to enhance the local rail travel offer (the NUCKLE scheme) and Coventry Railway Station (the Coventry Station Master Plan) will continue the transformation of this part of the city; further public realm works will be undertaken to improve the appeal of the city centre in 2017/18; and the Council is in the early stages of putting together the major City Centre South and Connecting Coventry projects. City

Centre South will deliver a new mixed leisure/retail/residential development, with Connecting Coventry delivering a Strategic Transport Investment Programme across Coventry, Warwickshire and Solihull, both supported by funding available as part of the Council's participation in the West Midlands Combined Authority (WMCA). Several of these schemes will progress in areas of the city adjacent to the Friargate regeneration area and the Council will continue to pursue options to take Friargate forward over the medium term. The vast majority of the funding to deliver these schemes comes from sources that can only be used in one-off capital schemes and therefore is not available to support the revenue budget which is the focus of much of this report.

1.8 In February 2016 the Council agreed formally to participation in the West Midlands Combined Authority and this came into existence in June 2016. Subsequently, a devolution deal has been approved which incorporates a WMCA funding package totalling £8bn including specific proposals for schemes across the West Midlands. The schemes that will affect Coventry will result in public and private investment of over £1billion in the city. The first part of this involving £98.8m of WMCA funding for the Coventry City Centre South development was approved in December. In addition, a £620m Strategic Transport and Investment Programme (Connecting Coventry) incorporating £284k of WMCA funding and a further £50m+ of investment for the Friargate development are going through the approval process with WMCA. This forms part of an overall Council Capital Programme estimated to be in excess of £600m over the next 5 years which the Council intends should help to spearhead growth, economic development and job creation in the city and greater self-sufficiency for the City Council through the generation of higher tax revenues.

1.9 Revenue Resources

1.9.1 The Council's total revenue expenditure is funded from a combination of resources as set out in the table below:

Table1: Funding of Revenue Budget

2016/17 £000s		2017/18 £000s	(Increase)/ Decrease £000s	Increase/ (Decrease)
(110,817)	A: Council Tax Requirement	(118,494)	(7,677)	7%
(58,447)	B: Retained Business Rates*	(113,988)	8,576	(7%)
(64,117)	C: Revenue Support Grant and Top-Up*	0		
(380,187)	D: Specific Grants (see section 3.4) **	(390,098)	(9,911)	3%
(79,074)	E: Fees, Charges & Other Income**	(80,783)	(1,709)	2%
(233,381)	Funding of Net Budget (A + B + C)	(232,482)	899	0%
(692,642)	Funding of Gross Budget (A + B + C + D + E)**	(703,363)	(10,721)	2%

*Lines B and C reflect (i) increased resources resulting from the Council's participation in the new West Midlands 100% Business Rates Pilot and (ii) a reduction in the Council's Settlement Funding Assessment. The 2017/18 Business Rates figure takes account of a tariff payment paid to Government and a budgeted pooling payment from the Coventry and Warwickshire Business Rates Pool. See paras 1.9.3 to 1.9.5 below.

**Line E: Fees and Charges, includes Council Tax and Business Rates Collection Fund surpluses and contributions from reserves.

1.9.2 The resource projection figures in the table above use the Final Local Government Finance Settlement position for 2017/18.

Table 2: Settlement Funding Assessment

		2017/18	2018/19	2019/20
Coventry's Settlement Funding Assessment	£m	110.2	103.9	97.8
Decreases on Previous Year	£m	11.5	6.3	6.1
	%	9.4	5.7	5.8

1.9.3 The 2010/11 equivalent Settlement Funding Assessment provided £1,642 of funding for every household in the city in 2010/11. Since then, the number of Coventry households has increased as overall resources have been cut. The equivalent funding per household figure for 2017/18 is estimated at £800, a fall over the period of £842.

1.9.4 Whilst this indicates further resource cuts for Coventry over this period, the Council's participation in the West Midlands 100% Business Rates Pilot has made new resources available over the next three years. The Council will now retain 99% of Business Rates income including an element of growth between the years of 2013/14 and 2015/16 against a baseline which would otherwise have been returned to the Government. These figures, including the 99% Business Rates position, that are reflected in Table 1 above. The Council's participation in the Pilot is on a no detriment basis meaning that the Council will not receive a lower level of resources than it would have received had it not participated in the Pilot.

1.9.5 This marks the start of a change of direction for the Council moving towards the anticipated national move to a full retention of Business Rates from 2020/21. In particular, whereas the Council received a top-up payment from Government under the previous funding arrangements it will need to make a tariff payment to Government of £0.7m under the new arrangements. This tariff payment is anticipated to grow in the coming years indicating that the Council is judged by Government to be earning a greater level of Council Tax and retained Business Rates than it requires for its assessed spending needs. In part this reflects cuts to Government funding for local government. However, it is also an initial indication that the Council is more self-reliant (in relative terms compared to other areas) and able to fund its own spending requirements. It is this transition that makes it increasingly important for the Council to grow and generate greater resilience and prosperity in the local economy in order for it to be able to support itself under Government plans for local government to become self-sufficient.

1.9.6 Specific Grants – In overall terms specific revenue grant funding has increased between 2016/17 and 2017/18 from £380m to £390m. Within this, the total level of funding received to fund city schools (including the Dedicated Schools Grant and Pupil Premium Grant) is expected to be £194m, compared with £189m in 2016/17. Housing Benefit

Subsidy payments have been estimated at £114m, whilst other significant grants/movements include:

- A Public Health Grant of £22.5m which represents a £0.6m or 2.5% cut from the 2016/17 grant.
- Over £16m of adult social care funding, much of it driven by the changing relationship between the social care and health sectors and including grants relating to the Better Care Fund (BCF) and Improved BCF, the Independent Living Fund and the 2017/18 Adult Social Care Grant.
- New Homes Bonus Grant of £8.0m (£1.6m decrease)
- Assumed funding for Adult Education of £5.6m (£0.2m decrease)
- Education Services Grant estimated at £0.9m (£2.5m decrease)
- Grants received in lieu of Business Rates amounting to £5.8m such as Small Business Rates Relief Compensation Grant (£3.5m increase).
- Housing Benefit Administration Grant of £1.3m (£0.2m decrease)
- Troubled Families Grant £1.3m (£0.1m increase).

2. Options considered and recommended proposal

2.1 Section Outline

2.1.1 The remainder of the report details the specific proposals recommended for approval. Section 2.2 below outlines the changes to the savings and cost pressures that were set out as part of the Pre-Budget Report in November. The full list of proposals is provided in **Appendix 1**. Approval is being sought for these and the overall budget and Council Tax Requirement in **Appendix 4**. These are based on a City Council Tax rise of 4.9%, reflecting a 1.9% “base” rise plus 3% in respect of Adult Social Care in line with the Government’s new policy.

2.1.2 The report seeks approval for a 2017/18 Capital Programme of £123m compared with the initial 2016/17 programme of £117m. The Programme is considered in detail in **Section 2.3** and **Appendix 5**.

2.1.3 The report is also required formally to seek Council approval for the Treasury Management Strategy (**Section 2.4**), the Investment Strategy and Policy (**Appendix 6**) and the Prudential Indicators (**Section 2.4.11** and **Appendix 7**).

2.2 Revenue Budget

2.2.1 The budget includes the saving and expenditure proposals included within the Pre-Budget Report approved by Cabinet on 29th November 2016 as a basis for Pre-Budget consultation. A line by line impact of how these proposals affect the base budget is given in **Appendix 1** with an indication of where there have been changes to the figures included within the Pre-Budget Report. The changes since the Pre-Budget Report are shown in the table below. These changes enable the Council to deliver a balanced budget for 2017/18 and, based on current information, form the basis of a balanced budget over the medium term.

Changes in Resources Compared with the Pre-Budget Report Position

The figures in brackets below represent increases in resources compared with the Pre-Budget position. The figures not in brackets represent a reduction in resources compared with Pre-Budget. The individual changes are:

- Line 2 to 2c – Final estimate of Council Tax and Business Rates income including the estimated benefit of taking part in the 100% Business Rates Pilot

- Line 3 – New Homes Bonus reduction announced within the Local Government Finance Settlement
- Line 4a – Adult Social Care Grant announced by Government as part of Local Government Finance Settlement
- Line 4b – Proposal for the Adult Social Care precept to be increased to 3% for 2017/18 and 2018/19 as allowed by Government. The previous assumption was for a 2% increase.

Table 3: Changes in Resources Compared with the Pre-Budget Report Position

	Appx 2 Line Ref	2017/18 £m	2018/19 £m	2019/20 £m
Council Tax Base & Estimated Outturn	2	(0.7)	(4.5)	(4.0)
Business Rates Estimated Outturn	2a	(1.2)	0.0	0.0
Business Rates Tax-Base	2b	(1.6)	2.0	(0.5)
100% West Midlands Business Rates Pilot	2c	(3.6)	(3.0)	(2.2)
Loss of New Homes Bonus	3	2.0	0.1	0.0
2017/18 Adult Social Care Grant	4a	(1.6)	0.0	0.0
Adult Social Care Precept	4b	(1.1)	(2.4)	0.0
Total Change in Resources		(7.8)	(7.8)	(6.6)

Technical and Corporate Changes Compared with the Pre-Budget Report Position

The figures in brackets below represent new or increased income or higher savings compared with the Pre-Budget position. The figures not in brackets represent reduced or delayed savings or an increase in costs compared with Pre-Budget. The individual changes are:

- Line 6a – Reduced cost of employer pension costs compared with previous forecasts a result of recent pension revaluation and agreement with the West Midlands Pension Fund (see 2.2.3 below).
- Line 10a – Future estimated increase in levy (formerly the Integrated Transport Levy)
- Line 11 – Estimated future increase in dividends from the Company
- Line 14a – Increased cost of updating the Council's ICT equipment
- Line 14b – Impact of delay in implementing the Connecting Communities programme

Table 4: Technical and Corporate Changes Compared with the Pre-Budget Report Position

	Appx 2 Line Ref	2017/18 £m	2018/19 £m	2019/20 £m
Pension Cost Savings	6a	(2.1)	(2.1)	(2.1)
WM Combined Authority Transport Levy	10a	0.0	0.4	0.7
Coventry/Solihull Waste Disposal Co.Dividends	11	(0.2)	(0.3)	(0.3)
ICT - Personal Computer Refresh Programme	14a	0.2	0.2	0.2
Connecting Communities	14b	1.4	0.0	0.0
Total Technical and Corporate Changes		(0.7)	(1.8)	(1.5)

Savings Proposals Compared with the Pre-Budget Report Position

Given the resource, technical and corporate changes set out in Tables 3 and 4 above, the Council is in a position to reconsider some of the service reduction proposals that were set out in the Pre-Budget Report in November. In addition, a number of consultation responses have been received, a summary of which is reflected in Appendix 2. In the light of these consultation responses taken alongside the Council's policy priorities, a number of changes have been proposed for consideration as part of final Budget Setting. The changes all represent decisions not to proceed with the savings options in the Pre-Budget Report. Line 35 proposes not to implement the saving in Cabinet Member meetings but retains a proposal to no longer hold Ward Forums.

Table 5: Savings Proposals Compared with the Pre-Budget Report Position

	Appx 2 Line Ref	2017/18 £m	2018/19 £m	2019/20 £m
Parks and Street Cleansing	24	0.5	0.5	0.5
Cease Mobility Pathways	25	0.05	0.05	0.05
Employment Team/Job Shop/Youth Employment	28	0.5	0.5	0.5
Business Investment Activity	29	0.1	0.1	0.1
Council Tax Support Threshold	34	0.0	2.0	2.0
Cabinet Member Meetings	35	0.035	0.035	0.035
Citivision	36	0.05	0.05	0.05
Highways Repairs (reduce programme and/or backfill from capital)	38	0.5	0.5	1.0
Total Changes in Savings Proposals		1.7	3.7	4.2

Use of One-Off Resources Compared with the Pre-Budget Report Position

The figures in brackets below represent an increased use of one-off resources to fund the budget. All other figures are a reduced use of one-off resources. The individual changes are:

- Lines 44 and 46 – Reverses or re-profiles (Line 44) proposals to use capital receipts to fund revenue
- Line 43, 45 and 47 – Reverses proposals to use one-off reserves to fund revenue
- Line 47a – Proposals to contribute to reserves and use this to smooth future budget bottom lines.

Table 6: Use of One-Off Resources Compared with the Pre-Budget Report Position

	Appx 2 Line Ref	2017/18 £m	2018/19 £m	2019/20 £m
Airport Dividend Reserve	43	1.0	0.9	0.8
Use of Capital (revenue in Capital Programme)	44	1.7	3.0	(3.0)
Insurance Reserve	45	0.2	0.0	0.0
Fund Capital Costs from Capital Receipts	46	0.5	0.5	0.5
One-Off Reserves	47	2.0	0.0	0.0
Medium Term Financial Reserves Strategy	47a	0.0	2.9	(2.8)
Total Changes in Use of One-Off Resources		5.4	7.4	(4.6)

Table 7: New Policy Proposals

	Appx 2 Line Ref	2017/18 £m	2018/19 £m	2019/20 £m
Development of Acquisition of Revenue Generating Assets including Housing Company	48	0.1	0.0	0.0
City of Culture	49	0.25	0.0	0.0
New Policy Proposals		0.4	0.0	0.0

2.2.2 The final summary Budget changes compared with the Pre-Budget position and overall Budget position is as follows:

Table 8: Summary Changes to the Pre-Budget Position

	2017/18 £m	2018/19 £m	2019/20 £m
Pre-Budget Position Brought Forward	1.0	(1.5)	8.5
Change in Resources	(7.8)	(7.8)	(6.6)
Technical and Corporate Changes	(0.7)	(1.8)	(1.5)
Changes in Savings Proposals	1.7	3.7	4.2
Changes in Use of One-Off Resources	5.4	7.4	(4.6)
New Policy Proposals	0.4	0.0	0.0
Final Budget Position	0.0	0.0	0.0

2.2.3 Pension Contributions - The Council's arrangements with the West Midlands Pension Fund has been subject to a recent triennial review of superannuation payments covering the period from 2017/18 to 2019/20. Discussions have been held with the Fund and its actuary over the course of the last year and final agreement has been reached on employer superannuation payments to the Fund for the next three years. The agreed payments have been built into this budget and the authority's medium term financial plans. For Coventry, the budgeted employer pension contributions for 2017/18 to 2019/20 will increase from 25.9% to 27.3% for the next three years. The Council has negotiated with the Fund to pay all of its contributions for 2017/18, 2018/19 and 2019/20 via a discounted one-off payment of £93.7m in April 2017 which will be spread over three years in accounting terms. The pension contributions resulting from the negotiation and discussion have improved the Council's financial position relative to the Pre-Budget Report reflected in line 6a of Appendix 1. The position of the Council's pension liability and employer contributions will be reviewed again in 2019.

2.2.4 Employment Costs and the Living Wage - Line 17 of Appendix 1 shows a proposed saving from the Council's employment costs rising to £5m over the course of the next three years. The initial stages of a review have begun although no savings are assumed in year 1. The review will consider a range of options and the Council will work in partnership with the Trade Unions on the proposals. Ahead of this, a decision is required imminently on the Council's Living Wage policy and it is proposed that the Council should move from the Living Wage Foundation Living Wage and align to the Local Government pay spine. This is slightly higher (4%) than the government national living wage. For 2017/18 this will provide a 1% increase on the existing rate of £8.25 to provide a new Coventry minimum rate of £8.33 per hour (and a slight increase for those employees on pay spine 12 who would receive £8.36 per hour in line with the local government pay spine).

2.3 Capital Programme

2.3.1 In **Appendix 5** there are proposals for a Capital Programme of £123.2m. This compares with the current projected 2016/17 programme of £81m. The proposals include continued very significant investment in highways and public realm works programmes, construction of the Council's new administrative office building in the Friargate Business District, investment in the new Sports Destination facility and provision for planned new

investment with WMCA funding including City Centre South, Connecting Coventry and the Friargate district.

2.3.2 The 2017/18 Programme requires £60.9m of funding from Prudential Borrowing, £27.6m of which relates to specific approval for the Friargate Office building and the City Centre Destination Leisure Facility. A further £32.5m relates to non-scheme specific borrowing resulting from spending decisions made in previous years. There is a strong likelihood that non-specific borrowing requirement will be avoided in 2017/18 as a result either of in-year re-profiling of expenditure, or as a result of other additional funding being received in-year ahead of the need to spend. In addition to the opportunities to receive additional external funding, the Council's Section 151 officer will continue to explore options to fund the programme in the most appropriate way depending on the balance of resources. This could include using capital receipts to reduce the overall need to borrow, or re-invest in new income earning assets, which would provide a revenue stream to the Authority.

2.3.3 A full 5-year programme is detailed in **Appendix 5** with the main 2017/18 planned expenditure as follows:

- £18m investment in Sports and Leisure facilities, including the start of the build phase for the new £33m Destination Leisure Facility and completion of the 50m pool at the Alan Higgs Centre.
- An £18m programme in 2017/18 within the Education and Skills Portfolio, most of which relates to investments in schools across the city.
- £17m of investment in the City's Highways and Public Realm infrastructure. The future programme includes provision for a new multi storey car park at Salt Lane.
- £15m of investment for the provision of public infrastructure to enable the development of the Whitley South development. The final scheme is budgeted to cost £35m funded exclusively from external grant.
- £12m of Growth Deal funding to support economic growth and Small & Medium Size Enterprises in the city.
- The first £11m of an eventual £133m programme to take forward the City Centre South regeneration of a major part of the City Centre partly funded by the WMCA as reported to Cabinet in January 2017
- £9m of planned expenditure which will bring to practical completion the Council's new Friargate administrative office building and associated ICT and infrastructure projects.
- The initial £7m of an eventual planned £193m investment in the Connecting Coventry Strategic Transport Investment Programme per the report to Cabinet in January 2017.
- £5m continues the progress of the Coventry Station Masterplan and the Nuckle (1.2) schemes to deliver transformational improvements to Coventry Railway Station, improve the railway links between Nuneaton and Coventry and provide a new platform at the railway station.

2.3.4 In addition to the Prudential Borrowing referred to above, the other main sources of funding for the 2017/18 Capital Programme are £54m of Capital grants, £1.7m of Section 106 developer contributions, £2m of revenue funding and £4m of capital receipts. The sources of grant funding are as follows.

Table 9: Capital Grant Funding

Grant	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Disabled Facilities Grant	2.9	2.9	2.9	0.0	0.0	8.6
Department for Transport	13.6	18.8	14.1	3.9	11.0	61.5
Education Funding Agency	6.1	5.4	2.8	2.5	0.0	16.8
ERDF	2.3	1.5	0.0	0.0	0.0	3.8
Growth Deal	10.5	19.4	6.3	0.1	0.0	36.4
Highways England	0.0	0.0	0.0	4.6	9.5	14.1
Innovate UK	0.3	0.3	0.0	0.0	0.0	0.6
West Midlands Combined Authority	12.3	77.2	54.4	53.4	71.5	268.8
All Other Grants & Contributions	6.4	1.8	0.5	3.1	11.5	23.4
TOTAL PROGRAMME	54.3	127.3	81.0	67.7	103.6	433.9

2.3.5 The programme reflects a move towards the Council's Medium Term Financial Strategy aim of reducing the revenue funding of capital. Capital receipts of £4m are programmed to replace previously assumed revenue contributions over the next three years in line with the revenue programme. Revenue funding of £6m will continue over this period to part fund areas such as Highways and ICT. This will be subject to review on an annual basis and will take into account the level of capital receipts available and the Council's strategic direction in the use of such receipts.

2.3.6 Forecast Capital Programme

The Programme included has been evaluated to identify the likely realistic profile of spend, 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 the Capital Programme.

A summary of the proposed programme including existing commitments and funding sources is outlined below. This includes expenditure rescheduled into 2017/18 as a result of the 2016/17 budgetary control process. Full details of the proposed programme are included in **Appendix 5**.

Table 10: 2017/18 – 2021/22 Capital Programme (Expenditure & Funding)

Expenditure	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Strategic Finance and Resources	2,525	2,070	2,650	1,400	1,000	9,645
Education and Skills	17,648	13,625	3,103	2,523	0	36,899
Jobs and Regeneration	63,173	144,496	80,479	66,256	105,464	459,868
City Services	19,254	21,755	6,882	4,142	2,369	54,402
Adult Services	2,905	2,851	2,851	0	0	8,607
Public Health and Sport	17,689	14,327	2,103	0	0	34,119
Community Development	0	115	0	0	0	115
TOTAL PROGRAMME	123,194	199,239	98,068	74,321	108,833	603,655

Funding	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Capital Corporate Resources	659	1,009	1,859	859	459	4,845
Capital Unringfenced Receipts	1,299	0	3,000	0	0	4,299
Capital Ringfenced Receipts	2,005	3,780	230	230	0	6,245
Prudential Borrowing	60,948	63,095	11,242	2,063	1,451	138,799
Grant & Contributions	54,347	127,330	81,041	67,675	103,554	433,947
Capital expenditure (from) revenue account	2,070	3,369	369	3,369	3,369	12,546
Leasing	205	531	202	0	0	938
Section 106	1,661	125	125	125	0	2,036
TOTAL RESOURCES	123,194	199,239	98,068	74,321	108,833	603,655

2.4 Treasury Management

2.4.1 Treasury management entails the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. Local authorities are required to maintain an overarching annual Treasury Management Strategy which is the subject of this section of the report.

2.4.2 In addition, authorities are required to set out:

- An Investment Strategy and Policy detailing out how investment risk is managed (**Appendix 6**);
- A suite of prudential indicators for treasury and capital programme management (**Appendix 7**);
- A Minimum Revenue Provision (MRP) statement detailing the way it calculates the prudent provision for the repayment of borrowing (**Section 2.4.6**).

2.4.3 The detailed objectives that underpin the Treasury Management Strategy are:

Borrowing, to:

- Maintain adequate liquidity so that cash requirements are met;
- Minimise the cost of debt whilst maintaining long term certainty in interest rate exposure;
- Manage the total debt maturity profile, having no one future year with a disproportionate level of debt repayments;
- 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,
- Maintain adequate liquidity;
- Maximise the revenue benefit by retaining external investments, repaying existing loans and avoiding new borrowing as appropriate given prevailing and forecast interest rates.

The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk and 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

2.4.4 Interest Rate Forecast

The main driver for interest rates in the UK in 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. In the short term financial markets appear to be staying strong in the wake of the referendum, how long this will continue whilst there is such little detail surround the terms of Brexit remains to be seen.

The Authority's treasury advisor Arlingclose believe that the UK Base Rate will remain at 0.25% during 2017/18. However, the fall and continuing weakness in Sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher and The Bank of England has highlighted that excessive levels of inflation will not be tolerated leading to the belief that a Base Rate rise is not impossible.

2.4.5 Borrowing

Based on current estimated levels of spend the expected long term debt position of the authority at 31st March 2017 is as follows:

Table 11: Estimated Long Term Borrowing at 31st March 2017

Type of Debt	Total £m
PWLB	203.9
Money Market Loans	58.0
Stock Issue	12.0
Transferred Debt (other authorities)	15.4
PFI, Finance Lease & Other	72.8
Total Long Term Liabilities	362.1

The main funding sources currently used by Coventry are:

- The Public Works Loans Board (PWLB) or any successor body - this is, in effect, the Government. Loans may be obtained at variable or fixed rates of interest.
- Money Market Loans - these are loans obtained from financial institutions and include LOBO (lender's option, borrower's option) loans typically with an initial fixed rate for 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. This is, in effect, a call option for the lending bank. Coventry has £58m of such loans and in the event of a "call" one approach that would be considered would be to repay the loan, refinancing it from another source, such as the PWLB;
- Stock Issue (Bond issue) – this is the authority's £12m stock issue;
- UK Local Authorities – traditionally inter local authority borrowing has been used to manage shorter term cashflow demands, but there is now greater potential for longer term arrangements;
- PFI & Finance Leases - under accounting rules, liabilities to make payments under PFI schemes and finance leases are included within the City Council's balance sheet.

In addition, the City Council will consider other sources available to local authorities and may invest with these if appropriate: capital bond market investors; UK pension funds (excluding the West Midlands Pension Fund); vehicles set up by local authorities to enable joint local authority bond issues such as the UK Municipal Bonds Agency plc; forward starting loans (where the interest rate is fixed in advance, but the cash is received in later years), other institutions authorised by the Prudential Regulation Authority or approved for investments within the Council Investment Strategy and Policy.

Given the revenue budget and associated capital programme outlined in this report, the estimated underlying borrowing requirement for the City Council for each of the capital programme years from 2017/18 is summarised below:

Table 12: 2017/18 Borrowing Requirement (excluding PFI & finance leases)

Underlying Borrowing Requirement	2017/18 £m	2018/19 £m	2019/20 £m
New funds to finance the Capital Programme	60.9	63.1	11.2
Minimum Revenue Provision (debt repayment provision)	(7.8)	(9.8)	(12.8)
Other, including transferred debt repayments	(1.1)	(1.3)	(1.4)
Forecast increase/(decrease) in borrowing requirement	52.0	52.0	(3.0)

This implies a significant increase in the Council's underlying need to borrow over the coming years due to previous decisions taken by Council on schemes such as the City Centre Leisure Facility and Friargate. In recent years the high level of City Council investments has ensured that the Council has not needed to borrow. The proposed early payment of the Council's 3 year pension liability in 2017/18 will reduce investment balances over the coming 3 years. This will increase the likelihood that the City Council will need to borrow during the coming year or beyond.

