



Finance and Corporate Services Scrutiny Board (1)

Time and Date

2.00 pm on Wednesday, 13th July, 2022

Place

Diamond Rooms 1 and 2 - Council House

Public Business**1. Apologies and Substitutions****2. Declarations of Interest****3. Minutes**

(a) To note the minutes of the meeting held on 30 March 2022 (Pages 3 - 6)

(b) Matters Arising

4. Introduction to Local Government Finance (Pages 7 - 28)

Briefing note and presentation

5. Work Programme and Outstanding Issues (Pages 29 - 34)

Report of the Scrutiny Co-ordinator

6. Any other items of Public Business

Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved

Private Business

Nil

Julie Newman, Director of Law and Governance, Council House, Coventry

Tuesday, 5 July 2022

Note: The person to contact about the agenda and documents for this meeting is Carolyn Sinclair carolyn.sinclair@coventry.gov.uk

Membership: Councillors R Auluck (Chair), J Blundell, R Brown (By Invitation),

B Gittins, P Hetheron (By Invitation), R Lakha, J Lepoidevin, J McNicholas, S Nazir, E Ruane and T Sawdon

Public Access

Any member of the public who would like to attend the meeting in person is encouraged to contact the officer below in advance of the meeting regarding arrangements for public attendance. A guide to attending public meeting can be found here: <https://www.coventry.gov.uk/publicAttendanceMeetings>

Carolyn Sinclair
carolyn.sinclair@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held
at 10.00 am on Wednesday, 30 March 2022

Present:

Members: Councillor R Singh (Chair)
 Councillor J Blundell
 Councillor B Gittins
 Councillor A Hopkins
 Councillor R Lakha
 Councillor B Mosterman
 Councillor T Sawdon

Employees:

 V Castree, Law and Governance
 G Haynes, Human Resources
 A Hyland, Human Resources
 P Patel, Human Resources
 C Sinclair, Law and Governance

Apologies:

 Councillor T Khan and K Maton
 Councillor R Brown (Cabinet Member for Strategic Finance
 and Resources)

Public Business

32. Declarations of Interest

 There were no declarations of interest.

33. Minutes

 The Minutes of the meeting held on 19 January 2022 were signed as a true record. There were no matters arising.

34. Coventry City Council Apprenticeship Update

 The Board considered a briefing note and presentation which provided an update on Coventry City Council's internal Apprenticeship programme.

 The Apprenticeship and Early Careers Team within People and Culture were responsible for managing the Council's Apprenticeship Programme and delivering the actions set out in the Council's Apprenticeship Strategy (details were given at appendix 1 of the Briefing Note).

 The team engaged with managers and services across the Council to identify opportunities to create new apprenticeship roles (Traditional Apprentices) and to match appropriate apprenticeship standards to existing roles to upskill current staff

(Employed Apprentices). Further information apprenticeships and the difference between Traditional and Employed Apprentices were detailed in Appendix 2 of the Briefing note.

The presentation included information on:

- Traditional apprentices
- Employed apprentices
- Diversity and Inclusion
- Marketing and event attendance
- Incentive Payments
- Levy Transfer
- Work Experience
- Future Plans

The Board questioned Officers and received responses on a number of matters relating to the presentation, and made the following suggestions:

That Officers explore the possibility:

- To further develop partnership working with the Freemans Guild in respect of both their 'Apprentice of the Year' Awards and apprentices becoming involved in the Guild's structure to help with their succession planning.
- To look at ways to improve presentation and content of the Apprentice Instagram account and to include using Facebook in their digital marketing strategy.
- To engage with local media in respect of promoting Apprenticeship Week and working in partnership with the Freemans Guild

Following discussion, the Board asked for further information on:

- Current equality data
- Data on information captured from exit interviews on quality of experiences.
- Apprenticeship Levy Transfer – details of the SMEs
- Comparative data from other local authorities.
- Detailed data on the take up of apprentices in service areas

RESOLVED that the Board:

