



Finance and Corporate Services Scrutiny Board (1)

Time and Date

2.00 pm on Thursday, 11th January, 2024

Place

Diamond Rooms 1 and 2 - Council House

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

(a) To agree the minutes of the meeting held on 7 December 2023 (Pages 3 - 6)

(b) Matters Arising

4. Consultation on Spending, Saving and Council Tax Proposals for 2024/25 (Pages 7 - 32)

Briefing Note

5. Delivering Value for Money in Placement Costs (Pages 33 - 38)

Briefing Note

6. Work Programme and Outstanding Issues (Pages 39 - 42)

Report of the Scrutiny Co-ordinator

7. 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**8. Delivering Value for Money in Placement Costs (Pages 43 - 62)**

Briefing Note

Wednesday, 3 January 2024

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

Membership: Councillors J Blundell, R Brown (By Invitation), P Hetherton (By Invitation), J Innes, L Kelly, R Lakha, J Lepoidevin, P Male, K Maton, J McNicholas and E Ruane (Chair)

Public Access

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Carolyn Sinclair
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Coventry City Council
Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held
at 2.00 pm on Thursday, 7 December 2023

Present:

Members: Councillor E Ruane (Chair)
Councillor J Blundell
Councillor J Innes
Councillor R Lakha
Councillor J Lepoidevin
Councillor J McNicholas

Other Members: Councillor R Brown (Cabinet Member for Strategic Finance and Resources)

Employees

Human Resources: S Newing (Chief People Officer)

Law and Governance: E. Jones, C Sinclair, A West

Apologies: Councillor P Male and K Maton

Public Business

13. Declarations of Interest

There were no declarations of interest.

14. Minutes

The Minutes of the meeting held on 21 September 2023 were agreed and signed as a true record.

There were no matters arising.

15. Agency Spend and Usage 2020-2023

The Board considered a briefing note and presentation which set out agency spend and reasons for use over the past three financial years 2020/21 to 2022/23, specifically for the specified directorates.

In summary, turnover for the City Council in the current year was currently at 13.90%, with 719 leavers and 748 starters. An improved position on last year. The report included spend data for temporary agency usage via the Master Vendor contract and spend collated via Finance services using financial product codes relating to agency projects and consultancy under the 'Professional Services' umbrella. Coventry City Council's Master Vendor Contract to supply agency

workers was previously with Reed Agency - procured for three years commencing June 2019. This contract expired June 2021, and following a procurement exercise, Hays Agency commenced their contract agreement in June 2022.

The Briefing note contained data on agency spend Master Vendor/Off Contract and complete agency spend for 2020-2023 for:

- Education and Skills
- Transportation and Highways
- Network Management
- Adult Social Care
- Housing and Homelessness
- Customer Care
- Customer Services
- Human Resources
- Property Management and Major Projects
- Public Health
- Finance
- Law and Governance
- Street Scene and Regulatory Services
- Fleet
- Greenspace Services
- Bereavement Services
- Environmental Services
- Planning Services
- Children's Services - with detailed information on initiatives to attract and retain children's social workers.

Appendices to the briefing note set out agency usage spend by Master Vendor contract and direct agency cost – capital and revenue.

The Board questioned the Officer and received responses on several matters relating to the presentation and, following discussion, was agreed that further information be provided to the Board on the following:

- Agency Usage spends incorporating vacancy costs.
- Average length of interim manager contracts
- Breakdown of the sources contributing to job application interest.
- Examples of jobs that would fall into the top 10 hourly rate category.

RESOLVED that the Scrutiny Board note the details and reasons for using agency workers during the period 2020/23 and the work being undertaken to reduce the need and the cost.

16. **Work Programme and Outstanding Issues**

The work programme was considered and noted.

There were no outstanding issues.

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

There were no other items of public business.

(Meeting closed at 3.05 pm)

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To: Finance and Corporate Service Scrutiny Board

Date: 11 January 2024

Subject: Consultation on spending, saving and council tax proposals for 2024/25

1 Purpose of the Note

- 1.1 Coventry City Council is carrying out a public consultation on revenue spending and savings proposals for 2024/25 and future financial years together with the approach in relation to Council Tax and the Adult Social Care precept. This note provides the Finance and Corporate Services Scrutiny Board (1) with information about the proposals to enable them to make any comments as part of the consultation process.

2. Recommendations

- 2.1 The Finance and Corporate Services Scrutiny Board (1) is recommended to make any comments or recommendations to the Cabinet Member for Strategic Finance and Resources and/ or Cabinet as appropriate in relation to the budget consultation.

3. Context

- 3.1 On 12 December, Cabinet approved an eight-week public consultation period on revenue spending and savings proposals for 2024/25 and future financial years together with the approach in relation to Council Tax and the Adult Social Care precept. The consultation closes on 7 February 2024.
- 3.2 The report considered by Cabinet, together with Appendices 1-3 are attached as an appendix to this report. Appendix 1 is the Pre-Budget Proposals and Financial Position, Appendix 2 is the Consultation on proposed changes to the Council Tax Support Scheme and Appendix 3 is a matrix summary of the equality impact assessments. Detailed Equality Impact Assessments (appendices 4 to 20) for each proposal are available online at: <https://edemocracy.coventry.gov.uk/mgAi.aspx?ID=40040#mgDocuments>
- 3.3 The Consultation process is supported by further information on the Council's website which can be accessed here: <https://letstalk.coventry.gov.uk/budget24-25>

Name Adrian West
Job Title Head of Governance
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Cabinet

12th December 2023

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

Director Approving Submission of the report:

Chief Operating Officer (Section 151 Officer)

Ward(s) affected:

City wide

Title:

Pre-Budget Report 2024/25

Is this a key decision?

Yes - **Cabinet is being recommended to approve, as a basis for consultation, the spending and savings and Council Tax proposals for 2024/25 and future financial years**

Executive Summary:

This report outlines as a basis for consultation a set of new revenue budget proposals for 2024/25 to 2026/27 which represent changes to the Council's existing Budget. Consultation views are also sought on the potential level of Council Tax and Adult Social Care Precept increases for 2024/25. The final Budget proposals and the Council Tax and Adult Social Care Precept increases will be subject to Council approval in February.

The ambition to deliver the Council's overall future strategy continues to be the focus of the Pre-Budget proposals. The strategy is contained within the "One Coventry Plan" which sets out key priorities including: improving the economic prosperity of the city and region; improving outcomes and tackling inequalities within communities; and tackling the causes and consequences of climate change. Implicit within the plan is the Council's commitment to delivering a range of core services to everyone in the city.

The Council's financial plans are heavily dependent on both the allocation of Government grant resources and Government decisions which dictate councils' tax-based income streams. It continues to be the case that it is difficult to anticipate the key decisions that the Government will make on these matters and as a result, a number of key elements of the Council's financial plans are subject to some uncertainty with a degree of risk that the position presented in this report could be subject to change once the details of the local government financial settlement are published. The Provisional Local Government Settlement for 2024/25 is expected to be published in late December, again a very late point in the financial planning cycle, and this will provide a stronger indication of the likely position.

The Chancellor of the Exchequer set out the Government's Autumn Statement on 22nd November 2023. The Statement provided a one-year Department Expenditure Limit position for the Department of Levelling Up Housing and Communities (DLUHC). There is no clear indication of any additional resources beyond those already notified previously, which are in line with our current planning assumptions. The Council will need to assess the provisional local government finance settlement expected late December, to confirm this position.

No announcement was made to allow increases in Council Tax or Adult Social Care Precept beyond what was previously announced (3% and 2% respectively). As a result, this report recommends that the Council should consult on the basis of increasing the Adult Social Care Precept by 2%, and the Council Tax for other services by just under 3%, an overall combined rise of just under 5%.

The financial gap identified in this report will require considerable service savings or additional income proposals to address it, some of which will affect services to the public. This report includes proposals on which to consult, which collectively could form the basis of a balanced budget in 2024/25, albeit with financial gaps in future years. The outcome of the final Local Government Settlement will determine the extent of the options required to deliver a balanced budget. The Council is keen to avoid the need to reduce vital services and will seek to explore all possible avenues to do this, however there is currently a strong expectation that difficult decisions will need to be included as part of the budget proposals.

A Medium-Term Financial Strategy is intended to be presented alongside the final Budget Report in February. This will include the current financial context facing the Council in relation to a continued high inflation environment and difficult market conditions within both adults and children's social care and pressures on temporary accommodation costs to meet our statutory duties in relation to preventing homelessness.

The proposals in this report are made as a basis for public consultation and the results of the consultation will be reflected in the final Budget Report in February and considered as part of the final decisions recommended in that report. Further work will be undertaken to confirm all the financial assumptions included, between now and the final Budget Report in February.

An outline of the resources and the spending and savings proposals are provided in Section 2, within Table 1 and on a line-by-line basis in Appendix 1 to the report. The financial proposals assume that the Council will approve an increase in Council Tax and Adult Social Care Precept by the maximum allowed.

