



### **Finance and Corporate Services Scrutiny Board (1)**

---

**Time and Date**

10.00 am on Wednesday, 8th January 2025

**Place**

Diamond Room 2 - Council House, Coventry

---

**Public Business**

1. **Apologies and Substitutions**
2. **Declarations of Interest**
3. **Minutes** (Pages 3 - 6)
  - (a) To agree the minutes of the meeting held on 6th November 2024
  - (b) Matters Arising
4. **Consultation on Spending, Saving and Council Tax Proposals for 2025/26** (Pages 7 - 56)

Briefing Note of the Director of Finance and Resources
5. **(Draft) Medium Term Financial Strategy 2025/26 - 2027/28** (Pages 57 - 82)

Briefing Note of the Director of Finance and Resources
6. **Work Programme 2024/25** (Pages 83 - 86)

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**

Nil

---

Julie Newman, Director of Law and Governance, Council House, Coventry  
Friday 20<sup>th</sup> December 2024

Note: The person to contact about the agenda and documents for this meeting is Michelle Salmon, Governance Services, email: [michelle.salmon@coventry.gov.uk](mailto:michelle.salmon@coventry.gov.uk)

Membership:

Councillors J Blundell, J Innes, A Jobbar (Chair), R Lakha, G Lewis, P Male, J McNicholas, D Toulson and A Tucker

By invitation: Councillor R Brown (Cabinet Member for Finance and Resources)

**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>

**Michelle Salmon**  
**Governance Services**  
**michelle.salmon@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, 6 November 2024**

Present:

Members:                           Councillor A Jobbar (Chair)  
  Councillor J Blundell  
  Councillor J Innes  
  Councillor R Lakha  
  Councillor G Lewis  
  Councillor P Male  
  Councillor J McNicholas  
  Councillor D Toulson  
  Councillor A Tucker

Other Members:                Councillor Brown, Cabinet Member for Strategic Finance and Resources

Employees (by service area):

Finance:                        B Hastie, Director  
  P Helm  
  T Pinks  
  P Stafford  
  A Stinton  
  B Strain

Law and Governance:        E Jones  
  C Sinclair  
  A Veness

Apologies:                      None

## **Public Business**

### **18.     Declarations of Interest**

There were no declarations of interest.

### **19.     Minutes**

The Minutes of the meeting held on 9 October 2024 were agreed and signed as a true record. There were no matters arising.

### **20.     Council Tax Administration**

The Board considered a Briefing Note which provided an update on the Council's performance in respect of council tax administration, collection and enforcement for the tax year 2023/24.

Data on enforcement powers during the year, collection performance for England, metropolitan local authorities and CIPFA nearest neighbours were appended to the briefing note.

The Board noted that, though there had been significant arrears since the Covid pandemic, Coventry maintained a balance between robust recovery and enforcement of council tax arrears, whilst supporting the most vulnerable households with a proportionate approach to the recovery of arrears. Amongst the measures taken were:

- Vulnerability Panel – Senior Officers, including the Head of Service, met monthly to review vulnerable cases and determined whether debts should be pursued or written off
- Committal Approval Panel – like the Vulnerability Panel, any case progressing to committal stage must be approved by panel, including the Head of Service. All cases proceeding to committal stage will have been subject to checks with Adult Social Care to determine any vulnerability
- Financial data - In reviewing vulnerable cases the Council makes use of third-party financial data to assess the ability to pay
- Quarterly advice sector review meetings – attended by Council officers, advice agencies and the Council’s appointed enforcement agents. These meetings helped to maintain constructive working relationships between the partners and ensured any concerns about collection practices were quickly addressed
- Discretionary Relief Policy – this policy existed in addition to the council tax support scheme and provided for relief of up to 100 per cent for the most vulnerable residents. This scheme was used particularly to support care leavers and families with no recourse to public funds.
- Court costs – the Council does not apply for court costs if it has to seek a liability order against someone in receipt of council tax support
- Benefit deductions – the Council would always try to make deductions from someone’s benefit before a debt is referred to an enforcement agent
- Flexible payment arrangements – once a person loses the right to pay by instalments the Council has the right to demand the balance in full. Council officers were encouraged to make affordable, flexible payment arrangements wherever possible. In cases where there was limited ability to pay and the taxpayer has significant arrears, officers could recommend that historical debt was written off on the condition that ongoing payments were made. This could help taxpayers to avoid or emerge from the debt spiral.

The Board questioned officers and the Cabinet Member on a number of matters arising from the presentation and following discussion agreed to receive information on the following:

- Eligibility requirements for the Council Tax Support Scheme.
- Data on the number of people who had received a statutory reminder notice and the proportion who were subsequently summonsed.
- Details of the Council Tax Support Scheme write-off process
- Debt by tenure data - The split between homeowners and those who rented.

**RESOLVED that the Board note the report and agreed to receive a further report in the new municipal year 2025/2 to detail the outturn performance for the tax year 2024/25.**

21. **Reserves Balances 2024**

The Board considered a briefing note detailing information on the position in relation to the City Council's reserve balances.

A number of reserve balances which warranted coverage due to their value were highlighted as follows:

- Adult Social Care - This represented the largest area of balances (£19.6m). These were overwhelmingly funded through ring-fenced grant and health sector resources for the delivery of jointly managed pooled budget arrangements with Health.
- Financial Risk Contingency - This was set aside during 2023/24 by resource switching capital receipts to enable some protection from future budget pressures. Anticipated that this would need to be increased through a future review of reserves to ensure the Council had greater resilience against financial shocks. The balance of this reserve currently stood at £8.5m
- Early retirement and Voluntary Redundancy - To fund Early Retirement and Voluntary redundancy costs resulting from programmes to deliver any staffing savings required to balance the budget.
- A further £6.7m of reserve were held to manage the cashflow requirements of the financial models for the Council's three Private Finance Initiative schemes.
- A reserve to manage Business Rates volatility under the existing Business Rates Retention which was currently in place.
- Three reserves totalling c£12m which were previously approved regarding Funding for the Future. These were Reset & Recovery (£5.5m), Innovation & Development (£4.3m) and Commercial Developments (£2.5m) and were specifically for business case-based investments in support of the Medium Term Financial Strategy and other Council strategic priorities.

The Board asked questions and received responses from Officers and the Cabinet Member on the following matters:

- Earmarked reserves for Home care, Mandatory Licensing in Housing, SEND & Disability.
- Private Finance Initiatives relating to New Homes for Old, and Street Lighting.
- Legacy funding allocations to support the 2021 UK City of Culture and Commonwealth Games Readiness.

In addition, the Board agreed to receive a response to a question on why Very Light Rail had been referred to under both 'Management of Capital' and 'Corporate Priorities (2020/21 outturn underspend).

**RESOLVED that the Board:**

- 1. Note the contents of the briefing note and the detailed reserves listing in Appendix 1.**
- 2. Agreed that future Reserves Balances reports be considered at the Quarter 4 stage in July and that the Work Programme be updated accordingly.**

**22. Agency Staff and Staff Sickness – Task and Finish Group**

The Board considered a briefing note and scoping document for establishing a Task and Finish Group to review issues around the use of agency staff and staff sickness.

The Board had considered a briefing note on 11 September 2024 which provided the current workforce analytics including: numbers employed, turnover, starters, leavers, sickness absence, agency workers, and, where possible, historical data had been included for comparative purposes (Minute 10/24 refers).

The Board agreed that the Finance and Corporate Services Scrutiny Board (1) further explore the issues raised and establish a Task and Finish Group to review issues around the use of agency staff and staff sickness.

It was anticipated that the task and finish group would meet for two or three times during the year with the intention of making recommendations to the Cabinet Member in the new municipal year.

**RESOLVED that the Board:**

- 1. Establish a Task and Finish Group to be involved in a review of issues around the use of agency staff and staff sickness, and that the Group comprise the following Members: Councillors Blundell, Innes, Lewis and Toulson.**
- 2. Agree the draft scoping document as appended to the briefing note.**

**23. Work Programme and Outstanding Issues**

The Board received an update on the work programme in respect of an additional item scheduled for the February 2025 meeting to consider a report on Procurement and Social Value which had been requested at Full Council on 15 October 2024. This would replace the item on AI Policy, which had been moved across to the Scrutiny Co-ordination Work Programme.

In response to a question, the Board also agreed to investigate the possibility of adding an item to the Work Programme in respect of the distribution of Government funding, when received, which had been identified in the Autumn Budget.

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

There were no other items of public business.

(Meeting closed at 11.15 am)



Coventry City Council

## Briefing note

---

**To: Finance and Corporate Service Scrutiny Board**

**Date: 8 January 2025**

**Subject: Consultation on spending, saving and council tax proposals for 2025/26**

---

### 1 Purpose of the Note

1.1 Coventry City Council is carrying out a public consultation on revenue spending and savings proposals for 2025/26 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:

- 1) 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 10 December 2024, Cabinet approved a seven-week public consultation period on revenue spending and savings proposals for 2025/26 and future financial years together with the approach in relation to Council Tax and the Adult Social Care precept. The consultation closes on 28th January 2025.

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 Council Tax Support Scheme and Appendix 3 is a Cumulative Equality Impact Assessment and Appendix 4 is an Equality Impact Assessment on Council Tax Support 25-26

3.3 The Consultation process is supported by further information on the Council's website which can be accessed here: [Budget Consultation 2025/26 | Let's Talk Coventry](#)

Appendix A – Pre-Budget Report 2025/26 Cabinet Report  
Appendix 1 Pre-Budget Report Proposals  
Appendix 2 Council Tax Support Scheme  
Appendix 3 Cumulative Equality Impact Assessment  
Appendix 4 EIA Council Tax Support 25-26

**Name** Gennie Holmes  
**Job Title** Scrutiny Co-ordinator  
**Contact Details** [gennie.holmes@coventry.gov.uk](mailto:gennie.holmes@coventry.gov.uk)

This page is intentionally left blank



---

Cabinet

10<sup>th</sup> December 2024

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

**Director Approving Submission of the report:**

Director of Finance and Resources (Section 151 Officer)

**Ward(s) affected:**

City wide

**Title:**

Pre-Budget Report 2025/26

---

**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 2025/26 and future financial years

---

**Executive Summary:**

This report outlines as a basis for consultation a set of new revenue budget proposals for 2025/26 to 2027/28, 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 2025/26. The final Budget proposals and the Council Tax and Adult Social Care Precept increases will be subject to Council approval in February 2025.