- (a) Continue to support the work and the achievement of the Apprenticeship and Early Careers Team within People & Culture in continuing to deliver a successful apprenticeship programme and outcomes for the Council's apprentices in challenging circumstances throughout the pandemic.**
- (b) Continue to support the aims of the Apprenticeship and Early Careers Team - in line with the Council's Apprenticeship Strategy 2020-2022, to continue to increase traditional apprentice numbers beyond pre-covid levels in 2022 whilst maintaining a focus on quality, diversity and inclusion.**

- (c) **Request that Officers include benchmarking data in the 2022-2024 Apprenticeship Strategy.**
- (d) **Recommend that the Cabinet Member for Strategic Finance and Resources investigate the possibility of reviewing the resource budget for the Apprenticeship and Early Careers Team, given the depth and breadth of work they undertake.**

35. **Agile and Flexible Working Update**

This item was deferred to a future meeting.

36. **Work Programme and Outstanding Issues**

The Work Programme was noted with a suggestion that the recent decision at Council on 22 March 2022 (Council minute 87/21 refers) in respect of property purchases be followed up to scrutinise the financial implications. Agreed that this would be added to the draft work plan of the appropriate Scrutiny Board/ Scrutiny Co-ordination Committee.

37. **Any other items of Public Business**

There were no other items of public business.

(Meeting closed at 11.25 am)

This page is intentionally left blank



Coventry City Council

Briefing note

To: Scrutiny Board 1

Date: 13th July 2022

Subject: Introduction to Local Government Finance

1 Purpose of the Note

- 1.1 Following on from the recent all-member seminar on this subject, Scrutiny Board 1 will receive a presentation providing more detailed information on local government finance at a local and national level. This will provide context for other financial issues that the Board will consider later in the municipal year.

2 Recommendations

Scrutiny Board 1 are recommended to

- 2.1 Consider the contents of the presentation and determine whether there are any issues which it wants to refer to the Cabinet Member for Strategic Finance and Resources.
- 2.2 Use the information provided to identify issues for the Board's work programme.

3 Information/Background

- 3.1 A presentation has been prepared which contains the detailed information to be considered and discussed. The issues covered will include
- Opportunities, challenges and risks for Local Government finance nationally and locally.
 - The Council's approach on issues including inflation, reserves, treasury management and grants.
 - The budget setting process - including points of flexibility such as how, when and by whom decisions are taken, transparency and consultation/engagement.
 - How Coventry is performing in terms of its overall financial resilience, what it is doing right and how it has avoided the high profile errors made elsewhere.
 - Making best use of financial information, considering what reports are published, what they contain and what Scrutiny members should be looking for when reviewing them in their scrutiny role.

Name

Paul Jennings

Job Title

Finance Manager (Corporate Finance)