Appendix 2 contains details of proposed changes to the Council Tax Support Scheme. This report requests approval to conduct a public consultation on the proposed council tax support scheme. The budgetary challenges faced by the Council for 2024/25 require the Council to review all areas of discretionary expenditure and potentially the option to reduce the amount of support provided through the CTS scheme for working age households.

This report includes an indicative outline of the Council's prospective Capital Programme for 2024/25 based on current knowledge. This will be updated in the February Budget Report, reflecting the most up to date programme information available. The draft programme is based overwhelmingly on pre-existing decisions and patterns of expenditure.

Recommendations:

The Cabinet is requested to:

- 1) Approve as a basis of consultation: the revenue spending and savings options in Section 2 and Appendix 1 of the report and the broad Capital Programme proposals in sections 2.6 to 2.8 of the report.
- 2) Approve as a basis of consultation: the approach in relation to Council Tax and the Adult Social Care Precept in Section 1.8 of the report, including a Council Tax rise of just under 3% and an Adult Social Care Precept of 2%.
- 3) Approve an eight-week public consultation period to commence on 13th December 2023 on a draft council tax support scheme based on the preferred option detailed in Appendix 2, in accordance with The Local Government Finance Act 1992 (as substituted by the 2012 Act).

List of Appendices included:

- Appendix 1 – Pre-Budget Proposals and Financial Position
- Appendix 2 – Consultation on proposed changes to the Council Tax Support Scheme
- Appendix 3 – Equality impact assessments (EIA) matrix
- Appendix 4 – EIA – One Coventry: Coventry Connects Programme
- Appendix 5 – EIA – One Coventry: Integrated Placed Based Services
- Appendix 6 – EIA – One Coventry: Common Roles Review
- Appendix 7 – EIA – One Coventry: Advice Services
- Appendix 8 – EIA – Council Tax Support Scheme 2024/25
- Appendix 9 – EIA – Charge for Green Waste
- Appendix 10 – EIA – Increasing Alternative Temporary Accommodation Provisions
- Appendix 11 – EIA – Switch off Street Lighting
- Appendix 12 – EIA – City Centre Car Parking Charges
- Appendix 13 – EIA – Resident Car Parking Permit Charges
- Appendix 14 – EIA – War Memorial Parking Charges
- Appendix 15 – EIA – Traveller Incursions
- Appendix 16 – EIA – Education Transport Review
- Appendix 17 – EIA – Funding to Cultural Organisations
- Appendix 18 – EIA – Godiva Festival
- Appendix 19 – EIA – Residential Children's Homes Strategy
- Appendix 20 – EIA – Council Tax Charge for Second Homes

Background papers:

None

Other useful documents

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?

No. The final budget proposals will be considered by Council following the consultation period.

Report title: Pre-Budget Report 2024/25

1. Context (or background)

- 1.1 Proposals for the Council's 2024/25 Budget are set out in this report. The Government's Autumn Budget Statement announced on 22nd November indicated no significant change to funding for local government although at the time of writing the Council is still awaiting the 2024/25 Provisional Local Government Finance Settlement which will confirm the funding envelope within which the Council will need to operate next year.
- 1.2 The Provisional Settlement should be received in the week beginning 18th December followed by a final settlement announcement a few weeks into 2024. The starting point of the 2024/25 Budget process following setting of the 2023/24 Budget was an initial financial gap for 2024/25 of £20m, rising to c£31m the following year. These figures were based on broad assumptions about future income and expenditure projections.
- 1.3 In the period since February, work has been undertaken to update the assumptions that underpin this position with the underlying objective of meeting the immediate budget gap and to address the medium-term financial position. Changes to these initial assumptions are included within Appendix 1 to the report, including the increase in general inflationary pressures which have remained much higher than previously forecast at a national level.
- 1.4 Prior to setting the final Budget in February, the Council will be required by law to establish the Council Tax and Business Rates tax-bases for 2024/25 and declare projected deficits or surpluses from previous years. Initial estimates of these tax-bases have been included in the financial projections within this report although it is expected that these will be refined in the final Budget Report.
- 1.5 Fundamental to the Council's overall financial approach is its commitment to protect the most vulnerable citizens and to deliver a range of core services to everyone in the city. This has become increasingly difficult in recent years as a result of rising prices and their impact on the cost of living over the past 2 years. The combination of resource constraints and pressure on some aspects of Council services means that the challenge of balancing the Budget has been heightened in the past 12 months.
- 1.6 The financial position presented in this report includes assumptions about the forthcoming Government settlement; anticipated additional costs from inflation, financial pressures within some services; and a range of service and technical savings to help balance the bottom-line position. All the changes to the previously approved Budget position are set out in Appendix 1 to the report. The service savings include ones which are likely to have an impact on front-line services.
- 1.7 The range of resource assumptions is informed to a degree by the 2023 Autumn Statement and also by the shape of the 2023/24 Local Government Settlement. These remain planning estimates only and are subject to confirmation by Government. The descriptions set out in Appendix 1 to the report give an indication of the implications of each proposal.
- 1.8 This report proposes that the budget consultation is carried out on the basis that the Council will increase Council Tax levels by just under 5%, the figure which the Council understands will be the maximum amount allowable without triggering a referendum. This is made up of a 2% Adult Social Care Precept and an increase of just under 3% for other expenditure. It is possible that increases in the Police and Fire precepts could result in a

total Council Tax rise above 5%. The financial position in Section 2, Table 1 of the report, assumes that these increases will be approved.

2. Options considered and recommended proposal

- 2.1 The remainder of the report details the financial position facing the Council and the specific proposals put forward for consultation. These proposals are detailed within Appendix 1 to the report.

Revenue

- 2.2 After taking account of all Council approved decisions, the Council started the 2024/25 Budget process with a shortfall of £20m rising in subsequent years. Overall resources include the Government settlement, amounts in relation to Council Tax and Business Rates and several specific grants that the Government includes within its definition of Core Spending Power. Movements in this category include the following:

- The Autumn Statement gives no indications of additional resources for local government although the precise detail will not be known until publication of the Local Government Provisional Settlement. The changes listed in Appendix 1 to the report make some assumptions consistent with previous announcements on local government funding. These are planning assumptions which will be confirmed or amended when the Settlement is released. The Autumn Statement reaffirmed the levels of the Social Care Grant (Appendix 1 to the report - line 3).
- Additional resources from the Council's Council Tax and Business Rates Collection Fund reflects a combination of Council Tax base growth, lower than budgeted Council Tax Support levels and a Business Rates multiplier inflationary increase of 6.7%.
- The Government has made some changes to the business rate reliefs for 2024-25 and Local Authorities will be fully compensated for any loss of business rates income as a result of these. This is cost neutral to the City Council.
- There is an assumption made within the Council's resources that the New Homes Bonus will continue for a further year reflecting housing growth within the city, however this is yet to be confirmed. The initial estimate of Coventry 24/25 allocation is £4m.

- 2.3 A number of expenditure and income pressures have created a revised budget gap over this period. The most significant of these individual pressures are outlined below:

- The Council faced the impact of continued high inflation. This includes additional costs from the confirmed 2023/24 pay award and provision for a 2024/25 pay award of 5%, returning to 2% for 2025/26 onwards. It also includes the effect of underlying inflation on energy and a range of its externally procured costs and services.
- Children's Services has seen a significant increase in the average unit cost of placements for looked after children, due to a lack of sufficiency in the market to meet the needs of young people in care and is a local, regional and national issue. Children's Services has also experienced a financial pressure related to workforce, with high levels of cases requiring additional workers and agency staff.

- The Council has experienced a growing pressure within Housing Services due to significant increases in numbers of households requiring temporary accommodation.

2.4 There are technical service savings, the most financially significant ones of which are as follows:

- The Council is forecasting that it will receive a further £2m of revenue generated through the Coventry and Warwickshire Business Rates Pool which is expected to continue for one further year.
- Combined impact of the Council's treasury activity (investment and borrowing) and its capital financing costs. An indicative position is shown currently but this will need to be finalised once the Council's Capital Programme is known.
- Part of the Capital Programme is funded from a revenue budget. There are proposals for the funding to come from capital receipts and relevant capital grants to deliver a one-off revenue saving.

2.5 The items on which this consultation is based provides an opportunity to set a balanced budget in 2024/25 pending confirmation of the Government Settlement and refinement of key technical areas of the Council's budget such as the Council Tax and Business Rates Collection Fund and estimates of inflationary and other expenditure pressures.