Issues that the City Council will take into account in its approach to borrowing include:

- Although 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 unless circumstances change;
- Non-capital programme factors including the level of short term cashflow balances, the use of reserve balances and the maturity of long term debt such as PWLB and, potentially, LOBO market loans;
- The impact of short term rates, including base rate, being lower than long term rates. This means that where the proceeds of long term borrowing are temporarily held as investment balances, there is a short term "cost of carry" reflecting the difference in short to long term rates. This is an immediate disincentive to undertake long term borrowing, even when long term rates are historically low;
- The potential to reschedule debt through redeeming existing borrowing early and replacing it with borrowing at lower interest rates. This will only be done if revenue benefits justify it, taking into account early repayment costs. However, the lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has tended to reduce the opportunities for local authorities to benefit through debt restructuring.

In the light of forecast interest the level of investment balances, the objectives underpinning the Treasury Management Strategy and the forecast borrowing requirement for 2017/18 and future years, the Section 151 Officer will undertake the most appropriate form of borrowing depending on prevailing interest rates at the time.

- 2.4.6 **Minimum Revenue Provision (MRP)** - Local authorities are required to make prudent provision for the repayment of long term capital programme borrowing through a revenue charge (MRP). The aim of prudent provision is to ensure that the revenue charge broadly reflects the period over which benefit is derived from the capital spend e.g. broadly the life of an asset purchased or built.

The Local Authorities (Capital Finance and Accounting) Regulations 2003 require the approval of an MRP Statement setting out the authority's approach. It is proposed that the policy continues:-

- For capital expenditure incurred before 1st April 2008, the Council will set MRP as a fixed charge of 2% pa of the relevant element of the Capital Financing Requirement, adjusted for the Adjustment A;
- From 1st April 2008 for all capital expenditure met from unsupported or prudential borrowing MRP will be based on the estimated asset life of the assets, using either the annuity or equal instalments calculation method or a depreciation calculation
- MRP for leases brought onto the balance sheet under accounting rules will match the annual principal repayment for the associated deferred liability;
- Voluntary revenue provision will not be made and capital receipts not set aside to repay debt, unless approved in line with the financial procedure rules.

- 2.4.7 **Capitalisation of Interest** ~ Under the accounting code of practice authorities are able to capitalise interest on capital schemes during the construction period of the scheme. However, it is not currently Coventry City Council's policy to do this. It is proposed that with effect from 2016/17, the policy within the Treasury Management Strategy is changed so that interest costs on "qualifying assets" are capitalised, where these are material. The

impact of this change in policy will be to reduce the charge to revenue in the short term, with an increase over the long term as the capital costs of schemes is increased by the amount of the interest incurred during construction.

2.4.8 Investments ~ The City Council holds investments, representing income received in advance of expenditure plus balances and reserves held. It is expected that the level of investments will fall in future years as capital programme spend is incurred and existing borrowing matures for repayment.

In line with statutory guidance, the order of objectives in investing the Council's funds remains:

- security of capital;
- liquidity or accessibility of the council's investments;
- yield or return.

The main investments used by the City Council are:

- Call accounts and deposits with banks, building societies, local authorities, the government and registered providers, largely for fixed durations and rates of interest. During 2016/17 the amount held in these investments has ranged between £50m and £90m;
- Pooled funds such as Collective Investment Schemes (CIS) and Money Market Funds (MMF), which enable local authorities and other investors to diversify their investments. During 2016/17 the amount held in these investments has ranged between £40m and £85m.
- Corporate Bonds, which are investments issued by companies other than banks and registered providers. These allow local authorities to reduce their exposure to bail in risk. During 2016/17 the amount held in these investments has been anything up to £35m

The use of call accounts and Money Market Funds helps ensure the liquidity of funds available to the City Council.

Credit risk remains central to local authority investment management. Whilst the risk of banking failures has reduced, it has not dissipated altogether. Unqualified support by governments is now unlikely, in part as the result of regulatory changes. This means that in the event of a banking failure, it is almost certain that unsecured creditors and corporate investors would suffer some losses. This change in the nature of investment risk reflects a move away from "bail out" by government to "bail in" by corporate investors. Recent changes in legislation means "bail in" has an even greater effect on the authority as Local Authority unsecured investments are one of the first investment classes subject to "bail in". These trends increase the importance of the diversification of investments as a way of mitigating the potential impact of "bail in" risk.

Given the increasing risk and continued low returns from short term unsecured bank investments, the Authority aims to keep diversifying into more secure assets classes.

The Council's proposed Investment Strategy and Policy (**Appendix 6**) deals with the management of counterparty or "credit risk" by determining how City Council lending or depositing limits are set. Although credit ratings are key components in the management of credit risk, in line with best practice, other sources of information are used. In this respect the counterparty advice that the City Council gets from Arlingclose, the Council's Treasury Management advisors, is significant.

Given the need to ensure an appropriate level of diversification across counterparties and the threat of "bail in" risk it is proposed that:

- a) the maximum limit for unsecured investments with individual counterparties is reduced from £10m to £8m. Similarly, for secured investments which are not subject to “bail in”, the maximum limit will be reduced from £20m to £16m. These limits were established through advice from the Council’s Treasury advisors using an estimate of the Council’s maximum investment balance for 2017/18, including investments temporarily used to meet cashflow needs (total £150m). Unsecured counterparties have a limit of 5% of this total & secured counterparties have a limit of 10% of this total;
- b) Counterparties will only be used if they have a credit rating of BBB+ or better and are recommended as a suitable counterparty by the Council’s treasury advisors. If the Authority’s current account banks rating falls below this, overnight balances will be minimised to as close to zero as possible.
- c) Non-credit rated building societies and challenger banks are included on the counterparty list as an unsecured bank deposit with no credit rating with a £1m investment limit. An unrated building society or challenger bank will only be used where independent credit analysis by the City Council’s advisors shows them to be suitably creditworthy. In addition, the regulatory framework governing building societies and insolvency regime provides comfort;
- d) Corporate bonds are included on the counterparty list with a reduced £8m investment limit. A corporate bond is an investment issued by companies other than banks and registered providers. These investments are not subject to bail in, but are exposed to the risk of the company going insolvent. As a result, corporate bonds will only be used when the company has a credit rating of BBB+ or better;
- e) Category or Group investment limits are set to manage the impact of systemic exposure, including for example to building societies as a sector and groups of separate legal entities regulated in the same sovereign state;
- f) Registered providers are included on the counterparty list with a reduced £8m investment limit. These are loans and bonds issued by Registered Providers of Social Housing, formally known as Housing Associations. As providers of public services, these bodies retain a high likelihood of receiving government support if needed;
- g) The minimum sovereign rating for countries, other than the UK, in whom counterparties are located is A-, with any investments in countries with a rating below AA+ being classified as non-specified investments, subject to a total limit of £4m.

Separately, the City Council holds investments or provides loans for operational or policy reasons, for example, in order to stimulate economic development and growth. Such operational investments and loans will be assessed and reported on, on a case by case basis. This will include a full assessment of the risk, including credit risk, and how this will be managed.

2.4.9 Treasury Management Advisors - The authority employs Arlingclose consultants to provide treasury management advice. A key element of this is the provision of advice on credit risk and the supply of information on credit ratings from the 3 rating agencies, referred to above. Regular review meetings with the consultants provide a vehicle through which quality is managed. In addition, within the City Council, senior managers within the Resources Directorate meet on a periodic basis to review treasury issues, including the use of consultants.

2.4.10 Treasury Management Staff Training - The authority's process of performance management, of which Competency Based Appraisals are central, addresses the training requirements of individuals. Staff with involvement in treasury issues attend events, including training courses, seminars and networking sessions focused on treasury management as appropriate.

2.4.11 **The Prudential Code** - The current capital finance framework rests on the principle that local authorities can borrow whatever sums they see fit to support their capital programmes, as long as they are affordable in revenue terms. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. The indicators are explained below:

Revenue Related Prudential Indicators

Within **Appendix 7** indicators 1 and 2 highlight the revenue impact of the proposed capital programme. These show that the revenue costs of financing the Council's capital expenditure as a proportion of its income from Council Tax and government grant is forecast to increase from 13.33% in 2016/17 to 14.53% in 2018/19. This increase reflects the increased levels of prudential borrowing funded spend within the proposed capital programme. 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 2018/19 for broadly the same reasons.

Capital and Treasury Management Related Prudential Indicators

These indicators, set out in **Appendix 7**, include:

- Authorised Limit (Indicator 6) - This statutory limit 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.
- Operational Boundary (Indicator 7) - This 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.
- Gross Debt less than "Year 3" Capital Financing Requirement (Indicator 3) - The Council needs to be certain that gross 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 2017/18 and the 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 revised indicator is designed to ensure that over the medium term, gross borrowing will only be for a capital purpose.
- Interest Rate Exposures, Debt Maturity Structure 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. Indicator 11, Maturity Structure of Borrowing, includes a limit of 40% of total debt that can mature in less than 12 months. This takes into account the potential need to take out short term borrowing to meet day to day cashflow requirements, as well as the potential for LOBO market loans to be "called" for repayment.
- Other indicators highlight Planned Capital Spend (Indicator 4), Actual Debt at 31st March 2016 (Indicator 8) and the adoption of the Treasury Management Code (Indicator 9).

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.

- 2.4.12 Leasing - The City Council uses operating leases for non-fixed plant and equipment and the Capital Programme includes £0.2m of spend to be resourced from leasing in 2017/18. Leasing will only be used where this is value for money compared with other forms of funding, such as unsupported borrowing.

3. Results of consultation undertaken

- 3.1 The proposals in this report have been subject to public consultation ending on the 27th January 2017. The Council hosted a survey on its website asking for people's views of the budget proposals. This survey was publicised through the Council website and Facebook pages. In addition, a meeting was held with the Chamber of Commerce during January. The details arising from this consultation are set out in Appendix 2.
- 3.2 The changes that have been made between the Pre-Budget Report and this report are detailed in **Section 2.2.1**.

4. Timetable for implementing this decision

- 4.1 Many of the individual expenditure and savings identified within this report will be implemented from 1st April 2017. The proposed profile of these changes are set out in Appendix 1.

5. Comments from Executive Director, Resources

This report is concerned wholly with financial matters. The proposals within this report represent the basis of the Council's 2016/17 revenue and capital budget supported by the Council Tax Report that will be considered alongside this one.

5.1.1 Financial implications - Medium Term Position

This report sets out proposals that will deliver a balanced budget over the medium term which will take the Council to the end of the period covered by the Government's 4 year funding settlement announced last year. New funding arrangements are anticipated to be put in place for 2020/21 which will represent the start of a new period of uncertainty for Local Government. However, on the basis of the budget proposals within this report the Council will be in a strong position to meet the financial challenges that it is likely to face. It will remain key for the Council to deliver the savings proposals that have been assumed within the Budget and to continue to seek efficient delivery of services into the future.

5.1.2 Financial Implications – Reserves

The Local Government Act 2003 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 2017/18 will not be known until finalisation of the 2016/17 accounts and reserve levels will be reviewed at that time. The total revenue reserve balances available to the Council at the end of 2015/16 stood at £57m. Other reserve balances incorporate reserves owned by schools and outside the Council's control, which stood of £26m and reserves set aside to fund capital schemes of £12m. Explanations for the balances were set out in the Council's Financial Outturn Report considered by Cabinet in July 2016. The level of balances is set out in the table below.

Table 13: 2015/16 Reserve Balances

Reserves	Balance at 31st March 2015 £000	Increase/ (Decrease) £000	Balance at 31st March 2016 £000
General Fund Balance	(5,160)	1,336	(3,824)
Non-Schools Revenue Reserves:			
Private Finance Initiatives	(11,061)	(710)	(11,771)
Potential Loss of Business Rates Income	(7,100)	4,430	(2,670)
Early Retirement and Voluntary Redundancy	(5,109)	(7,391)	(12,500)
Achievement of Future Savings	(3,424)	2,532	(892)
Birmingham Airport Dividend	0	(4,400)	(4,400)
Children's Social Care	(3,000)	1,000	(2,000)
Leisure Development	(1,459)	583	(876)
Public Health	(1,402)	365	(1,037)
Health and Social Care Schemes	(1,417)	1,137	(280)
Vehicle Purchase Programme	(1,547)	1,547	0
Troubled Families	(710)	9	(701)
Insurance Fund	(2,912)	510	(2,402)
Management of Capital	(2,112)	(225)	(2,337)
Other Corporate	(2,369)	920	(1,449)
Other Directorate	(6,434)	(487)	(6,921)
Other Directorate funded by Grant	(4,478)	1,377	(3,101)
Non-Schools Revenue Reserves	(54,534)	1,197	(53,337)
Schools Reserves:			
Schools (specific to individual schools)	(18,050)	(1,933)	(19,983)
Schools (for centrally retained expenditure)	(6,471)	630	(5,841)
Total Schools Reserves	(24,521)	(1,303)	(25,824)
Capital Reserves:			
Useable Capital Receipts Reserve	0	(6,660)	(6,660)
Capital Grant Unapplied Account	(384)	(5,352)	(5,736)
Total Other Reserves	(384)	(12,012)	(12,396)
Total Reserves	(84,599)	(10,782)	(95,381)

The level of reserves has been one of the points raised in the Budget consultation exercise, with comment that the Council should use reserves to fund services. However, it is important to be clear that all of the balances above are held for a clear identifiable purpose and that they either have existing planned expenditure commitments against them or that they are held to protect the Council manage unforeseen risks, potential or known insurance claims or Business Rate volatility. Schools reserves are set aside exclusively for the purpose of supporting schools expenditure and capital reserves are set aside to support capital expenditure. Local authority reserves must also be viewed in the context of the risks that are faced, set out below, in section 5.1.4.

The Council's external auditors, Grant Thornton, have expressed the view previously that the level of the Council's General Fund reserves remains low and that this should continue to be an area that is kept under review. In addition, analysis provided by the

Local Government Association shows that Coventry has a relatively low level of unringfenced reserves as a proportion of its net expenditure level when compared with all other Councils.

For all of these reasons it is not appropriate to apply reserves on a regular basis to support the revenue position. The final Budget proposals include a contribution to reserves in 2018/19 which will then be used to balance the 2019/20 budget as part of a medium term strategy.

Taking all this into account, it is the view of the Executive Director of Resources that overall levels are adequate to support the recommended budget for 2017/18 although approaching the minimum acceptable level for a Council of this size in the current financial climate. 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 better provided for than some other similar 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 2017/18 directorate-based budgets (including schools) and Corporate commitments both for capital and revenue purposes.
- iv) The level of uncommitted General Fund Reserves 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 on-going expenditure. A number of these reserves are dedicated to specific purposes, such as schools and insurance, and all balances are reported and scrutinised regularly.

5.1.3 Financial Implications – Assurance on the Robustness of the Estimates

Under the terms of the Local Government Act 2003, the Chief Financial Officer is required to give assurance on the robustness of the estimates included in the budget. In the view of the Executive Director of Resources 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 and the Efficiency Plan submitted to Government in 2016.
- 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 Directorates have been involved in the make-up of the information included in the policy and financial planning process through the Strategic Management Board.
- vi) As discussed above, 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.

Both 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.

Despite these statements about robustness of estimates and reserves, the scale of savings targets incorporated in the 2016/17 budget and the challenges facing the Council in the next few years is unprecedented and will require regular monitoring and potentially corrective action.

5.1.4 Financial Implications - Budget Risks

In setting the budget and implementing the policies that sit behind it, the Council inevitable carries some risk. The major financial risk are set out below and will be managed through existing processes, including in year financial monitoring.

5.1.4.1 Overall Risks - In considering the Council's corporate objectives in the context of its financial position, resources have been allocated to meet corporate priorities, and savings have been identified. In these circumstances there are inherent risks that need to be managed:

- That new resources are used effectively to deliver corporate objectives. Operational management arrangements and quarterly monitoring reports will address this issue specifically,
- That on-going spending and income is controlled to budgets. This pressure is certain to increase due to on-going national financial circumstances and, therefore, compliance with the Council's budgetary control rules remains essential,

5.1.4.2 Children's Social Care Services – The volume of cases and the cost of care continues to represent a large service and budget pressure. The current proposed budget scales back the £10m pa additional resources provided in 2015/16 to £8m from 2017/18. It is essential that work underway is progressed to ensure safe and secure methods are found to deliver services to children within budget.

5.1.4.3 Delivering the Base Programme – the existing base programme includes a number of transformation programmes which are fundamental in improving the efficiency of the Council through the development of new ways of working and interacting with our customers. If not managed successfully or implemented in the planned timescale, this will have a significant financial impact on the authority and its ability to deliver services.

5.1.4.4 Health and Adult Social Care – This area continues to operate within a very dynamic environment with expanding users numbers and increasingly complex care packages which continue to represent a large service and budget pressure. This area of activity is naturally difficult to predict and the Council needs to take further action to ensure an appropriate balance between the budgets in this area and the level of activity in line with Council policy.

5.1.4.5 Major Projects – The Council is involved in a number of major projects and an increasing number of complex financial transactions that give it some exposure to a degree of financial and reputational risk. These include projects such as:

- New Regeneration projects within the city centre including the start of the City Centre South development.
- Friargate – The building of a brand new office block and work with an external development agency to regenerate a new business district.
- City Centre Leisure Facility – The development of regionally significant water facility on the site of the Christchurch and Spire House office buildings.
- A range of significant highway and city centre infrastructure projects including the Whitley South infrastructure project to improve major road links
- The Nuckle project to improve local rail connections bring in the enhanced train service and new platform at Coventry alongside the development of the Coventry Station Masterplan
- Working with local partners including the Local Enterprise Partnership and involving initiatives such as the Growth Deal to invest in business, regeneration and infrastructure locally.
- Financial arrangements made on commercial terms to help support local organisations and businesses such as the Coombe Abbey Hotel.

These projects all carry an element of risk, incorporating a mix of external funding risk, risk of default, risk of overruns and over-spending, complex legal arrangements and other reputational eventualities. The Council is clear that its involvement in these projects is vital to help regenerate the city and make Coventry a better place to live, work and do business in. Overwhelmingly, these arrangements have self-funding business cases that keep the Council's financial costs to a minimum.

5.1.4.6 Local Government Finance Changes – the regime in which local authorities work is increasingly one in which risk is transferred from central to local government. This increased localisation has been brought forward locally with the Council's participation in the West Midlands 100% Business Rates Pilot, with the proportion of business rates retained locally increasing from 49% to 99% for 2017/18. The longer term changes represents a resource risk for the Council and the buoyancy of local Business Rates and Council Tax is fundamental for the its financial sustainability. However, due to the nature of accounting for these local income sources, the risk applies to future years such that the 2017/18 budget estimates are secure whilst the Business Rates Pilot is on a no detriment basis.

5.2 Legal implications

The proposals in this report are designed to meet the Council's statutory obligations in relation to setting a balanced 2017/18 budget by mid-March 2017. 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. Section 31A of the Local Government Finance Act 1992 (as amended) and Section 25 of the Local Government Act 2003 refer.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The Council, in common with all local authorities, will continue to be faced with challenging resource constraints over the coming years, which will inevitably impact on front-line services. The budget is developed within the context of the approved Medium Term Financial Strategy, which in turn rests on the principles set out for the City within the Council Plan. In this way Budget proposals are aligned to existing policy priorities. There are some initial signs that the Council is moving into a new phase of financial self-sufficiency and it will want to ensure that its key objectives and financial strategies are aligned as this situation develops.

6.2 How is risk being managed?

The inability to deliver a balanced budget is one of the Council's key corporate risks. The proposals within this report are aimed directly at trying to mitigate this risk. The scale and scope of the savings that will be included in the Council's bottom line budget position are such that they represent a significant risk of non-achievement in the future. The savings programme will continue to be monitored robustly to ensure that Strategic Management Board and members are kept up to date with the progress of these reviews. The establishment of a balanced medium term Budget position is a significant step forward however and places the Council in a stronger financial position than it has been in recent years.

6.3 What is the impact on the organisation?

The savings proposals within the Council's bottom line mean that the Council will have to change radically to meet the challenges that it faces both in terms of the way it works and the services it provides. The very large savings included in previous Budgets but relating to future years will be met largely from savings in employee budgets. A new Early Retirement and Voluntary Redundancy programme is being implemented in order to continue the reductions in employee numbers needed to deliver new and existing savings plans. Reduced employee numbers across the Council plus the need to do things differently will further accentuate the importance of new ways of working and will change the nature of the services provided, and the way the Council works.

6.4 Equalities / EIA

As indicated in the table attached as Appendix 3, some of the proposals contained in this year's Budget Report have been the subject of equality and consultation analyses (ECAs); further information on these can be found in the overview table. Many of the other savings are at the early stages of development and will require detailed ECAs to be carried out at the relevant time. The equalities impact will therefore be considered by elected members at the appropriate stages of subsequent decision making for the individual proposals.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

None

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	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
	Budget Deficit Brought Forward		10,563	24,299	35,944
1	Previous Savings Not Delivered	A delay in the delivery of savings is anticipated in the following areas in 2017/18 only: Adult Social Care online self-assessment (£0.1m), whole Council review of employment costs (£1.3m), Face/Telecare Systems (£2m), All Age Disability high care packages (£0.3m), Financial Assessment charging process (£0.1m), Children's Transformation process redesign (£2.1m), Children's Transformation programme residential redesign (£0.25m), Edge of Care (£0.7m), external Residential Care re-commissioning (£0.8m), Fostering & Specialist fostering (£0.6m), Supported Accommodation (£0.15m), Highways and Property restructure (£0.2m).	8,611	0	0
	Revised Medium Term Deficit		19,174	24,299	35,944

	Resource Changes				
2	Council Tax-Base and Estimated Outturn (Change to Pre-Budget Report)	This represents a significant improvement in the level of Council Tax income that is likely to be available. It incorporates the 2015/16 actual Council Tax surplus and 2016/17 projected surplus in excess of previous estimates. This reflects increases in the city's tax-base above the underlying estimate and includes the effects of continuing reductions in the level of Council Tax Reduction Scheme payments and tighter review and management of discounts.	(4,211)	(4,952)	(4,523)
2a	Business Rates Estimated Outturn (Change to Pre-Budget Report)	This incorporates the 2016/17 projected Business Rates surplus in excess of previous estimates.	(1,230)	0	0
2b	Business Rates Tax-Base (Change to Pre-Budget Report)	This reflects changes in the city's tax-base and the changes following the 2017 Business Rates Revaluation. It takes account of amounts set aside to account for future Business Rates volatility (in 2018/19) and the updated cost to the Council as a Business Ratepayer following revaluation.	(1,548)	2,011	(481)
2c	West Midlands Business Rates Pilot (Change to Pre-Budget Report)	The projected benefit of the Council's participation in the Business Rates pilot. The Council's participation was approved in a report to Cabinet on November 1st 2016.	(3,638)	(3,049)	(2,230)

	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
3	New Homes Bonus (Change to Pre-Budget Report)	This includes additional grant of £0.3m reflecting Coventry's share of unallocated resources available nationally and underlying new housing growth across the city. However, the 2017/18 Local Government Finance Settlement has top-sliced New Homes Bonus resources to fund the 2017/18 Adult Social Care Grant (see line 4a below) resulting in a net £1.7m reduction for Coventry.	1,666	59	49
4	Better Care Fund (Adult Social Care)	The Council's 2016/17 Budget included very significant increases in the projected costs of adult social care. Corresponding indicative Better Care Fund grant resources for managing services delivered between Adult Social Care and health are being built in here. This will enable the Council to manage costs included previously in the budget for Adult Social Care.	0	(5,960)	(5,960)
4a	2017/18 Adult Social Care Grant	This is a new one-off grant announced as part of the 2017/18 Local Government Finance Settlement. The Council approved significant additional medium term resources for Adult Social Care as part of last year's Budget Setting and the new grant announced here will help to fund this additional spend.	(1,558)	0	0
4b	Adult Social Care Precept	The Council's financial plans assume an Adult Social Care "Precept" of 2% for each of the years 2017/18 to 2019/20 in line with previous Government expectations. The 2017/18 Local Government Finance Settlement has given councils the opportunity to increase the Precept to 3% for 2017/18 and 2018/19 (in which case, no increase would be allowed for 2019/20). This change would increase the assumed total increase in Coventry's Council Tax from 3.9% to 4.9%.	(1,129)	(2,373)	35
5	Education Support Grant (Pension Liability)	This reflects a further reduction in Education Support Grant. The Council is unable to reduce that part of the corresponding expenditure which relates to historic pension liabilities.	758	1,300	1,300
	Total Resource Changes		(10,890)	(12,964)	(11,810)