Contact Details

paul.jennings@coventry.gov.uk 02476 977228

This page is intentionally left blank

Scrutiny Board 1

Introduction to Local Government Finance 13th July 2022

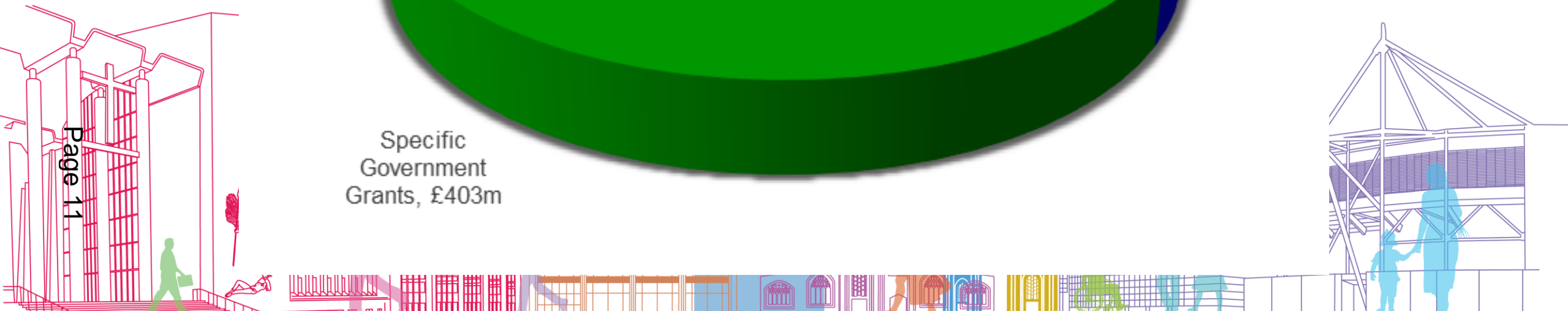
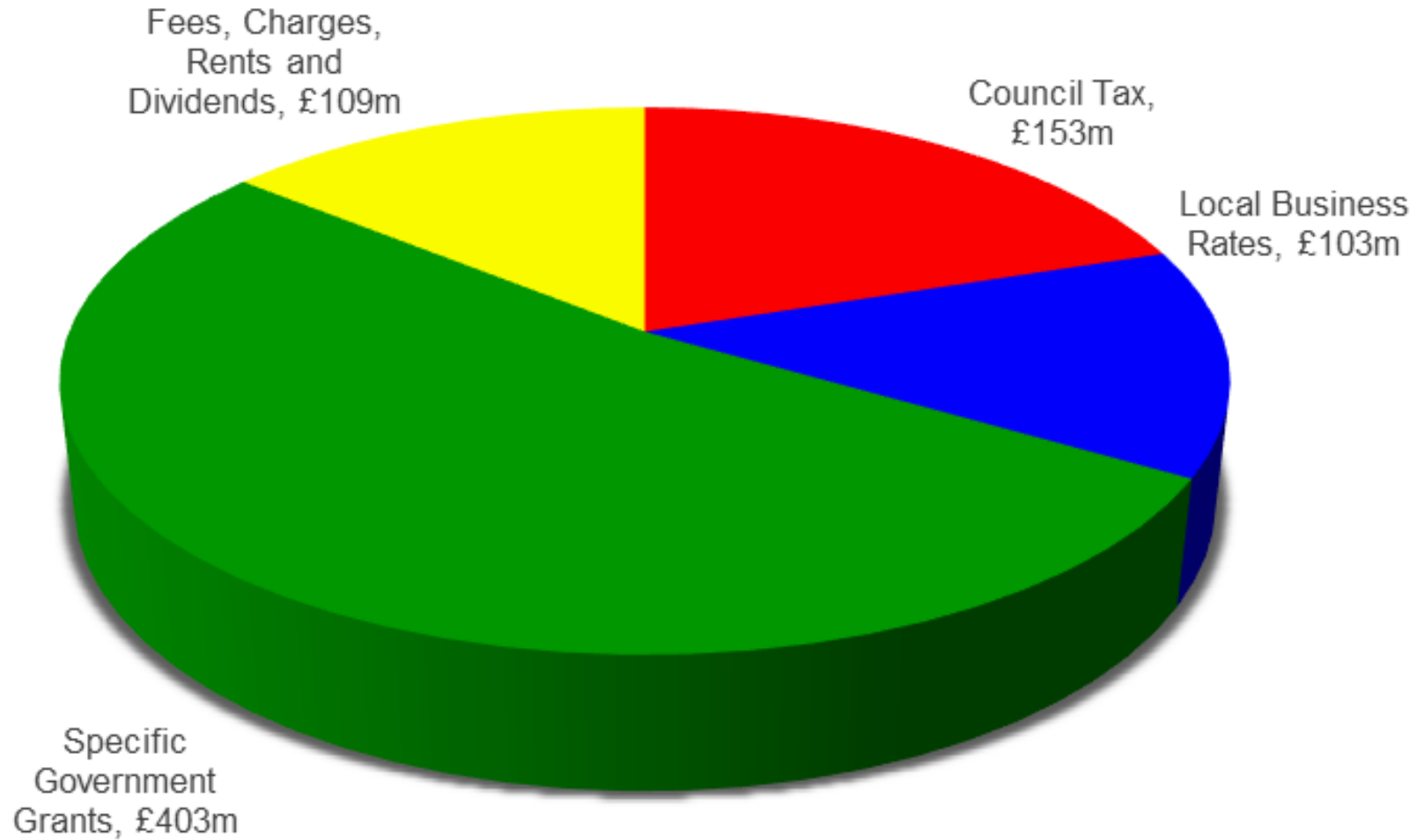