Table 1: Financial Position 2024/25 to 2026/27

	2024/25	2025/26	2026/27
	£000	£000	£000
Initial Budget Gap	20,080	30,722	28,066
Resources	(14,960)	(11,260)	(11,260)
Expenditure and Income Pressures	26,095	22,938	26,881
Technical Savings	(21,942)	(14,791)	(14,901)
Service Savings	(10,729)	(14,208)	(14,529)
Budget Gap	(1,456)	13,401	14,257

Capital

2.6 The Council has a draft 5-year capital programme which totals nearly £398 million based on approved decisions and expected resource allocations. Of this, nearly £165m is currently cash-flowed for 2024/25 taking into account an updated position for 2023/24.

2.7 The main components of the Council's provisional programme are set out below with the figures quoted representing the projected sums earmarked currently for 2024/25. The five-year programme and an updated cash-flow position will be included in February's final Budget Report. The Programme includes:

- Continued delivery of the Very Light Rail City Centre Demonstrator route within Coventry, which has been allocated £54.5m from the City Region Sustainable Transport Settlement (CRSTS) programme.
- A strategic transportation programme in excess of £18m incorporating the CRSTS programme, to deliver Tile Hill Station Park and Ride improvement scheme, Foleshill Transport Package and Coventry South Sustainable Transport Package.

- City Centre Cultural Gateway, which includes the creation of a Collections Centre for nationally significant cultural, arts and historical artefacts.
- Social Housing Decarbonisation Fund Wave 2 delivering a forecast of £14m energy efficiency measures to social housing properties in Coventry.
- City Centre Regeneration investment in excess of £50m continuing to take forward City Centre South plans.
- Continued investment in the school's capital works including provision for the expansion of secondary places under their One Strategic Plan, to include the new SEND school proposal at Woodlands.
- Continued investment in Adult and Children's Social Care in form of Disabled Facilities and Pathways to Care, along with the programme of vehicle replacement and ICT.

2.8 The draft programme will be subject to change between now and February with an expectation that some of the proposed expenditure may be shifted to later years. It is also important to be aware that some of the schemes involve a complex mix of funding sources, multi-partner delivery arrangements and challenging planning, technical and approval requirements that do not always lend themselves to smooth project delivery progress. In overall terms, given the large amount of externally funded and driven proposals within the Council's Capital Programme, it is very likely that a fair degree of flux will continue to be experienced in its cash-flow over the next few years.

3. Results of consultation undertaken

3.1 The proposals in the report are subject to statutory consultation requirements. The Council will communicate the report's key messages through usual consultation channels including social and digital media.

4. Timetable for implementing this decision

4.1 This report includes a set of draft budget proposals and does not authorise spending and savings decisions. Following a public consultation period, full Council will consider the final budget proposals in February 2024 to be implemented from 1st April 2024. An indicative profile is set out in Appendix 1 to the report.

5. Comments from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

5.1 Financial implications

Following the overarching position set out in the Autumn Statement 2023, the Council's financial circumstances for 2024/25 and beyond will be clarified by the fine detail that will be set out in the forthcoming Provisional Settlement. In order to provide a planning base, this Pre-Budget Report includes assumptions drawn from the Autumn Statement although this contains some degree of uncertainty.

Throughout the last two years a large number of local authorities have reported significant financial difficulties due to a combination of pressure from their underlying financial position, the impact of rising inflation levels, significant increases in social care costs and, in a few extreme cases, challenges caused by a failure of commercial ventures. Although Coventry has continued to maintain a relatively stable financial position through this period, a number of significant service pressures have emerged. Without strong action this position will threaten the future financial stability of the Council.

A range of sound financial management practices have continued to be undertaken including: implementing medium term planning which is not reliant on reserve contributions; making budgeting decisions that recognise fundamental pressures in the financial position; maintaining reserve balances at a level that is sufficient to manage budget risks; addressing issues of governance in decision making in line with external advice; pursuing financial planning approaches which do not place an over reliance on speculative commercial activity but which do incorporate a balanced and forward thinking approach to delivery of modest commercial gains; and exploring a range of savings proposals to be considered as part of this budget consultation process.

It is becoming clear that despite a recent history of robust financial management, the current financial environment is causing greater financial pressure on the Council. The Council's Medium Term Financial Strategy (MTFS) has been delayed and will be reported to Cabinet in advance of the final Budget Report in February. It will provide greater coverage of the Council's approach to financial planning and addressing current issues. These continue to be difficult times for local authorities and although the Council will identify a balanced position for 2024/25 there are significant gaps remaining over the medium term. In terms of future years, the Council will continue to use prudent assumptions to provide realistic financial projections and help to maintain a focus on sound financial decision making going forward.

The financial position in Appendix 1 to the report presents, subject to consultation, an opportunity to balance the 2024/25 budget, but with gaps of £13m and £14m over the following two years. In the period between now and February, the Council will update its forecasts as a result of the Local Government Finance Settlement and a small number of technical areas. Given the national political uncertainty that is likely over the coming year, the Council cannot afford to be complacent or plan on an optimistic basis for the medium term. Any such approach would run the risk of leaving future financial gaps with insufficient time to identify ways of addressing them.

The Council's recent revenue and capital budgets have maintained a strong focus on helping Coventry become a growing and more prosperous city, both to help protect and increase key tax revenue streams and reduce the reliance of some local residents on Council services. In addition, the Council has adopted more commercial approaches to identify new and increased revenue streams. This will continue to be important as part of a balanced strategy which pays due regard to the risks and limitations inherent within them. The view of the Chief Operating Officer (the Section 151 Officer) is that the risk of occasional negative financial consequences of taking such approaches is lower than the risk of not pursuing them at all and failing to attract the sustained financial benefits that they offer.

The indicative level of the Capital Programme set out above is only a guide at this stage although it continues to point towards a significant programme of spend on capital schemes across the city. Much of this spend will continue to deliver benefits to the local economy through infrastructure improvements and enhancement of the city's appeal to private sector investment. The medium-term trajectory of the Capital Programme does not reflect the high levels of expenditure experienced in recent years and will depend on the success of future grant bidding processes and Government announcements.

5.2 Legal Implications

Budget Policy Proposals

The proposals in this report are designed to meet the Council's statutory obligations in relation to setting a balanced 2024/25 budget by mid-March 2024. 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 and Section 25 of the Local Government Act 2003 refer.

Council Tax Support Scheme

The Local Government Finance Act 1992 as amended includes a requirement for the Council to adopt any revisions to its local Council Tax Support scheme by 11 March of the year in which changes are to be implemented.

Failure to do so would result in the Council having to maintain the scheme currently in place.

Section 67(2)(aa) Local Government Finance Act 1992 as amended by the 2012 Act, states that the implementation of a local Council Tax Support scheme and any subsequent revisions to the scheme will be a function reserved to full Council.

The framework within which billing authorities must devise their Council Tax Reduction schemes is contained in Part 1 of Schedule 4 to the Act. This Schedule provides that the following matters must be included in an authority's scheme:

- a. a description of the classes of person entitled to a council tax reduction;
- b. details of the reductions which are to apply to those classes (different classes of persons may be entitled to different reductions);
- c. the procedure under which a person may apply for a Council Tax reduction; and
- d. an appeals procedure covering decisions over entitlement to a reduction and the amount of any reduction due.

These items are all included in the proposed revised schemes.

Consultation must be carried out in accordance with the 2012 Act. The Council must attempt to ensure that all interested parties are able to give a view.

The Council must consider whether there are any groups or individuals that are adversely impacted by any changes when making its final decisions on a local scheme.

6. Other implications

6.1 How will this contribute to the One Coventry Plan

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The Council, in common with all local authorities, will continue to be faced with challenging resource constraints although the precise nature and trajectory of this are not yet clear. Individual proposals set out in this report are likely to have an impact on front-line services as set out in Appendix 1 to the report. The Pre-Budget position is presented within the context of the existing Medium Term Financial Strategy, which is aligned with the priorities set out for the City within the One Coventry Plan. In this way Pre-Budget proposals are aligned to existing policy priorities.

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 new savings and income targets that will be included in the Council's bottom line budget position are unlikely to represent a significant risk of non-achievement. However, the continued budget gaps for future years will need to be addressed as part of the next budget process through 2024.

6.3 What is the impact on the organisation?

The proposals set in Appendix 1 to the report are likely to result in a small number of post deletions and some impact on services as detailed. Any new savings and income targets included in the Council's approved budget position will need to be managed carefully as they are implemented to manage the risk of non-achievement. In addition, the continued budget gaps for future years will need to be addressed as part of the next budget process through 2024.

6.4 Equalities / EIA

Budget Policy Proposals

Equality Impact Assessments (EIAs) on the policy proposals contained in this year's pre-budget report can be found at Appendix 4-20 of the report. A collective analysis of all these EIAs has been produced and can be found in Appendix 3 of the report. Many of these proposals will only be fully developed if they are included in the final budget report in early 2024 - and will then be subject to fuller, more detailed equality impact assessments at this time.