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 has sought stakeholder views on these priorities ahead of this pre-budget report, in order to inform the budget consultation process.

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 final 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 2025/26 is again expected to be published in late December, which continues to be a very late point in the financial planning cycle. Once received, it will provide a stronger indication of the likely position.

The Chancellor of the Exchequer set out the Government's Autumn Statement on 30<sup>th</sup> October 2024. The Statement provided a one-year Department Expenditure Limit position for the Ministry of Housing, Communities and Local Government (MHCLG). The Chancellor's statement recognised the need for additional funding in Local Government and also indicated that ahead of more holistic funding reform from 2026/27, the settlement for next year will start to reflect 'need' to a greater degree than current allocations. The Chancellor committed £1.3 billion of additional funding for Local Government nationally, of which at least £600m will be targeted towards Adult Social Care. Whilst some initial assumptions have been made of the financial benefit for Coventry to inform this report, the Council will need to assess the provisional local government finance settlement expected late December 2024 to confirm the position.

The £1.3bn allocation is contributing to a Local Government Core Spending Power (CSP) real terms increase (announced in the Autumn Statement) of 3.2% nationally, which also assumes that all Local Authorities will increase the Adult Social Care Precept by 2% and raise their Council Tax by 3% (the maximum permitted without a referendum). As a result, this report recommends that the Council should consult on the basis of increasing Council Tax on this basis, an overall combined rise of 5%.

The financial gap identified in this report requires 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 2025/26, 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 some difficult decisions will need to be included as part of the final budget proposals.

A Medium-Term Financial Strategy is intended to be presented alongside the final Budget Report in February 2025. This will include the current financial context facing the Council in relation to a continued impact of the previous high inflation environment and difficult market conditions faced within both adults and children's social care, and pressures on temporary accommodation costs to meet our statutory duties in relation to preventing homelessness. It may not at the point of reporting, however, reflect the Government's stated intentions to reform Local Government finances which is expected could impact subsequent years.

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 summarised in Section 2, within Table 1 of the report and detailed 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 to the report 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 scheme. The budgetary challenges faced by the Council for 2025/26 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 also includes an indicative outline of the Council's prospective Capital Programme for 2025/26 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 set out in Appendix 1 of the report and the broad Capital Programme proposals in Sections 2.8 to 2.10 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 1.10 of the report, including a Council Tax rise of just under 3% and an Adult Social Care Precept of 2%.
- 3) Agree a seven-week public consultation on the 2025/26 budget proposals set out in this report to commence on 11<sup>th</sup> December 2024 and conclude on 28<sup>th</sup> January 2025. This includes consultation with residents, partners and business.
- 4) Approve as a basis of consultation the draft council tax support scheme based on the preferred option detailed in Appendix 2 to the report 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 – Cumulative Equality Impact Assessment
- Appendix 4 – EIA Council Tax Support Scheme

**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 2025/26

### 1. Context (or background)

- 1.1 Proposals for the Council's 2025/26 Budget are set out in this report. The Government's Autumn Budget Statement made on 30<sup>th</sup> October 2024 announced an additional £1.3billion for Local Government (including at least £600m for social care) as part of a real terms increase in funding package of 3.2%.
- 1.2 Announced increases in NI contributions are expected to be cost neutral to Local Government, but it should be noted that the cost of commissioned services such as adult and children social care could be affected such that providers look to pass cost through to Local Authorities. At the time of writing the Council is still awaiting the 2025/26 Provisional Local Government Finance Settlement which will confirm the funding envelope within which the Council will need to operate next year, subject to decisions around Council Tax levels.
- 1.3 The Provisional Settlement should be received in the week beginning 16<sup>th</sup> December followed by a final settlement announcement in late January 2025. The starting point of the 2025/26 Budget process, following setting of the 2024/25 Budget was an initial financial gap for 2025/26 of £14m, rising to c£15m the following year. These figures were based on broad assumptions about future income and expenditure projections.
- 1.4 In the period since February 2024, 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.
- 1.5 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 2025/26 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.
- 1.6 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 lower real term resources which do not reflect rises in demand or demographics. Coventry, as a growing and relatively deprived City has been disadvantaged by the current system which does not reflect need and has a 'lower core spending power' than the national average of £78 per person, or £28m per year.
- 1.7 In addition, rising prices and their impact on the cost of living over the past few years has continued to place constraints and pressure on some aspects of Council services meaning that a significant challenge remains to balance the Budget.

- 1.8 The financial position presented in this report includes an assessment of the impact of the recent Autumn statement and the local impacts expected in the forthcoming Government settlement; anticipated additional costs from inflation, activity and demand 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 being consulted on as part of this report include ones which could have an impact on front-line services.
- 1.9 The range of resource assumptions is informed to a degree by the 2024 Autumn Statement. 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.
- 1.10 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 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 expanded further within Appendix 1 to the report.

### **Revenue**

- 2.2 After taking account of all Council approved decisions, the Council started the 2025/26 Budget process with a shortfall of £14m 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 an indication of some 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.
  - Additional resources from the proposed combined increase in Council Tax and Adult Social Care precept to 5% from the previously estimated 2%.
  - The Government have confirmed their intention to continue with some business rates reliefs for retail, hospitality and leisure sectors. Local Authorities continue to be fully compensated for any loss of business rates

income as a result of this relief and is therefore cost neutral to the City Council. Small property business rate relief was also announced and will take effect from 26/27.

- It is not clear whether the New Homes Bonus will continue into 2025/26, and if so, in what form or allocation basis. In 2024/25 the City Council received over £4m from the distribution of the New Homes Bonus due to its success in delivery of eligible housing numbers. If the existing basis is rolled forward for 2025/26, it is not anticipated that the Council will receive any, which could reduce our core spending power allocation by c1%, to around 2.1%.

2.3 New resources were announced in the Autumn Statement that indicate an additional £1.1bn of resources for waste disposal authorities nationally, in relation to the 'Extender Producer Responsibility' (EPR) scheme. This is effectively transferring the liability of disposal costs to the manufacturers (producers) of waste to incentivise waste reduction. These costs are already factored into the Councils baseline position, so compensation through the EPR scheme will result in a saving. No detail has been announced on the funding allocation basis; however, the benefit is expected to be significant for the Council.

2.4 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:

- Although prevailing rates appear now to be returning to more sustainable levels, the Council has faced the impact of continued high inflation in the last 2-3 years, the legacy impacts of which are still impacting both pay and non-pay related costs. It also includes the effect of inflation on 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.
- Adults Social Care has experienced significant increases in expenditure due to growth in the number of care packages across most areas as well as increased complexity. These costs are also directly affected by changes to employers NI contributions and the increase in the National Living Wage.
- The Council is still experiencing growing pressure within Housing Services due to continued significant increases in the number of households requiring temporary accommodation.

2.5 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 at least one further year.

- Part of the Capital Programme is funded from a revenue budget. There are proposals for some of the funding to come from capital receipts to deliver a one-off revenue saving of £2m.
- Management actions of £3.1m have been identified which will not have any material impact on the front-line services provided by the Council

- 2.6 The items on which this consultation is based provides an opportunity to set a balanced budget in 2025/26 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.
- 2.7 Assuming these estimates are accurate, the items being consulted on would bridge the £10.8m net gap and provide a degree of flexibility for members on the decisions required for the final budget setting in February 2025, as shown below:

Table 1: Financial Position 2025/26 to 2027/28

	2025/26 £000	2026/27 £000	2027/28 £000
<b>Initial Budget Gap</b>	<b>14,310</b>	<b>14,761</b>	<b>14,761</b>
Resources	(23,101)	(21,101)	(21,101)
Expenditure and Income Pressures	19,618	24,387	27,162
<b>Subtotal: Adjusted Budget Gap</b>	<b>10,827</b>	<b>18,047</b>	<b>20,822</b>
<b>Options / Actions to Balance Budget</b>			
Technical Savings	(5,100)	(3,100)	(3,100)
Service Savings	(8,827)	(12,383)	(12,383)
<b>Budget Gap/(Flexibility)</b>	<b>(3,100)</b>	<b>2,564</b>	<b>5,339</b>

### Capital

- 2.8 The Council has a draft 5-year capital programme which totals nearly £314 million based on approved decisions and expected resource allocations. Of this, nearly £149m is currently cash-flowed for 2025/26 taking into account an updated position for 2024/25.
- 2.9 The main components of the Council's provisional programme are set out below with the figures quoted representing the projected sums earmarked currently for 2025/26. 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 £26.6m from the City Region Sustainable Transport Settlement (CRSTS) programme.
- A strategic transportation programme in excess of £21.8m incorporating the CRSTS programme, to deliver Tile Hill Station Park and Ride improvement scheme, Foleshill Transport Package and Coventry South Sustainable Transport Package.
- The latest Local Authority Housing Fund 3 award will continue the delivery of providing high-quality temporary accommodation for homeless families.
- City Centre Regeneration investment in excess of £20m 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 the form of Disabled Facilities and Pathways to Care, along with the programme of vehicle replacement and ICT.

2.10 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 seven-week public consultation period, full Council will consider the final budget proposals in February 2025 to be implemented from 1<sup>st</sup> April 2025. An indicative profile is set out in Appendix 1 to the report.

### **5. Comments from the Director of Finance and Resources (Section 151 Officer) and the Director of Law & Governance**

#### **5.1 Financial implications**

Following the overarching position set out in the Autumn Statement 2024, the Council's financial circumstances for 2025/26 and beyond will be clarified by the fine detail that will be set out in the forthcoming Provisional Settlement later in December

2024. 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.