	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
	<u>Technical and Corporate Changes</u>				
6	Salary and Inflation Contingencies	This assumes that previously planned for amounts for pay awards, pensions' increases from the current actuarial review and pensions auto-enrolment from 1st April 2017 can be scaled back compared with previous medium term estimates.	(2,000)	(2,000)	(2,000)
6a	Pension Costs (Change to Pre-Budget Report)	The Council has worked with West Midlands Pension Fund to agree employer pension contributions for the next three years following the latest triennial review. Future increases had been built into the Council's medium term financial plans previously based on initial projections but the final position is that the actual increases will be lower than anticipated. The Council is also intending to pay the three year costs up-front and achieve a cash-flow saving from the pension fund.	(2,079)	(2,079)	(2,079)
7	Asset Management Revenue Account	This corporate budget incorporates the revenue financing costs of capital spending and the financial impact of the management of the Council's cash balances. The re-profiling of capital spend to later years has two effects – it decreases capital refinancing costs and increases investment income as a result of higher cash balances. There is also an impact as a result of the full impact being felt of the new Minimum Revenue Provision (MRP) policy which was introduced in February 2016.	(1,500)	(1,500)	(1,500)
8	Audit Fee	The audit fee payable to the Council's external auditors Grant Thornton has reduced from £231k to £173k. These costs are subject to a national scale of fees.	(58)	(58)	(58)
9	Airport Dividends	This reflects a marginal change in the Council's projected dividend from its shares in Birmingham International Airport.	(145)	12	(66)
10	Combined Authority	For 2016/17 Budget Setting the Council had set aside £500k (on-going) as an initial estimate of the cost of supporting development of Combined Authority proposals. Moving forward, the current estimate of these costs is that they will be c£250k. This creates a saving compared with the previous budgeted amount.	(250)	(250)	(250)
10a	West Midlands Transport Authority Levy (Change to Pre-Budget Report)	This levy (previously the West Midlands Integrated Transport Authority Levy). Is paid for by all 7 West Midlands councils based on population share. Although small savings have been announced, these have been more than cancelled out for Coventry due to its increase in relative population size.	26	441	684

	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
11	Coventry & Solihull Waste Disposal Company Dividends (Change to Pre-Budget Report)	Coventry and Solihull Councils will continue to challenge to seek to maximise returns from their shareholding in the waste disposal company. An increased estimate has been included compared with the Pre-Budget position based on latest discussions with the company.	(670)	(536)	(536)
12	Coventry Investment Fund	The CIF was established in 2013 to support investment in schemes that generate business rates growth. It is proposed no further funding which attracts a revenue cost should be committed. Future schemes may be eligible for WMCA funding or for Council funding on an individual basis where it can be demonstrated that this is cost neutral.	(550)	(1,939)	(1,926)
13	Sports Contingency	Remove contingency set aside to develop sports provision across the city.	(150)	(150)	(150)
14	Policy Contingency	This budget allows the lead member for finance to support high priority policy developments. It underspends on a regular basis and this proposal is to limit the budget to £75,000 per annum.	(83)	(83)	(83)
14a	Information & Communications Technology - Personal Computer Refresh Programme (Change to Pre-Budget Report)	The programme for updating the Council's personal computer stock has been re-assessed leading to an updated cost profile.	159	159	159
14b	Connecting Communities (Change to Pre-Budget Report)	Reassessment of the consultation and implementation phase of the Connecting Communities means that not all of the savings will be delivered to the previously planned timescale, leading to the shortfall shown here.	1,404	0	0
	Total Technical and Corporate Changes		(5,896)	(7,983)	(7,805)

	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
	<u>Savings Proposals</u>				
15	Commercial Property - Asset Opportunities	Creation of new income streams from the re-investment of receipts from the disposal of non income earning assets	(250)	(300)	(300)
16	General - Car Parking, Pest Control, Bereavement (Change to Pre-Budget Report)	Opportunities exist to increase charges and/or improve full cost recovery in some service areas. The key services where it is considered this is achievable are bereavement services, car parking and parts of the pest control service	(575)	(575)	(575)
17	Employment Costs	Review the Council's employment costs.	0	(1,000)	(5,000)
18	Regional Shared Traffic Management Service	West Midlands (Combined Authority) wide traffic and transportation provision. This would require the co-operation of other WM authorities.	0	(150)	(150)
19	Developing a Commissioning Function with the Health Economy	The People Directorate contains a number of commissioning functions across its services. An initial review of the benefits of consolidating functions will be carried out to deliver initial savings. Further work on opportunities for integrating with health colleagues will also form part of this work.	0	(180)	(180)
20	Adult Social Care Commissioning - Voluntary and Third Sector	Review voluntary sector spend to reprioritise against Council objectives resulting in either a direct reduction in actual costs of care and support or a reduction in voluntary and third sector spend	0	(500)	(500)
21	Merge apprenticeships and Employment Services (Change to Pre-Budget Report)	The initial proposal was to combine the two separate teams that currently manage apprenticeships internally and externally to produce a cost saving . The initial £75k saving will not be pursued but an equivalent saving will be delivered from line 16.	0	0	0
22	Revenues and Benefits Service business process review	Review of business processes for the administration of Revenues and Benefits - to include an improved digital offering and automated self service solution – to realise efficiencies in back office administration.	0	(50)	(150)
23	Consumer Protection	The proposal would put an end to pre-emptive work of trading standards, reverting to statutory enforcement function only.	(75)	(75)	(75)
24	Parks and Street Cleansing (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to Identify service reductions to cleansing and grass cutting schedules and reduce the the number of litter bins or how often they are emptied - will no longer be pursued.	0	0	0
25	Cease Mobility Pathways (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to close the shopmobility service, which lends out free scooters and powered wheelchairs to people with a disability who shop in the city centre - will no longer be pursued.	0	0	0

	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
26	Re-design of household waste collection	<p>Residents currently have three bins - a blue lidded bin for recycling (collected every other week), a brown lidded bin for garden waste (collected every other week between March & November) and a green lidded bin for household waste including food (collected weekly).</p> <p>This proposal would see the garden waste service extended to the full year, with the added benefit that this bin would also accept food waste. Green lidded bins for household waste would then be collected on the week following the garden and food waste collection. This ensures that residents could dispose of food waste weekly if they wish. The blue lidded bin would be collected as currently. The proposed savings acknowledge that flats have limited space for bin storage and often do not have private gardens and hence no brown lidded bins. The saving figures therefore assumes no change to flat collection arrangements.</p>	0	(1,000)	(1,000)
27	Schools Cleaning decentralisation	The cost to the Council of providing this service to schools has risen significantly in the last two years. This, together with falling customer numbers has resulted in the service becoming unsustainable financially. It is proposed that school cleaning teams are transferred to and managed directly by schools from the start of the 2017/18 academic year.	(50)	(50)	(50)
28	Employment Team/Job Shop/Youth Employment (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to end most of the employment support services provided by the Council, close the Job shop, and to stop the NEETS placement service and the Youth Employment Initiative - will no longer be pursued.	0	0	0
29	Business Investment Activity (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - which would impact on the team handling inward investment in the city and result in significant loss of grant and the ability to deliver other grant programmes - will no longer be pursued.	0	0	0
30	Highways - reduce reactive repairs	Improvements in our asset management systems are allowing us to target repairs more efficiently. However, we will continue to monitor the speed with which we repair potholes and will ensure that all priority repairs (potholes deeper than 1.5 inches) continue to be dealt with within 5 days	(100)	(100)	(100)
31	Planning Capacity Reduction	Reduction of the cost and/or increase income within the planning function	(100)	(100)	(100)
32	Community Development and Engagement functions	Review of Community Development and Engagement functions to ensure functions can deliver required support	(100)	(150)	(150)

	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
33	Revenues and Benefits staffing levels	Review of staffing levels across the service within the context of channel shift, merging of cross service functions and a diminishing housing benefit caseload resulting from the phased implementation of universal credit.	(100)	(200)	(200)
34	Council Tax Support Threshold (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to further revise of the Council Tax Support Scheme - will no longer be pursued.	0	0	0
35	Cabinet Member Meetings/Ward Forums (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that the saving to cease formal Cabinet Member meetings will no longer be pursued. This leaves a proposal to end Ward Forums .	(15)	(15)	(15)
36	Citivision (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to cease hard-copy Citivision delivered to Coventry homes - will no longer be pursued.	0	0	0
37	Sustainability Team Commercialisation	Reduction of the cost and/or increase income within the Sustainability Team.	(75)	(125)	(125)
38	Highways Repairs - reduce programme and/or backfill from capital (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to fund £500k of 2017/18 Highways Repairs from capital receipts rather than the existing revenue budget - will no longer be pursued. In future years a decision will be required on whether the budget is reduced or further capital receipts are used to fund expenditure up to existing levels.	0	0	0
39	Internally provided services - review options	A number of internally provided services continue to be delivered by Adult Social Care despite a number of closures and changes in recent years. This work will review the scope and benefits associated with further changes to the internal services.	0	(500)	(500)
40	Public Health - future contract tendering	As Public Health contracts are retendered, changes to delivery models and increased efficiency will be sought	0	(500)	(500)
41	All age disability review	Review of All Age Disability Service to ensure cost effective transition arrangements and management of costs meeting assessed needs.	0	(250)	(250)
42	Review of transport spend including SEN	People Directorate has significant levels of transport spend across service user groups. A review of transport delivery and eligibility is required to reduce cost and maximise independence	0	(500)	(500)
	Total Savings Proposals		(1,440)	(6,320)	(10,420)

	Description	Proposal & Implications	2017/18 £000	2018/19 £000	2019/20 £000
43	Use of Existing One-Off Resources Airport Dividend Reserve (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to use of £4.4m special airport dividend received in 2015/16 - will no longer be pursued.	0	0	0
44	Use of Capital (revenue in Capital Programme) (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to use existing Capital Receipts to fund Capital Programme expenditure that is currently funded from revenue will be scaled back from Pre-Budget levels, now requiring £4.299m of contributions over three years.	(1,299)	0	(3,000)
45	Insurance Reserve (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to use part of the existing Insurance Reserve to help balance revenue bottom line - will no longer be pursued.	0	0	0
46	Fund Capital Costs from Capital Receipts (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to identify capital receipts to fund capital spend and replace planned borrowing costs - will no longer be pursued.	0	0	0
47	One-Off Reserves (Change to Pre-Budget Report)	As a change to the Pre-Budget Report it is proposed that this saving - to identify one-off reserve balances to help balance revenue budget on a one-off basis - will no longer be pursued.	0	0	0
47a	Medium Term Financial Strategy Reserves Strategy (Change to Pre-Budget Report)	This is a new proposal to balance the three year financial programme. A contribution will be made to reserves in 2018/19 and this balance used to balance the programme in subsequent years.	0	2,968	(2,910)
	Total Use of Existing One-Off Resources		(1,298)	2,968	(5,909)

	Policy Proposals				
48	Development of Acquisition of Revenue Generating Assets including Housing Company (Change to Pre-Budget Report)	This provides budgetary provision to fund the initial potential costs of establishing a housing company and developing plans for identifying income earning assets.	100	0	0
49	City of Culture Contribution (Change to Pre-Budget Report)	Initial provision to fund expenditure to develop Coventry's City of Culture bid.	250	0	0
	Total Policy Proposals		350	0	0

	Total Balance		0	0	0
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Appendix 2

CONSULTATION ON THE COUNCIL'S BUDGET PROPOSALS 2017-2020

JANUARY 2017

1. Introduction

- 1.1. Between December 2016 and January 2017, the Council undertook an eight week period of consultation on its budget proposals for 2017/18 to 2019/20, prior to making the final decision on its budget.
- 1.2. The Council reported on its priorities, the budget setting context and local financial position and gave an outline of the proposals to balance the Council's 2017/18 to 2019/20 budgets. The Council asked for views on its proposals for delivering services in the future while achieving the savings needed.

2. Consultation Process

- 2.1. The Council hosted a survey on its website asking for people's views on the budget proposals. This survey was publicised through the Council website, Facebook and Twitter pages. There were a total of 227 respondents, of whom 74 left comments. The results of the survey are summarised in section 3.
- 2.2. In addition, a meeting was held with the Chamber of Commerce during January to understand the views of the Chamber on the Council's budget proposals. The issues raised during the meeting are summarised in section 4.
- 2.3. The Trade Unions were also consulted on the draft budget proposals at a series of meetings held between November 2016 and January 2017. The Council continues to consult with the trade unions on the impact and implementation of the Council's budget.
- 2.4. Two online petitions have been started: Save our Job Shop and the essential support that helps Coventry residents into work and Stop the closure of our shop mobility. These are available to view on the Council's website.

3. Outcomes of the 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. 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
- 3.2. In addition to survey responses, written responses were received from Trade Unions, Coventry and Warwickshire Chamber of Commerce, Coventry Older Voices and the Disability Equality Advisory Panel
- 3.3. A full list of comments from the meetings, online survey and written feedback can be received by contacting insight@coventry.gov.uk.

Feedback from the on line survey and written feedback

- 3.4. Whilst recognising the current financial climate and the Council's reduced resources, a number of respondents felt that it was vital for the Council to continue investing in the city, in order to support the city's economy and stimulate growth.
- 3.5. A large number of respondents referred to the importance of the Job Shop in the city and the need to continue providing employment support for the most vulnerable groups in the city. It was stressed that this support would be vital in ensuring the continued growth for the city centre. Whilst most respondents stressed the importance of the provision of employment support there were some that viewed the Job Shop as a duplication of provision and one that the Council did not need to support.
- 3.6. There were concerns that changes to the bin collections and street cleansing would result in increased fly tipping and more litter on the streets at a time when the city is already very dirty. Concerns were also raised about the proposed changes to the Shop Mobility Service and Trading Standards, claiming that it would be vulnerable people that would be most affected by any changes. Throughout the comments there was a general concern expressed over the negative impact of the budget cuts on some of the most vulnerable people in the City.
- 3.7. There were mixed views about the importance of the Universities in the future development of the city centre. Many residents felt the city has become over-run with student accommodation and that the Universities should be paying for improvements to the city centre. It was highlighted several times that a way for the Council to raise money would be to charge either the students directly or their landlord's Council Tax.
- 3.8. The voluntary sector felt that there needed to be recognition of the role that they have in delivering some of the early preventative services which in turn could help to manage the demand for Council services as well as their role in securing resources into the city.
- 3.9. Even though the Council is required to set a balanced budget a number of respondents expressed their view that the Council needed to do more to fight the scale of spending cuts coming down from the Government.
- 3.10. A number of respondents highlighted that both the budget report and consultation should be improved in order to make it more meaningful to local people. A number of residents said that the budget proposals were so broad that there was insufficient detail in the savings proposals upon which to comment. They were interested to understand what further consultation would take place when more detailed proposals emerged.

4. Feedback from Consultation Meeting

- 4.1. A presentation was given, which generated a discussion on a number of areas, the comments made on the Council's proposed budget proposals centred on the perceived negative impact on the planning process that would be felt if the service was reduced. It was widely felt that any reduction in service would be a barrier to the growth the city needs. In fact the response went as far as to suggest that the planning team needed further investment at this time.

Summary of Responses from the Council's Public Budget Consultation – January 2017

Priority / Theme	Comments	
Tell us what you think about the proposed budget plans for 2017/20?		
Employment Services	<ul style="list-style-type: none"> • Save job shop as it helps the tax payer save money from people not working, also boosts the local economy due to the job increase saving the city long term due to economic development. • The proposed closure of the job shop would be hugely detrimental to the city. • Having read your proposals I am astounded to see that you are looking to cut employment support services, including the successful Job Shop. • In addition a cut in the funding of existing services and in closing the Job Shop which is quite a flagship for this work, will lose the city a very high amount of leveraged funding that comes in on the back of existing activities. This would include European and national grants, and initiatives more holistically focused on boosting the local economy. • Employment Team/Job Shop/Youth employment this type of work is supported at a national level with huge resources and Coventry City Council is duplicating this work • I am appalled by the proposed cuts to the Employment Team and the closure of the Job Shop, at a time when we need to be investing in local people not turning our back on them. Many of the people that access the Job Shop are NOT eligible to receive support from the Job Centre, so NO this is not an alternative 	Residents/Trade Unions/Organisations
Waste Services/Street Cleansing	<ul style="list-style-type: none"> • Cutting back on waste disposal will lead to more fly tipping and unauthorised fires and so forth no cost saving. • The plans for waste collection are rubbish! • I think the further reduction in street cleansing and reduction in number of litter bins and their emptying is short sighted and unacceptable, particularly in view of the Council's drive to achieve City of Culture status in 2021 	Residents/Trade Unions/Organisations

Priority / Theme	Comments	
	<ul style="list-style-type: none"> Do not agree with reduction in street cleaning Coventry is dirty enough already and needs more cleansing not less. The proposal to end weekly bin collections is disgraceful. It just means we're paying more in Council Tax for a degraded level of service. Aside from the likely problems with smell and insects/vermin during hot weather, it's bound to lead to an increase in fly-tipping and litter on the streets. 	
Shop mobility	<ul style="list-style-type: none"> The ceasing of the Shop Mobility service is likely to backfire - it is a well-used service, much valued by people who have money to spend in local shops. I think a number of the more marginal savings proposed will have disproportionate impact and should be avoided, in my view by slightly increasing Council Tax. In particular, I think that the proposals to close all pro-active trading standards, to cease Ward Forums, to further cut Community and Development services, and to close shop mobility are all likely to have a high impact while achieving only relatively minor savings It is not acceptable to close this service for disabled people + older less mobile people who need to use this service. It will make some very vulnerable people more socially isolated + does not go well for Coventry who aspire/ are supposed to becoming an Age Friendly City. 	Residents/Trade Unions/Organisations
Trading Standards	<ul style="list-style-type: none"> The proposal would put an end to pre-emptive work of trading standards, reverting to statutory enforcement function only. This is open to interpretation and would have wide implications as to the work of trading standards and could seriously restrict its work and the protection that it could provide for Coventry Citizens 	Residents/Trade Unions/Organisations
Planning	<ul style="list-style-type: none"> We are on the cusp of great things in Coventry and we don't want any changes to the planning system to become a barrier to this growth Need to ensure that capacity and quality are not impacted by any changes to the planning department 	Members of Coventry and Warwickshire Chamber of Commerce
Overall proposals	<ul style="list-style-type: none"> The way you are dealing with the central government cuts to budgets is as usual for this council totally wrong and isn't for the best. Cutting services, some vital ones may I add is not the right thing to do. Whilst these cuts stem from a Tory government, we believe that this Labour led Council should not be just passing them on. Total council reserves have 	Residents/Trade Unions/Organisations

Priority / Theme	Comments	
	<p>risen again in the last year and now stand at £95 million! Some of that money should be used to preserve services against cuts and use the time bought to lead a serious campaign against the Tory government for the restoration of essential local funding.</p> <ul style="list-style-type: none"> • A scandalous betrayal of the Coventry public. Use your reserves or refuse to carry out these terrible cuts and force the government to come in and run the authority - that way they get the blame not you. Stand up for what you believe in! • Appreciate the very difficult decisions - but the council could do more to help citizens understand the difficult moral, social and financial issues faced. The cuts should be targeted more at those who can afford rather than the most vulnerable in our communities. • The Council is facing a challenging situation but overall I consider the approach is ok Coventry will have no more services in 2020 at this rate. We will potentially be the city of culture with nothing worth living in for. • How can we be a City of Culture or even be considering this if we don't value the people living in it • Stop spending on non-essential such as 1/2 marathons when saying there is NO money • Coventry will have no more services in 2020 at this rate. We will potentially be the city of culture with nothing worth living in for. • How can we be a City of Culture or even be considering this if we don't value the people living in it 	

What do you think the Council could do differently to reduce costs and save money in the future?		
Communication	<ul style="list-style-type: none"> • Get a lot better at communicating with the people you are meant to be representing and serving that way they get the blame not you. Stand up for what you believe in! • What consultation events have you held across the city to share information about the tough decisions and work with Coventry people to come up with their suggestions? 	Residents/Trade Unions/Organisations
Infrastructure Projects	<ul style="list-style-type: none"> • Invest in the city's infrastructure/ business to attract more investment • Stop building new council offices ,use what you have until Coventry becomes strong and self-reliant again • Ditch the money spent/wasted on prestige projects to "revitalise" the City Centre and pay more attention to the needs of ordinary people living out in the suburbs. 	Residents/Trade Unions/Organisations
Council Staff/Number of Councillors	<ul style="list-style-type: none"> • There seems no need to have quite so many councillors per ward as they no longer need to be out in their communities because communication is more effective and faster using email and other social media, the work can be done in a different more efficient way, and as charities are now picking up all the previous statutory and community services, not needing help from the city council • As the majority of the council costs are staff related they should review staffing costs, particularly at the most senior level. • Look closely at the high salaries paid to what continues to be an exceptionally high number of senior managers. 	Residents/Trade Unions/Organisations
Voluntary Sector	<ul style="list-style-type: none"> • Commission more services from the voluntary sector • More actively facilitate (including ongoing material if not financial) support for social enterprise solutions to key community service provision 	Residents/Trade Unions/Organisations
Universities	<ul style="list-style-type: none"> • Could the council levy some kind of 'poll tax' on student dwellings being erected all over the city? Some of the revenue could then be used to be more pro-active in addressing the concerns of local people over the 'swamping of the city centre' with student accommodation • Student accommodation which is everywhere should not be totally council tax 	Residents/Trade Unions/Organisations

	<p>free. They are using services , they should be paid for</p> <ul style="list-style-type: none"> • Charge both universities fees for all the student accommodation and expansion they are creating in the city. It is about time they paid back to the community. 	
Overall Comments		
	<ul style="list-style-type: none"> • I bet this consultation is just a box ticking exercise and that the comments will be ignored and the plans pushed ahead regardless of the comments. • The council should be open and honest with people so that they know it's just not possible to deliver the services they may want or may have received in the past • Why is there no coordinated central volunteer line and service within the council for litter picking, park maintenance etc. • To make this a meaningful consultation, there should be better ways of presenting the information so that everyone can understand. 	Residents/Trade Unions/Organisations

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Appendix 3 - Budget Report 2017-18 – Overview of Equality Analysis

Savings Proposals	Equality Analysis
<i>No equalities impact anticipated</i>	
General – Pest Control	This service is proposing to raise additional income through increasing the amount of commercial work carried out. It is therefore not anticipated that there will be any impact on any protected groups, as the same level of service provision to individual service users will be maintained.
Regional Shared Traffic Management Costs	This saving is expected to be achieved through reduced administrative costs through collaborative working in the West Midlands Combined Authority. There are therefore no equality issues in relation to this area.
Highways Repairs	This proposal will involve a switching of resources and no actual reduction in the Highways Capital Investment fund. There will therefore be no equalities impact in relation to this proposal.
All age disability review	This savings proposal relates to a review which has taken place of the All Age Disability Team to fully integrate all sections of the service and redesign business processes. No ECA was required as part of this work.
<i>ECA to be carried out as proposals begin to be developed</i>	
General – Car Parking	The service will conduct a review aimed at exploring opportunities for raising additional income. Once the details of this review are known, an ECA will be carried out if appropriate.
Workforce Reform (Employment Costs)	Full equality and consultation analyses will be completed for any proposals that are to be taken forward for further consideration, as part of the Workforce Reform (Employment Costs) programme. It is anticipated that all employees will be affected in some way throughout the delivery of the programme, including employees with a protected characteristic. However, any review of the workforce costs will also enable the Council to identify and mitigate equal pay anomalies.
Commissioning function across health economy	This savings proposal is at the early stages of development. It is therefore too early to outline any potential equality impacts. An ECA will be carried out at the appropriate time.
Adult Social Care Commissioning – Voluntary Sector	This proposal relates to a review of voluntary sector spend to reprioritise against Council objectives. An ECA will be carried out at the appropriate stage.
Merge Apprenticeships and Employment Services	This savings proposal is at the early stages of development. It is therefore too early to outline any potential equality impacts. An ECA will be carried out at the appropriate time.