Council Tax Support Scheme

An equality impact assessment (EIA) has been carried out to understand the likely impact of implementing the recommendations contained in this report. This EIA can be found in Appendix 8 to the report. From initial modelling of the three proposed changes to the Council Tax Support Scheme, it can be concluded that there will be potentially negative impact for approximately 16,400 households currently in receipt of support. These households are comprised of people across all protected characteristics, however, there is insufficient data to be able to conclude if the impact will be felt more by some protected groups as compared to others. As approximately 754 households from the modelling have been identified as being positively impacted by the proposed changes, the formal outcome of the EIA is that both positive and negative impact has been identified for one or more protected groups.

6.5 Implications for (or impact on) climate change and the environment

No impact at this stage although climate change and the environmental impact of the Council's decisions are likely to feature more strongly in the future.

6.6 Implications for partner organisations?

Budget Policy Proposals

The options contained within this consultation include potential impact on some of the Council's partner organisations. We will engage with key partners on these matters as appropriate.

Council tax Support Scheme

Reducing entitlement to benefit has potentially significant impacts on partner organisations, particularly for advice agencies and other third sector organisations. The Council is in regular contact with partner organisations to ensure they are kept informed of potential changes and it is expected that these organisations will respond to the public consultation on a draft scheme.

There are implications for major precepting authorities, and the Council has initiated consultation with West Midlands Police, West Midlands Combined Authority and the West Midlands Fire and Civil Defence Authority in respect these implications.

Report author:**Name and job title:**

Tina Pinks
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Service Area:

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Law and Governance	30/11/23	30/11/23
Sunny Singh Heer	Lead Accountant	Finance	19/10/23	06/11/23
Barrie Strain	Head of Revenue & Benefits	Finance	30/11/23	01/12/23
Jaspal Mann	Strategic Lead EDI	Public Health and Wellbeing	27/11/23	01/12/23
Names of approvers for submission: (officers and members)				
Barry Hastie	Chief Operating Officer (Section 151 Officer)	Finance	29/11/23	30/11/23
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	30/11/23	01/12/23
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	30/11/23	30/11/23

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APPENDIX 1: PRE-BUDGET PROPOSALS AND FINANCIAL POSITION

		2024/25 £000	2025/26 £000	2026/27 £000	
	Starting Budget Gap	20,080	30,722	28,066	This position has been carried forward from 2022/23 Budget Setting and reflects all previously approved Budget changes
Resources					
1	Business rates indexation, Council Tax and Business Rates surplus carry forward	(4,800)	(5,100)	(5,100)	Council Business Rates revenue (including compensating Section 31 grant) will be inflated by the September Retail Price index of 6.7% as confirmed in the Autumn Statement. This item also includes the uncommitted surplus within the 2022/23 Collection Fund outturn position reflecting a combination of Council Tax base growth, lower than budgeted downward amendments and lower than budgeted Council Tax Support levels.
2	2023/24 Social Care Grant	(1,900)	(1,900)	(1,900)	2023/24 Social Care Grant to fund additional social care capacity through the Market Sustainability and Improvement Fund
3	2024/25 Social Care Grant	(4,260)	(4,260)	(4,260)	The indicative step up in Social Care Grant available from 2024/25 which is now expected to be available
4	New Homes Bonus	(4,000)	0	0	Initial estimate of New Homes Bonus subject to confirmation in the forthcoming Provisional Settlement.
Subtotal Resources		(14,960)	(11,260)	(11,260)	
Service & Technical Pressures (and policy growth)					
5	Inflation	11,525	7,368	11,311	This reflects the continued high inflation environment affecting the Council's supplies and services expenditure including: care and energy contracts; ongoing impact of the 2023/24 local government pay award, which averages at 6% compared to the original 4% budget provision; an assumed 2024/25 pay offer of 5% compared with the previous 3% budget provision.
6	Children's Social Care	5,286	5,286	5,286	Children's Services has seen a significant increase in the average unit cost of placements for looked after children. This is due to there being a lack of sufficiency in the market to meet the needs of young people in care and is a local, regional and national issue. As part of the Council's intention to sustain the Coventry Family Valued approach children will be supported to live with their families wherever this is safe to do so. Children's Services has also experienced a financial pressure related to workforce, with high levels of cases requiring additional workers and agency staff.
7	Housing	5,850	5,850	5,850	Significant increases in numbers of households requiring temporary accommodation is driving additional spend in this area
8	Revenue & Benefits - Supported Accommodation	1,580	2,580	2,580	This pressure arises from providing accommodation solutions to people with complex needs – the cost of which is only partially reimbursed by the Government through housing benefit
9	SEND Transport & Looked After Children Transport	1,000	1,000	1,000	As is being seen nationally the number of SEND pupils within Coventry has grown. This results in an increase in the number of commissioned special school placements, and consequently more children and young people requiring specialist transportation to school, including transport to schools outside of the city due to local special school provision being full. Alongside this there is a cost pressure in providing necessary transport to Coventry's looked after children.
10	Waste Disposal	854	854	854	Increased cost of the Councils obligation to dispose of domestic waste for an increasing number of households.
Subtotal Service & Technical Pressures		26,095	22,938	26,881	
Technical Savings					
12	Asset Management Revenue Account	(3,385)	(470)	0	The Asset Management Revenue Account contains a number of elements which are subject to forecasting uncertainty. This proposal anticipates the combined impact of the Council's treasury activity around areas including loan interest and short-term investment income. An indicative position is shown currently but this will need to be finalised once the Council's Capital Programme is known.
11	Coventry and Warwickshire Business Rates Pool	(2,000)	0	0	The Pool is now expected to continue for a further year within the existing Local Government Finance regime which will enable this income stream to be achieved for a further year.
13	Organisational Exit Costs	(1,000)	0	0	The costs of early retirement and redundancy decisions are paid for from an existing revenue budget of £1m. Additional coverage is provided from a reserve balance. It is proposed to reduce the revenue budget to zero for one year and to fund all one-off exit costs from the reserve.
12	Commercialisation Programme	(1,000)	(500)	(500)	Optimisation of the initiatives delivered through the commercial programme including the Regional Materials Recycling Facility benefits, and other miscellaneous service cost recovery through pricing review.

14	Switch revenue funded highways maintenance spend for alternative grant funding for one year	(1,900)	0	0	Current capital programme schemes within highways are funded from revenue resources. This proposal instead funds this expenditure from grant releasing a temporary revenue saving for one year.
13	Capital Programme Revenue Funding	(969)	0	0	Current ICT capital programme schemes are funded from revenue resources. This proposal instead funds this expenditure from one-off capital receipts which releases a temporary revenue saving, planned here for one year.
15	Management actions to reduce gap	(11,688)	(13,821)	(14,401)	Service Directors have identified a number of actions and efficiencies to reduce overall budgetary pressure within existing approved policies
Subtotal Technical Savings		(21,942)	(14,791)	(14,901)	
Service Savings					
16	Implement One Coventry Model - Ensure organisation is fit for future purpose	(3,000)	(4,000)	(4,000)	Working with partners to target collective resources to support those people who are most in need; providing the right support, in the right place and at the right time. This approach will focus on prevention and earlier identification of need, by establishing an integrated contact centre and locality based offer. The Council will review its physical assets and how it deliver services to meet community need. Rationalising the Council's property where appropriate, co-locating and integrating teams in localities with potential for more Coventry City Council officers and partner services to be based within communities together. Redesign internal services – so the Council are more streamlined, with less bureaucracy for residents and more insight helping the Council to prioritise and offer more service support. Removing internal and external duplication and make most efficient and effective use of internal resources, reducing overlaps through removing vacancies and reviewing contracts. Reviewing the Council's advice provision to target collective capacity and remove overlap, enabling access to information and support at the earliest opportunity.
17	Redesign Council Tax Support Scheme	(1,678)	(1,678)	(1,678)	Reduce the maximum discount that eligible households receive against their Council Tax. The current scheme provides a maximum discount for working age adults of 85% of their council tax liability. The proposal is to reduce this maximum to 75%. In real terms, this would result in approximately 16,400 working age households paying on average, an additional £2.62 per week.
18	Charge for collection of garden waste	(1,500)	(1,500)	(1,500)	Introduce charges for collection of garden waste bins (brown lidded bins) at £40 per year per bin with food waste to be disposed of in brown lidded bins and collected fortnightly. Residents can choose to opt out. If residents opt in they would pay the fee annually in advance and receive a sticker for their bin to show they are part of the scheme. If residents decide they do not wish to pay for garden waste collection they will be able to return existing bins and continue to dispose of garden waste at the tip free of charge.
19	Increasing alternative Temporary Accommodation provisions	(1,077)	(1,850)	(1,850)	The City Council has successfully purchased and operated a number of temporary accommodation schemes to reduce the significant additional costs associated with the rising demand. Further properties will be purchased and operated to support the increasing demand in this area reducing the cost to the Council.
20	Overnight switch off Street lights	(1,000)	(1,000)	(1,000)	This proposes the switch off of all street-lighting between 12am and 5.30 am to support Coventry's 'Green' agenda and reduce energy costs by £1m. An alternative option exists whereby approximately 70% of lights would be switched off during 12am and 5.30am, retaining lights in bespoke areas with late night activity and potential pedestrian, driver and safety hotspots, which would deliver £705K in energy cost savings per year
21	Introduce separate food waste collection	(1,000)	(1,000)	(1,000)	By introducing a weekly separate food waste collection service and removing food waste from the brown lidded bins, the remaining garden waste in the brown lidded bins can then be treated at much lower price of £20 per tonne (currently £60 per tonne when combined with food waste). This would involve offering a food waste bin to all households for weekly collection
22	City Centre care parking price increase	(320)	(600)	(600)	General price tariffs for city centre car parks have not been increased since 2017. This proposes increasing city centre car park charges by 10% in both 24/25 and 25/26 in line with historic inflation increases.