Over recent 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 high 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 continue to create a strain within the City Councils limited resources. Without continued strong action this position could 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. Recent announcements in the Chancellors Autumn statement reduce some of this pressure, but do not yet provide sufficient funding, such that further cost reductions are still necessary in order to set a balanced budget. The Council's Medium Term Financial Strategy (MTFS) will be reported to Cabinet along with the final Budget Report in February 2025. 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 is able to identify a balanced position for 2025/26, there are likely to be significant gaps remaining over the medium-term, whilst we await information on the Governments intentions to reform Local Government funding such that need is funded more fairly from 2026/27. In the meantime, in terms of future years, the Council will continue to use prudent assumptions to provide as far as is possible, realistic financial projections in order 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 2025/26 budget. In the period between now and February, the Council will update its forecasts to reflect the Local Government Finance Settlement and a small number of technical areas, and members will review consultation responses as part of their final decision making.

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 required as part of a balanced strategy which pays due regard to the risks and limitations inherent within them. The view of the Director of Finance and Resource (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 another 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 2025/26 budget by mid-March 2025. 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 will be governed robustly to ensure there is no significant risk of non-achievement. The continued budget gaps for future years will need to be addressed as part of the next budget process through 2025.

### **6.3 What is the impact on the organisation?**

The proposals set out in Appendix 1 to the report could result in a relatively small number of post deletions and in some cases, some impact on services as set out. Any new savings and income targets included in the Council's approved budget position will be managed carefully as part of robust governance arrangements 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 2025, and following the Governments future spending reviews and funding reform as they become known.

### **6.4 Equalities / EIA**

#### Budget Policy Proposals

A cumulative impact assessment of all the policy proposals contained in this year's pre-budget report has been produced and can be found in Appendix 3 to the report. This cumulative assessment has been produced using data from individual equality impact assessments completed by service areas on the policy proposals. The assessment shows the anticipated impact (on service users with protected characteristics) of all the pre-budget policy proposals taken together, is

likely to be negative. A full cumulative impact report will be produced following the conclusion of the public consultation and ahead of the final Budget setting report in early 2026, with more detailed analysis on the likely equalities impact of the final proposals. This will be based on the equality impact assessments completed for each of the proposals, updated to include any changes or additional information received as part of the public consultation.

### Council Tax Support Scheme

An equality impact assessment (EIA) has been carried out to understand the likely impact of implementing the recommendations relating to the Council Tax Support Scheme. This EIA can be found in Appendix 4 to the report. From initial modelling undertaken on the proposed change to reduce maximum support from 80% to 75%, the majority of all working age households will have a reduction in support, regardless of protected characteristics. All working age households in income band 1 will be affected regardless of any protected characteristics.

## **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  
Finance Manager Corporate Finance

**Service Area:**

Finance and Resources

**Tel and email contact:**

Tel: 02476 972312  
Email: tina.pinks@coventry.gov.uk

Enquiries should be directed to the above person.

<b>Contributor/ approver name</b>	<b>Title</b>	<b>Service Area</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Michelle Salmon	Governance Services Officer	Law and Governance	21/11/24	22/11/24
Sunny Singh Heer	Lead Accountant	Finance and Resources	13/11/24	20/11/24
Barrie Strain	Head of Revenue & Benefits	Finance and Resources	21/11/24	25/11/24
Jaspal Mann	Strategic Lead EDI	Public Health and Wellbeing	26/11/24	26/11/24
Phil Helm	Head of Finance	Financial Management	21/11/24	22/11/24
<b>Names of approvers for submission: (officers &amp; members)</b>				
Barry Hastie	Director of Finance and Resources (s151 Officer)	-	26/11/24	29/11/24
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	26/11/24	28/11/24
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	26/11/24	26/11/24

This report is published on the council's website: [www.coventry.gov.uk/council-meetings](http://www.coventry.gov.uk/council-meetings)

## Appendix 1: Pre-Budget Proposals and Financial Position

		2025/26 £000	2026/27 £000	2027/28 £000	
	<b>Starting Budget Gap</b>	<b>14,310</b>	<b>14,761</b>	<b>14,761</b>	<b>This position has been carried forward from 2024/25 Budget Setting and reflects all previously approved Budget changes</b>
<b>Resources</b>					
1	Council Tax	(5,100)	(5,100)	(5,100)	The previous assumption has been a 2% increase on Council Tax. This reflects the additional resource from a combined 5% increase, made up of 2% Adult Social Care Precept and a 3% Council tax increase.
2	Local Government Settlement	(4,400)	(4,400)	(4,400)	Assumptions based on anticipated share of additional Local Government funding announced in the Autumn Statement.
3	2024/25 Social Care Grant	(7,101)	(7,101)	(7,101)	Assumptions of ongoing 24/25 Social Care grant to fund additional social care capacity and Coventry's potential share of the additional funding announced in the Autumn Statement. This is a forecast only, pending the Governments Settlement announcement.
4	EPR - Extended Producer Responsibility Grant	(5,000)	(5,000)	(5,000)	Predicted share of the Extended Producer Responsibility Grant announced in the Autumn statement. This is a forecast only, pending the Governments Settlement announcement.
5	Coventry and Warwickshire Business Rates Pool	(2,000)	0	0	The Pool is expected to continue which will enable this income stream to be achieved for a further year
6	Services Grant	500	500	500	Assumes that the remainder of the Local Government Services Grant will be removed following an 84% national reduction in 24/25.
	<b>Subtotal Resources</b>	<b>(23,101)</b>	<b>(21,101)</b>	<b>(21,101)</b>	
<b>Service &amp; Technical Pressures</b>					
7	25/26 Pay Award	1,700	1,700	1,700	An assumed pay award of 3% for 2025/26, which is an additional 1% above previous budget provision. Assume 2% from 26/27 onwards.
8	Non-Pay Inflation	1,618	5,462	7,462	This reflects the continued impact of the inflation environment affecting the Council's supplies and services expenditure.

9	Children's Services - Placements for Children in Care	4,450	4,450	4,450	Children's Services continues to see a significant increase in the average unit cost of placements for children in care. 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.
10	Children's Services other	300	300	300	Changes in funding requirements across Children's Disability Service, Adoption Central England and Special Guardianship Orders
11	Education Services - SEND Transport	800	800	800	As is being seen nationally, the number of SEND pupils within Coventry continues to grow, resulting in an increase in the number of commissioned special school placements, and consequently more children and young people requiring specialist transportation to school
12	Education Services - SEND Statutory Assessment	350	350	350	Budget required to permanently fund the existing SEND Statutory Assessment staffing structure on an ongoing basis.
13	Dedicated Schools Grant (DSG) - Historic Commitment Fall Out	200	300	400	Funding provided by the Central School Services Block within the DSG is split into two elements: funding for ongoing responsibilities and funding for historic commitments. Since 2020/21 the DfE has been reducing funding for historic commitments by 20% per annum resulting in a budgetary pressure.
14	Adult Social Care - Additional Package costs	3,500	3,500	3,500	This relates to the estimated additional cost of the National Living Wage and other price rises recently announced in the Governments Autumn Budget 2024 on adult social care packages, over and above previous budget modelling assumptions.
15	Adult Social Care	2,500	2,500	2,500	This represents impacts of demographic change and complexity of care packages
16	Housing - Temporary Accommodation	2,520	2,520	2,520	Expected continued increases in the number of families and single people seeking assistance with housing issues and subsequently being placed in temporary accommodation.
17	ICT Software Licences & systems renewal	650	975	1,150	Anticipated increased costs of software licenses and system renewals
18	Commercial Property Portfolio	600	600	600	Strategic regeneration of the City Centre has resulted in a reduction in the overall level of commercial rent income achievable
19	Insurance Reserve Provision	250	250	250	An actuarial Review of Insurance Reserves has indicated that the annual provision requires an increase to match expected current and future liabilities
20	Waste Disposal	180	680	1,180	Incremental increase in the cost to dispose of domestic waste due to growth in household numbers



	<b>Subtotal Service &amp; Technical Pressures</b>	<b>19,618</b>	<b>24,387</b>	<b>27,162</b>	
<b>Technical Savings</b>					
21	Switch revenue funded highways maintenance spend for alternative grant funding	(1,000)	0	0	Current capital programme schemes within highways are funded from revenue resources. This proposal instead funds this expenditure from Capital receipts releasing a temporary revenue saving for one year
22	Capital Programme Revenue Funding	(1,000)	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 for one year
23	Management actions to reduce gap	(3,100)	(3,100)	(3,100)	Service Directors have identified a number of actions and efficiencies to reduce overall budgetary pressure within existing approved policies
	<b>Subtotal Technical Savings</b>	<b>(5,100)</b>	<b>(3,100)</b>	<b>(3,100)</b>	
<b>Service Savings</b>					
24	Adult Social Care - Market Management	(1,300)	(1,300)	(1,300)	Managing increases whilst still ensuring National Living Wage increases are funded can reduce the projected cost of growth
25	Adult Social Care - Voluntary Sector Review	(560)	(750)	(750)	Grant Aid agreements with 12 voluntary sector organisations end on 31 March 2025. Commence a tender against a series of service areas for a total value of half of the current spend of £1.5m
26	Adult Social care - Service change, improvement and staffing efficiency	(640)	(1,500)	(1,500)	Applying a similar approach to change as deployed in 2023/24 to deliver the improving lives programme will be used to achieve savings against other areas of high spend including Learning Disability Services and use of technology alongside ensuring staff are deployed to focus on areas of highest impact