Savings Proposals	Equality Analysis
Housing Benefits/Customer Interface Review	The proposed changes to the Housing Benefits service will achieve savings by implementing process improvements and reducing staffing levels within the service. A full ECA will be carried out at the appropriate stage, however, it is acknowledged that the proposed changes will mean that claims may take longer to process – thus putting additional financial pressure on financially vulnerable people.
Consumer Protection	A number of options are currently being explored before this proposal can be developed further. It is therefore too early to outline any potential equality impacts. An ECA will be carried out at the appropriate time.
Planning Capacity Reduction	This savings proposal is at the early stages of development; a number of options need to be considered before any analysis of potential equality impact can be carried out. An ECA will therefore be carried out at a later stage.
Community Development functions	This savings proposal is at the early stages of development. It is therefore too early to outline any potential equality impacts. An ECA will be carried out at the appropriate time.
Housing Benefits Staffing levels	The proposed changes to the Housing Benefits service will achieve savings by implementing process improvements and reducing staffing levels within the service. A full ECA will be carried out at the appropriate stage, however, it is acknowledged that the proposed changes will mean that claims will take longer to process – thus putting additional financial pressure on financially vulnerable people.
Sustainability Team	There are different options to be considered in order to determine the best way to achieve savings required in this area. An ECA will be carried out at a later stage to explore the equality implications of any proposals in more detail, particularly around the provision of fuel poverty advice to vulnerable people.
Internally provided services – review options	This savings proposal relates to the review of alternative delivery options for internally provided services. An ECA will be carried out a later stage to explore the equality implications.
Early Help review	Elements of the Early Help Services are already being reviewed as part of the Connecting Communities programme. An opportunity exists to further develop proposals. An ECA will be carried out at the appropriate stage.
<i>Initial ECAs produced</i>	
Redesign of Household Waste Collection	This proposal relates to a redesign of waste collection in the city; moving to alternate weekly collection of non-recyclable waste and the introduction of a food waste collection service. An ECA has been carried out on the proposed

Savings Proposals	Equality Analysis
	<p>changes, which has shown that there should not be any adverse impact on any protected group over and above the general impact that may be experienced by all residents in the city as they adjust to a new schedule of collections. The service is aware of the issues already affecting certain groups living in particular areas of the city and this data will continue to be monitored if the proposed changes are implemented. By way of mitigation, all arrangements for the new service will be communicated effectively, with methods used to ensure that core messages reach key groups.</p>
School Cleaning decentralisation	<p>It is proposed to achieve savings in this area by ending the centralised cleaning of schools and transferring staff to schools for local management. The ECA on this proposal has shown that TUPE regulations should mean that there is minimal impact on staff. The consultation with the cleaning staff affected by the proposal and their trade unions will take place after full Council on the proposal. The ECA will be reviewed at this point.</p>
Highways – reduce reactive repairs	<p>This savings proposal relates to a planned reduction in the Highways reactive maintenance budget. An ECA has been carried out which shows that this proposal could potentially impact more on older people and people with disabilities – as there may be delays in repairing road and pavement defects.</p>
Public Health – future contract tendering	<p>It is proposed to achieve savings through the re-commissioning of future public health contracts, including Drug and Alcohol treatment services, 0-19 nursing services and Children’s Lifestyle Services. A separate ECA on Drugs and Alcohol Re-commissioning has already been completed. At this time it is unknown if there will be any specific impacts on protected groups of re-commissioning of the other 2 contracts; separate ECAs will be carried out at a later stage.</p>
Review of Transport Spend inc SEN	<p>It is proposed to achieve savings through implementation of a revised Travel Assistance Policy for school age children and a new Travel Assistance Policy for post 16 and post 19 students. A detailed ECA has been carried out in relation to this proposal; this shows potential negative impact for children and young people who currently are in receipt of travel assistance but who will no longer be eligible under the new proposals. By way of mitigation, the Council is proposing phased implementation to enable families to make alternative arrangements. Independent travel training will also be offered to students, and the Council may also consider a personal transport budget.</p>

Savings Proposals	Equality Analysis
General - Bereavement	An ECA has been carried out in relation to an increase in fees and charges for cremation and burial services. This has shown that there could be potentially negative impact on Older people, disabled people and people from certain religious groups.

Revenue Budget

Appendix 4

2016/17 Restated *	CABINET MEMBER PORTFOLIOS	Budget Decisions Brought Forward	Pre- Budget and Final Budget Changes	2017/18 Final Budget
£'000		£'000	£'000	£'000
1,596	Policy and Leadership	2,453	(7)	2,446
8,303	Policing and Equalities	7,883	139	8,022
7,021	Strategic Finance and Resources	8,575	(221)	8,354
73,071	Children and Young People	67,357	4,906	72,263
13,744	Education and Skills	13,309	773	14,082
(7,279)	Jobs and Regeneration	(6,803)	(99)	(6,902)
25,124	City Services	27,474	(525)	26,949
78,643	Adult Services	79,816	791	80,607
5,093	Public Health and Sport	3,852	(306)	3,546
6,428	Community Development	6,570	(222)	6,348
211,744	TOTAL CABINET MEMBER PORTFOLIOS	210,486	5,229	215,715
22,397	Borrowing and Investments	24,085	0	24,085
(16,325)	Contingencies & Corporate Budgets	(9,664)	(9,001)	(18,665)
15,087	Levies From Other Bodies	14,878	26	14,904
30	Parish Precepts	30	0	30
3,750	Revenue Contribution to Capital Spend	(131)	2,201	2,070
(3,302)	Contributions to / (from) Reserves	143	(5,800)	(5,657)
233,381	NET BUDGET AFTER SPECIFIC GRANTS, FEES & CHARGES	239,827	(7,345)	232,482
	Financed by:			
(47,626)	Central Government Resources	(34,646)	34,646	0
(110,817)	Council Tax	(115,880)	(2,614)	(118,494)
(74,938)	Business Rates	(78,741)	(35,247)	(113,988)
(233,381)	TOTAL RESOURCES	(229,267)	(3,215)	(232,482)

* Restated to reflect changes in portfolios between years

2016/17 Restated *	CABINET MEMBER PORTFOLIOS	Gross Expenditure	Gross Income	2017/18 Final Budget
£'000		£'000	£'000	£'000
1,596	Policy and Leadership	3,018	(572)	2,446
8,303	Policing and Equalities	10,137	(2,115)	8,022
7,021	Strategic Finance and Resources	128,532	(120,178)	8,354
73,071	Children and Young People	82,217	(9,954)	72,263
13,744	Education and Skills	220,198	(206,116)	14,082
(7,279)	Jobs and Regeneration	10,677	(17,579)	(6,902)
25,124	City Services	53,325	(26,376)	26,949
78,643	Adult Services	112,332	(31,725)	80,607
5,093	Public Health and Sport	26,275	(22,729)	3,546
6,428	Community Development	10,244	(3,896)	6,348
211,744	TOTAL CABINET MEMBER PORTFOLIOS	656,955	(441,240)	215,715
22,397	Borrowing and Investments	25,413	(1,328)	24,085
(16,325)	Contingencies & Corporate Budgets	2,368	(21,033)	(18,665)
15,087	Levies From Other Bodies	14,904	0	14,904
30	Parish Precepts	30	0	30
3,750	Revenue Contribution to Capital Spend	2,070	0	2,070
(3,302)	Contributions to / (from) Reserves	1,622	(7,279)	(5,657)
233,381	NET BUDGET AFTER SPECIFIC GRANTS, FEES & CHARGES	703,362	(470,880)	232,482
	Financed by:			
(47,626)	Revenue Support Grant	0	0	0
(110,817)	Council Tax	0	(118,494)	(118,494)
(74,938)	Retained Business Rates	0	(113,988)	(113,988)
(233,381)	TOTAL RESOURCES	0	(232,482)	(232,482)

* Restated to reflect changes in portfolios between years

Capital 5 Year Programme by Portfolio's

CABINET MEMBER: JOBS AND REGENERATION

CAPITAL SCHEME	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
UK Central + Connectivity	6,938	39,199	40,702	33,852	72,680	193,371
City Centre Regeneration	11,274	54,131	19,002	27,507	21,404	133,318
Coventry Station Masterplan	2,982	14,732	12,173	4,442	9,070	43,399
Warwick Road Station Access	344	29	0	0	0	373
Nuckle 1.2	1,237	7,842	5,758	0	2,310	17,147
Nuckle	87	0	0	0	0	87
Growth Deal	11,525	2,000	2,250	100	0	15,875
Whitley South Infrastructure	15,232	19,768	0	0	0	35,000
Kickstart Office	8,956	1,806	0	0	0	10,762
ESIF - Business Support	875	475	0	0	0	1,350
ESIF - Low Carbon	1,030	720	0	0	0	1,750
ESIF - Innovation	400	300	0	0	0	700
Canley Regeneration	238	0	0	0	0	238
New Deal for Communities	35	25	239	0	0	299
Growing Places	1,655	2,667	0	0	0	4,322
Refit - Guaranteed energy savings	0	447	0	0	0	447
Climate Change	10	0	0	0	0	10
Housing Venture	355	355	355	355	0	1,420
TOTAL APPROVED PROGRAMME	63,173	144,496	80,479	66,256	105,464	459,868

RESOURCES	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Corporate Resources	35	25	239	0	0	299
Prudential Borrowing	7,181	1,703	8,263	749	1,910	19,806
Grant	31,703	114,248	71,622	65,152	103,554	386,279
Section 106	125	125	125	125	0	500
Resource Switch - Prudential Borrowing	22,124	27,615	0	0	0	49,739
Ringfenced Receipts	2,005	780	230	230	0	3,245
TOTAL RESOURCES	63,173	144,496	80,479	66,256	105,464	459,868

CABINET MEMBER: EDUCATION AND SKILLS

CAPITAL SCHEME	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Basic Need	3,451	10,346	0	0	0	13,797
Condition	4,305	1,300	2,430	2,187	0	10,222
Broad Spectrum School	9,005	500	0	0	0	9,505
Devolved Formula Capital	472	414	373	336	0	1,595
Suitability/Access	100	100	100	0	0	300
Swanswell	15	0	0	0	0	15
Broad Park House (Breaks for Disabled Grant)	100	215	0	0	0	315
Plas Dol-y-moch Expansion	0	550	0	0	0	550
Pathways to Care (Support to Foster Carers)	200	200	200	0	0	600
TOTAL APPROVED PROGRAMME	17,648	13,625	3,103	2,523	0	36,899

RESOURCES	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Corporate Resources	200	200	200	0	0	600
Prudential Borrowing	0	550	0	0	0	550
Grant	6,079	5,375	2,803	2,523	0	16,780
Section 106	925	0	0	0	0	925
Resource Switch - Prudential Borrowing	10,444	7,500	100	0	0	18,044
TOTAL RESOURCES	17,648	13,625	3,103	2,523	0	36,899

CABINET MEMBER: COMMUNITY DEVELOPMENT

CAPITAL SCHEME	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Housing Policy (Siskin Drive)	0	115	0	0	0	115
TOTAL APPROVED PROGRAMME	0	115	0	0	0	115

RESOURCES	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Grant	0	115	0	0	0	115
TOTAL RESOURCES	0	115	0	0	0	115

CABINET MEMBER: CITY SERVICES

CAPITAL SCHEME	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Highways Maintenance & Investment	13,518	5,710	4,594	2,369	2,369	28,560
Highways S106	154	0	0	0	0	154
Intelligent Mobility & Age Friendly Programme	305	332	0	0	0	637
Integrated Transport Programme	1,533	1,068	1,540	0	0	4,141
Public Realm Phase 4	935	0	0	0	0	935
Vehicle & Plant Replacement	2,265	4,445	748	1,773	0	9,231
Canely Crematorium - New Burial Graves	44	0	0	0	0	44
Multi Storey Car Parks	500	10,200	0	0	0	10,700
TOTAL APPROVED PROGRAMME	19,254	21,755	6,882	4,142	2,369	54,402

RESOURCES	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Corporate Resources	1,343	0	2,000	0	0	3,343
Prudential Borrowing	2,560	11,114	546	1,773	0	15,993
Grant	13,660	4,741	3,765	0	0	22,166
Capital expenditure (from) revenue account	1,070	2,369	369	2,369	2,369	8,546
Leasing	205	531	202	0	0	938
Section 106	416	0	0	0	0	416
Ringfenced Receipts	0	3,000	0	0	0	3,000
TOTAL RESOURCES	19,254	21,755	6,882	4,142	2,369	54,402

CABINET MEMBER: STRATEGIC FINANCE & RESOURCES

CAPITAL SCHEME	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
ICT Operations Team	700	1,050	1,900	900	500	5,050
ICT Change Team	1,825	1,020	750	500	500	4,595
TOTAL APPROVED PROGRAMME	2,525	2,070	2,650	1,400	1,000	9,645

RESOURCES	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Corporate Resources	1,023	940	2,650	400	0	5,013
Prudential Borrowing	502	130	0	0	0	632
Capital expenditure (from) revenue account	1,000	1,000	0	1,000	1,000	4,000
TOTAL RESOURCES	2,525	2,070	2,650	1,400	1,000	9,645

CABINET MEMBER: ADULT SERVICES

CAPITAL SCHEME	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Dept of Health Social Care Grant	54	0	0	0	0	54
Disabled Facilities Grants	2,851	2,851	2,851	0	0	8,553
TOTAL APPROVED PROGRAMME	2,905	2,851	2,851	0	0	8,607

RESOURCES	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Grant	2,905	2,851	2,851	0	0	8,607
TOTAL RESOURCES	2,905	2,851	2,851	0	0	8,607

CABINET MEMBER: PUBLIC HEALTH AND SPORT

CAPITAL SCHEME	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Play Areas	195	0	0	0	0	195
Investment in Sporting Facilities	100	270	100	0	0	470
City Centre Destination Leisure Facility	16,508	14,057	2,003	0	0	32,568
Alan Higgs Centre - 50m Swimming Pool	886	0	0	0	0	886
TOTAL APPROVED PROGRAMME	17,689	14,327	2,103	0	0	34,119

RESOURCES	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Corporate Resources	100	270	100	0	0	470
Prudential Borrowing	17,394	14,057	2,003	0	0	33,454
Section 106	195	0	0	0	0	195
TOTAL RESOURCES	17,689	14,327	2,103	0	0	34,119

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, and revised 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:

- denominated in sterling;
- due to be repaid within 12 months;
- not deemed capital expenditure investments under statute;
- invested in one of: UK Government, UK local authority or a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations as those having a credit rating of A- or higher that are domiciled in the UK or a non UK country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

All other investments are classified as non-specified.

The total limit for all non-specified investments is £68m, with specific "sub" limits of:

	£m
Total Long Term Investments	£24m
Total Investments without credit ratings or rated below A- (minimum BBB+)	£40m
Total Investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+ (minimum A-)	£4m

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

The Section 151 Officer 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, in determining the lowest acceptable credit quality.

The following investments can be used by the City Council:

Credit Rating	Banks Unsecured	Banks Secured	Corporates	Registered Providers
AAA	£8m 5 years	£16m 5 years	£8m 2 Years	£8m 5 years
AA+	£8m 5 years	£16m 5 years	£8m 2 Years	£8m 5 years
AA	£8m 4 years	£16m 5 years	£8m 2 Years	£8m 5 years
AA-	£8m 3 years	£16m 4 years	£8m 2 Years	£8m 5 years
A+	£8m 2 years	£16m 3 years	£8m 2 Years	£8m 5 years
A	£8m 13 months	£16m 2 years	£8m 2 Years	£8m 5 years
A-	£8m 6 months	£16m 13 months	£8m 13 months	£8m 5 years
BBB+	£4m 100 days	£16m 6 months	£4m 6 months	£4m 2 years
None	£1m 6 months	n/a	n/a	£4m 5 years
Uk Government*	£Unlimited - 50 Years			
Local Authorities	£8m - 25 Years			
Pooled funds	£8m per fund			

*This relates to investments with the DMO, Treasury bills & gilts.

In addition to the following category or group limits will apply:

	Cash limit
Any single organisation, except the UK Central Government	£16m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£16m per group
Any group of pooled funds under the same management	£40m per manager
Negotiable instruments held in a broker's nominee account	£40m per broker
Foreign countries	£16m per country
Registered Providers	£40m in total
Unsecured investments with Building Societies	£16m in total
Loans to unrated corporates	£16m in total
Money Market Funds	£80m in total

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. As the Council's own banker, NatWest, are currently rated at BBB+, any balances held are classified as non-specified investments.

In addition to credit rating information, in line with best practice, the authority will, through its treasury advisers, consider other information when assessing credit risk and determining organisations with whom the authority will invest. Such information will include:

- Credit Default Swaps (an indicator of risk based on the cost of insuring against non-payment);
- Sovereign support mechanisms;
- Share prices;
- Corporate developments;
- Financial media reviews and commentaries.

The table above sets out the *maximum* limits that provide a sound approach to investment. In order to manage risk, the Section 151 Officer will restrict investment activity as appropriate, for example by limiting 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.

5. Investment Instruments to be Used by the City Council

The City Council may lend or invest money using any of the following financial instruments:

- interest-bearing bank accounts;
- fixed term deposits and loans;
- callable deposits where the Authority may demand repayment at any time (with or without notice);
- callable loans where the borrower may demand repayment at any time;
- certificates of deposit;
- bonds, notes, bills, commercial paper and other marketable instruments; and
- money market funds and other pooled funds.

6. 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 Section 151 Officer and new counter parties which meet the criteria will be added to the list.

In addition, Arlingclose, the City Council's treasury advisers, provide analysis and advice that pulls together credit rating and other information. This facilitates the management of credit risk on a broader base than would credit ratings alone.

7. Financial Derivatives

Due to some uncertainty over Councils' legal powers to use stand alone financial derivative instruments, and the risks associated with their use, the City Council does not intend to use such investment derivatives.

8. Operational Investments and Loans

Separately, the City Council holds long-term investments or provides loans for operational or policy reasons, for example, in order to stimulate economic development and growth. Depending on the nature of the spend these can be accounted for as capital expenditure. Investments made in the past include Birmingham Airport Holdings Ltd, the Coventry and Solihull Waste Disposal Company and the creation of the Coventry Investment Fund.

Operational investments and loans will be assessed and reported on, on a case by case basis. This will include a full assessment of the risk, including credit risk, and how this will be managed.

Summary Prudential Indicators

Appendix 7

	Forecast 16/17 £000's	Forecast 17/18 £000's	Forecast 18/19 £000's	Forecast 19/20 £000's
1 Ratio of financing costs to net revenue stream:				
(a) General Fund financing costs	31,111	31,501	33,649	36,151
(b) General Fund net revenue stream	233,381	232,482	231,519	226,934
General Fund Percentage	13.33%	13.55%	14.53%	15.93%
2 Estimates of Council Tax Impact ~ Proposed Programme		£168.71	£190.84	£214.41
Estimates of Council Tax Impact ~ Feb 16 Programme		£172.76	£190.48	
3 Gross Debt & Capital Financing Requirement				
Gross debt including PFI liabilities	368,709	411,779	453,787	442,115
Capital Financing Requirement	380,814	430,383	479,714	474,219
Gross Investments	-110,167	-30,000	-30,000	-30,000
Gross Debt to Net Debt:				
Gross debt including PFI liabilities	368,709	411,779	453,787	442,115
less investments	-110,167	-30,000	-30,000	-30,000
less transferred debt reimbursed by others	-15,437	-14,300	-13,050	-11,674
Net Debt	243,106	367,479	410,738	400,441
4 Capital Expenditure (Note this excludes leasing)				
General Fund	80,732	122,989	198,708	97,866
5 Capital Financing Requirement (CFR)				
Capital Financing Requirement	380,814	430,383	479,714	474,219
Capital Financing Requirement excluding transferred debt	365,377	416,083	466,664	462,545
6 Authorised limit for external debt				
Authorised limit for borrowing	404,411	399,968	436,969	429,005
+ authorised limit for other long term liabilities	72,865	70,415	67,745	65,213
= authorised limit for debt	477,277	470,383	504,714	494,218
7 Operational boundary for external debt				
Operational boundary for borrowing	364,411	359,968	411,969	409,005
+ Operational boundary for other long term liabilities	72,865	70,415	67,745	65,213
= Operational boundary for external debt	437,277	430,383	479,714	474,218
8 Actual external debt				
actual borrowing at 31 March 2016	281,024			
+ PFI & Finance Leasing liabilities at 31 March 2016	74,919			
+ transferred debt liabilities at 31 March 2016	16,470			
= actual external debt at 31 March 2016	372,413			
9 CIPFA Treasury Management Code ~ has the authority adopted the code?				Yes
10 Interest rate exposures for borrowing				
Upper Limit for Fixed Rate Exposures	391,297	399,968	436,969	429,005
Upper Limit for Variable Rate Exposures	78,259	79,994	87,394	85,801
11 Maturity structure of borrowing - limits	actual	lower	upper	
under 12 months	13%	0%	40%	
12 months to within 24 months	1%	0%	20%	
24 months to within 5 years	14%	0%	30%	
5 years to within 10 years	11%	0%	30%	
10 years & above	61%	40%	100%	
12 Investments longer than 364 days: upper limit	30,000	24,000	24,000	24,000

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Public report Cabinet Report

Cabinet
Audit and Procurement Committee

21st February 2017
20th February 2017

Name of Cabinet Member:

Cabinet Member for Strategic Finance & Resources – Councillor J Mutton

Director approving submission of the report:

Executive Director of Resources

Ward(s) affected:

City Wide

Title:

2016/17 Third Quarter Financial Monitoring Report (to December 2016)

Is this a key decision?

No

Executive summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2016.

The headline revenue forecast for 2016/17 is an over spend of £4.8m. This has improved since the Quarter 2 position when it stood at £7.1m. At the same point in 2015/16 there was a projected overspend of £3.3m.

Although the level of overspend has lessened since quarter 2, much of the movement has been the result of windfall income and movements in technical areas. Nevertheless, the pattern of budgetary control variations in previous years would indicate that the position will improve further towards the year-end and officers have been instructed to identify all appropriate ways of minimising the final overspend position.

The underlying expenditure pressures, overwhelmingly within adults and childrens social care, have continued at previous unsustainable levels. Full account has been taken of the underlying budget position moving into 2017/18 within the Budget Setting report being brought to the same meeting of Cabinet as this report.

Capital spending is projected to be £81m for the year, a net decrease of £7.9m on the quarter 2 position. This decrease in the Capital Programme includes £8.3m of expenditure that has been rescheduled into future years.

Recommendations:

Cabinet is recommended to:

1. Note the forecast revenue overspend at Quarter 3.
2. Endorse the strategy set out in section 5.1 for dealing with the budgetary challenges in the current and future years.
3. Approve the revised capital estimated outturn position for the year of £81m incorporating: £0.4m net increase in spending relating to approved/technical changes (Appendix 2) and £8.3m net rescheduling of expenditure into 2017/18 (Appendix 4).
4. Note any comments made by Audit Committee ahead of the meeting of Cabinet.

Audit and Procurement Committee is recommended to:

1. Consider whether there are any comments they wish to be passed to Cabinet

List of Appendices included:

Appendix 1	Revenue Position: Detailed Directorate breakdown of forecast outturn position
Appendix 2	Capital Programme: Analysis of Budget/Technical Changes
Appendix 3	Capital Programme: Estimated Outturn 2016/17
Appendix 4	Capital Programme: Analysis of Rescheduling
Appendix 5	Prudential Indicators

Background Papers

None

Other useful documents:

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?

Audit and Procurement Committee, 20th February 2017

Will this report go to Council?

No

Report Title:

2016/17 Third Quarter Financial Monitoring Report (to December 2016)

1. Context (or Background)

- 1.1 Cabinet approved the City Council's revenue budget of £233.4m on the 23rd February 2016 and a Directorate Capital Programme of £123.2m. This is the third quarterly monitoring report for 2016/17 to the end of December 2016. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and to report on the Council's treasury management activity.
- 1.2 The current 2016/17 revenue forecast is an overspend of £4.8m, a decrease of £2.3m on the Quarter 2 position of £7.1m. The reported forecast at the same point in 2015/16 was an overspend of £3.3m. Capital spend is projected to be £81m, a decrease of £7.9m on the quarter 2 position.

2. Options considered and recommended proposal

- 2.1 **Revenue Forecast** - The Quarter 2 revenue budget monitoring exercise has identified an overall overspend of £4.8m. Table 1 below provides details of the forecast directorate variances.

Table 1 - Forecast Variations

Directorate	Revised Budget	Forecast Spend After Action/ Use of Reserves	Net Forecast Variation
	£m	£m	£m
Chief Executives	1.1	1.1	0.0
People	166.0	173.8	7.8
Place	33.6	33.9	0.3
Resources	11.4	11.4	0.0
	212.1	220.2	8.1
Contingency & Central Budgets	21.3	18.0	(3.3)
Total	233.4	238.2	4.8

2.2 Individual Directorate Comments for Revenue Forecasts

A summary of the forecast year-end variances is provided below. Further details are shown in Appendix 1.

People

The People directorate continues to face significant financial challenges, and a large underspend on centralised salaries of £4.7m masks a significant overspend across other areas (£12.5m) including undelivered savings targets and budgetary control pressure.

The net position of £7.8m overspend is largely made up of undelivered savings targets - most significantly the crosscutting kickstart and headcount targets in Children's and Adult's Services (£3.6m). The service has saving and delivery plans in place to deliver these targets, but they cannot be achieved within the current timescale.

The position has worsened since quarter 2 largely as a result of a worsening position in Children's Services due to increased demand costs in relation to looked after children and unaccompanied asylum seeking children.

Although the cumulative year on year overspend in Adult Social Care has been contained it has not yet reduced due to the increasing demand with regard to younger adults entering the service. It is anticipated that the emerging plans for further review of the all age disability service will help to address this.

Place

At Quarter 3, Place Directorate expects to have a net reportable deficit of c£0.3m. Whilst managers will continue to try to improve this position, this currently represents gross income pressures of £0.9m, expenditure pressures of £0.7m, offset by numerous overperforming income generating service areas totalling £1.1m.