23	SEND Travel assistance review	(300)	(500)	(500)	<p>This proposal includes a number of options to reduce the pressures around this area.</p> <p>1) The LA set its current contributory charge for post-16 travel assistance in 2017. It is proposed that this is increased to £780 pa, reduced to £390 pa for low-income families.</p> <p>2) In addition it is proposed that the contributory charge is waived if a qualifying parent chooses to accept a personal budget as an alternative to a LA minibus or taxi.</p> <p>3) Evaluate whether named pick up points instead of door-to-door transport would be more efficient</p> <p>4) Assess if ambulant post 16 students who do not require an escort can arrange transport through a personal budget</p> <p>5) Undertake a value for money review, focused on the procurement of taxis and the e-auction process.</p> <p>6) Conduct a rapid efficiency review of current in-house transport, to determine if extending the fleet would reduce reliance on private providers and associated costs (cross-cutting with Adults, Children's, Travel Bureau & Procurement).</p>
24	Standardise residents parking permit fees	(210)	(210)	(210)	<p>Current parking permit schemes are priced inconsistently and subsidised by £210,000 per year. Council policy for resident parking schemes is to recover operating costs, so this option proposes the recovery of the subsidy through a combination of s106 contributions, together with a more equitable and consistent system of charging for annual permits. A flat fee of £10 per vehicle (except CBS arena) per year would recover an additional net £175,000, with a requirement to recover the remainder each year through s106.</p>
25	Seek sponsorship for festive lights	(150)	(150)	(150)	<p>This would remove the additional subsidy supporting festive lights and seek external sponsorship to continue the current level of offer</p>
26	War Memorial Car Park Charges	(150)	(150)	(150)	<p>Remove current 3 hours free parking at War Memorial Park and standardise parking charges with those at Coombe Country Park. As follows:</p> <p>Up to 1 hour - £1 1-2 hours - £3 2-4 hours £3.50 Day ticket £5</p>
27	Introduce a Transit site for travellers	(150)	(150)	(150)	<p>Invest in a Traveller Transit Site to enable traveller incursions (illegal encampments) to be enforced by the Police rather than the City Council. Site Location to be determined but must be within the City boundary.</p>
28	Cease mainstream home to school bus routes	(128)	(220)	(220)	<p>Proposal to remove funding that subsidises the provision of non-statutory school transport which affects 5 dedicated school routes to Bishop Ullathorne Secondary school and an extension to a public transport route serving Blue Coat Secondary school, affecting approximately 400 pupils (less than 2% of the secondary school cohort). The City Council provided funding to subsidise these routes following a commercial provider going into liquidation during the pandemic in 2020. The City Council will continue to provide bus passes for children entitled to statutory support for home to school transport to enable them to utilise the public transport network.</p>
29	Charge full costs recovery for Adult Social care PFI schemes	(66)	(170)	(291)	<p>The Anchor operated PFI comprises 3 housing with care schemes and 2 dementia care homes. Full cost recovery to self funders has not kept pace with changes in costs and where self-funders are admitted to a dementia bed the City Council currently charges £619.20 per week compared to the full cost of £911 per week. The proposal is to implement a full cost charge of £911 per week to all new self-funders moving into a dementia residential bed. Existing self-funders will be subject to inflationary only increases as per the existing arrangement.</p>
30	Cultural Organisations Financial Efficiencies	0	(380)	(380)	<p>This would represent a 15% reduction in Council funding, through generating financial efficiencies with both Culture Coventry Trust and Belgrade Theatre Trust from 2025/26.</p>
31	Godiva Festival: Further Income Generation	0	(300)	(300)	<p>Move to greater external funding & commercial activity to cover the costs of the Godiva Festival in order to replace core Council funding by 2025/26. This could include a combination of higher ticket prices, external funding and more sponsorship</p>
32	Expansion of Residential Strategy	0	(200)	(400)	<p>Coventry City Council operates a number of Childrens Homes to meet the needs of our children and provide additional capacity and manage costs. A further 2 smaller homes are proposed to be developed which would assist in addressing the challenges of young people who require solo/ small homes (2 children maximum) and have the highest cost placements.</p>
33	Council tax Premium for second homes	0	(150)	(150)	<p>The Levelling Up and Regeneration Act will allow a 100% premium to be charged for empty second homes with exemptions for properties that are being actively marketed for let or sale.</p>
Subtotal Service savings		(10,729)	(14,208)	(14,529)	
Budget (Surplus)/Deficit		(1,456)	13,401	14,257	

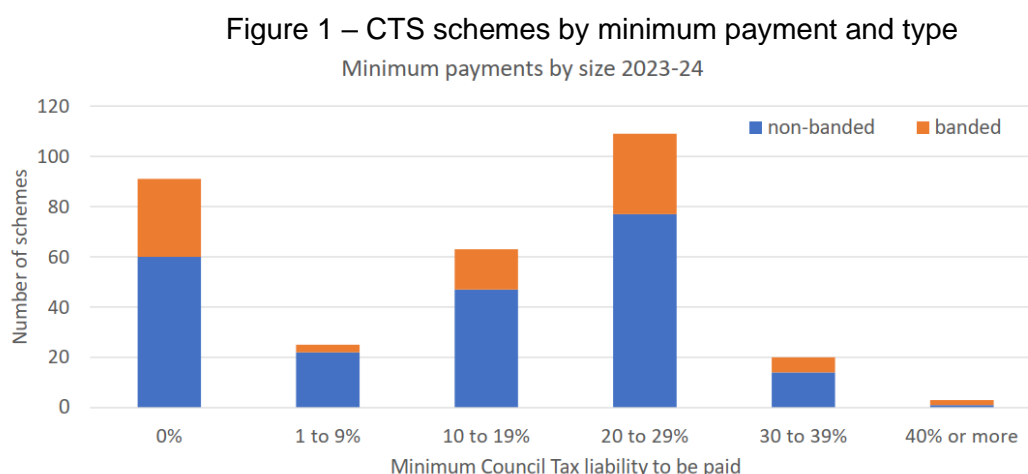
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APPENDIX 2 - Consultation on proposed changes to the Council Tax Support Scheme

Background

- 1 Council Tax Support (CTS) is a means tested discount to help low-income households with the cost of council tax payments. CTS was previously known as Council Tax Benefit (CTB), and until 2013, was administered by billing authorities on behalf of the Department for Work and Pensions (DWP). The DWP reimbursed local authorities for the cost of CTB in full.
- 2 In 2013 the DWP devolved CTB to local government and required local authorities to design their own schemes of support for working age people. The scheme for people of pension age is administered by local authorities but under a national legislative framework with no local discretion.
- 3 When CTB was localised, the DWP reduced the funding for local authorities by 10 per cent. In Coventry this resulted in a £3 million reduction in funding for a scheme that cost £30 million per annum at the time.
- 4 Like many local authorities, Coventry implemented a scheme in 2013 which broadly mirrored the previous CTB scheme and resisted passing on the 10 per cent cut to recipients of CTS.
- 5 In 2016 Coventry reviewed the scheme, and, due to the ongoing challenges of austerity, reduced the amount of support delivered to working age people. Coventry capped the maximum entitlement that a working age household could receive up to 85 per cent of council tax liability. Despite the reduction in support, Coventry's scheme remained one of the more generous schemes with many local authorities having already implemented caps of 80 per cent or less.
- 6 In 2024/25, Coventry expects to award approximately £28.4 million in council tax support to 25,000 households. Approximately £18.1 million relates to working age claims and £10.3 million to pension age.
- 7 When the Government initially introduced CTS it was difficult to determine a clear link between the cost of such schemes and the amount of notional funding provided for them within the Local Government Finance Settlement. Due to the passage of time, the degree of funding reductions to local government, the nature of the Local Government Finance Settlement and the Council's status as a 100 per cent Business Rates Pilot authority, any link between the cost and funding for CTS schemes has been further obscured. What is clear is that funding reductions have led to councils having to make difficult decisions on expenditure (such as CTS schemes).
- 8 The budgetary challenges faced by the Council for 2024/25 therefore requires a review of all expenditure including the option to reduce the amount of support provided through the CTS scheme for working age households.
- 9 Since 2013, local authorities have developed different approaches to the administration of CTS, with approximately one third of authorities moving to a 'banded income' scheme. The previous CTB scheme, like Coventry's current CTS scheme, is effectively a means tested benefit with a tapered reduction in support as income increases above a household's 'applicable amount.'
- 10 The 'applicable amount' is the notional amount of income a household is deemed to require, to meet basic needs. The applicable amount is based on the circumstances of the household – including factors like the number of children and disabled household members.
- 11 If a household has no income beyond their applicable amount, then they receive full (85 per cent) support. As their income increases the support would reduce and if income decreases, the support will increase.