27	Childrens Social Care	(2,000)	(4,000)	(4,000)	<p>The peer challenge review in October 2024 identified a number of areas within Children's Services to focus work, in order to create efficiencies and potentially reduce costs in line with the final report. Areas recommended for further consideration that could potentially reduce cost include:</p> <ul style="list-style-type: none"> <li>-An organisational review of children's and education services to ensure a joined-up approach and identification of financial efficiencies through rationalisation of senior managers.</li> <li>-Opportunities to focus early help and prevention services to manage demand and enable intervention in families lives at the lowest possible levels.</li> <li>-Planned withdrawal from services upon the cessation of grant funded projects with drawn up exit plans</li> <li>-Strengthened processes around children coming into care, placement decisions and funding</li> <li>-Continued challenge of partners to provide equitable contributions including for care packages</li> <li>-Seek to maximise digital opportunities</li> </ul>
28	Senior Management Capacity	(1,000)	(2,000)	(2,000)	Corporate restructure of senior management following the review of the Director tier
29	City Events	(50)	(50)	(50)	A review of and scaling back of events that can be funded in the City using Council resources.
30	Cultural Services internal provision	(56)	(56)	(56)	A service review of the Cultural Services internal provision, reducing capacity and prioritising resource within the remaining funding envelope
31	Sustainability and Climate Change	(32)	(32)	(32)	A reduction in capacity within the Climate change Team and reprioritisation of resources to maximise benefit
32	Election cost efficiencies	(100)	(100)	(100)	Resources could be saved through a reduction of portacabins; reduced number of polling stations; alternative count location
33	Redesign of Council Tax Support Scheme	(850)	(850)	(850)	Reduce the discount that some residents receive against their Council Tax by 5%. The maximum discount available is currently 80% in 24/25, reduced from 85% in prior years
34	Discretionary Payments	(494)	0	0	Reduce the Community Support Grant support for one year
35	War Memorial Park Car Park price increase	(150)	(150)	(150)	<p>Introduce new parking tariff at the War Memorial Park Car Park which would then be standardised with Coombe Country Park, removing the current 3 hours free period, and introducing the following charges:</p> <ul style="list-style-type: none"> <li>Up to 1 hour - £1</li> <li>1-2 hours - £3</li> <li>2-4 hours £3.50</li> </ul>

36	Bereavement Services	(350)	(350)	(350)	5% price increase in addition to inflationary increase.
37	Parks & Open Spaces	(150)	(150)	(150)	Reductions in staff across the service would require reductions in activities / services. Risks related to reduced monitoring / maintenance. Opportunities to increase income with introduction of new Commercial and Visitor experience manager to offset some pressures
38	Streetpride	(690)	(690)	(690)	Reduction in the cleansing service, impacting the City Centre and priority neighbourhoods. The reduction in fly tipping clearance response times could lead to an increase in overall fly-tipping. Response times for graffiti removal and emergency cleansing would also increase.
39	Waste Disposal	(340)	(340)	(340)	Removal of Free and/or Subsidised service for schedule 2 properties e.g. charities & religious organisations (income generation)
40	Citivision	(65)	(65)	(65)	Cease the production of Citivision or seek alternative media forms to reduce cost significantly
	<b>Subtotal Service Savings</b>	<b>(8,827)</b>	<b>(12,383)</b>	<b>(12,383)</b>	
	<b>Budget (Surplus)/Deficit</b>	<b>(3,100)</b>	<b>2,564</b>	<b>5,339</b>	

This page is intentionally left blank

## Appendix 2 - Changes to the Council Tax Support Scheme

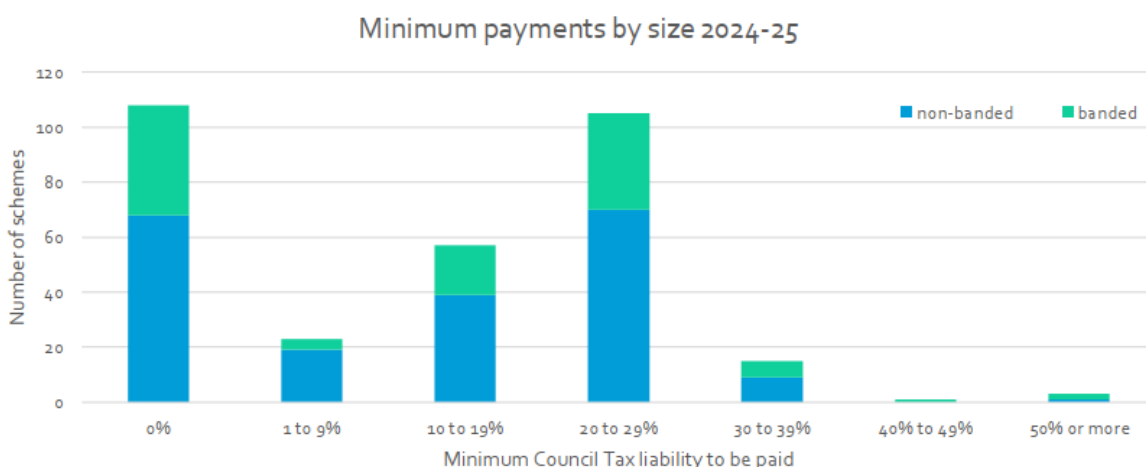
### Background

- 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 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 Coventry implemented a scheme with a maximum level of support of 80 per cent for people of working age. The Council had consulted on a maximum of 75 per cent support.
- 7 From April 2024, Coventry also implemented a banded CTS scheme with household incomes determining which band of support an applicant would receive. Only those of working age in band 1 would be eligible to receive the maximum 80 per cent support.
- 8 Without changing the current CTS scheme, in 2025/26, Coventry would expect to award approximately £17.3 million in council tax support to 15,300 working age households.
- 9 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).

10 The budgetary challenges faced by the Council for 2025/26 requires a review of all expenditure including the option to reduce the amount of support provided through the CTS scheme for working age households.

11 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 105 local authorities have no minimum payment.

Figure 1 – CTS schemes by minimum payment and type



12 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

13 To support the Council to achieve a balanced budget for 2025/26, maximum CTS entitlement for working age households could be reduced from 80 per cent to 75 per cent.

14 A 75 per cent restriction would reduce the notional level of CTS by approximately £1.04 million 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 £0.94 million, approximately 13 per cent is shared with precepting authorities and therefore the net benefit for the Council is £0.85 million.

15 Tables 1 and 2 below set out the high-level impact of a reduction in support by income band

**Table 1 – CTS reductions by income band**

<b>Band</b>	<b>Weekly excess income threshold</b>	<b>CTS award (% of council tax bill)</b>	<b>Number of households</b>
1	£0 to £15	75%	15,336
2	£15 to £40	65%	343
3	£40 to £70	40%	431
4	£70 to £80	20%	151
5	£80 and more	0%	0

**Table 2 - Impact of proposed CTS changes**

<b>Impact of proposed CTS changes</b>	<b>Total</b>
Number of decreased claims	15,336
Average weekly CTS decrease	£1.31

16 Table 1 shows that reducing support to 75 per cent results in 15,336 households receiving less support with the average household paying an additional £1.31 per week. These figures assume a 5 per cent council tax increase in 2025/26. All of those impacted are in income band one. This is because only people in income band one receive the maximum 80 per cent level of support. Therefore, any reduction in the maximum level of support will only impact those in band one.

#### Council tax support for two homes

17 The current CTS scheme does not provide for CTS entitlement at more than one property. It is proposed to amend the scheme to make it possible to provide CTS on two homes in certain circumstances. In particular, where a resident has fled domestic abuse or has an unavoidable overlap of tenancies.

18 The proposal is to replicate the CTS award at the second property so that customers are not financially disadvantaged by their council tax liability for two homes.

19 It is difficult to quantify precise numbers, but this proposal is expected to benefit up to 100 customers annually at a cost of up to £75,000.

#### **Governance**

20 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.

21 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.

- 22 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 25<sup>th</sup> February 2025.
- 23 It is recommended that a consultation is initiated on 11<sup>th</sup> December 2024 for a period of seven weeks closing on 28<sup>th</sup> January 2025.
- 24 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.

## **Finance**

- 25 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 £10million as at quarter 2. 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.
- 26 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.
- 27 The changes to the scheme recommended in this report will deliver a £1.04 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 £0.94 million), the Council will retain circa £0.85 million (approximately 87 per cent), with the remaining being distributed through the precepts for the West Midlands Police and the West Midlands Fire Authority.



## **Appendix 3 - INITIAL CUMULATIVE EQUALITY IMPACT ASSESSMENT 2025/2026 BUDGET CONSULTATION**

### **Introduction**

- 1.1. This report provides an indicative assessment of the overall equalities implications of the 2025/26 pre-budget proposals, based on initial equality impact assessments carried out on individual policy savings proposals included in the pre-budget report.
- 1.2. This report summarises the key cumulative equalities implications for the 2025/26 budget and provides more detail on the potential impact of the specific proposals. It seeks to show that we understand the likely equalities impact of the proposals, ensuring we comply with the Public Sector Equality Duty and are not disproportionately disadvantaging groups who share protected characteristics.
- 1.3. Through examining the likely cumulative impact of the various proposals, the Council can be better assured that any changes involved in the proposals are planned with due regard to our duties under the Equality Act to eliminate discrimination, advance equality of opportunity, and foster good community relations.
- 1.4. The analysis is indicative at this stage as individual budget proposals are being developed further. Once proposals are finalised following the consultation on the budget proposals, the potential equalities impacts will need to be reviewed considering any changes made or additional information that has come to light.

### **2. Background**

- 2.1 The Council has a Public Sector Equality duty under the Equality Act (2010) to have due regard to:
  - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
  - Advance equality of opportunity between people who share protected characteristics and those who do not.
  - Foster good relations between people who share protected characteristics and those who do not.
- 2.2. The equality duty covers the nine protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council also needs to have due regard to the need to eliminate unlawful discrimination against someone because of their marriage or civil partnership status. This means that the first aim of the duty applies to this characteristic but that the other aims (advancing equality and fostering good relations) do not apply.