Overall Funding

- Local Government has adjusted to lower than historic funding level
- Perception that Coventry is disadvantaged by current funding mechanism
- Funding reform has been promised but is not imminent
- Cannot afford to plan on disadvantage being corrected by reform
- Council response has been to regenerate the city, attract business, reduce deprivation and identify balanced commercial opportunities
- New threat from inflationary pressure – no sign yet that Gov't will provide additional help on this



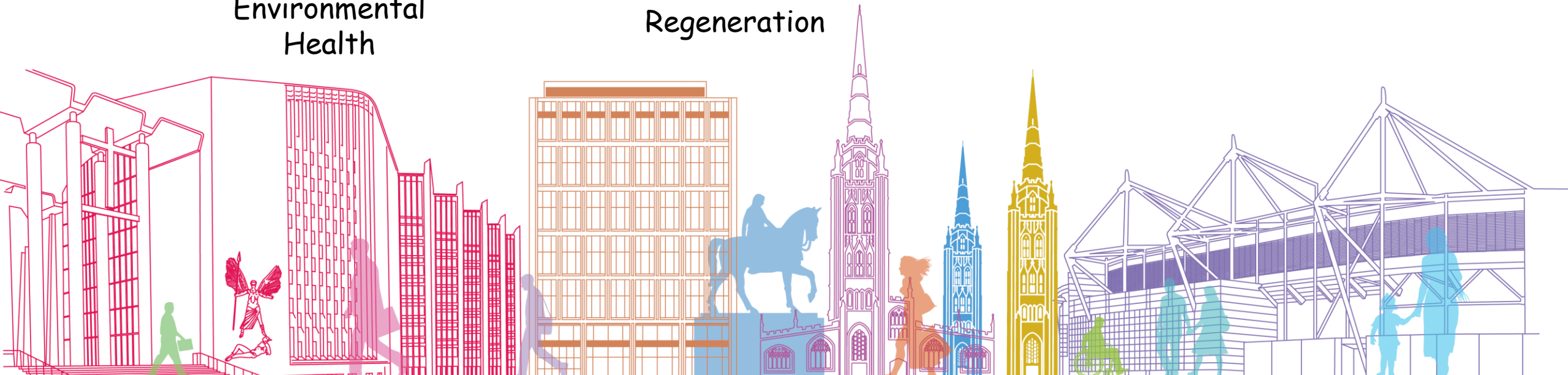
Funding the Council's 2022/23 Revenue Budget



The Spectrum of Council Responsibilities

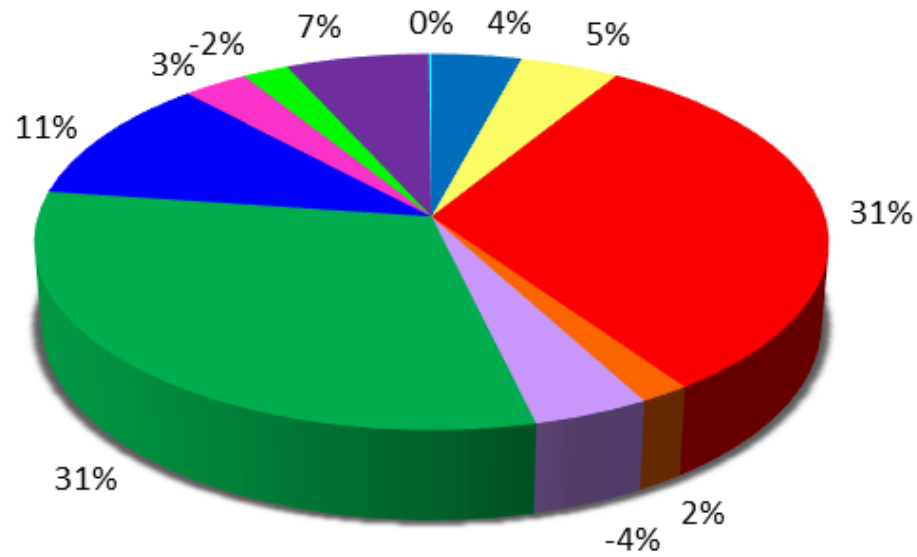


Public Health
Children's Services
Adults' Services
Environmental Health
Street Scene
Highways
Parks
Libraries
Regeneration
Culture & Leisure
Events