- 12 With the national migration of benefits to Universal Credit (UC), recipients of CTS now experience multiple changes in their entitlement to support which results in low-income households receiving numerous council tax bills each year. This is because UC processes income data in real time from His Majesty's Revenues and Customs (HMRC). As people's income fluctuates month to month their UC is adjusted and in turn their CTS is adjusted. Receiving up to 12 different council tax bills each year would be challenging for any household but is particularly challenging for people with marginal household budgets.
- 13 To address this issue, approximately 90 local authorities have introduced banded CTS schemes which allow household incomes to fluctuate within a range, or band, without their entitlement to CTS being increased or reduced.
- 14 Figure 1 below shows the national profile of CTS schemes by type and minimum payment. The most common level of minimum payment is in the bracket 20 – 29 per cent. Approximately 90 local authorities have no minimum payment, and 20 local authorities have a minimum payment of between 30 and 39 per cent.



- 15 The consultation will ensure that the Council is compliant with the requirements for any changes to a local CTS scheme. The consultation will also inform any subsequent decision to revise the scheme to facilitate the following (see below paragraph 2.4 – 2.24):

Proposals

Capping maximum support at 75 percent

- 16 To support the Council to achieve a balanced budget for 2024/25, maximum CTS entitlement for working age households could be reduced from 85 per cent to 75 per cent.
- 17 A 75 per cent restriction would reduce the notional level of CTS by approximately £2.16million per annum. The assumed eventual collection rate for balances owed by households in receipt of council tax support is 90 per cent – compared to an eventual collection rate of 98 per cent for all council tax balances. This reduced rate assumption acknowledges the challenge of collecting balances from low-income households. Of the collectible £1.9 million, approximately 13 per cent is shared with precepting authorities and therefore the net benefit for the Council is £1.69 million.
- 18 Table 1 below sets out the high-level impact of a reduction in support.

Table 1 – CTS increases and reductions by property band.

Council tax band	A	B	C	D	E	F	G	Total
Number of decreased awards	11,460	3,500	1,062	230	82	19	9	16,362
Average weekly reduction	£2.35	£2.94	£3.62	£4.50	£6.57	£10.26	£6.14	£2.62
Number of increased awards	543	182	28	1	0	0	0	754
Average weekly increase	£1.95	£1.68	£1.44	£2.67	0	0	0	£1.88

- 19 Table 1 shows that reducing support to 75 per cent results in 16,362 households receiving less support with the average household paying an additional £2.62 per week. The majority of those impacted reside in band A properties with those households paying an additional £2.35 per week in council tax.¹
- 20 The table also shows that 754 households would be better off under this model. This is because of the impact of income bands which is set out in detail below.
- 21 The reduction in the maximum level of support would apply consistently across the entire working age caseload and no one group would be disproportionately impacted for this reason.

A banded income scheme.

- 22 The introduction of the banded scheme is proposed to be cost neutral to the CTS scheme in that some households may initially gain and some will receive reduced support but overall a banded scheme would deliver the same amount of support to working age households – notwithstanding the reduction in maximum support to 75 per cent.
- 23 When considering the option of a banded income scheme, it is proposed that the scheme uses ‘excess income’ rather than earned income or total income. This approach ensures that the circumstances of households form an integral part of the assessment of entitlement. For example, households with children or with a disabled member, would need to have higher levels of income before they are assessed to have ‘excess income’ above their applicable amount.
- 24 The proposed scheme has five excess income bands as detailed in table 2 below.

Table 2 – Proposed excess income bands.

Band	Discount	Weekly excess income threshold (£s)
1	75%	0-15
2	65%	15-40
3	40%	40-70
4	20%	70-80
5	0%	80+

¹ These figures are based on an assumed 5 per cent increase in council tax charges for 2024/25 and a number of assumptions about benefit uprates and migration to Universal Credit.

- 25 In this approach, anyone with an excess income below £15 per week would qualify for the full (75 per cent) reduction in their council tax bill. If their income changes but did not exceed the £15 per week excess income, then there would be no change to their CTS entitlement.
- 26 Approximately 92 per cent (15,700) of working age households would fall within this band and be entitled to 75 per cent support.
- 27 A disadvantage of a banded scheme is that ultimately small increases in income can result in support reducing at a disproportionate level should the change take the customer into the next higher band.
- 28 For example, a person in a band A property with an excess income of £14.99 per week would have a weekly council tax charge of £7.35. If their income increased by £0.01, their charge would increase to £10.30 per week.
- 29 There is an option to increase the number of income bands and therefore lessen the financial impact of transition between bands. To do so, however, would result in households receiving more changes in entitlement – and more council tax bills – which runs contrary to the rationale for implementing a banded scheme.

Change in income disregard.

- 30 When a customer or their partner are working, a standard earnings disregard is applied which reduces the amount of net income counted towards the CTS assessment. A further earnings disregard known as Additional Earnings Disregard (AED) is also currently applied where applicable in Coventry, which further reduces the amount of net income counted towards the CTS assessment.
- 31 The criteria for AED is based around the person working on average 16 or 30 hours per week, depending on their circumstances. However, modern work patterns such as zero-hour contracts and fixed-term contracts, mean application and removal of AEDs are being made more frequently than before, which affect CTS assessments and therefore make it more challenging for people to manage their household budgets.
- 32 Information about working hours is not routinely provided to the Council by the DWP or HMRC and so obtaining information about working hours creates an additional delay and administrative burden on the processing of CTS.
- 33 Therefore, the proposal is to remove the Additional Earnings Disregard and increase the standard earnings disregard which is not based on the number of hours worked.
- 34 The intention of this specific change is to simplify the scheme and therefore the overall impact of this change is cost neutral.
- 35 As a result of this change and taking account of the two other proposed changes detailed previously, 177 households would receive on average £5.12 per week more support and 88 households would receive on average £5.85 per week less support.

Governance

- 36 The Local Government Finance Act 2012 sets out the requirements for any changes to a local CTS scheme. Local authorities must:
- consult any major precepting authority which has power to issue a precept to it;
 - publish a draft scheme in such manner as it thinks fit;

- consult such other persons as it considers are likely to have an interest in the operation of the scheme.

- 37 A revised CTS scheme must be approved at a meeting of the Council by 11 March prior to the tax year in which the scheme is due to take effect. In designing local schemes local authorities are also encouraged to give due consideration to equality impacts and work incentives.
- 38 Once the responses to the public consultation have been evaluated and a final equality impact assessment has been completed, the outcome of the consultation and any recommendations will be included in the Council's budget report for Cabinet and Council on 20 February 2024.
- 39 It is recommended that a consultation is initiated on 13th December 2023 for a period of eight weeks closing on 7th February 2024.
- 40 As part of the consultation process, a letter will be sent to every working age household in receipt of CTS to explain the options for change and the high-level impact. The letter will contain a link to the online consultation survey and provide details on how to request a paper copy of the survey.

Financial Implications

- 41 The Council, like many households and organisations, is seeing significant increases in expenditure due to rising prices, and specifically, the rapidly increasing costs of Social Care. The money the Council receives from Government as well as through council tax and business rates, has not increased in line with the increasing cost of providing services. The result is that in 2024/25, the Council's spending is now forecast to exceed its income by over £30 million. The Council must, by law, set a balanced budget each year which means the amount it plans to spend cannot be more than the income it expects to receive. It is therefore looking at ways that it could reduce Council spending, or increase income, to ensure it is able to continue providing its most essential services.
- 42 One of the options is to increase the amount of council tax income the Council receives by reducing the maximum amount of CTS provided to working age households.
- 43 The changes to the scheme recommended in this report will deliver a £2.16 million reduction in the notional level of CTS, by increasing the city's Council Tax Base, which has the effect of increasing the amount of Council Tax that can be collected. The Council needs to consider a reduced eventual collection rate, recognising that collection will prove very challenging given the impact on the individuals affected. Of the collectable balance (circa £1.9 million), the Council will retain circa £1.7 million (approximately 87 per cent), with the remaining being distributed through the precepts for the West Midlands Police and the West Midlands Fire Authority.

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Appendix 3 Budget Setting 2024-2025: summary of equality impacts

The table below shows the potential equality impact of the policy proposals in the pre-budget report.