Expenditure pressures are almost entirely related to difficulties in recruiting to key posts in the Traffic and Transportation service areas, the result of which has been the need to appoint a number of agency staff. These are to a degree offset with salary underspends, but as this is not a sustainable position, managers are currently assessing options to address the situation.

Income pressures continue to exist in areas previously reported. The main deficits relate to trading difficulties in relation to St Mary's Guildhall, Monitoring and Response Service, Schools Cleaning and Repair and Maintenance. All of these services are under review.

Income surpluses are being forecast in various areas. Of the £1.1m, over £0.3m relates to ongoing Bereavement Services and streetwork permits income which will help deliver the MTFs target from 2017/18. Almost £0.4m relates to increased Planning, Building Control and Licensing activity. This will be monitored to determine any ongoing trend. The remainder relates to smaller one off trading and grant incomes across a variety of service areas

Resources

The Resources Directorate has an underspend against salary budgets and turnover target of £0.5m. This is offset by non salary overspend of £0.5m resulting in a net balanced position. Areas of financial pressure within the directorate are within Legal Services, where due to vacancies and activity pressure spend is being incurred on agency and barristers, within Revenues & Benefits as a result of increased activity, and in ICT Operations linked to increases in the numbers of phones.

Contingency & Central

The Asset Management Revenue Account is projecting a £2.3m underspend due mostly to reduced capital financing costs arising from lower than planned borrowing in 2015/16, higher than planned investment income resulting from large cash balances and newly declared share dividend income from Birmingham Airport and Coventry and Solihull Waste Disposal Company. Other emerging underspends, including £1m on inflation contingencies are offset in part by previously reported non-achievement of Workforce Strategy budget savings, the knock-on implications of which have been included within the 2017/18 Budget Report.

2.4 Capital Programme

Table 2 below updates the budget to take account of a £0.4m increase in the programme, and a reduction of £7.9m for expenditure which is now planned to be carried forward into future years. This gives a revised projected level of expenditure for 2016/17 of £81m. Appendix 3 provides an analysis by directorate of the movement since quarter 2.

The Resources Available section of Table 2 explains how the Capital Programme will be funded in 2016/17. It shows 95% of the capital programme is funded by external grant. Overall the capital programme and associated resourcing reflects a forecast balanced position in 2016/17.

Table 2 – Movement in the Capital Budget

CAPITAL BUDGET 2016-17 MOVEMENT	£m
Estimated Outturn Quarter 2	88.9
Approved / Technical Changes (see Appendix 2)	0.4
"Net" Rescheduling into future years (see Appendix 4)	(8.3)
Revised Estimated Outturn 2016-17	81.0

RESOURCES AVAILABLE:	£m
Prudential Borrowing (Specific & Gap Funding)	0
Grants and Contributions	76.9
Capital Receipts	2.8
Revenue Contributions	1.0
Leasing	0.3
Total Resources Available	81.0

Final decisions on the funding of the programme will be made at year-end, based on the final level of spend and the level of resources available. These decisions will pay due regard to the need to earmark resources to fund future spending commitments. The Council has continued to delay prudential borrowing as a means of funding capital spend but it is important to be aware that significant amounts of borrowing have been approved to fund future spend and this will come on-stream over the next few years.

2.5 Treasury Management Activity in 2016/17

Interest Rates

The medium term outlook for the UK economy is dominated by the negotiations to leave the EU and will be largely dependant on the agreements the government is able to secure with the EU and other countries whilst the global environment is also undergoing a period of significant uncertainty. However, despite this uncertainty, the UK economy is more positive than many commentators expected due to continued strong household spending. Inflation is continuing to rise as a result of the depreciation in Sterling but this is unlikely to cause

any change to interest rates unless high inflation is sustained. As such, interest rates are expected to stay at 0.25% for the foreseeable future and if any rises do occur they are expected to be very small.

Long Term (Capital) Borrowing

There is no net long term borrowing requirement for 2016/17 and no long term borrowing has been undertaken for several years, in part due to the level of investment balances available to the authority. Any future need to borrow will be kept under review in the light of a number of factors, including the anticipated level of capital spend, interest rate forecasts and the level of investment balances.

During 2016/17 interest rates for local authority borrowing from the Public Works Loans Board (PWLB) have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2016/17 to P9	Maximum 2016/17 to P9	As at the End of P9
5 year	1.15%	2.00%	1.55%
50 year	2.07%	3.28%	2.66%

The PWLB now allows qualifying authorities, including the City Council, to borrow at 0.2% below the standard rates set out above. This “certainty rate” initiative provides a small reduction in the cost of future borrowing. In addition the Council has previously received approval to take advantage of a “project rate” as part of the Coventry and Warwickshire Local Enterprise Partnership (LEP), enabling it to access PWLB borrowing up to the end of 2016/17, at 0.4% below the standard rate for £31m of borrowing required for delivery of the Friargate Project. Given current interest rates and the level of investment balances held by the Council, it is likely that the Council will not use the “project rate” facility.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans with less expensive new replacement loans. However, the current premiums payable on early redemption currently outweigh any potential savings.

Short Term (Temporary) Borrowing and Investments

In managing the day to day cash-flow of the authority, short term borrowing or investments are undertaken with financial institutions and other public bodies. The City Council currently holds no short term borrowing.

Short term investments were made at an average interest rate of 0.69%. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposits, other Local Authorities, Registered Providers and companies in the form of corporate bonds.

Although the level of investments varies from day to day with movements in the Council’s cash-flow, investments held by the City Council identified as a snap-shot at each of the reporting stages were: -

	As at 31st December 2015	As at 30th September 2016	As at 31st December 2016

	£m	£m	£m
Banks and Building Societies	63.0	54.4	53.4
Money Market Funds	10.6	18.6	8.7
Local Authorities	0.0	0.0	20.0
Corporate Bonds	8.4	34.9	24.3
Registered Providers	0.0	15.0	15.0
Total	82.0	122.9	121.4

External Investments

In addition to the above investments, a mix of Collective Investment Schemes or “pooled funds” is used, where investment is in the form of sterling fund units and non-specific individual investments with financial institutions or organisations. These funds are generally AAA rated, are highly liquid as cash, can be withdrawn within two to four days, and short average duration. The Sterling investments include Certificates of Deposits, Commercial Paper, Corporate Bonds, Floating Rate Notes and Call Account Deposits. These pooled funds are designed to be held for longer durations, allowing any short term fluctuations in return to be smoothed out. In order to manage risk these investments are spread across a number of funds.

As at 31st December 2016 the pooled funds were valued at £38.5m, spread across the following funds: Payden & Rygel; Federated Prime Rate, CCLA, Standard Life Investments and Royal London Asset Management.

Prudential Indicators and the Prudential Code

Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing entered into for capital purposes was affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 31st December 2016 are included in Appendix 6. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2016/17. Specific points to note on the ratios are:

- The Ratio of Financing Costs to Net Revenue Stream (indicator 1) is 13.33% compared to 14.03% within the Treasury Management Strategy, in part due to lower levels of Prudential Borrowing resourced capital spend in 2016/17;
- The Upper Limit on Variable Interest Rate Exposures (indicator 10) sets a maximum amount of net borrowing (borrowing less investments) that can be at variable interest rates. At 31st December the value is -£66.8m (minus) compared to +£78.3m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.
- The Upper Limit on Fixed Interest Rate Exposures (indicator 10) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 31st December the value is £172.8m compared to £391.3m within the

Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

3. Results of consultation undertaken

3.1 None.

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a financial monitoring report.

5. Comments from Executive Director, Resources

5.1 Financial Implications

Revenue

The quarter 2 report described a budgetary control position that was perhaps the most challenging that the Council has ever faced at that point of the year, stemming from the non-achievement of planned budget savings and increases in social care pressures.

This situation remains true at quarter 3 although the level of overspend has lessened with much of the movement being the result of windfall income and movements in technical areas. The pattern of budgetary control variations in previous years would indicate that the position will improve further towards the year-end and officers have been instructed to identify all appropriate ways of minimising the final overspend position.

The underlying expenditure pressures, overwhelmingly within adults and children's social care, have continued at previous unsustainable levels as set out more fully within the quarter 2 report. Further budgetary provision has been made available previously in some areas and the 2017/18 Budget proposals include assumptions about the delivery of some savings. At the same time, there is a large amount of activity being undertaken to deliver existing savings programmes and these will continue to be pursued. The underlying risks within the future Budget position are set out in full in the 2017/18 Budget Report.

Notwithstanding the likelihood of the position improving at the year-end and the need to keep up the pressure to reduce the overspend, it will be important for the incoming Director of Finance and Corporate Services to have the flexibility to manage any potential overspend. The proposed forthcoming Budget Report reverses Pre-Budget proposals to use reserve balances to balance the 2017/18 position. This ensures that there will be uncommitted reserve balances that can be applied to any 2016/17 overspend if the Council is faced with such a situation.

The latest round of Early Retirement and Voluntary Redundancy (ER/VR) is in the process of being implemented and information will become available shortly on the expected volume of individuals who will leave the Council as a result. This should help significantly to reduce employment costs going forward although any impact within 2016/17 will be minimal. Any redundancy and early retirement costs incurred in excess of budget will be funded from reserves as planned.

Capital

Further significant rescheduling in schemes has reduced anticipated spend to £81m. At the same time the Council has received additional grant and capital receipts that it will be able

to use to fund capital expenditure on a cash-flow basis within 2016/17 and therefore there is unlikely to be any Prudential Borrowing requirements in the year. Additional grant is made up mainly of £35m for the construction of infrastructure at Whitley South much of which can be used for cash-flow purposes this year ahead of the need to spend. In addition, initial projections indicate that capital receipts will be received above the targeted level although this is subject to a number of transactions that may or may not be completed by year-end. Any capital receipts received add to the overall value of the Council's year-end reserve balances.

5.2 Legal implications

None

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the Council Plan. As far as possible it will try to deliver better value for money and maintain services in line with its corporate priorities balanced against the need to manage with fewer resources.

6.2 How is risk being managed?

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Budgetary control and monitoring processes are paramount to managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

In Quarter 3 there is a forecast overspend. The Council will continue to ensure that strict budget management continues to the year-end and will also need to manage overall financial resources to accommodate any overall year-end overspend. The use of one-off resources to balance the final position means that these resources will not be available to use fund future spending priorities.

6.4 Equalities / EIA

No impact.

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

No impact.

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Appendix 1 Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

Appendix 1 details directorates forecasted variances.

For 2016/17 reporting a new approach has been taken to try and maintain a focus on key budgetary variations. Budgets have been analysed between those that are subject to a centralised forecast and those that are managed at a whole Council or Directorate level (termed "Budget Holder Forecasts" for the purposes of this report). These Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend shown below is principally the effect of unfilled vacancies.

Directorate	Revised Budget	Forecast Spend After Action/ Use of Reserves	Centralised Forecast Variance	Budget Holder Forecast Variance	Net Forecast Variation
	£m	£m			£m
Chief Executives	1.1	1.1	0.0	0.0	0.0
People	166.0	172.4	(4.7)	12.5	7.8
Place	33.6	33.8	(0.1)	0.4	0.3
Resources	11.4	11.4	(0.5)	0.5	0.0
	212.1	219.0	(5.3)	13.4	8.1
Contingency & Central Budgets	21.3	18.2	0.0	(3.3)	(3.3)
Total	233.4	237.2	(5.3)	10.1	4.8

Reporting Area	Explanation	£m
People	The People Directorate overall is underspending against its salary budgets and turnover target by £4.7m. This is partly as a result of high levels of vacancies in Childrens Social Care, which contributes £3.2m of the underspend. Part of the non-salary overspend is a result of agency staff in Childrens Social Care. During December this figure was down to 46 (compared to 76 at 31st March 2016). Internally provided services in Adult Social Care contributes a further £0.6m towards the overall underspend as a result of planned vacancies and efficiencies.	(4.7)
Resources	The Resources Directorate overall is underspending against its salary budgets and turnover target by £0.5m. This is due to vacancies across HR and Workforce Services and Legal & Democratic Services.	(0.5)
Place	The directorate has a gross saving on salary underspends of over £0.5m which relates to areas which are having difficulties in recruiting to posts, particularly traffic and transportation. There are compensating overspends in the wider directorate forecast position where agency staff are covering some key post vacancies. Also offsetting the underspends are those areas where no vacancies exist and are not therefore achieving any contribution to the turnover target, thus why there is a reduced net underspend on centralised costs of just over £0.1m	(0.1)
Total Non-Controllable Variances		(5.3)

REPORTING AREA	EXPLANATION	£m
PEOPLE DIRECTORATE		
Overspends:		
All Age Disability and Mental Health Community Purchasing	Underlying budget pressures continue to rise in part due to increasing demand for social care for eligible service users. Working age adults tend to receive expensive packages of care for a longer period of time. This increases the cumulative cost of services as younger people tend to receive services longer once they enter the care system. Control mechanisms are in place to ensure expenditure is robustly managed. The increase in spend between quarter 2 and quarter 3 is around £20,000 per week. This is in part due to a number of individually high cost packages of care. In addition retrospective packages of care have increased the cost pressures on both mental health and all age disability services.	3.2
LAC Services	£0.9m of this overspend is due to agency staff, largely offset by underspends on the staffing budget. This includes a combined £439k overspend for Adoption and Special Guardianship Order fees, largely due to increased activity over time and additional legal costs for one SGO case. The position has worsened since quarter 2 as a result of increased expenditure on LAC placements. Some of this is due to the National Transfer Scheme which Coventry has signed up to which means we will take additional UASC. Although there is a grant for these children it does not cover the full cost of supporting children. Since Q2 there has been a net increase of 20 cases.	2.1
Strategy & Commissioning (CLYP)	This budget pays for supported accommodation for care leavers, and vulnerable homeless aged 18-24. The overspend is a result of high levels of activity, and not enough of the the right types of provision. The strategy to ensure that young people are in appropriate accommodation and not placed together with adults is also impacting as a result of needing to spot purchase more placements. A recovery plan has been in place since quarter 2 to plot and monitor move on timescales for individual young people. However this has not yet improved the financial position. We have now identified dedicated resource to focus on this to ensure we can reduce the expenditure in this financial year and next.	2.0
SCTEI Strategic Management	This is undelivered savings targets within Children's Services (headcount reduction and Kickstart) and also contains the costs of children's transformation. The service has saving and delivery plans in place to deliver these targets, but they cannot be achieved within the current timescale	1.9
Child Protection	Overspend on Agency social workers to fill staffing vacancies and high levels of activity within the child protection teams. The salary underspend is £2.1m as a result of the staffing vacancies. The forecast has reduced at quarter 3 as a result of recruitment to posts and a reduction in the level of agency staff.	1.8
Adult Social Care Director	This overspend is as result off all corporate budget savings allocations (£1.226m) being assigned against this budget. These savings targets are required to be delivered over the year across all of adult social care. The reduction against Older People Operational is as a result of reductions in management that contribute to the delivery of this saving	1.0

Older People Community Purchasing	Underlying budget pressures have reduced since Quarter 2 through in part a reduction in residential placements, although pressures are still high. Management actions have ensured demand on social care is managed in the most cost effective way to reduce overall costs. Control mechanisms have been put in place to ensure expenditure is robustly monitored. Focused efforts to manage approved packages through the panel process have ensured packages of care are robustly scrutinised before being approved.	0.7
All Age Disability and Mental Health Operational	The overspends (agency costs, other pay and overtime) have been partly offset by underspends on centralised salary costs due to a number of vacancies.	0.3
Inclusion & Participation	This overspend mainly relates to transport costs , and are attributable to an increase in volume. All travel assistance policies are being reviewed through the formal consultation process which closes at the end of January 2017. Reduction in expenditure is wholly dependent upon the agreement and implementation of new policies that secure the Council's statutory obligations.	0.3
Internally Provided Services	The overspends (agency costs, other pay and overtime) have been offset by larger underspends on centralised salary costs due to a number of vacancies and planned efficiencies. The underspend has decreased since quarter 2 as a result of costs associated with re-providing short term tenancies in preparation for the closure of Farmcote Housing with Care Scheme.	0.2
Adult Education	£200,000 variance is an undelivered savings target. This was due to be delivered through resource switching eligible expenditure. We continue to work on identifying eligible expenditure within Workforce.	0.2
Safeguarding	Over spend is due to agency costs being incurred to fill staffing vacancies within the Children's Safeguarding service. This is partially offset by an underspend on salaries reported as part of the centralised forecast underspend. There is now only one agency staff member filling the LADO post.	0.1
Underspends:		
Planning	Staff vacancies being held in preparation for service review.	(0.1)
Business Performance (SCTEI)	Reduction in activity surrounding LAC transport	(0.1)
Strategic Commissioning (Adults)	This underspend is the effect of expected efficiency savings across a number of contracts and is partially offset by a reduced income expectation from Supporting People.	(0.1)
Advice and Health Information Services	Underspend in respect of grant income received to support spend in other Council services.	(0.2)
Early Years, Parenting & Childcare	Public Health have supported an additional £0.7m of activity freeing up core budget. Further savings have been achieved through staffing vacancies	(0.7)
Other Variations less than 100k		(0.1)
	Forecast Overspend/(Underspend)	12.5

REPORTING AREA	EXPLANATION	£m
PLACE DIRECTORATE		
Overspends:		
Traffic	Anticipated expenditure on agency cover and budget pressures on UTC maintenance budgets and within Parking Enforcement. This is offset by permit scheme income which is estimated to exceed targets by approximately £100k.	0.3
Environmental Services	This pressure relates primarily to commercialisation targets set for CCTV/Community Safety which have not as yet been achieved. A shortfall of £339k is expected for the current year for this service which is currently under management review.	0.3
Waste & Fleet Services	Primarily additional Domestic Waste Christmas collections costs and one off pressures against the Fleet budget in respect of telematics implementation (Ctrack) and Materials, offset by lower waste disposal and passenger transport costs.	0.2
Transport & Infrastructure	Anticipated expenditure on agency cover and reduced income from capitalised staff	0.2
Cultural & Sport	Primarily a trading deficit and unachieved savings target relating to St Mary's Guildhall	0.1
Underspends:		
Kickstart Project	Increased staff resource funded from capital	(0.1)
Planning & Regulatory Services	Anticipated income on Planning and Licensing related activities higher than budgeted for.	(0.4)
Other Variations less than 100k		(0.2)
	Forecast Overspend/(Underspend)	0.4

REPORTING AREA	EXPLANATION	£m
RESOURCES DIRECTORATE		
Overspends:		
Revenues and Benefits	The controllable overspend is comprised largely of unbudgeted spend in relation to Civica remote processing to address workload fluctuations and vacancy cover. The centralised forecast underspend (salaries) offsets much of the Civica remote processing expenditure and illustrates that the Civica resource is being applied to backfill vacancies within the service as workloads continue to fluctuate. In addition, there remain expenditure pressures on court fees and payment card charges.	0.4
Legal Services	Overspend relates to barrister and locum costs. This is mainly due to an increasing volume of court work (higher volume of cases and cases taking longer) and an increase in barrister costs. Vacancies earlier in the year also increased volume of work being passed to external barristers. This cost is partially offset by an underspend on salaries reported as part of the directorate salaries underspend.	0.2
ICT Operations	Increased costs of mobile phones due to increased volume of phones and higher than expected costs relating to historic contract issues. It is anticipated that these costs relate to current year only and so will not create an on-going pressure.	0.2

Underspends:		
Talent & Skills Team	Spending requirements across Council wide training has been reduced by careful management. In the longer term this budget will be re-aligned within the Council's new Workforce Strategy which will support the Council's overall business objectives which will include Kickstart moving forward.	(0.1)
Financial Management	Underspend as a result of early delivery of 17/18 step up in savings target, funded from non salary savings including review of CIPFA apprenticeship programme, and additional income for services provided by the Finance Team.	(0.1)
Other Variations less than 100k		(0.1)
	Forecast Overspend/(Underspend)	0.5

Contingency & Central Budgets		
Underspends:		
Corporate Finance	The Asset Management Revenue Account is projecting a £2.3m underspend due mostly to reduced capital financing costs arising from lower than planned borrowing in 2015/16, higher than planned investment income resulting from large cash balances and newly declared share dividend income from Birmingham Airport and Coventry and Solihull Waste Disposal Company. Other emerging underspends including £1m on inflation contingencies are offset in part by previously reported non-achievement of Workforce Strategy budget savings, the knock-on implications of which have been included within the 2017/18 Pre-Budget Report. The Policy Contingency is expected to underspend assuming no further significant commitments against the Budget this year.	(3.3)
	Forecast Overspend/(Underspend)	(3.3)

Capital Programme: Analysis of Budget/Technical Changes

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Condition - Schools	Additional section 106 funds received as an Education contribution.	0.1
SUB TOTAL - People		0.1
PLACE DIRECTORATE		
City Centre South	West Midlands Combined Authority approved £98.8m devolution funding for the development of the City Centre on the 9th December 2016. It is anticipated that £0.3m expenditure will occur this financial year.	0.3
SUB TOTAL - Place Directorate		0.3
TOTAL APPROVED / TECHNICAL CHANGES		0.4

Appendix 3

Capital Programme: Estimated Outturn 2016/17

The table below presents the revised estimated outturn for 2016/17.

DIRECTORATE	ESTIMATED OUTTURN QTR 2 £m	APPROVED / TECHNICAL CHANGES £m	OVER / UNDER SPEND NOW REPORTED £m	RESCHEDULED EXPENDITURE NOW REPORTED £m	REVISED ESTIMATED OUTTURN 15- 16 £m
PEOPLE	11.8	0.2	(0.0)	(2.5)	9.5
PLACE	72.2	0.2	0.0	(5.0)	67.4
RESOURCES	4.9	0.0	0.0	(0.8)	4.1
TOTAL	88.9	0.4	(0.0)	(8.3)	81.0

Capital Programme: Analysis of Rescheduling

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Basic Need	£196k of Basic Need funding has been rescheduled mainly due to there being no further requirement for emergency additional school places in 2016/17 either in mainstream or early years settings.	-0.2
Condition - Schools	Within the condition programme we are reporting some £925k of rescheduling arising from delays arising from 1) s278 Highway works linked to the Governments Priority Schools Building Programme which impacts on two schools and 2) ongoing discussion with the Inspire Multi Academy Trust on the procurement of agreed conditon works at Hersall Primary School to enable it to academise and join the Trust. The proposed works were the subject of a Cabinet Report on 29th November 2016 and it is anticipated that subject to agreement being reached the works will now be undertaken in 2017/18.	-0.9
Broad Spectrum School	Due to later start on site than planned as a result of delays in securing planning permission.	-1.0
Broad Park House (Breaks for Disabled)	Broad Park House is again delayed due to the ongoing review of residential short break provision for children and young people with learning and/or physical difficulties	-0.3
Miscellaneous	Net rescheduling	-0.1
SUB TOTAL - People Directorate		(2.5)

PLACE DIRECTORATE		
Whitefriars Housing Estates	Ahead of schedule with planned works, therefore the 2017-18 planned programme can be accelerated.	0.3
Vehicle & Plant Replacement PB	Delayed vehicle purchase due to service reviews within Highways, Streetpride, and Waste services.	-1.5
ITB - Traffic Management	The section 106 scheme around ALDI (Shilton Lane / Lynchgate Road) is cuurently in design phase, will will mean the scheme will not be delivered until 2017-18.	-0.1
GD13 - Dynamic Routing	Technical adjustment to re-align the programme as per the Growth Deal cashflow.	-0.2
Finance Birmingham (Mezanine Funding)	A proposal to use match Coventry Investment Fund with a scheme run by Finance Birmingham to provide mezzanine finance to Coventry businesses is no longer going ahead, so this is being removed from the Council's capital budget plans.	-1.0
Investment in Sporting Facilities (NEW)	This budget is more difficult to forecast as it relates to reactive repairs to Coventry Sports & Leisure Centre to keep the building open and operational for the remaining lifecycle. There will be a spend of £55k, but the remaining budget will need to carry forward into 2017/18.	-0.2
ESIF	These work orders are Business Grant Programmes and the spend is dependent on the grantees spending and submitting claims. The latest forecasts reflect the most update to date picture of when these businesses will claim their grant.	-0.3

Canley Regeneration	The rescheduling is due to continued public realm improvements around Canley, which will now complete next financial year.	-0.2
Growing Places	These work orders are Business Grant Programmes and the spend is dependent on the grantees spending and submitting claims. The latest forecasts reflect the most update to date picture of when these businesses will claim their grant.	-0.8
Alan Higgs 50m Swimming Pool	The professional design team for the Alan Higgs project has now been appointed and the associated fee proposals were less than originally budgeted for, in addition the programme has also slipped slightly due to the various approvals processes.	-0.2
City Centre Destination Leisure Facility	There is now cost certainty around high risk areas such as the demolition which is coming in under the anticipated tender return (mainly due to a lack of asbestos), the contingency will carry forward into construction element of the project.	-0.3
Refit - Guaranteed energy savings	There is still some uncertainty about how and when this project will progress but won't be in 2016-17	-0.4
Miscellaneous	Net rescheduling	-0.1
SUB TOTAL - Place Directorate		(5.0)

RESOURCES DIRECTORATE		
Strategy Systems Development	As reported at quarter 2, there has been a significant amount of work in looking at revenue spend within ICT to deliver savings targets and planning the work to support the ICT strategy. This has meant re-profiling some of our strategic plans. It has also been possible to deliver some more of the technical work internally rather than rely on external third parties, which means the costs are lower. However, a large part of this re-scheduling is linked to the Cloud Technology programme, this links to decisions around property and locations of data centres which may mean the need to accelerate some of this programme towards the end of this financial year and into the next.	-0.3
Kickstart - Customer Journey	This budget primarily relates to the ICT requirements and spend for the Customer Journey programme but also covers other programmes of work such as Electronic Document and Records Management (EDRMS) and HR & Payroll. The EDRMS project now links closely to the Information Management Strategy and the original approach and focus has changed as organisational priorities and pressures change. The rescheduling still leaves budget this year for the project but there is rescheduling to cover any acceleration of the programme that may be required next financial year in particular around the move to Friargate. There have also been issues with the HR & Pay project which has meant the budget will not be used as quickly as anticipated. This has led to a need to reschedule.	-0.5
SUB TOTAL - Resources Directorate		(0.8)

TOTAL RESCHEDULING	(8.3)
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Appendix 5

Prudential Indicators

Indicator	per Treasury Management Strategy	As at 31st December 2016
Ratio of Financing Costs to Net Revenue Stream (Indicator 1) , illustrating the affordability of costs such as interest charges to the overall City Council bottom line resource (the amount to be met from government grant and local taxpayers).	14.03%	13.33%
Gross Borrowing should not, except in the short term, exceed the estimated Capital Financing Requirement (CFR) at the end of 3 years (Indicator 3) , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme.	Year 3 estimate / limit of £496.7m	£371.9m Gross borrowing within the limit.
Authorised Limit for External Debt (Indicator 6) , representing the "outer" boundary of the local authority's borrowing. Borrowing at the level of the authorised limit might be affordable in the short term, but would not be in the longer term. It is the forecast maximum borrowing need with some headroom for unexpected movements. This is a statutory limit.	£477.3m	£371.9m is less than the authorised limit.
Operational Boundary for External Debt (Indicator 7) , representing an "early" warning system that the Authorised Limit is being approached. It is not in itself 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.	£437.3m	£371.9m is less than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 10) , highlighting interest rate exposure risk. The purpose of this indicator 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.	£391.3m	£172.8m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 10) , as above highlighting interest rate exposure risk.	£78.3mm	-£66.8m
Maturity Structure Limits (Indicator 11) , highlighting the risk arising from the requirement to refinance debt as loans mature:		
< 12 months	0% to 40%	13%
12 months – 24 months	0% to 20%	1%
24 months – 5 years	0% to 30%	14%
5 years – 10 years	0% to 30%	11%
10 years +	40% to 100%	61%
Investments Longer than 364 Days (Indicator 12) , highlighting the risk that the authority faces from having investments tied up for this duration.	£30m	£5.4m



Cabinet
Council

21 February 2017
21 February 2017

Name of Cabinet Members:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Executive Director, Resources

Ward(s) affected:

All

Title:

Digital Coventry Strategy

Is this a key decision?