Net Budget 2022/23

(Gross spend less service specific income)

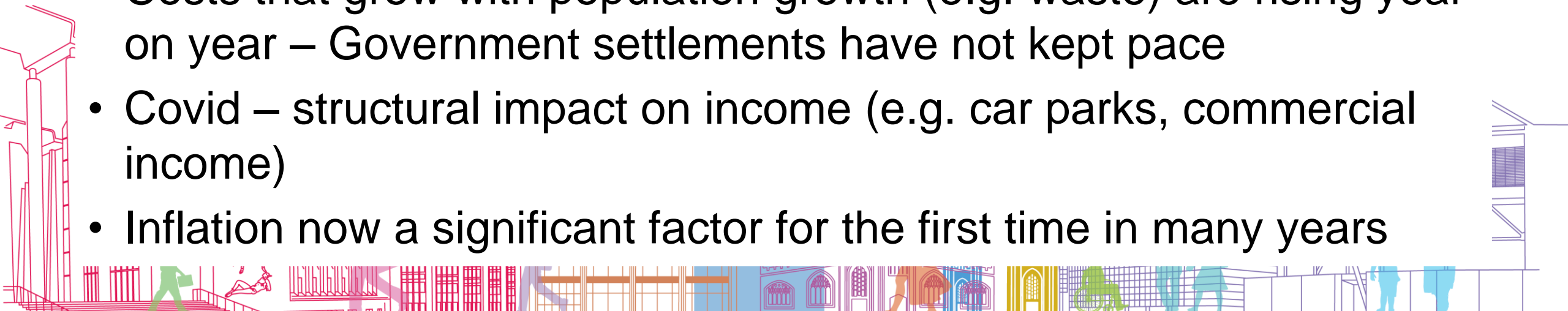


- Finance & Corporate Services
- Housing & Transformation
- Adult Social Care
- Business, Investment & Culture
- Contingency and Central Budgets
- Children and Young People's Services
- Streetscene & Regulatory Services
- Transportation & Highways
- Project Management and Property Services
- Education and Skills
- Public Health



Financial Challenges & Pressures

- Like all councils we are leaner than previously but maintaining standards in all core services is difficult
- We deal with comparatively high number of looked after children and have needed to invest in recent years
- Adult Social Care pressures to reflect market costs – mostly grant funded but fair cost of care changes may affect the dynamic
- Costs that grow with population growth (e.g. waste) are rising year on year – Government settlements have not kept pace
- Covid – structural impact on income (e.g. car parks, commercial income)
- Inflation now a significant factor for the first time in many years



Inflation

- Local Government pay negotiations ongoing
- 2% budgeted for 2022/23 but actual award is certain to exceed this
- Each 1% costs c£1.3m
- Living wage rise will be significant and cost increasingly more as it affects more grades up the local government pay spine
- News on energy increases & other contractual inflation received piecemeal
- Both pay inflation and non-pay inflation will cost several £ms which will be firmed up though the year
- Some one-off inflation contingencies have been set aside – 2022/23 may be manageable but future years contain greater threat

Reserves

- Underlying revenue reserves have gone up by £18m (mostly ring-fenced Adult Social Care related)
- According to CIPFA resilience index Council balances place it at mid-way amongst similar authorities in terms of reserve levels
- Balances are set aside for areas of risk (insurance, business rates, property repairs, inflation, commercial risk)
- Also provided for commercial and regeneration projects supporting schemes such as precinct redevelopment, Friargate Hotel and Gigafactory in recent years
- Capital receipts of £37m to support strategic schemes