P shows a positive impact; **N** shows a negative impact; **PN** shows positive & negative impacts and **U** shows the impact is unknown at this stage. (No entry – indicates no impact)

	Protected Characteristics										
	Age 0-18	Age 19-64	Age 65+	Disability	Gender Reassignment	Marriage & Civil	Pregnancy & Maternity	Race	Religion & Belief	Sex	Sexual Orientation
Coventry Connects (Appendix 4)	PN	PN	PN	PN				PN			
Integrated Place Based Services (Appendix 5)	PN	PN	PN	PN			PN	PN	PN		
Common Roles (Appendix 6)	U	U	U	U	U	U	U	U	U	U	U
Advice Review (Appendix 7)	PN	P	P	PN			P	PN		PN	
Redesign Council Tax Support Scheme (Appendix 8)	PN	PN		PN		PN	PN			PN	
Garden Waste Charge (Appendix 9)		N	N	N				N		N	
Temporary Accommodation provision (Appendix 10)		P	P	P	P					P	
Overnight switch off street lighting (Appendix 11)		U	N	N			N	N		N	
City centre car park price increase (Appendix 12)		N	N				N				
Residents Parking Permit fees (Appendix 13)		U	U	U				U			
War Memorial Car Park Increase (Appendix 14)	PN	PN	PN	PN				PN			
Traveller Incursions (Appendix 15)								P			
Transport Review (Appendix 16)	PN	PN		PN	U			U	PN	U	U
Funding to cultural organisations (Appendix 17)	U	U	U	U	U	U	U	U	U	U	U

Appendix 3 Budget Setting 2024-2025: summary of equality impacts

The table below shows the potential equality impact of the policy proposals in the pre-budget report.

P shows a positive impact; **N** shows a negative impact; **PN** shows positive & negative impacts and **U** shows the impact is unknown at this stage. (No entry – indicates no impact)

	Protected Characteristics										
	Age 0-18	Age 19-64	Age 65+	Disability	Gender Reassignment	Marriage & Civil	Pregnancy & Maternity	Race	Religion & Belief	Sex	Sexual Orientation
Godiva Festival (Appendix 18)	N	N	N	N				N			
Expansion of Residential Strategy (Appendix 19)	P	P		P	P			P	P	P	P
Council Tax Premium for second homes (Appendix 20)		PN	PN								

Briefing note

A separate Briefing Note is submitted in the private part of the agenda in respect of this item, as it contains details required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to an individual, financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information..

To: Finance and Corporate Services Scrutiny Board (1)

11 January 2024

Subject: Delivering Value for Money in Placement costs

1 Purpose of the Note

- 1.1 To provide a briefing outlining the corporate controls in place to secure value for money when providing support to vulnerable residents. The report outlines the experience of several services in meeting demand and cost of support, describing how value for money is managed.

2 Recommendations

- 2.1 The Finance and Corporate Services Scrutiny Board (1) is recommended to:
- 1) Note the corporate approach utilised by the Council to deliver value for money and quality assurance through commissioning and procurement.
 - 2) Note the current position in relation to the costs of securing support for vulnerable residents within the areas highlighted in this report and the issues experienced by those service areas.
 - 3) Make any recommendations to the relevant scrutiny board where further analysis of the value for money processes undertaken across specific service areas is deemed appropriate.
 - 4) Identify any recommendations for the appropriate Cabinet Members.

3 Background and Information

- 3.1 This briefing note provides details of the corporate controls in place to secure best value in securing support for vulnerable residents.
- 3.2 It then goes on to highlight the issues faced across the services listed below in securing placements.
- Adult Social Care
 - Housing
 - Special Educational Needs (SEN)

- Home to School Travel Assistance
- 3.3 Information covering Childrens Social Care was reported to Education and Children’s Services Scrutiny Board (2) on 23rd November 2023 with the chair of scrutiny board (1) in attendance.

4 Corporate Procurement & Commissioning Processes

What is Value for Money when undertaking procurement activities

- 4.1 The common definition for Value for Money in procurement activities is “a utility derived from every purchase, or every sum of money spent. It is based not only on the minimum price (economy) but also the maximum efficiency and effectiveness of the purchase”. In essence, the concept for Value for Money is understood as not paying more for a good or service than its quality or availability justify.
- 4.2 It should be noted that Value for Money does offer challenges particularly in the public sector due to the fact that defining and measuring Value for Money is fraught with various challenges such as:
- The public good – not always being easy to value a public good, because money (cost) is not the only measure.
 - Multiple stakeholders with different expectations could complicate the measurement of Value for Money.
- 4.3 Despite the challenges stated above, the concept adopted by the Council when seeking to achieve Value for Money in competitive procurement activities centres on awarding the contract to the supplier whose submissions represent “Most Economically Advantageous Tender” when evaluated against the criteria set when the opportunity is made available by the Council.

How does the Council seek to achieve Value for Money in procurement activities?

- 4.4 The Council does not currently have a Value for Money Strategy document. Instead, the Council operates all its procurement activities under standing orders set out in Part 3G of the Council’s Constitution (Contract Procedure Rules). The Contract Procedure Rules operate as the instructions of the Council to officers and councillors for making contracts on behalf of the Council. The purpose of which is to set clear rules for the procurement of works, goods and services for the Council and to ensure a system of openness, integrity and accountability, in which the probity and transparency of the Council’s procurement process will be beyond reproach.
- 4.5 Within the Contract Procedure Rules, the following controls and governance are put in place:

Estimated Total contract Value	Process	Approval to Procure
£1,000,000 +	Competitive Tender	Procurement Board. Where the contract is greater than

		£1m per annum then this will also need Cabinet Approval
£100,000 - £999,999	Competitive Tender	Procurement Panel
£10,000 - £99,999	Minimum of 3 written or oral quotations (where appropriate, a minimum of 2 should be from local suppliers or social enterprises)	Request for Quotation from suppliers with approval by Director or Authorised Deputy
Below £10,000	Capable of being a Direct Award where value for money can be demonstrated	Budget Holder

4.6 In addition to the above, the following should also be noted:

- All managers and their staff are responsible for actively managing all the resources under their control so as to achieve policy and service objectives as set by Members. This active management must include securing value for money, maximising resources and staying within the approved budget.
- Paragraph 12.5 of Part 3G of the Council's Constitution also requires that if there is an in-house service available that operates as a trading unit, the Director must consider, in accordance with Value for Money principles, whether that service should be used or whether a contract should be let to an external provider, although all resource implications (e.g. TUPE implications and/or redundancies for directly employed staff), must be considered as part of the best value assessment.

4.7 When service areas are selecting the most appropriate procurement route to secure value for money, they are encouraged, in consultation with the Head of Legal and Procurement Services, to adhere to the principle of ensuring that all practical options for contract packages and methods of procurement should be analysed and evaluated, with the object of selecting the option that most effectively ensures value for money is achieved. The preferred option must provide full, fair, transparent and open competition and be identified as the most advantageous tender. To this end, the PROC paper submitted to either Procurement Panel and/or Board currently contain questions that demonstrate:

- whether the procurement is required in order to facilitate the discharge of an essential or discretionary function (together with justifications); and
- what options have been considered to facilitate how the service might be provided at lower cost.

4.8 It is recognised that competition is an underlying principle of public procurement, as well as being widely acknowledged to be a key enabler of value for money. It helps the Council to secure the goods and services it requires at the right price and quality and is seen as the best way of demonstrating probity in the award of public contracts. Increasing competition for public contracts can improve value for money by allowing suppliers to demonstrate how they can improve quality, reduce costs and increase the scope for innovation.

4.9 The processes put in place in the Council and discussed above in relation to procurement activities are kept under review as achieving the benefits of Value for Money requires attention throughout the commercial lifecycle. Accordingly, Legal

and Procurement Services are currently reviewing and strengthening the Council's contract management processes.

5 Adult Social Care Placements

- 5.1 Adult Social Care uses a mix of internally and externally provided placements to manage demand with externally commissioned placements sourced by a mix of spot, block and framework contracts. These can also be jointly commissioned with the Integrated Care Board and/or other local authorities, principally Warwickshire County Council.
- 5.2 Cost pressures in adult social care are driven by several factors including the number of placements, the complexity of need for the individuals supported, the availability of services that can meet the assessed needs, as well as market rates.
- 5.3 With high numbers of carers paid the National Living Wage (NLW), changes to NLW rates have a significant impact on increases in care charges. This is because annual inflationary increases are based on a formula weighted by National Living Wage increases as well as wider inflationary changes.
- 5.4 Other increases outside of annual inflationary increases either relate to changes in need, further requests from providers or where specific government funded interventions to increase fees to providers take place.
- 5.5 Where a provider raises concerns regarding a change in need, a further social care needs assessment will be carried out prior to agreement of a change in placement cost.
- 5.6 When a funding increase request relates to costs considered by the provider to be more than inflationary, a fee rates panel will consider the request. Providers are requested to provide supporting evidence of what they believe substantiates the additional costs sought.
- 5.7 Adult Social Care monitor delivery of contractual requirements through both quality assurance mechanisms and contract monitoring against Key Performance Indicators. This includes specific checks to ensure that the volume of service commissioned is being delivered, for example, where 1 to 1 support is prescribed in an individual's support plan as well as whether care and support is being delivered to the required standards. Our preference is to work in partnership with providers to correct any shortcomings but we also use contractual levers as appropriate.