- 2.3. Equality implications are assessed by reviewing the potential impact on those with protected characteristics as defined in the Equality Act 2010 and then given a score of either no equalities impact, positive impact, negative impact, both positive and negative impact and unknown impact
- 2.4. No equalities impact indicates the proposal has no impact at all (either advantageous or adverse) on those who share protected characteristics.
- 2.5. A positive impact means the proposal is likely to benefit groups who share protected characteristics, leading to better outcomes for some or all these groups, helping to foster good relations between different groups and/or supporting equality of opportunity.
- 2.6. A negative impact means the proposal is likely to have an adverse impact on groups who share protected characteristics, potentially leading to worse outcomes or undermining good relations. In cases where a negative impact is anticipated, services should consider what actions can be taken to reduce or mitigate this impact.
- 2.7. Both positive and negative impact indicates that a proposal might potentially have both types of these impacts i.e. positive and negative impacts.
- 2.8. Unknown impact means that at this pre-budget stage, the potential equalities impact of the proposal is unknown and cannot be predicted. If the proposal is implemented as part of the final budget, the proposal will be developed further, and the equality impact assessment revised accordingly.

### 3. Key findings

- 3.1 There are 22 policy proposals in the 2025/26 pre-budget report that have had individual equality impact assessments (EIAs) carried out. More detail about the substance of each proposal is included in the full pre-budget report. Initial EIAs undertaken by service areas for these proposals suggest a range of different impacts for those with protected characteristics. The table below outlines the initial assessment of each proposal and some initial analysis to support the outcome of the EIAs.
- 3.2 Of the 22 proposals, 1 proposal is anticipated to have a positive impact, 11 proposals a negative impact, 3 proposals both positive and negative impact and there are 7 proposals where the impact is unknown at this stage.
- 3.3 The 1 proposal that has indicated a **positive impact** is:
  - Children’s – Strengthened processes around children coming into care, placement decisions and funding
- 3.4 The 11 proposals that have indicated a **negative impact** include:
  - Adults – Voluntary Sector Review
  - Children’s – Planned withdrawal from services upon cessation of grant funded projects with drawn up exit plans
  - City Events

- Sustainability & Climate Change
  - Discretionary Payments
  - War Memorial Park car park price increase
  - Bereavement Services
  - Parks & Open Spaces
  - Streetpride
  - Waste Disposal
  - Your Coventry Magazine (formerly known as Citivision)
- 3.5 The 3 proposals that have indicated **both positive and negative impact** include:
- Children's – Opportunities to streamline early help and prevention services but also focus on intervention in families' lives being at the lowest possible levels
  - Senior Management capacity
  - Council Tax Support Scheme
- 3.6 The 7 proposals which have indicated that the equalities **impact is unknown at this stage** are:
- Adults – Market Management
  - Adults – Service change, improvement and staffing efficiencies
  - Children's – the redesign and restructure of the service to reduce cost through rationalisation of senior managers
  - Children's – Continued challenge of partners to provide equitable contributions including for care packages
  - Cultural Services – internal provision
  - Election Efficiencies
- 3.7 Overall, the anticipated impact (on service users with protected characteristics) of all the pre-budget policy proposals taken together, is likely to be negative.
- 4. Next Steps**
- 4.1 The assessment provided here is an initial assessment of the likely equalities impact of the proposals based on information currently available. The proposals will be finalised over the coming months. This process will involve a formal public consultation on the proposals. As the proposals are developed and amended following the budget consultation, any implications for the equalities impact of the proposals will be considered and the assessments updated.
- 4.2. A full cumulative impact report will be produced ahead of the final Budget setting report in early 2026, with more detailed analysis on the likely equalities impact of the final proposals. This will be based on the equality impact assessments completed for each of the proposals, updated to include any changes or additional information.

## Initial Equalities Impact Analysis by proposal

The table below outlines the initial assessment of the likely equalities impact of each proposal with some brief analysis giving further information. This is based on individual equality impact assessments (EIAs) completed for each proposal. EIAs require an assessment to be made against each protected characteristic and that the impact be evaluated as:

- positive
- negative
- both positive and negative
- no impact
- impact unknown

Once the budget proposals have been finalised, each EIA will be revisited and the impact type re-evaluated. This cumulative impact assessment will be revised and finalised accordingly.

Division	Proposal	Initial Assessment	Initial Analysis
Adults	Voluntary Sector Review	Negative	Overall, the reduction of grant funding in this proposal will mean a reduction in the support available for many service users, resulting in largely negative impacts on those with protected characteristics.
	Market Management	Impact unknown at this stage	The impact of this proposal is not yet known and will become clearer after the consultation period, when the equality impact assessment will be revised.
	Service changes, improvement and staffing efficiency	Impact unknown at this stage	The impact of this proposal is not yet known; the equality impact assessment will be revised once the specific workstreams under the proposal are developed.

Division	Proposal	Initial Assessment	Initial Analysis
Childrens	Redesign and restructure of service to reduce cost through rationalisation of senior managers	Impact unknown at this stage	The impact of this proposal is not yet known and will be revisited once the service has been reviewed and further details are available to inform the potential impact on the workforce in Childrens.
	Opportunities to streamline early help and prevention services but also focus on intervention in families' lives being at lowest possible levels	Both positive and negative impact	More children and families will benefit from the right support at the right time, with interventions will be delivered in a timely way to improve their outcomes. However, some children and families needing more than a low level of support may be impacted.
	Planned withdrawal from services upon the cessation of grant funded projects with drawn up exit plans	Negative	There may be a negative impact of this proposal on children and families who are no longer able to receive support through grant funded projects.
	Strengthened processes around children coming into care, placement decisions and funding	Positive	The continuity of care and support through this proposal will positively impact children coming in to care and their transition into adulthood. There are also anticipated to be benefits to children with some protected characteristics within the cohort.
	Continued challenge of partners to provide equitable contributions including for care packages	Impact unknown at this stage	The impact of this proposal is unknown at this stage and is dependent on partners accepting the outcomes of an independent review of multi-agency working practices, eligibility criteria and funding contributions
	Seek to maximise digital opportunities	Impact unknown at this stage	The impact of this proposal is unknown at this stage until work is further developed on the use of digital technology, both corporately and specifically within the service

Division	Proposal	Initial Assessment	Initial Analysis
Corporate	Senior Management capacity	Both positive and negative impact	This proposal could impact both positively and negatively on the cohort of employees subject to any restructures, dependent on individual outcomes of the process.
Regeneration & Economic Development	City Events	Negative impact	A reduction in funding to support events in the city will result in fewer events taking place; this will be a negative impact on communities, visitors and to the economy overall.
	Cultural Services internal provision	Impact unknown at this stage	The impact of this proposal is unknown at this stage; the EIA will be developed further once the review process has concluded.
	Sustainability & Climate Change	Negative impact	As this proposal relates to headcount reduction in the service, there will be a negative impact on the workforce in the area. The impact on delivering the Climate Change Strategy is unknown at this stage.
Legal & Governance Services	Election Efficiencies	Impact unknown at this stage	The impact of this proposal is is unknown at this stage and further analysis will be conducted once the outcome of the Polling review takes place.

Division	Proposal	Initial Assessment	Initial Analysis
Finance & Corporate Services	Redesign of Council Tax Support Scheme	Both positive and negative impact	In relation to the reduction in maximum support available, the majority of all working age households will be impacted negatively. In relation to the proposed change to give additional support where a resident is made liable for Council Tax for 2 homes in certain circumstances, this will impact positively on some protected characteristics.
	Discretionary payments	Negative	This proposal will impact negatively on prospective applicants to the community support grant discretionary fund.
City Services	War Memorial Park car park price increase	Negative	The proposed increases to car park fees will adversely affect all visitors to the park, across all protected characteristics.
	Bereavement Services	Negative	This proposal to increase bereavement costs will have potentially negative impacts for many groups with protected characteristics.
	Parks & Open Spaces	Negative	The reduction of resources within this team is likely to have a direct impact on the provision, maintenance and replacement of play and other facilities and events across the city. As such there will be a negative impact on residents with protected characteristics.
	Streetpride	Negative	This proposal to reduce street cleaning will have potentially negative impacts on some residents with protected characteristics.

Division	Proposal	Initial Assessment	Initial Analysis
	Waste Disposal	Negative	As this proposal relates to Schedule 2 properties, this includes charity organisations and religious institutions. They may therefore be a negative impact on those using the services of these organisations if they are financially impacted by this new charge.
Policy & Communications	Your Coventry Magazine (formerly known as "Citivision")	Negative	This proposal is likely to have a negative impact on those groups who are less digitally active, including older people, people with disabilities and long-term health conditions, and those in the most socio-economically disadvantaged groups.



## Appendix 4 - EQUALITY IMPACT ASSESSMENT (EIA)



<b>Title of EIA</b>		<b>Council Tax Support Scheme 2025/2026</b>	
<b>EIA Authors</b>	Name	<b>K Gist</b>	<b>L Sharma</b>
	Position	<b>Benefits Manager</b>	<b>Benefits Subsidy &amp; Policy Lead</b>
	Date of completion	<b>November 2024</b>	
<b>Head of Service</b>	Name	<b>B Strain</b>	
	Position	<b>Head of Revenues and Benefits</b>	
<b>Cabinet Member</b>	Name	<b>CLlr R Brown</b>	
	Portfolio	<b>Strategic Finance and Resources</b>	

EIA

- Having identified an EIA is required, ensure that the EIA form is completed as early as possible.
- Any advice or guidance can be obtained by contacting Jaspal Mann (Equalities), Mamta Kumar (Equalities), Alicia Philips (Health Inequalities), Lisa Young (Health Inequalities), Emily Stewart (Health Inequalities), Laura Waller (Digital Inclusion).

Sign Off

- Brief the relevant Head of Service/Director/Elected Member for sign off
- Have the EIA Form ready for consultation if it is required
- Amend according to consultation feedback and brief decision makers of any changes

Action

- Implement project / changes or finalise policy/strategy/contract
- Monitor equalities impact and mitigations as evidence of duty of care

**PLEASE REFER TO [EIA GUIDANCE](#) FOR ADVICE ON COMPLETING THIS FORM**

### SECTION 1 – Context & Background

**1.1 Please tick one of the following options:**

This EIA is being carried out on:

- New policy / strategy
- New service
- Review of policy / strategy
- Review of service
- Commissioning
- Other project *(please give details)*



### 1.2 In summary, what is the background to this EIA?

Council Tax Support (CTS) is a means tested assessment to support low-income households with the cost of council tax payments. In 2013, design of the CTS scheme for working age households was devolved to Local Authorities and funding from central government was reduced by 10 per cent.