Treasury Management

- Manages day to day cash requirement by investing or borrowing cash balances
- Ensures we can pay our bills and that any balances are placed securely
- Periodic decisions to take out long-term borrowing to fund capital programme expenditure
- Despite significant spend in recent years the combination of grant funding and reserve balances has enabled us to delay the need to borrow
- Borrowing ahead of need represents a ‘cost of carry’ – interest costs that can be avoided until a later date
- Attractive low long-term interest rates mean that we need to keep this under review



Treasury Management Philosophy

- We continue to be advised by external experts
- Long-term relationship with Arlingclose – they have extensive knowledge of our circumstances
- Our approach is a prudent one – ensuring investment with secure counterparties and not seeking excessive returns
- Delaying decision to borrow long-term until modelling demonstrates the sweet-spot
- Will keep Cabinet Member informed as we explore future need to borrow (although this is essentially a function delegated to officers)

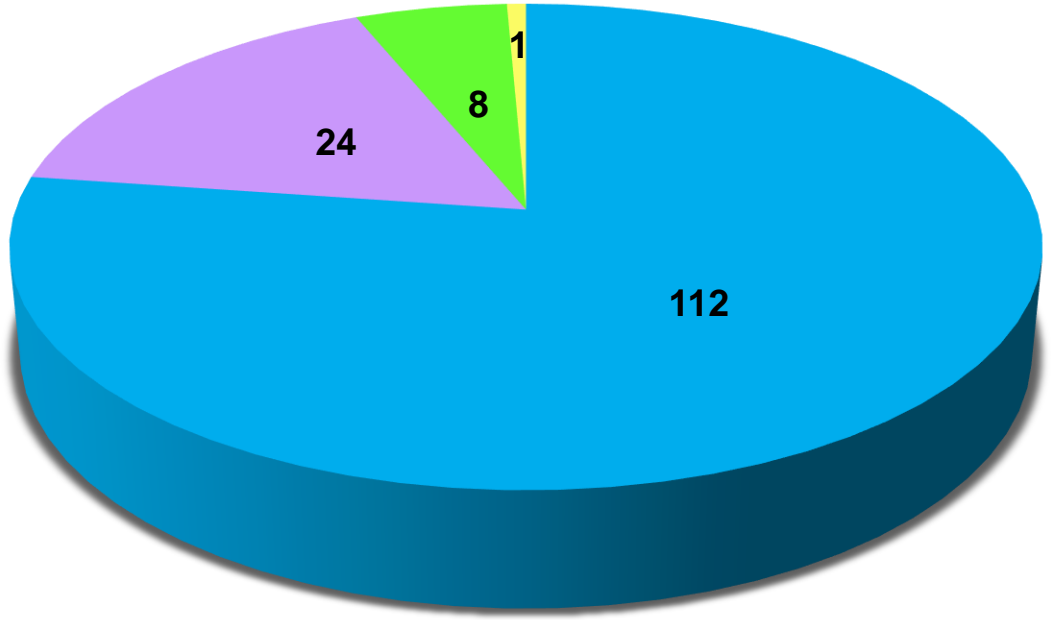


Capital Funding

- Capital Receipts – Rely upon sale of Council land/property
- Some assets still available to sell but these are finite
- Grants – some annual funding available (schools, highways, Disabled Facilities)
- Prudential Borrowing – available for schemes that offer an income stream or savings
- The commercial return must cover the principal and interest cost of the scheme
- The Council can no longer pursue schemes that are purely for a commercial return if it wishes to maintain access to Government borrowing sources



2022/23 Capital Funding (£m)



- Capital Grants
- Prudential Borrowing
- Revenue/Reserve Contributions
- Capital Receipts



Specific Grants

- Largest block in Council Funding analysis
- 85% by value relate to schools, Housing Benefit, Adult Social Care, Business Rates and Public Health
- These are determined by Government not bid-for
- Council continues to be ambitious in seeking bid-for grant resources as a means of taking forward revenue and capital projects
- Reserves set aside provide resource if necessary for grant match-funding



Initial Budget Setting Process

- Officers identify financial position with known conditions/assumptions
- Ruling administration members provide initial policy steer
- Strategy to balance the budget agreed informally with Cabinet
- Officers work up options through Summer/Autumn
- Ruling administration receive progress updates through Autumn