No.

Executive Summary:

Technology is increasingly present across all sectors and becoming integrated in many aspects of our lives. Coventry needs a digital strategy because digital technology has the potential to transform the city and lives of residents while generating long-term savings and income – digital is important for our 21st century City. Coventry City Council is already responding to this challenge through its transformation work, including Customer Journey and Kickstart programmes, alongside digital innovations within individual services and superfast broadband.

We know from speaking to residents, including recent petitions received, that access to high quality internet connections is incredibly important to them. We know, from speaking to businesses, that this is also a priority for them – it helps them to grow their business and want to locate in the City. As well as being an essential service, investment in broadband is proven to generate jobs and bring wealth to an area - for every £1 of public investment in broadband infrastructure £20 in net economic benefits are gained.

We can make the services the Council provides to its customers better by redesigning them and opening up self-service channels through the internet – this means people can access services 24/7 from the comfort of their home. It's also more efficient for us to do things this way. We already have 70% of customers using our online services for booking a tip visit or ordering a copy certificate.

As we reduce Council budgets further we are looking at every way to protect the most vulnerable and front line services – we have firm savings plans of £1m by reducing our buildings, working in a more digital way and moving more of our services online.

To fully realise the benefits that digital technology can bring, we need to pull together our digital work, increase its scope beyond the work that the Council is doing as an organisation and align this work to other partners so that we are co-ordinating this work across Coventry. We need to make sure we don't leave people behind as digital becomes part of day to day life.

We are establishing this Digital Coventry Strategy because it will benefit the people of Coventry, develop Coventry as a place and improve the outcomes that the Council can deliver. It will support the delivery of the Council Plan, including promoting the growth of Coventry's economy, improving the quality of life of Coventry people and delivering our priorities with fewer resources.

Recommendations:

Cabinet is asked to recommend that Council:

1. Approve the Digital Coventry Strategy attached to this report at Appendix 1.
2. Note that the Digital Coventry Strategy will be a regularly reviewed document that will be updated, following the present iteration, to reflect the needs of our customers, advances in technology and the ambitions of the Council.

Council is asked to:

1. Approve the Digital Coventry Strategy attached to this report at Appendix 1.
2. Note that the Digital Coventry Strategy will be a regularly reviewed document that will be updated, following the present iteration, to reflect the needs of our customers, advances in technology and the ambitions of the Council.

List of Appendices included:

Appendix 1 – Digital Coventry Strategy

Background papers:

None

Other Useful Documents:

None

Has it been or will it be considered by Scrutiny?

No – Although this report is not being considered by Scrutiny, the Finance and Corporate Services Scrutiny Board (1) were presented the draft strategy on the 6th July 2016. The Finance and Corporate Services Scrutiny Board (1) and Business, Economy and Enterprise Scrutiny Board (3) established a joint task and finish group to consider three themes: Broadband and other infrastructure, digital service transformation and digital skills and culture. This work concluded during November 2016.
That the Strategy:

- a) Clearly sets out our digital aspirations for the city.
- b) Explains to residents why the focus in terms of broadband infrastructure is on businesses due to the funding streams available, and how residential properties should benefit as a consequence of this investment. This is to emphasise the importance of connections for residential as well as businesses.

- c) Should be flexible enough to cope with new technology as it becomes available and is therefore a living document.

It should be noted that these comments have already been incorporated into the Digital Strategy attached to this report at Appendix 1.

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes, 21 February 2017

1 Context (or background)

- 1.1 Internet and digital technologies have transformed lives on a global scale and continue to do so at an ever-increasing pace. The effect has been to revolutionise banking, shopping, health care and social interaction as well as the places where we live and work. Companies such as Google, Twitter, Facebook, Uber and Airbnb are all now household names, even though they are relatively new, they have developed fast. Having access to high speed internet is now often described as the fourth utility – and is an important consideration for residents and businesses when considering living, working or investing in a city.
- 1.2 Digital technologies are helping to plan better, more sustainable growth in cities worldwide: to make cities better connected, safer, greener and better places to live. The pace of technology evolution is also changing what people want from the services that the public sector - including the Council - provides. People want transactional services and information to be available through their own device, any time, day or night - mirroring the experience they have with banking and retail. Even services that require some form of human interaction, including social care, can be enhanced by technology and can often help people to live independently for longer or for families to better support their loved ones.
- 1.3 Digital change is already happening and it is important that Coventry understands how we can harness these changes to best effect – for the Council, for customers, for residents and for Coventry. Today computer skills and knowledge of the internet allow people to find new and better jobs, work in more flexible ways, enable inexpensive forms of communication and social interaction to community infrastructures and government services, improve access to learning opportunities and provide access to more convenient and often cheaper products and online services
- 1.4 It is important that despite the widespread nature and uptake of digital technology, we don't leave residents behind who don't have the skills or access to take advantage of this opportunity. Digital inequality matters because those without access and the right combination of access, skills, motivation and knowledge are missing out on important areas of the digital world. This does not just impact individuals but also on families, communities, political processes, democracy, public services, economic and social health.
- 1.5 Digital is a fundamental part of the change that Coventry needs to embrace, to develop the physical environment of the city and deliver on the ambition of becoming an even greater place to do business.
- 1.6 We do not have the funding, capacity and all of the expertise to deliver the digital innovation that we know would benefit the city. We have strong partners, including two world class universities, communities and businesses in the city who are already engaged in digital innovation – relationships we can develop to make Coventry digital.
- 1.7 We know that digital can help us to achieve the reductions in the cost of public services through increased efficiency, automation and effectiveness. We can use digital to increase the productivity of the public sector workforce – through flexible and agile working. We can also use the opportunity of digital to completely rethink the way we deliver services rather than just computerising them – this work is enabling at least £1m of savings to be delivered and forms part of future savings within our Budget plans.
- 1.8 The ability to operate in a digital age is a key skill for all of our residents, and in particular young people leaving school. This will help to increase their job readiness and ability to

thrive in work, maximising the use of technology to support health, wellbeing, community networks and democracy through a person's life.

- 1.9 We recognise too that there is a need for human interaction – digital can enhance the way that services are delivered and the way that people want to live. There are also new challenges that arise as a result of the digital revolution including cyber-security and cyber-bullying – issues that also require management and new thinking.
- 1.10 Therefore by recognising these issues and the opportunities digital brings, it is important that a city wide, co-ordinated approach is taken and the Council uses this as it develops policy, financial and service plans. The Digital Coventry Strategy attached to this report at Appendix 1 delivers the framework to achieve this.

2 Options considered and recommended proposal

- 2.1 Not adopting the strategy would leave Coventry at a disadvantage compared to other UK cities in digital adoption and transformation. Projects may not be coordinated effectively and we may not necessarily focus our resources on the correct priorities for the greatest outcomes.
- 2.2 Coventry could fall behind in key aspects of digital, such as broadband speeds, that would have an impact on growing the local economy and the quality of life for our residents.
- 2.3 The aims of our digital strategy are to:
 - Set the scene for Coventry City Council and partners for the future direction of digital services, infrastructure and innovation.
 - Be an over-arching document that gives a clear direction of where the Council, working alongside all of our partners, wants to be in the next five years – recognising we will continually adapt and evolve to keep up to date with the latest advances in digital technologies.
 - Focus limited public resources to achieve the best digital outcomes across the whole Council, the city and beyond.
 - Encourage and direct investment in the digital programme by others and to maximise limited public resources.
 - Encourage services, people and organisations to work together to share developments and knowledge.
 - Address the growing demand for digital services and focus on what residents want in order to deliver outcomes that matter to them.
 - Enable the Council, residents, businesses and partners to get the most out of digital.
- 2.4 The strategy sets our 4 priority themes and case studies that describe existing activity against those themes:
 - **Digital place** – Infrastructure, digital innovation and data are promoted within the city to deliver economic growth and public service reform.
 - **Digital customer and inclusion** – Enabling customers to get the information they need and to access our services through online self-service.
 - **Digital communities** – Using digital technology to engage with our citizens and to work closely with our partners to address complex issues and help people to live independently for longer.
 - **Digital workforce** – Enabling a workforce which has access to the right tools to do its job and is confident in maximising the use and benefits of technology in its daily work.
- 2.5 Our aspirations for the next five years will see a clear shift in the way our customers engage with the Council. Advances in digital solutions as to the way we store and analyse data will enable us to be clearer about how and when we should be delivering services. We aim to influence that all residents and businesses across the city will have access to superfast broadband and be confident in realising its potential. External funding streams to date have focussed on the provision of super-fast broadband to businesses, which in

turn offer some opportunity to reduce barriers to connecting residential areas. The Council will continue to work with suppliers, partners and Government to influence the delivery of broadband to residents. We also aim to influence that Coventry will have high coverage of ultra-fast broadband realised through pro-active relationships with suppliers and partners. People will be able to access free Wi-Fi across the city as we continue to increase the number of public Wi-Fi hotspots across the whole city.

- 2.6 Cabinet is recommended to approve the strategy to maximise the opportunities that digital technology will deliver for the Council, for customers, for residents and for Coventry.

3 Results of consultation undertaken

- 3.1 None.

4 Timetable for implementing this decision

- 4.1 Subject to approval it is proposed to adopt the strategy with immediate effect.

5 Comments from Executive Director, Resources

5.1 Financial implications

There are no direct financial implications of adopting the strategy. We will work to maximise the use of existing budgets to deliver the aims of the strategy and to leverage external funding or partner effort where possible. We will also work to ensure that the strategy underpins saving delivery across the organisation as set out in para 1.7.

5.2 Legal implications

The strategy provides a high level framework to facilitate the council becoming a 'digital council'. The Government Digital Strategy of 2012 set the scene for digital change. The implementation of digital strategy will need to ensure that the council complies with relevant legislation such as Data Protection Act.

6 Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

- 6.1.1 Adoption of this strategy aligns with and supports the Council Plan as digital changes create the opportunity for innovation and growth, improving the lives of Coventry residents and helping the Council to deliver outcomes in a more effective and efficient way, working with partners and residents.
- 6.1.2 It also supports the draft City Centre Area Action Plan by encouraging the expansion of digital infrastructure.
- 6.1.3 The strategy also supports the CWLEP Strategic Economic Plan by unlocking programmes that address digital connectivity.
- 6.1.4 Adoption of the strategy also aligns with the WMCA Strategic Economic Plan by promoting digital as a key driver to growth and productivity.

6.2 How is risk being managed?

6.2.1 The risk of resources not being aligned to the appropriate digital priorities is being managed through the creation of a Digital Coventry Governance Board. This has been created to have an oversight of all activity that contributes to the delivery of the Digital Coventry Strategy ensuring that digital activity across the organisation is co-ordinated and in line with the aspirations of the Strategy.

6.3 What is the impact on the organisation?

6.3.1 The outcomes from new and existing Digital projects and work may not be maximised if we do not take a strategic approach to digital. This could lead to an impact on ability to deliver services in an efficient and effective manner impacting on the quality of life for our residents.

6.3.2 A lack of investment in the digital infrastructure across the city would lead to Coventry falling further behind in broadband speeds and connectivity which would have a negative impact on the local economy.

6.4 HR Implications

6.4.1 There are no direct HR implications as a result of this report. HR impacts would be considered for each individual programme launched via the strategy. The Council's draft Workforce Strategy includes the importance of digital and commits to developing a Digital Skills Strategy and plans.

6.5 Equalities / EIA

6.5.1 As the strategy is an over-arching document it has been determined that an Equalities and Consultation Analysis is not required. The individual digital programmes that support the Digital Coventry strategy will cover the specific equality considerations that impact on their scope.

6.6 Implications for (or impact on) the environment

6.6.1 The actual impacts on the environment would be considered for each individual programme launched via the strategy.

6.6.2 However it is envisaged that the strategy would promote positive impacts on the environment in a number of ways. For example data from traffic monitoring or weather patterns from networked monitoring stations across our highways infrastructure could lead to informed decisions on traffic management that would reduce carbon emissions. Faster broadband speeds could see more people working from home reducing the carbon footprint for Coventry.

6.7 Implications for partner organisations?

6.7.1 Over the next 12 months we will work more closely with partners in the city to progress the digital agenda, including Warwick and Coventry Universities, technology suppliers, businesses and innovators and providers who are delivering infrastructure within the city. It is expected that through this closer working the delivery of key aspects for digital innovation will be expedited as priorities, resources and investment opportunities are aligned. The Council will also include digital in its commissioning and procurement activities.

Report authors:**Name and job title:**

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Andy Williams	Resources and New Projects Manager	Place	31/10/16	03/11/16
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Richard Greenslade	Technical Architect	Resources	31/10/16	03/11/16
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Members: Councillor John Mutton	Cabinet Member – Strategic Finance & Resources	-	02/11/2016	02/11/2016

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Digital Coventry



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Introduction

Internet and digital technologies have transformed lives on a global scale and continue to do so at an ever-increasing pace.

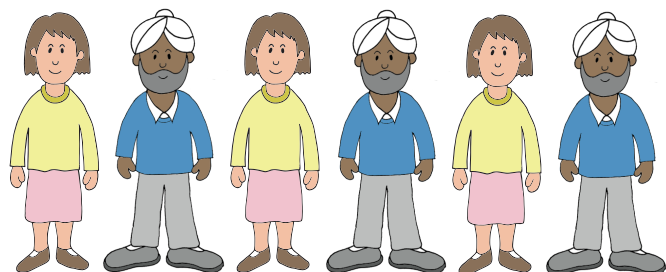
The effect has been to revolutionise banking, shopping, health care and social interaction as well as the places where we live and work. Companies such as Google, Twitter, Facebook, Uber and Airbnb are all now household names and even though they are relatively new, they have developed fast.

Having access to high speed internet is now often described as the fourth utility – and is an important consideration for residents and businesses when considering living, working or investing in a city. We need to influence the access to high speed internet with service providers including how we can use funding streams available for businesses to make it easier to connect homes. Digital technologies are helping to plan better, more sustainable growth in cities worldwide: to make cities better connected, safer, greener and better places to live.

The pace of technology evolution is also changing what people want from the services that the public sector - including the Council - provides. People want transactional services and information to be available through their own device, any time, day or night - mirroring the experience they have with banking and retail. Even services that require some form of human interaction, including social care, can be enhanced by technology and can often help people to live independently for longer or for families to better support their loved ones.

A growing population

345,000 (Mid - 2015)



424,800 (Projected-2033)

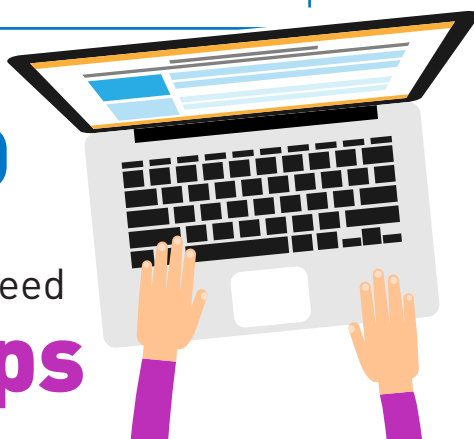
11th
largest city in
the UK

and one of the fastest
growing outside of London

100%

of households receive
broadband internet speed
of at least **2 Mbps**

(Go On UK)



92%

of households have access
to **Superfast**
internet connections
(24 mbps)

(Ofcom UK Fixed Broadband Data 2013)

A young city...

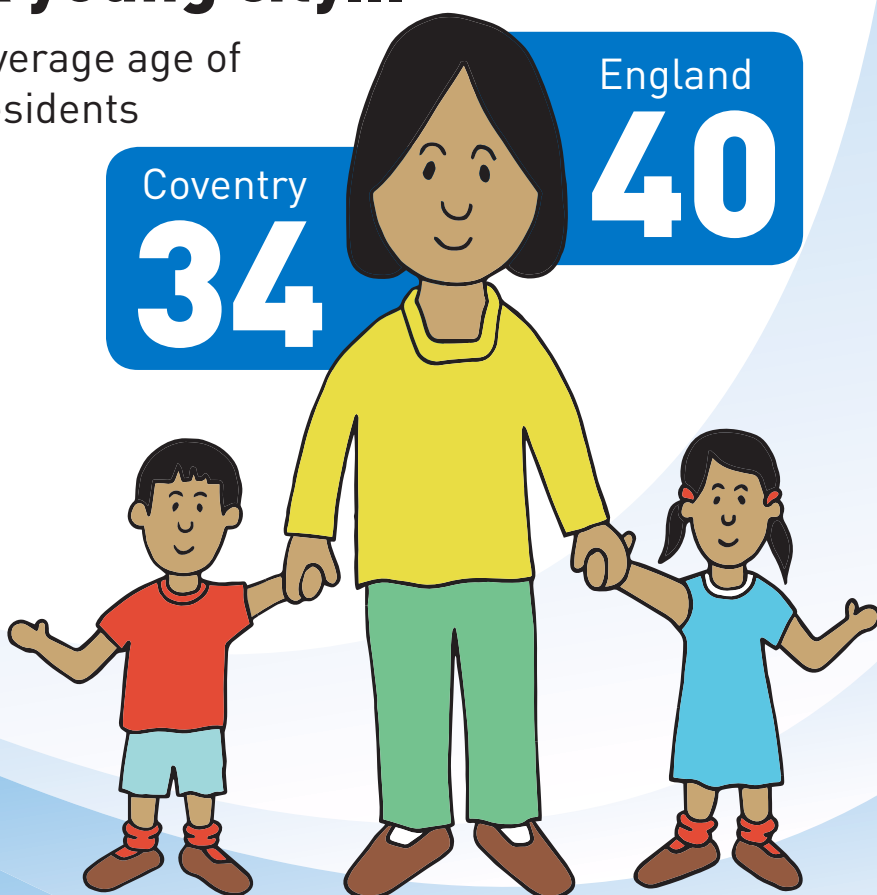
Average age of
residents

Coventry

34

England

40



78%
of adults in
Coventry have all
five Basic Digital
Skills



Coventry has **20%** better **3G & 4G**

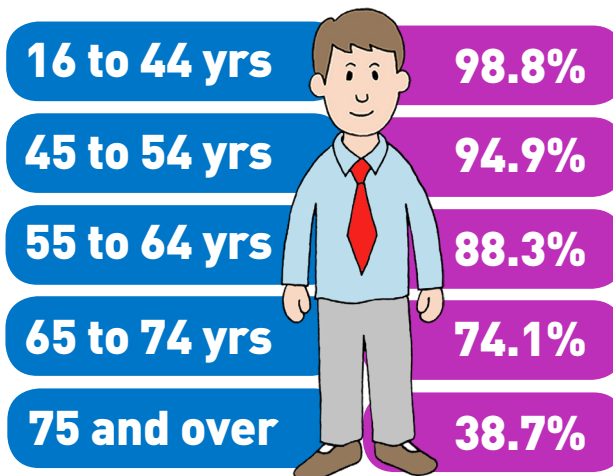
mobile phone coverage than the UK average and **98%** better than the worldwide average

(Opensignal.com)

Two out of three

adults in Coventry own a smartphone

87.9% of adults in the UK have used the internet in the last 3 months



Almost all adults aged 16-44 have used the internet recently

Nationally, “recent internet use” is on the increase for those aged 65 and over. Adults aged 75 years and over have consistently shown the lowest rates of internet use. In **2011**, the percentage of recent internet users aged 75 and over was **19.9%**. In **2016**, this has **nearly doubled to 38.7%**, up from 33.0% in 2015.

(Office for National Statistics)



It is estimated that online price comparison and searching the web to find the best deals can typically **save £200+** per year on **gas and electricity** bills and into the **£1000s** on food shopping per year.

50,880 students at Coventry universities

The 5 basic digital skills are: Managing Information, Communicating, Transacting, Problem-solving, Creating



Digital change is already happening and it is important that Coventry understands how we can harness these changes to best effect – for the Council, for customers, residents and for Coventry as a 21st century city. It is also important that despite the widespread nature and uptake of digital technology, we don't leave residents behind who don't have the skills or access to take advantage of the opportunity.

Coventry is a city that is used to reinventing itself; it's done so successfully for centuries. Digital is a fundamental part of the change we will make as we develop the physical environment of the city and deliver on the ambition of becoming an even greater place to do business.

The Council is facing significant challenges – since 2010 funding from central government has been cut by 50% this equates to grant cuts of £655m since 2011/12. This means we have £200 less per resident in Coventry to spend on services. We do not have the funding, capacity and all of the expertise to deliver the digital innovation that we know would benefit the city. We have strong partners, including two world class universities, communities and businesses in the city who are already engaged in digital innovation – relationships that we can develop to make Coventry digital. We have work to do to ensure that our workforce has the skills to deal with the digital age and we are facing unprecedented reductions in funding that will continue to change the services that we provide.

We know that digital can help us to achieve reductions in the cost of public services through increased efficiency, automation and effectiveness. We can use digital to increase the productivity of the public sector workforce - through flexible and agile working. We can also use the opportunity of digital to completely rethink the way that we deliver services rather than just computerising them. We need to focus on designing digital processes and solutions with a strong emphasis on user experience and ease of use – in the same way the Government Digital Service (GDS) has done for some central government processes, including renewing a passport or taxing a car.

The ability to operate effectively in a digital age is a key skill for all of our residents, and in particular young people leaving school. This will help to increase their job readiness and ability to thrive in work, maximising the use of technology to support health, wellbeing, community networks and democracy throughout a person's life. The whole population must have access to technology, infrastructure and skills to ensure they will get the most from the digital age and we want everyone to have an equal opportunity to do this.

Digitalisation provides the opportunity to deliver vastly improved and accessible data that can be used to predict and plan both tactically and strategically – not only how public money can be spent to better effect, but also to influence the priorities for private investment that will underpin economic growth and enable a proactive and personalised service to users. Data is an asset which can be shared in a controlled way with citizens and local enterprises. Data can be used in new and innovative ways to support the ambition of the city.