Budgetary challenges faced by the Council for 2025/26 require the Council to review the potential option to reduce the amount provided through the CTS scheme for working age households.

The proposals would take effect from 1 April 2025.

Note: CTS scheme for people of pension age households is set in law by the Government. Therefore, this document only refers to scheme changes in respect of working age households.

#### **Proposed change 1 - Reduction of maximum support**

In Coventry the current maximum support for working age households is 80%.

If the current scheme continues in 2025/26, Coventry expects to award approximately £28.2 million in council tax support to 24,139 households. Approximately £16.8 million relates to working age claims and £11.4 million to pension age.

However, in setting the CTS scheme for 2025/26, the council is managing the competing tasks of balancing the budget, alongside supporting low-income households. Lowering the maximum support would provide the council savings towards the gap in its budget.

**Therefore, the proposal is to reduce maximum CTS entitlement from 80% to 75%.**

The Council currently (2024-2025) operates an income banded scheme, as shown in the table below:

**Table 1: income banded scheme 2024-2025**

Band	Weekly excess income threshold	CTS award (% of council tax bill)	Number of households
1	£0 to £15	80%	15,336
2	£15 to £40	65%	343
3	£40 to £70	40%	431
4	£70 to £80	20%	151
5	£80 and more	0%	

The proposal to reduce maximum CTS entitlement from 80% to 75% will only impact those in Income band 1. There will be no impact from this proposal for those in income bands 2 to 5.



**Table 2: income banded scheme 2025-2026**

Band	Weekly excess income threshold	CTS award (% of council tax bill)	Number of households
1	£0 to £15	75%	15,336
2	£15 to £40	65%	343
3	£40 to £70	40%	431
4	£70 to £80	20%	151
5	£80 and more	0%	

**Summary of likely impact of proposed changes**

From initial modelling undertaken for the proposed change to the Council Tax Support scheme, the following are some key impacts which have been identified:

- These changes will provide £1million towards the gap in the Council’s budget.
- As maximum support will be reduced from 80% to 75%, the majority of all working age households will have a reduction in support, regardless of protected characteristics.
- All working age households in income band 1 will be affected regardless of any protected characteristics.

**Table 3: shows the impact of the proposal to change the CTS scheme**

Impact of proposed CTS changes	Total
Number of decreased claims	15,336
Average weekly CTS decrease	£1.31
Number of increased claims	0
Average weekly CTS increase	N/A

**Mitigations for protected characteristics**

No Mitigations

**Table 4: Impact of changes for different groups in Income Band 1**

	Average weekly loss	Number of households	%
<b>Households with Children</b>	£1.32	3559	23%
<b>Households no children</b>	£1.31	11777	77%
<b>Households with a disabled adult</b>	£1.35	5898	38%

**Table 5: Impact of changes by gender**

<b>CTS awarded to males</b>	5899	38%
<b>CTS awarded to females</b>	9437	62%



### **Proposed Change 2:**

Proposal 2 is to give additional support where a resident is made liable for Council Tax for 2 homes if:

They have left their original home through fear of violence.

Changes for disabled people are being made in their new home, like a wet bathroom or stairlift

They have moved within the last 4 weeks and are still liable to pay Council Tax for their original home

This change will mean that where a person is liable for Council Tax at their original home as well as at the property they have moved to, they can claim CTS at both addresses.

### **Public Engagement**

Coventry City Council will undertake a public consultation on the proposals to the Council Tax Support scheme. The results of this will be used to inform decisions about the proposed model.

A variety of methods will be used to ensure the consultation is accessible to all Coventry residents.

Methods will include:

- a mailshot to all working age households currently in receipt of Council Tax Support
- phone support, as alternative method of engagement
- information in an alternative language, if requested
- information through a Let's Talk page on the Council's website
- feedback through a survey
- Stakeholder meeting.

This is not an exhaustive list.

### **1.3 List of organisations and people who are involved in this area of work**

- Coventry residents
- Benefits Service
- Financial Management
- Legal Services
- Council Tax collection and enforcement teams
- Public Health Insight team
- Advice agencies and third sector organisations
- Social landlords
- Precepting authorities
- Policy in Practice
- Airey Consultancy Service Ltd



### SECTION 2 – Consideration of Impact

Refer to guidance note for more detailed advice on completing this section.

In order to ensure that we do not discriminate in the way our activities are designed, developed and delivered, we must look at our duty to:

- Eliminate discrimination, harassment, victimisation and any other conflict that is prohibited by the Equality Act 2010
- Advance equality of opportunity between two persons who share a relevant protected characteristic and those who do not
- Foster good relations between persons who share a relevant protected characteristic and those who do not

#### 2.1 Baseline data and information

- Please include an analysis of the equalities data your service holds. This could include surveys, complaints, compliments, management information and customer profiles. *(Please refer to Diversity Guide)*
- Where possible compare your data to local data using
  - Facts about Coventry
  - Census 2011
  - Census 2021
  - JSNA

#### Proposed Change 1

In Coventry, Council Tax Support is currently awarded to approximately 16,200 working age households (aged 18 to 65).

Of this, approximately:

23% of households have children (aged 0 to 17).

38% of households have an adult disabled household member.

62% of Council Tax Support is awarded to females and 38% is awarded to males.

For the purposes of Council Tax Support, data is not routinely collected the following equality groups:

- Gender reassignment
- Pregnancy or maternity
- Race
- Religion and Belief
- Sexual orientation



Table 6: Impact of changes by area and deprivation score.

Geography	2015	2019
Bablake	16.85	17.16
Binley and Willenhall	41.00	35.00
Cheylesmore	20.00	17.00
Earlsdon	9.00	9.00
Foleshill	50.00	45.00
Henley	32.00	32.00
Holbrook	28.28	27.59
Longford	32.00	32.00
Lower Stoke	27.00	24.00
Radford	35.00	33.00
Sherbourne	21.00	19.00
St Michael's	30.00	30.00
Upper Stoke	30.00	28.00
Wainbody	9.00	9.00
Westwood	26.00	24.00
Whoberley	18.00	16.00
Woodlands	19.00	18.00
Wyken	20.00	20.00

Table 6 highlights the impacted areas of Coventry by index of deprivation. The higher the score the more deprived the area is. 18 areas of Coventry will be impacted. Over 88% of the areas are where the deprivation score is 10 and above.

### Proposed Change 2

The team are unable to share data by protected characteristics and geographical locations due to low number of residents impacted.



**2.2 On the basis of evidence, complete the table below to show what the potential impact is for each of the protected groups.**

- Positive impact (P),
- Negative impact (N)
- Both positive and negative impacts (PN)
- No impact (NI)

*\*Any impact on the Council workforce should be included under question 5.0 – not below*

Protected Characteristic	Impact type P, N, PN, NI	Nature of impact and any mitigations required
Age 0-17	<b>P N</b>	<p><b>Proposed Change 1 and 2</b></p> <p>As covered in section 1.2, Table 4 shows 15,336 households will receive decreased support. However, their protected characteristics are not known.</p> <p>As shown in section 2.1, 23% of the CTS households have dependant members in this age group. So, this group would be impacted through the CTS claim typically made by their parents.</p> <p>The proposed changes will affect all households in income band 1 and 94% of the total number of households in receipt of CTS.</p>
Age 18-65	<b>P N</b>	<p><b>Proposed Change 1</b></p> <p>Working age CTS customers are typically aged between 18 and 65, so this group will be directly impacted by the proposed changes. As covered in section 2.1, Table 4 shows 15,336 households will receive decreased support. However, their protected characteristics are not known.</p> <p><b>Proposed Change 2:</b></p> <p>Will positively impact residents who</p> <ul style="list-style-type: none"> <li>• Have left their original home through fear of violence.</li> <li>• Are having changes made in their new home for a disabled person, like a wet bathroom or stairlift</li> </ul>

## Appendix 4 - EQUALITY IMPACT ASSESSMENT (EIA)



		<ul style="list-style-type: none"> <li>Have moved within the last 4 weeks and are still liable to pay Council Tax for their original home</li> </ul>
Age 66 and over	<b>NI</b>	Pension age customers are those aged 66 or over. The rules governing CTS for people of pension age households are prescribed nationally by the Government, so will not be affected by the proposed change to the CTS scheme.
Disability	<b>P N</b>	<p><b>Proposed Change 1</b> As covered in section 2.1, 15,336 households will receive decreased support.</p> <p>38% of those households in receipt of CTS support have an adult disabled member.</p> <p>Therefore, the proposed changes, are likely to impact people in this group through reduced CTS.</p> <p><b>Proposed Change 2:</b> Will positively impact residents who</p> <ul style="list-style-type: none"> <li>Have left their original home through fear of violence.</li> <li>Are having changes made in their new home for a disabled person, like a wet bathroom or stairlift</li> <li>Have moved within the last 4 weeks and are still liable to pay Council Tax for their original home</li> </ul>
Gender reassignment	<b>NI</b>	This data is not routinely collected for CTS purposes. It is not considered that the change in CTS scheme will impact on people according to their gender reassignment.
Marriage and Civil Partnership	<b>P N</b>	<p><b>Proposed Change 1</b> As covered in section 2.1 15,336 households will receive decreased support.</p> <p>Data for marriage and civil partnership is not routinely collected for CTS purposes.</p> <p><b>Proposed Change 2</b> Will positively impact residents who</p>