Political Process

- Options presented through Pre-Budget process – no decisions are finalised at this point
 - All members are consulted leading into the Council's Pre-Budget and Budget stages before and after Christmas
 - Cabinet approve options to be included in consultation
 - Consultation with all members, Trades Unions, business community and the public
 - Following consultation, final Budget proposals agreed by full Council
- Officers guide and recommend but members approve any final decisions

Medium Term Budget Position

	2022/23 £m	2023/24 £m	2024/25 £m
Total Budget Deficit/(Surplus)	0.0	16.9	21.2

- £17m gap going into Budget process to be conducted through 2022
- Not unusual position at the start of the process
- Assumption sensitive – prudent view on overall resourcing



Options For Tackling Financial Challenges

Increase Income

- Raise Council Tax
- Increase Fees and Charges
- New Income Streams (commercialise)
- Natural Growth (dividends, property rents, Council Tax base)
- External Grant

Reduce Spend

- Service Cuts
- Transformation Savings
- Technical Savings (pension contributions, capital financing costs)

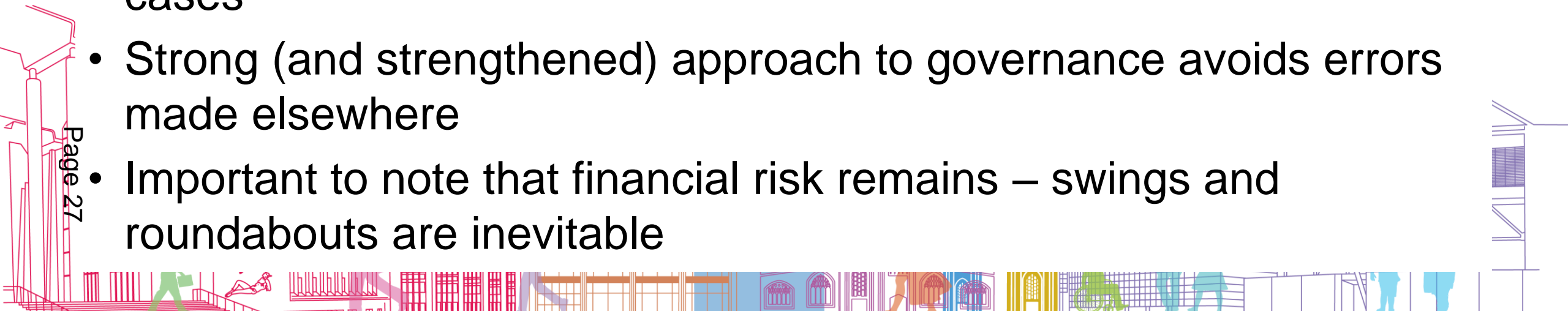
One Coventry Plan Priorities

- Currently seeking to update the One Coventry Plan and Council priorities
- One Coventry approach gives us an opportunity to refocus and reprioritise, concentrating on the key areas of service
- Need to seek different ways of working with some partners to deliver services in a coordinated and efficient manner
- Focus on priorities could mean doing less of some things (or stopping them altogether)
- And doing more of other things or doing them better



Council Relative Performance

- Proactive approach during 2010s placed Coventry in a better position than some councils
- More recent action to maximise opportunities and commercial approaches helps to manage financial pressures at the margins
- Broad range of approaches and company interests spreads risk
- Robust business cases and prudent assumptions adopted in all cases
- Strong (and strengthened) approach to governance avoids errors made elsewhere
- Important to note that financial risk remains – swings and roundabouts are inevitable



Financial Information

- Regular reporting to Cabinet (budget & quarterly monitoring) and Audit Cttee (quarterly monitoring)
- Scrutiny consider (reserves, transformation, business rates, Covid, income generation)
- All reports contain financial implications identifying how implications should be funded – all public reports are available via the website
- Focus on areas of highest financial sensitivity





Coventry City Council

Briefing note

To: Finance and Corporate Services Scrutiny Board 1

Date: 13th July 2022

Subject: Finance and Corporate Services Scrutiny Board Work Programme 2022-23

1 Purpose of the Note

- 1.1 To provide committee members an opportunity to discuss items for the work programme 2022-23