The digital revolution also presents challenges that we must understand and prepare for, including cyber-resilience and cyber-bullying. We also don't underestimate the importance of maintaining human interaction in our lives and the services the Council delivers – digital provides the opportunities to enhance the way things are done.

Technology is increasingly present across all sectors and is becoming integrated in many aspects of our lives. Coventry needs a digital strategy because digital technology has the potential to transform the city and the lives of residents while generating long-term savings and income. Coventry City Council is already responding to this challenge through its transformation work, including Customer Journey and Kickstart programmes, alongside digital innovations within individual services. However, to fully realise the benefits that digital technology can bring, we need to pull together our digital work into one place, increase its scope beyond the work that the Council is doing as an organisation and align this work to other partners so that we are co-ordinating this work across Coventry.



We are establishing this Digital Coventry Strategy because it will benefit the people of Coventry, develop Coventry as a place and improve the outcomes that the Council can deliver. It will support the delivery of the Council Plan, including promoting the growth of Coventry's economy, improving the quality of life of Coventry people and delivering our priorities with fewer resources.

Cllr John Mutton
Cabinet Member for Strategic Finance and Resources

J. R. Mutton

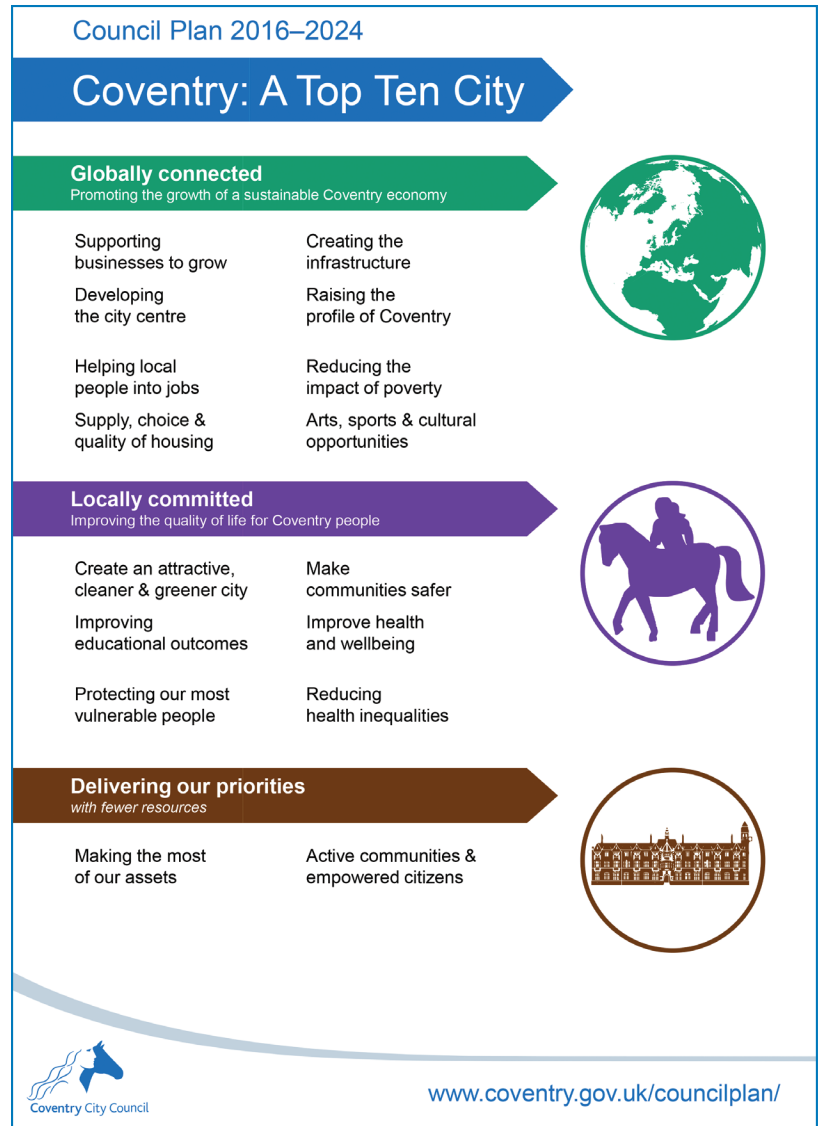


Our digital strategy - vision and aims

The [Council Plan](#) sets out the Council's vision and priorities for the city.

How does the digital strategy link to the Council Plan?

The digital revolution matters to Coventry because digital changes create the opportunity for innovation and growth, improving the lives of Coventry's residents and helping the Council to deliver outcomes in a more effective and efficient way, working with partners and residents.



■ **Supporting business growth, infrastructure development and city:**

Cloud computing, high speed internet connections including gigabit connections through Coventry Core, public Wi-Fi and 4G encourage new businesses to start up, reducing the need for upfront computing and communications infrastructure costs. This leads to a positive impact on inward investment and jobs. As the city grows, effective planning of new infrastructure – utilities, roads and fibre optics - through the use of smart data will make the city a more attractive place to live, work, learn, study and invest in. We can boost city centre footfall and tourism by making our city centre easy to navigate around and promoting events and businesses using technology.

■ **Attractive cleaner and greener city:**

Faster internet connectivity and cloud computing can aid and encourage people to work, learn and study from home without the need for a long distance commute. This will have a positive impact on travel patterns, commuting and road traffic. Connected air sensing technology can provide real time information on air quality, which can be used dynamically for route planning as well as providing long term data for analysis and insight. This will provide the means to log progress against green targets and plan to reduce congestion.

■ **Improving educational outcomes:**

Now an essential tool in education, increased internet connection speeds, digital tools and literacy can help raise the skill levels, employability and earning potential for all age groups.

■ **Improving health and wellbeing:**

Joining up customer records and sharing data with partners and customers will enable us to act sooner with families with complex needs, and enable greater access to service choice at lower cost through My Account (our online customer portal). Online information/advice services, assistive and telecare solutions allow people to take control of their own lives, live independently for longer and positively impact social, equality and financial inclusion objectives.

■ **Delivering our priorities:**

Using digital solutions will enable the Council to develop a more flexible and skilled workforce, to integrate services across functional and geographical boundaries, to rationalise our property estate as services become less dependent on buildings and to save money. We will build stronger communities by enabling customers and businesses to be included in the digital economy and digital society, so our most vulnerable residents are included.



- **Raising the profile of Coventry with active citizens, strong and involved communities:** Using digital and social media to showcase Coventry and the work that has happened and is underway to improve the city. We will be able to engage with citizens and businesses about the city's developments and projects via new digital channels. Communities can create their own networks and take a leading role in creating a vibrant economy and places to live and work.
- **Supporting open data and innovation:** Coventry can make real time data available which can be used local businesses to create new digital solutions, making connections that have never been considered before. This could link traffic information with air quality and health and social care, enriched with demographic data. Coventry can be seen as a digital city not just by its infrastructure but also in the way information is shared and collaborated with partners in all sectors.

The Digital Strategy also aligns with:

- The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Strategic Economic Plan objective of Unlocking Our Growth Potential through programmes that address digital connectivity and support for the digital sector.
- The West Midlands Combined Authority Strategic Economic Plan – with a particular focus on delivering growth and public service reform across eight priority themes – new manufacturing economy, creative and digital, environmental technologies, medical and life sciences, HS2 (High Speed 2 - the planned high-speed railway linking London to the West Midlands and beyond), skills for growth and employment for all, housing and maximising the economic geography.
- The draft City Centre Area Action Plan and the Draft Local Plan which include policies which directly encourage the expansion of digital infrastructure.
- The emerging Digital Economy Bill as announced at the 2016 Queen's speech for the state opening of Parliament.

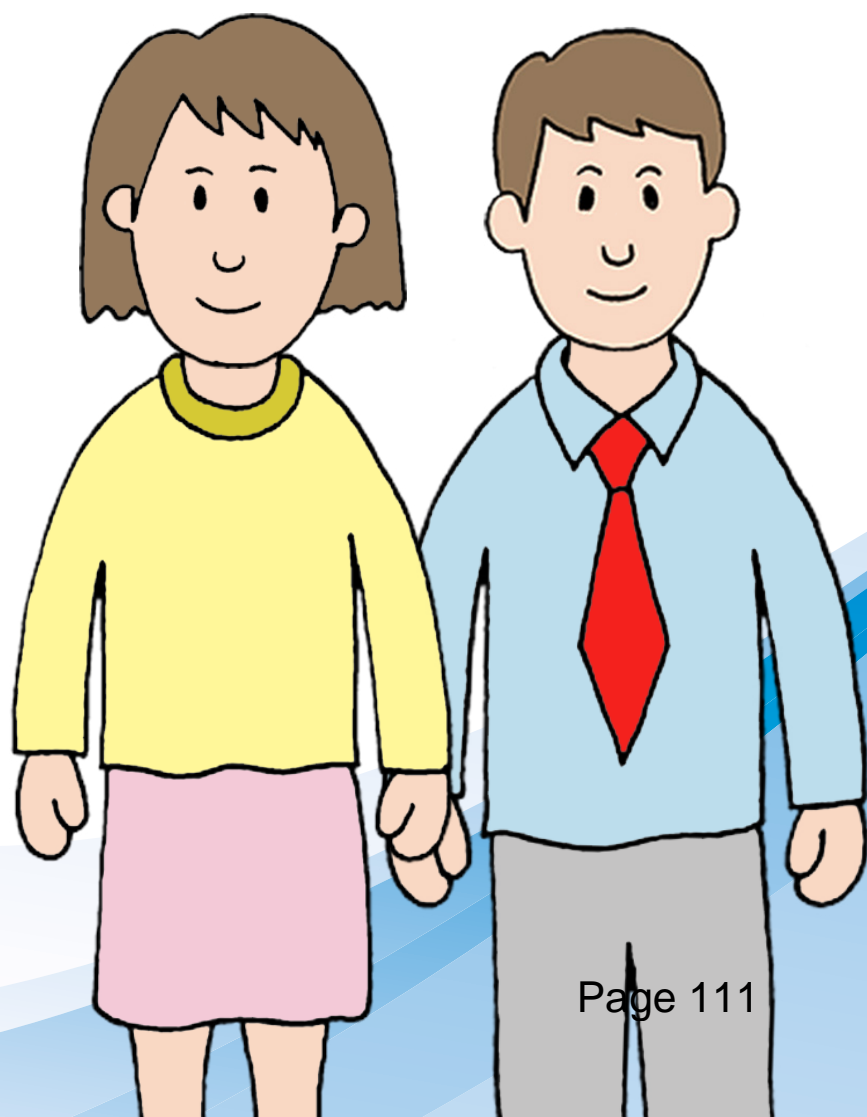


Vision for our digital strategy

To make Coventry a Digital Place

The aims of our digital strategy

- To set the scene for Coventry City Council and partners for the future direction of digital services, infrastructure and innovation.
- To be an over-arching document that gives a clear direction of where the Council, working alongside all of our partners, wants to be in the next five years – recognising that we will continually adapt and evolve to keep up-to-date with the latest advances in digital technologies.
- To focus limited public resources on achieving the best digital outcomes across the whole Council, the city and beyond. To encourage and direct investment in the digital programme by others and to maximise limited public resources.
- To encourage services, people and organisations to work together to share developments and knowledge.
- To address the growing demand for digital services and focus on what residents want in order to deliver outcomes that matter to them.
- To enable the Council, residents, businesses and partners to get the most out of digital.

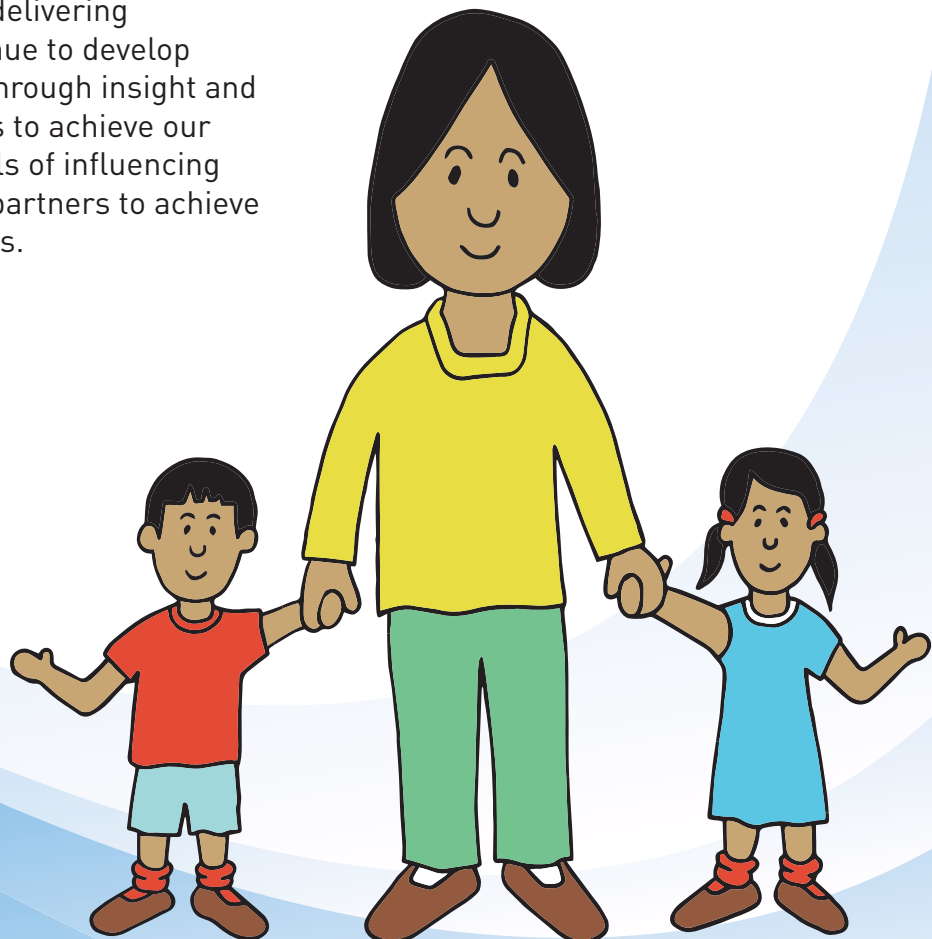


The Council will play a part in delivering the Digital Strategy, but we will not do that alone. This is a digital strategy for the city and not just for the Council. The universities, businesses, residents, public sector including the NHS and the police, the voluntary and community sector will all be progressing digital work and will continue to innovate and devise solutions. This agenda cannot be controlled or directed by one organisation alone.

The Council's role will be focussed on helping to identify the priorities that will lead to the biggest impacts on economic growth and public service reform – this will include the infrastructure to support digital innovation in the city, providing insight and delivering public service reform directly, including working in a more digital way as a Council and promoting work that will support every resident in the city to benefit from digital change.

Our Digital Strategy will need:

- Us to ensure that our **key policies and strategies are integrated** with our digital **ambition** and **principles** including planning, procurement, economic growth, early help, adult and children's social care, education, workforce, ICT, customer journey programme and commissioning. **The use of digital must be designed with the customer at the heart and is not an end in itself.**
- An **effective and progressive digital connectivity infrastructure in the city**, including broadband/fibre, mobile telecommunications (4G) and public Wi-Fi. This supports the Council's Local Plan and Government's Digital Communication Infrastructure Strategy ambitions.
- Us to develop the **digital skills and confidence of our workforce** so they are equipped to apply technology productively and proactively to find better ways of delivering public services. We need to continue to develop specialist skills and capabilities through insight and business intelligence to enable us to achieve our ambitions. This also includes skills of influencing and working collaboratively with partners to achieve outcomes through different means.



- Influencing the **development of digital skills and solutions within our communities** through partners (including voluntary organisations), schools, colleges and universities, so they are engaged, not excluded from the revolution. Engaging residents digitally too so that we reinvigorate democracy across communities.
- Changing the **way we design, procure and build digital systems** so that the customer journey is at the heart of how new systems operate and work. Reshaping the traditional local government software and service market to ensure there is increased choice and better value for money. Suppliers will be challenged to offer functionality rich digital systems with a focus on the customer experience, data quality, integration and adaptability.
- **Protecting privacy, delivering robust information, data and cyber security and investing in delivering digital resilience** so that our online services can be trusted to be safe, reliable and to work through implementing the actions in our Information Management and ICT strategies.
- **Redesigning** and implementing business policies, strategies and processes to have digital and customer focused design at their core.
- Focusing on, and maximising the value in, our **data and information**. This includes identifying our core data and information assets. Creating “**golden records**” for these core data sets with a focus on data integrity and quality. Making data open when we can and sharing with our partners where governance allows.
- Designing and implementing digital services which align with **industry and sector standards, policies and procedures**. Where these do not exist, we will define them.



Our priority themes for Digital Coventry

Priority	What it means
Digital place	<p><i>Infrastructure, digital innovation and data are promoted within the city to deliver economic growth and public service reform.</i></p> <p>This means enabling the right infrastructure in the city to support our Digital Coventry ambition, including internet connectivity to deliver economic prosperity and improve lives of residents. Establishing Coventry as a leading Smart City with specific focus on energy, health and transport industries. Using innovation to deliver better public services, with less money - this includes maximising digital channels to engage hard to reach groups. It also means harnessing the power of data and insight more effectively - so we can reduce duplication and target services.</p>
Digital customer and inclusion	<p><i>Enabling customers to get the information they need and to access our services through online self-service.</i></p> <p>This means making sure Council services can be accessed via the internet and are user-friendly. This could be for information or advice, to signpost to other services not provided by the Council, to make a payment or to request, apply or report something. It also means making internet access available for people who may not have this at home and building digital skills working with partners.</p>
Digital communities	<p><i>Using digital technology to engage with our citizens and to work closely with our partners to address complex issues.</i></p> <p>This means maximising the potential of digital technology in how we communicate and engage with our citizens, customers and partner organisations. It means providing the right digital environment within communities, and developing with partners, citizens and customers the innovative provision of services such as health and social care. It also encourages collaboration within citizen groups to help people access new networks or community resources to help individuals help themselves, promoting independence.</p>
Digital workforce	<p><i>Enabling a workforce which has access to the right tools to do its job and is confident in maximising the use and benefits of technology in its daily work.</i></p> <p>This means providing the right technology, such as tablets and phones, so that teams can work in different places, can access systems they need, when they need to and simplifying processes and systems for the benefit of customers and teams. It also means developing a Digital Skills Strategy so we are recruiting and training with digital in mind.</p>

Digital place

Our vision

“Infrastructure, digital innovation and data are promoted within the city to deliver economic growth and public service reform.”

This means enabling the right infrastructure in the city to support our Digital Coventry ambition, including internet connectivity to deliver economic prosperity and improve the lives of residents. Establishing Coventry as a leading Smart City with specific focus on energy, health and transport industries. Using innovation to deliver better public services, with less money - this includes maximising digital channels including social media to engage hard to reach groups. It also means harnessing the power of data and insight more effectively.

Our journey so far



We are trialling eight [solar-powered smart bins](#) in Broadgate Square. These bins have sensors in them which provide alerts when they are full, or reaching capacity and need emptying. The data that the bins provide is accessible through a cloud-based management portal. We also get daily reports emailed to us with data about the bins. As the bins are powered, they

have a compactor in them to allow them to take more waste before they need emptying. The trial has been successful and we are now looking at installing 20 more smart bins within the city.

“Previously we had staff on continuous bin runs throughout the day, now we only need to deploy staff to the bins when they need emptying making us much more efficient.”

Area Manager – Street Cleansing and Grounds



We have started a trial of digital air quality monitoring solutions using [Air Sensa](#) technology. Each sensor takes continuous readings of air quality and atmospheric conditions. These readings are

then sent to a cloud based software platform where it can be interpreted by a number of apps with features such as pollution - avoiding journey planning. We also hope to be able to share this data with our partners for them to create their own apps and provide further insight from the data. If the trial is successful we will install more sensors across the city.

“It is hoped that live air quality data can link to the Urban Traffic Management Control data to allow real time traffic management changes in line with pollution levels.”

Head of Regulatory Services



We teamed up with Appy Parking and Nwave to trial an innovative new parking app that will help to make finding an on-street parking space in Coventry simple.

Appy Parking shows available spaces in real time in order to eliminate the need to trawl the city's streets looking for a gap.

It is being trialled at three locations in the city to show on-street spaces at New Union Street, Warwick Road and St John's Street.

"It is hoped that not only will the app and sensors make looking for a parking space for all car users a thing of the past, but it will help businesses be more productive and also reduce pollution."

Transport Innovation Manager

COVENTRY CORE

POWERED BY CityFibre

We have developed a 140km state of the art fibre network. Working with our partner CityFibre it is being updated and extended through the Coventry Core initiative to reach more businesses.

The network currently connects over 300 key sites throughout the city, including government buildings, schools and hospitals. To make it ready for Coventry's business community it's been upgraded and extended to reach more businesses.

"This is a major step forward for Coventry businesses and for the city as a whole. It will give businesses a competitive advantage over their rivals elsewhere and will make the city very attractive in terms of inward investment."

Advent Communications – Based in Coventry

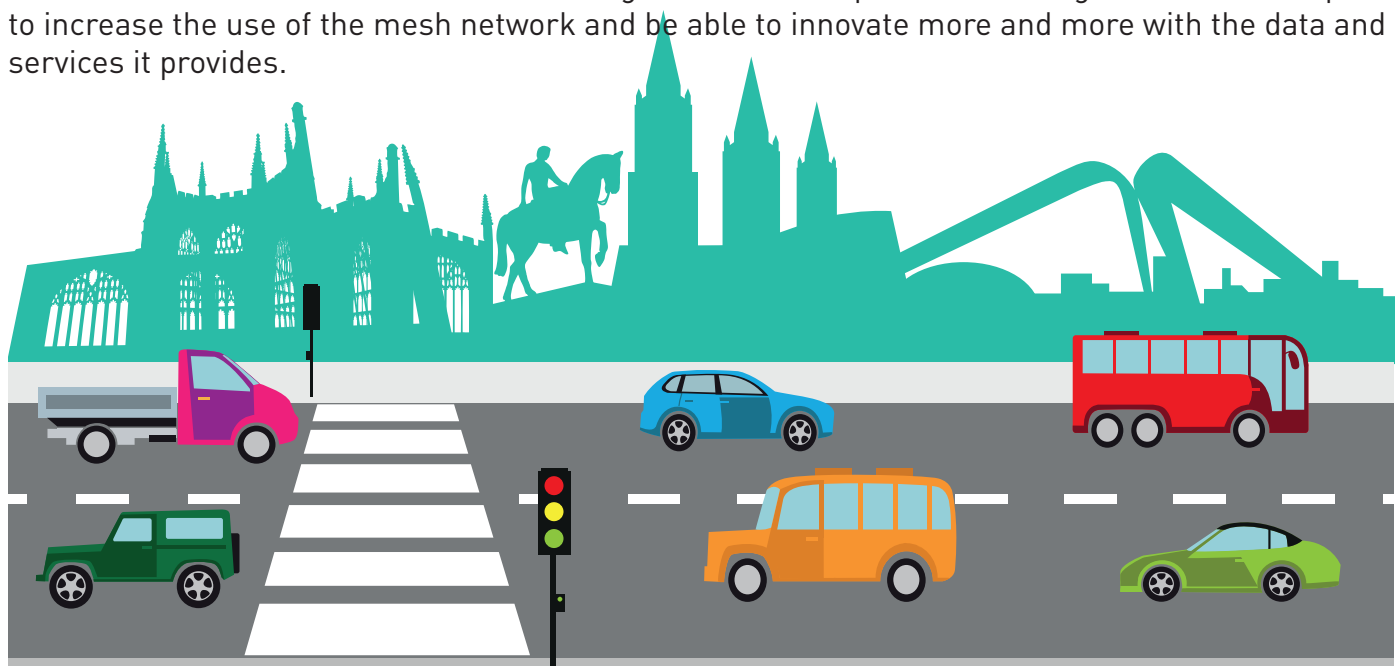


Case Study – A connected city helping with transport

Over recent years, Coventry has developed a network of connected devices led by our Traffic and Transport teams that help our Urban Traffic Management and Control function in the provision of Intelligent Transport, not only in the city but the wider sub region. There are a number of different device types connected on what is known as a mesh network. They can all talk to each other and provide real-time information back to a central hub.

To date we have 500 devices connected to this network and they all help in the provision of our traffic lights, totems/signs, CCTV, Variable Message Signs, Automated Number Plate Recognition systems and parking meters.

Our mesh network is a fundamental building block of our aspiration for a Digital Place. We hope to increase the use of the mesh network and be able to innovate more and more with the data and services it provides.



How we will achieve our vision

- Provision of **high bandwidth, resilient** and **reliable internet connectivity** across **business** and **residential** areas. This will include developing the Coventry Core further - our **Gigabit City** partnership with CityFibre.
- Provision of **high coverage, resilient** and **reliable mobile telecommunications** across the city.
- Traditional **highways** and **building** developments are **designed with digital** in mind.
- **Innovation** opportunities are **actively sought out** to maximise the investment made in our **digital infrastructure**, e.g. developing our mesh network.
- **Innovate**, taking advantage of the **latest technologies** available for **economic growth**, creating an environment that **enables others** to **grow their business**.
- **Implement** digital technologies that are not only **green and low carbon** in themselves but also **enable and support** other green and low carbon **initiatives, activities** and **working practices**.
- Create a leading **digitally rich learning culture** with support from the two universities, our many colleges, schools, academies, libraries and educational services.
- Create an environment that **attracts leading digital businesses** to the city and supports the **innovation of start-ups**.