## Appendix 4 - EQUALITY IMPACT ASSESSMENT (EIA)



		<ul style="list-style-type: none"> <li>• Have left their original home through fear of violence.</li> <li>• Are having changes made in their new home for a disabled person, like a wet bathroom or stairlift</li> <li>• Have moved within the last 4 weeks and are still liable to pay Council Tax for their original home</li> </ul>
Pregnancy and maternity	<b>P N</b>	<p><b>Proposed Change 1</b> As covered in section 2.1 15,336 households will receive decreased support.</p> <p>Data by pregnancy and maternity is not routinely collected unless the Benefits Service is specifically notified, so firm conclusions in relation to equality impact cannot be drawn.</p> <p>Females who are pregnant or on maternity leave may be more likely to seek support through the CTS scheme due to low income, but there is no data to confirm this.</p> <p><b>Proposed Change 2:</b> Will positively impact residents who</p> <ul style="list-style-type: none"> <li>• Have left their original home through fear of violence.</li> <li>• Are having changes made in their new home for a disabled person, like a wet bathroom or stairlift</li> <li>• Have moved within the last 4 weeks and are still liable to pay Council Tax for their original home</li> </ul>
Race (Including: colour, nationality, citizenship ethnic or national origins)	<b>NI</b>	This data is not routinely collected for CTS purposes. It is not considered that the change in CTS scheme will impact on people according to their race.
Religion and belief	<b>NI</b>	This data is not routinely collected for CTS purposes. It is not considered that the change in CTS scheme will impact on people according to their religion or belief.
Sex	<b>P N</b>	<p><b>Proposed Change 1</b> As covered in section 2.1 15,336 households will receive decreased support.</p>

## Appendix 4 - EQUALITY IMPACT ASSESSMENT (EIA)



		<p>As shown in section 2.1, in Coventry, around 68% of CTS support is to females</p> <p>The support for all band 1 households will be reduced, which means females will be impacted to a greater extent.</p> <p>Also, research evidence regarding gender and poverty indicates females are more likely to be living in financial hardship than males. Therefore, the proposed changes are likely to further exacerbate that hardship.</p> <p><b>Proposed Change 2:</b></p> <p>Will positively impact residents who</p> <ul style="list-style-type: none"> <li>• Have left their original home through fear of violence.</li> <li>• Are having changes made in their new home for a disabled person, like a wet bathroom or stairlift</li> <li>• Have moved within the last 4 weeks and are still liable to pay Council Tax for their original home</li> </ul>
Sexual orientation	<b>NI</b>	<p>This data is not routinely collected for CTS purposes. It is not considered that the change in CTS scheme will impact on people according to their sexual orientation.</p>

### SECTION 3 – HEALTH INEQUALITIES - See the health inequalities pre EIA guidance sheet for this section.

<b>3</b>	<b>Further information on health inequalities is available on the Intranet</b>
<p><b>3.1 Please tell us how the proposal you are submitting this EIA form will reduce health inequalities:</b>  <i>Please include which Marmot Principles this work covers.</i></p>	
<p>Coventry is a Marmot City. The proposal to change the Council Tax Support scheme is based upon using a Proportionate Universalism resource allocation approach. This ensures that the Council will allocate its resources across the social gradient, proportionate to people's needs.</p> <ul style="list-style-type: none"> <li>• Council Tax Support scheme primarily supports the Marmot principle:             <ul style="list-style-type: none"> <li>- Ensure a healthy standard of living for all</li> </ul> </li> <li>• Council Tax Support scheme also supports the Marmot principles:             <ul style="list-style-type: none"> <li>- Enable all children, young people, and adults to maximise their capabilities and have control over their lives</li> <li>- Create fair employment and good work for all</li> </ul> </li> </ul>	



### **3.2 What information do you have to show you are going to reduce health inequalities:**

The Council, like many households, is seeing significant increases in expenditure as a result of rising prices. So far, the money the Council receives from Government and through council tax and business rates, has not increased in line with the increasing cost of providing services. The result is that in 2025/26, the Council's spending is now forecast to exceed its income by over£ 10million. The Council must, by law, set a balanced budget each year which means the amount planned to spend cannot be more than the income expected to receive. We are therefore looking at a number of ways that we could reduce Council spending, or increase income, to ensure that we are able to continue providing our most essential services. 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.

Modelling data for CTS claims based upon the proposal, shows the changes will provide £1million towards the gap in the Council's budget, which will help in setting the above budget and allocation of services and resources.

The outcomes are likely to be:

- As maximum support will be reduced from 80% to 75%, the majority of households will have a reduction in support, regardless of protected characteristics.
- All households in income band 1 will be affected regardless of any protected characteristics.
- Households facing financial hardship who may be adversely impacted by these changes, will be supported if they make early contact with the Council Tax department. The Council will aim to provide households with the right support and agree where possible, affordable payment plans.

### **3.3 Who/which groups of people might face the biggest health inequalities for your work and why:**

Residents in Coventry who are in receipt of Council Tax Support are those groups of people who are more likely to be impacted by the proposed changes.

The Council Tax Support scheme aims to support low-income households and those groups who are known to face the biggest health inequalities.

This is shown by the data for Coventry in section 2.1 – see Table 4

### **3.4. What can be done to improve health equity for the groups of people you have identified?**

Using a proportionate universalism resource allocation approach in calculating CTS award, the level of excess income will identify which households need the most financial support.

We will ensure a One Coventry approach by working with our partners to ensure information and support is available for those groups facing the biggest health inequalities and to support households to engage in the public consultation.

The Benefits Service will actively identify households:



- in which members are entitled to Free School Meals and will auto-enrol eligible households where possible
- who are not maximising welfare support

The Council tax department will aim to put in place individual council tax payment plans for any household who contacts early to explain they are experiencing payment difficulties.

Any information which identifies those groups disproportionately impacted by the CTS change who are known to face health inequalities, will be used to inform decisions as part of ongoing service development.

### SECTION 4 - DIGITAL EXCLUSION INEQUALITIES

Please consider the digital exclusion information in the supporting document prior to completing this section.

#### 4.1 Starting point:

Thinking of the main aims of your work area that this EIA is for; does your work area impact digital inequalities or exacerbate them? No

- Does your work assume service users have digital access and skills?  
No, CTS processes remain the same as they currently are.
- Do outcomes vary across groups, for example digitally excluded people benefit the least compared to those who have digital skills and access?  
Yes. Low household income is an indicator for digital exclusion. Reduced Council Tax Support for low-income households may impact digital access, as this might make connectivity unaffordable. In addition to this, as digital access enables better opportunities across housing, employment and education, these can also be consequently impacted.
- Consider what the unintended consequences of your work might be.  
The CTS processes remain the same as they currently are.



### 4.2 Reducing digital exclusion inequalities

Where are the opportunities for your area to reduce digital exclusion inequalities and embed supports/interventions as part of your work?

Communication about the proposed changes will be made by post. There will be the option to complete a survey and to request this in paper format.

The proposed changes are to the levels of financial support, which could impact finances available for digital connectivity. By collaborating with our partners, these households could be supported through the National Databank.

Revenues and Benefits teams have been briefed to enable them to provide customers with information about the National Databank and will continue to review awareness processes regarding this.

The process for making a Council Tax Support claim and contacting the Benefits Service remain the same. This includes application forms that are online. However, customers who cannot access this continue to have the option to ring the Benefits Customer Services team, who will help complete an application form over the telephone. Customers can still report change in circumstances through email, telephone, online or through the post.

If the award of Council Tax Support changes, customers will continue to be sent a notification letter through the post. They will also receive a revised council tax bill through their usual method, which if they have not opted for electronic means, will be a paper-based bill through the post.

### 5.0 Will there be any potential impacts on Council staff from protected groups?

There will be no impact on job numbers and no restructure planned as an outcome of these proposals.

## Appendix 4 - EQUALITY IMPACT ASSESSMENT (EIA)



Only include the following data if this area of work will potentially have an impact on Council staff. This can be obtained from: [Nicole.Powell@coventry.gov.uk](mailto:Nicole.Powell@coventry.gov.uk)

### **Headcount:**

#### **Sex:**

Female	
Male	

#### **Age:**

16-24	
25-34	
35-44	
45-54	
55-64	
65+	

#### **Disability:**

Disabled	
Not Disabled	
Prefer not to state	
Unknown	

#### **Ethnicity:**

White	
Black, Asian, Minority Ethnic	
Prefer not to state	
Unknown	

#### **Religion:**

Any other	
Buddhist	
Christian	
Hindu	
Jewish	
Muslim	
No religion	
Sikh	
Prefer not to state	
Unknown	

#### **Sexual Orientation:**

Heterosexual	
LGBT+	
Prefer not to state	
Unknown	

### **6.0 How will you monitor and evaluate the effect of this work?**

- Monitor groups requesting council tax hardship support.
- Operate a dedicated section 13a 1 c (hardship fund) policy to support those in the greatest need.
- Capture and analyse data through the Council's complaints process.
- All officers across Revenues and Benefits will flag any complaints regarding the impact of the CTS changes/ability to pay the increased council tax amounts.

## Appendix 4 - EQUALITY IMPACT ASSESSMENT (EIA)



- Monitor groups affected by increased council tax and council tax arrears.
- Review the council tax recovery process for those in receipt of CTS.

6.1		
Action Planning		
Issue Identified	Planned Action	Timeframe
Capture complaints about the impact of CTS changes	Capture and analyse data through the council's complaints process.	Incorporated into Business as Usual processes.
Ensure households on low income and those disproportionately impacted by inequalities are supported.	Continue to operate a dedicated section 13a 1 c (hardship fund) policy to support those in the greatest need.	Incorporated into Business as Usual processes.
Increase uptake of support available	Continue to work collaboratively with partners to ensure the most vulnerable households are maximising the support available to them.	31/03/2026
Ensure recovery action and additional costs are minimised	Review the council tax recovery process for those in receipt of CTS.	31/03/2026
Ensure households receive the best service and are aware of additional help	Provide training to Revenues, Benefits and Customer Services on changes, to include signposting to other support available.	31/03/2026
Ensure the impact of changes to the scheme are identified and reviewed for 2026/27	Monitor and review the impact of the changes to the scheme for 2025/26 and diarise to review CTS for 2026/27.	30/06/2026

### 7.0 Completion Statement

**As the appropriate Head of Service for this area, I confirm that the potential equality impact is as follows:**

No impact has been identified for one or more protected groups

## Appendix 4 - EQUALITY IMPACT ASSESSMENT (EIA)



- Positive impact has been identified for one or more protected groups
- Negative impact has been identified for one or more protected groups
- Both positive and negative impact has been identified for one or more protected groups

### 8.0 Approval

<b>Signed: Head of Service:</b> Barry Strain	<b>Date:</b> 20 November 2024
<b>Name of Director:</b> Barrie Hastie	<b>Date sent to Director:</b> 20 November 2024
<b>Name of Lead Elected Member:</b> Cllr R Brown	<b>Date sent to Councillor:</b> 20 November 2024

Email completed EIA to [equality@coventry.gov.uk](mailto:equality@coventry.gov.uk)





---

**To: Finance and Corporate Services Scrutiny Board (1)**

**8 January 2025**

**Subject: (Draft) Medium Term Financial Strategy 2025/26 – 2027/28**

---

### **1 Purpose of the Note**

- 1.1 Coventry City Council is carrying out a public consultation following the pre-budget report for 2025/26. The consultation was approved at Cabinet in December 2024, which the Board will also consider at the meeting on 8 January 2025. Following the consultation, and details on the final settlement for Local Government, officers will consult with members, the outcome of which will result in final Budget and Council Tax setting reports and associated recommendations being heard by full Council in February 2025.
- 1.2 Officers intend to append an updated Medium Term Financial Strategy (MTFS) to the final budget report, a draft version of which is attached for consideration by this Board.