2 Recommendations

- 2.1 Finance and Corporate Services Scrutiny Board 1 is recommended to:
- 1) Consider the draft work programme attached at Appendix 1
 - 2) Identify and agree additional items for the work programme 2022-23

3 Background and Information

- 3.1 The work programme provides a schedule of items for meetings over the coming municipal year. The draft work programme for Finance and Corporate Services Scrutiny Board 1 for 2022-23 is attached at Appendix 1.
- 3.2 Scrutiny work programmes are working documents and will adapt and change over the year to respond to Members' requirements and policy developments.
- 3.3 Any items agreed at this meeting will be scheduled at an appropriate time during the municipal year in discussion with the Chair of the Board.
- 3.4 Outcomes from the discussion at this meeting do not preclude any future amendments or additions to the work programme.

Appendix 1: Finance and Corporate Services Scrutiny Board 1 Work Programme 2022-23

Victoria Castree
Scrutiny Co-ordinator
victoria.castree@coventry.gov.uk

This page is intentionally left blank

Please see page 2 onwards for background to items

13th July 2022
- Introduction to Local Government Finance
21st September 2022
- People Plan Review and Refresh
9th November 2022
- Medium Term Financial Strategy
11th January 2023
- ICT & Digital Update
7th February 2023
-
29th March 2023
- HR/Workforce Management information
- Apprenticeship Update
2022/23
- Reserve Balances
- Financial Management Code
- Financial Resilience Assessment
- Coventry Connects
- Procurement and Social Value Update

Date	Title	Detail	Cabinet Member/ Lead Officer
13th July 2022	- Introduction to Local Government Finance	The report will include opportunities, challenges and risks for LG finance nationally and locally; the current Position on issues including inflation, reserves, treasury management and grants; the budget settings process; benchmarking and making best use of CCC published financial information.	Cllr Brown Barry Hastie
21st September 2022	- People Plan Review and Refresh	To review the new plan for 2022-2025. This will include Diversity and Inclusion Update as well as what is being done to develop, retain and attract new talent to CCC.	Cllr Brown Susanna Newing
9th November 2022	- Medium Term Financial Strategy	To discuss the Council's Medium Term Financial Strategy prior to its approval through the political process. Please note the date of the meeting will move to enable SB1 to consider the MTFS before it goes to Cabinet. Normal reporting timescales have changed due to Covid-19.	Cllr Brown /Barry Hastie/ Paul Jennings
11th January 2023	- ICT & Digital Update	To review the position with regards to ICT & Digital and the progress being made against the ICT & Digital strategy and service plans. To include progress against the feedback from the last feedback ICT survey. To consider what work is taking place and how decisions are being taken to future proof ICT investments.	Cllr Hetherton Susanna Newing/ Paul Ward
7th February 2023	-		
29th March 2023	- HR/Workforce Management information	For the Board to scrutinise the HR/Workforce Management dashboard.	Cllr Brown Susanna Newing
	- Apprenticeship Update	To receive an update on apprenticeships within CCC.	Cllr Brown Susanna Newing
2022/23	- Reserve Balances	To receive an update on the position of Council Reserves and identify recommendations for the Cabinet Member.	Cllr Brown/ Paul Jennings
	- Financial Management Code	The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local	Cllr Brown/ Barry Hastie/ Paul Jennings

Date	Title	Detail	Cabinet Member/ Lead Officer
		authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. This item will examine Coventry's progress towards meeting the FM Code principles.	
	- Financial Resilience Assessment	To receive an interim report on the outcome of the financial resilience assessment.	Cllr Brown/ Barry Hastie/ Paul Jennings
	- Coventry Connects	To include Customer Service channels including the feedback loop for customers and councillors and continuous improvement.	Cllr Brown/ Cllr Hetherton Adrienne Bellingeri/ Paul Ward
	- Procurement and Social Value Update	To receive an update on procurement and social value. To include the financial implications of ethical procurement and social value.	Cllr Brown Oluremi Aremu

This page is intentionally left blank