- Positioning Coventry as a “**living lab**” encouraging new **innovations** and **demonstrators**.
- **Innovation** and **efficiency** will be enabled through leading edge **data visualisation** and **analytic tools**.
- **Data** will be **shared** between **partner organisations** where we are licensed to do so to increase **process efficiency**.
- Where possible, practical and when we are allowed, our **data is made open** and published.
- **Data quality** and **integrity** is built into all **service design** and **working practices**.
- Align with existing or define new **standards** to include public data hubs, Geographical Information Systems (**GIS**), Internet of Things strategy and devices, transport data (traffic flow, parking, public transport) air sensors etc. Learn from and align to **Smart City frameworks** and **standards**
- Digital **security is reviewed** not only at the design stages of a new service but **continually through the life cycle** of the digital technology.
- Digital **security standards, practices** and **procedures** are continually updated in line with **industry trends in cyber resilience**.

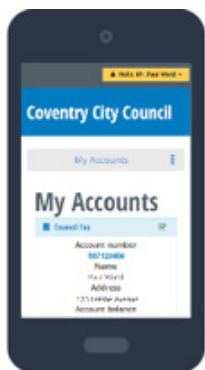
Digital customer and inclusion

Our vision

“Enabling customers to get the information they need and to access our services through online self-service.”

This means making sure Council services can be accessed via the internet and are user-friendly. This could be for information or advice, to make a payment or to request, apply or report something. It also means making internet access available for people who may not have this at home and building digital skills through partners.

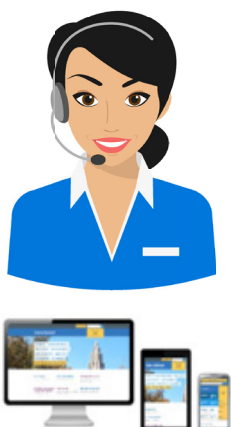
Our journey so far



We introduced our new online self-service platform “MyAccount” in May 2015. Since then nearly 43,000 people have signed up for an account and 44,600 forms have been submitted online by our customers. We now have over 70% of residents paying Council Tax via Direct Debit. We are working hard to increase and improve the online services we offer based on customer feedback.

“Excellent innovation” and “Very effective and efficient.”

Some customer feedback, on MyAccount



In November 2015 we opened a new Customer Services Centre in the heart of the city centre. The centre is a modern and fresh environment which is well equipped with our latest technologies. Customers are supported by our meet and greet team who can help you to access our online services using one of our self-service machines or make a payment using our payment kiosks. Customers can also book to see one of our advisers using our new appointment booking system.

Since opening, the centre has scored 4.45 out of 5 in overall customer satisfaction.

We are currently redesigning our homelessness process. Our focus is on customer-centric, digitally enhanced service design covering the end-to-end process for individuals presenting to the organisation as potentially homeless. We are expecting to deliver a much more efficient and automated process. During initial testing we have identified the potential to reduce the initial decision-making time from 90 days to 30 minutes. Our solution then provides a clear decision for those who wouldn't be eligible for our help, supported by signposting to organisations that may be able to provide information and advice for their situation.



“Very clear guidance and upfront info.”
“Just great stuff - wish it had been available when I worked in housing.”

Customer Ambassador feedback

Design Council

We have been selected to be part of the “Design in Public Sector Programme” funded by the Local Government Association learning to use Design Council methodology to address perceived issues of demand management. Through this programme we are focussing on access to, and demand for, our Adult Social Care services. We are including prevention, signposting and predictive analysis in health and social care as part of our design thinking.

“The programme helps us to learn new tools and techniques to understand the problem better to create more effective and longer term solutions.”

Transformation Programme Manager feedback

Case Study

New app making Coventry more accessible and inclusive

We are currently piloting a new digital service called “assist-Mi.” The service is free of charge for users and offers comprehensive assistance to people with disabilities who can request assistance when visiting venues in Coventry. People can download an app and then connect via two way messaging to the venue they plan to visit.

The member of staff at the organisation will, at the same time, get a profile of the customer so they understand what their needs are likely to be and anticipate the service user’s arrival.



“It helps us all understand more about the importance of accessible venues.” –
Chair of the Disabled Employees Network

The pilot is a partnership with Coventry City Council and Coventry Citizens’ Advice Bureau.

Venues that are part of the pilot include the Council House, Coventry University, the Herbert Art Gallery and Citizens’ Advice Bureau.

Full details are available on the [Assist-Mi website](#).

“It gave me the choice of planning my journey to make my trip into the city smoother and easier and of course it is great that it is free for individuals.”

Feedback from a user during the pilot

How we will achieve our vision

- **Design** services, **end-to-end, with, and for**, the **customer and service users**. This activity has already started with our recent work on homelessness, waste, registrars and adult social care services.
- **Accessibility, user experience** and **efficiency** are at the heart of **service design**. This was at the heart of our redesigned, device independent website and is a theme that runs through our **continually improved** and **updated content**.
- **Data** will be **collected once**, only when we need it, and **shared** when required across our services to increase **process efficiency** for the customer.
- **Digital assistance** will be provided to ensure that customers can **access services for themselves**. This includes at our city centre Customer Services Centre and also digital tools across other locations including libraries.

- Enabling online **self-serve access** for **all services** through [MyAccount](#) and associated appointment booking and payment systems.
- Improving our **technical infrastructure** to support and **underpin the digital customer experience** e.g. this could include using flexible **cloud services** to deliver **scalability (ability to grow)** in times of high demand as well as for site independent business recovery.
- Increasing **online self-service** transactions **24/7**, **reducing face to face and telephony** transactions, **reducing demand for services overall** freeing up resource to **help the most vulnerable, focus on processes** that still need **human judgement and interaction**.


Digital communities

Our vision

“Using digital technology to engage with our citizens and to work efficiently with our partners, to address complex issues.”

This means maximising the potential of digital technology in how we communicate and engage with our citizens, customers and partner organisations. It means providing the right digital environment within communities, and developing the innovative provision of services such as health and social care with partners, citizens and customers. It also encourages collaboration within citizen groups to help people access new networks or community resources to help individuals help themselves, promoting independence.

Our journey so far



We have recently extended our free public Wi-Fi offering to all of the city's libraries. This means that members of the public can take their laptop, tablet or smartphone and connect, for free, to the internet via our public Wi-Fi.

We are currently planning on being able to provide free public Wi-Fi within the city centre and the retail market.

In April 2016 there were nearly 13,200 public Wi-Fi sessions for a total of nearly 4,600 hours at our libraries.





The [Bell Green Silver Surfers](#) have some 18 members (and a waiting list) with ages ranging from their 60s to their 80s. It is a self-managing and self-sufficient computer club organised by, and for, the senior members of the Bell Green Community. The Silver Surfers meet every Thursday, regardless of the weather, to learn about the latest technologies to enhance their lives.

The seniors in the group are digitally more confident than ever before. They are able to shop online, pay bills and develop financial spreadsheets to help manage money at home. They are able to communicate with their children and grandchildren on sites such as Skype and Facebook. Flowers and bargain white goods are bought online and photos are shared and printed.

“The Bell Green Silver Surfers have reduced the need for members visiting their GP, and they have reduced the dependency on outside support from mainstream services.”

Community Development Officer



We have been an early adopter of the Child Protection Information Sharing (CP-IS) system. This allows information to be shared between our Children’s Social Care system and the systems used by the NHS. This allows for earlier identification of where a child is at risk of neglect or abuse.

“CP-IS will provide an invaluable safeguard for vulnerable children if they attend unscheduled health care settings.”

Head of Business Systems – People Directorate



With our partners at Coventry University and University of Warwick, along with a number of other partners from both the private and charity sectors, we contributed to the creation of [FabLab Coventry](#). The aim of FabLab Coventry is “to encourage all citizens in Coventry to become more technically skilled, but in an environment that is fun, well equipped, geared for self-paced learning, and open to everyone, regardless of income or educational background”.

“Fab Lab Coventry is a home where citizens of all ages, makers, doers, entrepreneurs, activists, creatives, students and researchers can come together to build a better Coventry. To do this Fab Lab provides state-of-the-art advanced manufacturing and digital fabrication equipment to anyone wishing to take part.” FabLab Coventry

Case Study

Digital Technology supporting Housing with Care

Mrs S is 89 and has angina, hypertension and dementia. She is physically quite fit, and having run a farm with her husband before retiring to a bungalow she is used to spending time outside each day. As Mrs S's dementia progressed she began to need more support, and in 2008 she moved to a Housing with Care scheme, in her own self-contained flat.

A system was fitted that included a property exit sensor. Staff at the scheme turn the sensor on in the evening, and if Mrs S leaves her flat during the night it raises an alert on the night staff's pager. They can then assist Mrs S back to her flat.

Mrs S has also been given a GPS device which is placed in her handbag. As Mrs S always takes her bag with her when she leaves her flat, this means the monitoring centre can locate Mrs S and alert her family if she becomes lost.

The system means Mrs S has been able to remain in the flat she has called home for seven years, close to her son and daughter who live nearby.

She remains part of her community, going out with family and friends and spending time with other tenants living at the scheme. She also continues to enjoy visiting the nearby dementia day centre.

Remaining in familiar surroundings may also have helped Mrs S to remain more independent, as changes of environment can be detrimental for people with dementia.

The GPS device has now been in use for 88 weeks, and has avoided approximately £25,000 costs to the Council.

Coventry
TeleCareline

"I think the system is marvellous. I'm so grateful it's been put in, it gives us such peace of mind."

Mum has been able to maintain her independence and stay out of residential care."

Mrs S's son

"We didn't want to see Mrs S go into residential care, as she's really happy living here. With the new system we know that if she does go out the family will be alerted and can contact us."

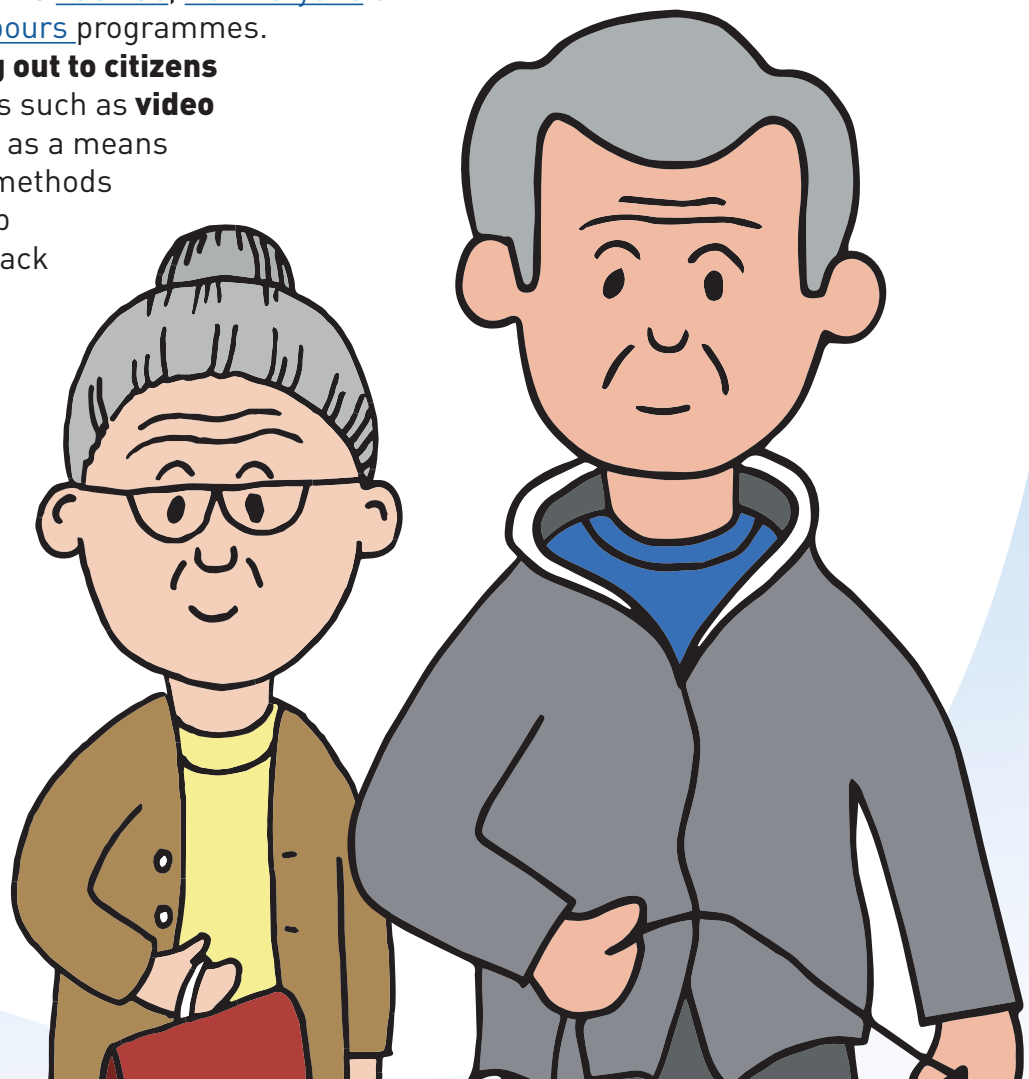
We can look on the system and see where she is. It has maintained her independence and her safety and meant she can stay here where she is happy."

Member of the care team at Mrs S's Housing with Care scheme



How we will achieve our vision

- **Collaborating** across our **partners**, including the **voluntary sector** to create, **new innovative, efficient methods of service delivery**.
- **Modernising** IT facilities in **community settings** including **libraries** and our **Customer Service Centre**, through our **Connecting Communities** and **Kickstart** programmes.
- **Improving efficiency** and **accessibility** to Council services for **disabled and vulnerable groups** by harnessing **advances in technology** including improved translation services, customer focussed system design, video conferencing etc.
- **Public Wi-Fi** – implementing the city centre Wi-Fi contract to **provide free city centre Wi-Fi hotspots**. Public Wi-Fi enabled across all **library locations**. Expanding this across other city locations and Council buildings.
- Work with our **research** partners, including our **two universities** to explore **innovative assistive technologies** to directly support within the **health and social care environment**.
- Establish suitable **data sharing agreements** and **legal frameworks** to enable the **sharing of complex and sensitive data** between partner organisations including the NHS and Police to improve **process efficiency** and **outcomes for our citizens**.
- Using **social media** analysis to engage with **citizens** via **digital channels** that they are **already using** – not necessarily introducing new tools. We will talk to local communities to understand how best they want us to engage with them via these channels.
- **Empowering citizens** by **increasing resilience** within **communities** by making more people aware of **resources within their community**. Developing their own solutions by **pooling existing community resources** and matching **volunteers** to areas of **need**.
- **Encourage** people to **develop their digital skills** in community settings through initiatives such as at the [Fab Lab](#), [DotEveryone](#) or [Cheylesmore Good Neighbours](#) programmes.
- Use **new ways of reaching out to citizens** in more accessible formats such as **video** and **create Citizen Panels** as a means of engagement. Use new methods such as **quick polls** to help understand citizens' feedback on engagements better.



Digital workforce

Our vision

“Enabling a workforce which has access to the right tools to do its job and is confident in maximising the use and benefits of technology in its daily work.”

We need a rapid change in culture and mind-set to demonstrate a clear commitment to embracing IT innovation and to provide a clear vision for a more digital future; one that offers a vibrant and exciting environment for the up-and-coming generation of digital talent.

This will be done through providing the right technology, such as tablets and phones, so that teams can work in different places and can access the systems they need, when they need to and simplifying processes and systems for the benefit of customers and teams.

We also need to ensure that our employees at every level of the organisation have the digital skills, confidence and commitment to adopt a digital first approach to working collaboratively across boundaries to deliver services and meet customer needs. It means developing a Digital Skills Strategy, providing a clear vision and expectation of digital standards and addressing gaps through training and recruitment.



We are introducing a new type of telephone system for our staff which allows them to use their computer as a phone. This also gives greater flexibility and mobility to staff as well as introducing new communication methods such as conference calling, video calling and instant messaging. So far we have rolled out to **2500** users. Our plan is for all main office sites to be live by December 2016.

81%

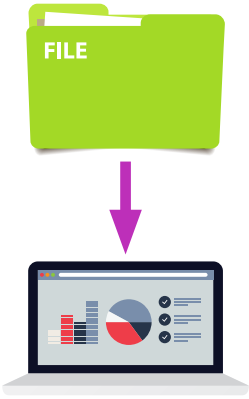
of early users say they can work more flexibly



We have introduced a new type of laptop computer – a 2-in-1 laptop. This means they can also be used as a touch screen tablet device, making them more versatile and accessible to use in meetings and when users are away from a desk. Alongside this we have also made it easy for teams to connect to our network when they are working away from the office, as long as they have an internet connection. So far we have issued this type of device to **30%** of our Council users.

“Light and agile, I take it everywhere. Versatile – no more paper, I use it as a tablet at meetings.”

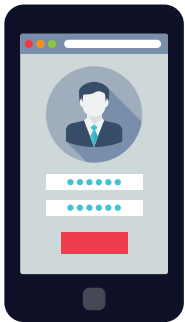
Finance Business Partner



We have introduced new electronic systems for users to be able to store, access, share, collaborate on and archive their files. This is being matched with redesigning our document management policies and procedures with a view to the organisation becoming as paper-light as possible. So far we have rolled out these systems to **62** out of **91** services. Our plan is for all services to have access to these systems by early 2017.

“I really like being able to work on the same document together – and seeing people’s changes added.”

Corporate Performance Officer



Having renegotiated a new corporate Mobile Telephony contract we are now able to provide corporate smartphone technology to our users. This means that they can not only make and receive calls but also access emails and create Wi-Fi hotspots for them to be able to connect their laptop to the internet to access our network. So far we have provided smartphones to **2500** of our users.

“Using my phone to create a Wi-Fi hotspot, I can access network files, emails and take notes while working in schools.”

Educational Psychologist



Case Study

New devices supporting new ways of working

Natasha is a social worker in our Referral and Assessment Service. She was part of the test project for the new 2-in-1 laptops that we are now rolling out across the organisation. We wanted to be sure that the type of device we are offering is fit for purpose for the people that will be using them day-to-day.

“One of the intended outcomes of the tablet is that we will become more paper light. As social workers we write copious records and this is often in writing on paper and then they have to be typed up back at the office. By using the tablet, the records will be typed up straight away, and therefore, saving a lot of time so we can see more service users and children.”

Natasha – Social Worker

The testing of these devices was successful and feedback from the group was captured. This informed our approach to rolling these devices out further. We have provided nearly 1300 so far, with lots of positive feedback.



How we will achieve our vision

- **Innovate**, taking advantage of the **latest technologies** available.
- Focus on **process efficiency** and **automation** through the use of technology and the use of **efficient, digitally enhanced** models of **service delivery** and **process**, which in turn will **reduce cost** and **support improvement in outcomes**.
- Ensure that **data integrity and quality** are at the heart of operating processes with a specific focus being given to **insight** and **continual service** improvement in the future shaping of services.
- In line with our **Digital Transformation** agenda, **services** will be **designed, end-to-end, with and for the customer and service users**.
- Ensure that the **workforce** is suitably **skilled** in the use of **digital technology and service redesign**. This will be supported by the creation of a **Digital Skills Strategy**.
- **Service managers** are **accountable** for **continually reviewing** the processes they are responsible for to ensure they **remain up to date** with the latest technology trends. Changes to processes are carefully managed and controlled to ensure **service continuity** whilst innovating.
- **Remove complexity** by **reducing** and **consolidating** the number of IT systems in use by Coventry City Council through our **Systems Consolidation** programme.
- Ensuring that the **right documents, information and data** are available to the **right people** at the **right time** through the creation of a **digital collaboration environment** which includes re-imagining our **intranet**.

The next 12 months for Digital Coventry

The following activities will be undertaken within the next 12 months

- Review progress and build more detailed plans and activity across all services.
- Add and highlight any additional initiatives that are identified to ensure these are aligned with existing plans or resources.
- Take stock and review the Council's digital offer and the outcome of the training and support programmes to determine if this support is working and if it should continue.
- Be clearer of the position regarding infrastructure and look for any gaps in coverage or access.
- We will continue to deliver more online services and monitor channel shift and the customer experience.
- In line with the ambitions of the Draft Local Plan, developers of new development (residential, employment and commercial) will be expected to facilitate and contribute towards the provision of internet connectivity infrastructure and ensure this meets the ambitions of the Government's Digital Communications Infrastructure Strategy and the European Digital Agenda.
- Work more closely with partners in the city to progress the digital agenda – including Warwick and Coventry Universities, technology suppliers, businesses, innovators and providers who are delivering infrastructure within the city.
- We will actively align its digital work with that of the CWLEP, West Midlands Combined Authority in delivering the Strategic Economic Plan and Public Service Reform.

Where will we be in five years?

Digital technology changes and evolves at an incredible pace. The Digital Coventry programme will focus on being up to date with the latest technological innovations which may well require us to adapt our plans as the technology advances.

At the time of writing, these are our aspirations for the next five years

- In five years we will see a clear shift in the way our customers engage with the Council. As the uptake and usage of digital services increase, customers will expect a seamless multi-channel experience, mirroring their experiences across wider sectors.
- Advances in digital solutions as to the way we store, manage and analyse data, will enable the Council to be clearer about which face to face services are required, when these should be delivered and who they should be delivered to.
- Council and partners will have enabled all customers and businesses to access the internet and be more confident in realising its potential.
- Customers will have access to equipment and support to access digital services in a wider range of public and non-public buildings.
- The city will continue to have full internet connectivity coverage. Working with suppliers and partners we will strive for the city to have high coverage of ultrafast internet connection (300Mbps).
- The city will have a growing number of free Wi-Fi hotspots with an aspiration to provide city wide public Wi-Fi.
- The city will continue to position itself as a digital leader taking advantage of any possibilities to adopt new technologies early or as part of pilot initiatives. This would include positioning ourselves to influences where possible becoming an early adopter city for 5G mobile telephony technology when this is available.
- Digital delivery and ambition will have been realised and will be actively enabling economic growth and improving the wellbeing of Coventry residents by boosting competitiveness, increasing productivity in the public and private sectors, reducing reliance on public services and securing public service reform.
- In order to keep pace with technology and to respond to changes in public services including reductions in resources, we will be working much more closely with other partners to help design and deliver the required changes.

For more information or for any queries regarding this strategy, please contact:

Lisa Commane

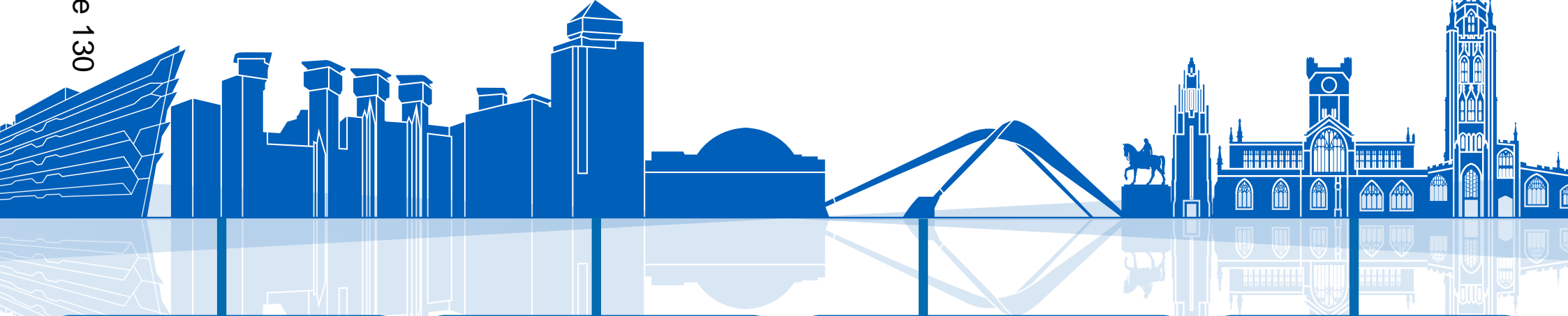
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Get involved using [#digitalcov](https://twitter.com/digitalcov)

Digital Coventry



Digital customer and inclusion

Making sure our online systems are easy to use and everyone has the skills and opportunity to use them, so they can get the service they want when they want it.



Digital communities

Using the latest technology to talk to city people and encourage them to talk to each other so they can do more for themselves and their communities by going online. Helping people live independently for longer.



Digital place

Developing the city's internet connectivity for residents and so local businesses have the digital/online tools they need to create jobs and prosperity helping us offer a better quality of life to Coventry people.



Digital workforce

Giving workers the skills and equipment they need to work flexibly and putting digital skills at the heart of recruitment and training.