6 Housing Placements

- 6.1 Pressures in Housing Services are driven by the level of demand in people presenting as homeless. Whilst cheaper alternatives to expensive bed and breakfast accommodation are always prioritised, the numbers of individuals and families presenting as homeless means capacity in lower cost services is not always available.
- 6.2 Numbers of families in temporary accommodation have increased 38% in this financial year following a 49% increase in numbers last year. Singles in temporary accommodation have increased by 20% in this year following a 22% increase last year. The total number of households living in temporary accommodation provided by CCC has risen from 739 on the 1 January 2023 to 1,126 on 11 December 2023. There were 25 families living in B&B accommodation on this date.
- 6.3 The longest stay for any family living in B&B during the last 12 months was 6 weeks and one day. As at the 20 December 2023 the longest family in B&B was 20 days.

As at the 21 December there are no families living in B&B. This fluctuating need is why we do not have block booking contracts with B&B providers.

- 6.4 There are multiple reasons why we have higher number of families in TA but the main one is availability of permanent housing stock to move people into. During 2022/23 the average wait for a larger family sized property that was let was – 16 months for a 3-bed, 4 years for a 4-bed and 11 years for a 5 bed. No properties of 6-bed or larger were let during 2022/23
- 6.5 The Private Rented Sector market has been very buoyant with the gap between market rents and Local Housing Allowance having increased significantly and therefore access for families on low incomes is limited. The longest duration of any single family in TA is 6 years and 9 months as this is a family that requires a 6-bedroom property.
- 6.6 The Council has taken steps to provide cheaper alternatives such as the purchase of properties which have been converted to temporary accommodation for both singles and families (with further purchases proposed), increasing staffing capacity to prevent homelessness, secured block contracts to maximise capacity and introduced a rent guarantee scheme based on local housing allowance rates.
- 6.7 Proposals in the Autumn Statement 2023 should contribute to a reduction in growth in demand, however following local housing allowance rates being frozen since 2020, the proposals only currently reset the rates for one year before being frozen again.

7 Special Educational Needs (SEN)

- 7.1 The cost of provision for children and young people aged 0 to 25 with an Education Health and Care Plan (EHCP), is funded from the high needs block (HNB) grant allocation. Whilst many Councils now face a significant overspend in the HNB, with any overspend carried forward as part of a ring fenced reserve until March 2026 (with what happens after that date still not clear); Coventry is not yet in that position. Any Local Authority in a position of overspend, receives immediate support and intervention from the Department for Education (DfE) through the Delivering Better Value Programme. This programme includes an analysis of the HNB expenditure, examination of systems and processes to ensure appropriate threshold criteria is in place and scrutiny of placement decisions. Typically, a LA in this position would have experienced an increase in demand for EHCP, have exhausted local publicly funded specialist school placements and may be funding mainstream provision at a higher rate than other comparable LAs.
- 7.2 The DfE conducts a national analysis of SEN activity in January of each year. The SEN2 return is published information, that enables LAs to benchmark against regional, national and statistical neighbours. In January 2023, Coventry retained the lowest level of EHCPs as a % of the resident population, the highest % of children identified as requiring SEN support within school and a relatively low reliance on the independent sector for provision. This indicates that whilst there is a high level of need across Coventry schools, they are well supported through external services and deliver inclusive practice.
- 7.3 In the calendar year 2021, Coventry produced 292 new EHCP, rising to 327 in 2022 and 513+ in 2023. This is an indicative increase of 57% in a two-year period. As a consequence, Coventry is now funding over 3,000 EHCP and has an increased reliance on the independent sector to meet demand for special school placements. To mitigate the position, action is underway to expand the number of placements available within Coventry special schools. However, any expansion is unlikely to be realised before September 2025 so the position remains challenging.

8 SEN Home to School Travel Assistance

- 8.1 Entitlement to home to school travel assistance is laid down in policy. Coventry's policy reflects the statutory framework. The eligibility assessment is conducted by the SEN Statutory Assessment Team. If a child meets the criteria a personal budget may be offered, if this represents value for money to the Council. Otherwise the Council's travel bureau determine the most efficient mode of transport. The majority of children are accommodated on public transport or through the Council's in-house fleet. Journey's to schools outside of the City; the creation of additional capacity when the in-house fleet is fully exhausted and the requirement for a taxi are all procured by the travel bureau.
- 8.2 Market competition is very limited and journey costs have risen significantly over the last two years as a consequence of supply challenges, increased cost of running a vehicle and lack of competition. Consequently, the overall cost of provision including increased demand has led to a budget overspend.
- 8.3 Immediate and urgent action has been taken to review the spot commissioning of taxis, resulting in a decrease in expenditure. A full efficiency review which is part of future saving proposals will identify any further potential savings.

Appendix 1 – Breakdown of Placement Cost (details are contained in the private element of this Briefing Note)

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Please see page 2 onwards for background to items

6th July 2023
<ul style="list-style-type: none"> - Corporate Learning and Development Report 2022 - 2023 - Workforce Metrics
21st September 2023
<ul style="list-style-type: none"> - Apprenticeships - Revenue and Capital Outturn 2022/23 to include Commercial Investments/ Income Generation
7th December 2023
<ul style="list-style-type: none"> - Agency and consultancy spending
11th January 2024
<ul style="list-style-type: none"> - 2024/25 Budget Consultation - Value for Money
8th February 2024
<ul style="list-style-type: none"> - Artificial Intelligence (AI)
21st March 2024
-
2023/24
<ul style="list-style-type: none"> - Council Office Accommodation - Medium Term Financial Strategy - Equality and Diversity – Interview Panels - Coventry Connects - Review into City of Culture Trust - City Centre South (Joint with SB3) - Equal Pay Claim - Procurement and Social Value

Date	Title	Detail	Cabinet Member/ Lead Officer
6th July 2023	- Corporate Learning and Development Report 2022 - 2023	To scrutinise training opportunities and use of the training budget.	Cllr Brown Grace Haynes
	- Workforce Metrics	To scrutinise the workforce data.	Cllr Brown Susanna Newing
21st September 2023	- Apprenticeships	To receive an update on apprenticeships within CCC including use of the levy.	Cllr Brown Grace Haynes Andy Hyland
	- Revenue and Capital Outturn 2022/23 to include Commercial Investments/ Income Generation	To scrutinise the Revenue and Capital Outturn 2022/23 report. To include Commercial Investments/ Income Generation and the Council's approach to Commercial Investments, income generation and traded services.	Cllr Brown Barry Hastie
7th December 2023 (moved from 16 November)	- Agency and consultancy spending	To review agency and consultancy spend and the length of contracts.	Cllr Brown Susanna Newing
11th January 2024	- 2024/25 Budget Consultation	To review the budget proposals and consider initial responses from the consultation process prior to Council setting the budget in February	Cllr Brown Barry Hastie Tina Pinks
	- Value for Money	To review value for money though the Council's procurement arrangements	Cllr Brown Oluremi Aremu Rob Amor

Date	Title		Detail	Cabinet Member/ Lead Officer
8 th February 2024	- Artificial Intelligence (AI)	To review the Council's approach	Cllr Brown Paul Ward	
21 st March 2024	-			
2023/24	- Council Office Accommodation		Review the usage of Council office space within the context of making savings.	Cllr O'Boyle Cllr Brown Richard Moon
	- Medium Term Financial Strategy		To discuss the Council's Medium Term Financial Strategy prior to its approval through the political process. This is an annual item.	Cllr Brown /Barry Hastie/ Tina Pinks
	- Equality and Diversity – Interview Panels		As a follow up to the item on Recruitment & Selection and Tribepad the Council's Applicant Tracking System, to review the analysis of the outcome of increasing the diversity of interview panels.	Cllr Brown Susanna Newing Grace Haynes
	- 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
	- Review into City of Culture Trust		Following the publication of the reviews into City of Culture Trust going into administration, the Board will scrutinise	Cllr Brown/ Barry Hastie

Date	Title	Detail	Cabinet Member/ Lead Officer
		the Council's position and lessons learnt.	
	- City Centre South (Joint with SB3)	To scrutinise the funding and progress of the City Centre South Scheme.	Cllr Brown Cllr O'Boyle Barry Hastie/ Richard Moon
	- Equal Pay Claim	To consider the financial impact of the equal pay claim.	Cllr Brown Susana Newing
	- Procurement and Social Value		

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of the Local Government Act 1972.

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