### **2 Recommendations**

- 2.1 Finance and Corporate Services Scrutiny Board (1) is recommended to:
  - 1) Make any comments or recommendations to the Cabinet Member for Strategic Finance and Resources in relation to the (Draft) Medium Term Financial Strategy 2025 - 2028

### **3 Context**

- 3.1 In February 2025, the final Budget setting report for 2025/26 will be heard by full Council. Appended to the report will be a Medium Term Financial Strategy (MTFS) which sets out not just the position for the current year, but also a medium term three year planning view of the Councils Finances.
- 3.2 The MTFS performs a number of functions setting out initially the policy assumptions and financial management framework that underpin the wider strategy. The strategy then describes the Council's operating environment from a cost and resources perspective and sets out to explain the framework for how the Council will balance it short to medium term budget positions.
- 3.3 As with the last couple of years, it has not been possible to consider this 2025 – 2028 MTFS for longer than a single year with any degree of confidence. This is largely because the last couple of Local Government settlements have only really considered the following year, and have not been able to provide multi-year certainty. Additionally, the cost environment for all local authority services, but particularly social care services has been very volatile reflecting the inflationary environment and the resulting market conditions.

- 3.4 These resourcing and costing uncertainties have restricted the Council from being able to produce a medium term view with any degree of confidence. However, the new Government have indicated that they intend to both fundamentally review the funding regime, and seek to provide multiyear funding settlements, details of which will be received in the new year. These changes will need to be reflected in future versions of the Council MTFS.
- 3.5 The attached document is however an early draft of the document that will be appended to the final budget report in February 2025, subject to further information that may come to light as part of the provisional and final settlements for Local Government and the local impact for Coventry City Council.
- 3.6 Scrutiny Board views are sought on the content of the draft Strategy.

#### Appendix 1 – DRAFT Medium Term Financial Strategy 2025 – 2028

<b>Name</b>	Phil Helm
<b>Job Title</b>	Head of Finance
<b>Contact Details</b>	<a href="mailto:phil.helm@coventry.gov.uk">phil.helm@coventry.gov.uk</a>

(DRAFT)

## COVENTRY CITY COUNCIL MEDIUM TERM FINANCIAL STRATEGY 2025-2028

### 1. EXECUTIVE SUMMARY

- 1.1 This Medium-Term Financial Strategy (MTFS) sets out the financial planning foundations that support the setting of the Council's revenue and capital budgets, including the policy assumptions and financial management framework that underpin the strategy. The Strategy is consistent with the 2025/26 Pre Budget (Consultation ) Report which was approved by Cabinet on 10 December 2024. The purpose of the MTFS is to describe the environment within which the Council operates and bring together resource and cost projections to explain how the Council plans to address its funding gap, whilst retaining focus on the strategic priorities.
- 1.2 An introduction and the policy framework provided by the existing One Coventry Plan is provided in **Section 2**. This sets out how the Council continue to focus on increasing the economic prosperity of the city and region, improving outcomes, and tackling inequalities within Coventry communities, and tackling the causes and consequences of climate change.
- 1.3 **Section 3** explains the national financial context and the medium-term uncertainty that exists around local government funding. The Council is still only able to plan for 2025/26 with any certainty as funding announcements at this stage do not go beyond that. The new Government, in announcing additional monies for the Local Government Finance Settlement for 2025/26, and doing so in a way that starts to reflect need, are also consulting on principles intended to 'fundamentally improve the way the sector is funded, moving to a fairer system which matches funding with need'. As an authority who has been disadvantaged by the current funding regime, the proposals are very much welcomed, however until such time as these proposals have been understood, and the local implications for Coventry of their implementation worked through, it will not be possible to plan with certainty beyond one year.
- 1.4 The key factors that the Council has identified as influencing current and future demand for Council services, are outlined in **Section 4**. These continue to include recurrent challenges such as sustained demand for social care as a result of the ageing population and increasing numbers of children with complex care needs. In addition, councils are faced with increasing demand for support from citizens driven by current national financial challenges, the greatest cumulative inflationary pressures witnessed in a generation and the consequent cost of living crisis. Homelessness is one such impact, and our statutory obligation to place people in temporary accommodation therefore places significant further pressure on the Council's finances
- 1.5 **Section 5** outlines the Council's financial planning context and assumptions which draw on the information above and provide the foundations of the medium-

term financial position. This includes the key spending forecasts, inflation expectations and planning assumptions in areas such as Council Tax.

- 1.6 The Council's response to the current financial gap is set out in **Section 6**. This sets out the Council's approach to how it will seek to balance its Budget in future, subject to future Budget decisions and other major policy approvals.

## 2. INTRODUCTION AND POLICY FRAMEWORK

- 2.1 The strategic direction for the Council is set by the One Coventry Plan (OCP).

- 2.2 The OCP sets out a vision for One Coventry of "working together to improve our city and the lives of those who live, work and study here". The Plan describes outcomes for:

- a city with a strong and resilient economy, where inclusive growth is promoted and delivered, businesses are enabled to innovate and grow, and new local jobs are created.
- a city where our residents get the best possible start in life, experience good health and age well, in a city that embraces diversity, protects the most vulnerable and values its residents and communities.
- a city, that leads the way and invests in the green industrial revolution. Ensuring the future well-being of our residents by embedding environmentally friendly behaviours and exploring opportunities to lessen the pressures caused by climate change.

- 2.3 The OCP is clear that there are fundamental conditions that need to be in place in order to achieve these outcomes. These are that the Council has a strong and sustainable financial position, with resources and assets that are aligned with our priorities and that it plays a key role as a civic leader, working in genuine partnership with local residents, communities and partners. Central to the achievement of the aims set out in the OCP, a One Coventry approach will focus on the way in which the Council and its employees work, both within the organisation and collaboratively more widely, in order to improve services and make the biggest possible positive impact on people's lives.

- 2.4 The OCP clearly sets out the need for financial resilience in order to achieve its objectives. It is also necessary therefore, for the MTFS to reflect the principles, visions and priorities set out for the city within the OCP. The MTFS complements the Council Plan by defining the financial framework within which these priorities will be delivered. It should also ensure through appropriate resource allocation decisions that it supports the plan, alongside the fundamental aims of delivering a balanced budget and enabling the Council to fulfil its statutory duties.

- 2.5 The OCP sets out the Council's role as a partner, enabler and leader and the importance of partnership working to the delivery of the Plan. This approach is equally important to delivery of the MTFS and incorporates elements such as: responding to national and regional policy for local government; leading on innovative approaches to working differently; acting as a civic leader, in collaboration with local residents, communities and partners (public, private, and voluntary and community sectors); working with residents and communities to find solutions to challenges faced in local neighbourhoods; leading and co-

ordinating Coventry's response on how the city tackles climate change and the necessary transition to a zero-carbon economy; and leading the delivery of aspirational investments through regional partnerships such as development of the Gigafactory in Coventry. These approaches are set out more fully within the OCP.

- 2.6 There are a number of local factors that provide a solid foundation on which the city can build towards sustainable economic growth: two major universities; excellent transport infrastructure links; pockets of highly innovative businesses; significant infrastructure and connectivity investment including the Friargate Business district, the Coventry Very Light Rail project and the implementation of City Centre South. Further work continues to improve the attractiveness and desirability of the city as a venue. However, significant challenges do exist for the city. The level of average pay within the city is lower than in both the West Midlands region and England as a whole and the city's unemployment rate is higher than average compared to a group of similar local authority areas, whilst inequalities in healthy life expectancy exist between areas of the city. A comprehensive range of factors is set out in full within the Council's Annual Plan Performance Report 2023/24.

### 3. FINANCIAL CONTEXT

- 3.1 Coventry City Council's revenue spending is funded from four main sources: Council Tax, Business Rates (net of Government tariff), specific grants and other income in the form of fees, charges, dividends, and interest. Some councils also receive Revenue Support Grant (RSG) but as part of the West Midlands Business Rates Pilot, Coventry does not receive RSG and instead retains a greater share of the business rates income it collects. The following table summarises how the Council's 2024/25 revenue budget is funded.

Table 1: Funding of 2024/25 Gross Budget

	<b>2024/25</b>	
	<b>£m</b>	
<i>Council Tax Requirement</i>	(175.9)	
<i>Business Rates Income (net of tariff)</i>	(101.6)	
<b><i>Funding of Net Budget</i></b>		<b>(277.5)</b>
<i>Specific Grants</i>	(476.8)	
<i>All Other Income</i>	(113.5)	
<b><i>All Other Funding/Income</i></b>		<b>(590.3)</b>
<b><i>Total Funding of Gross Budget</i></b>		<b>(867.8)</b>

#### Business Rates

- 3.2 The national system of retained Business Rates allows local government to retain 50% of business rates income with the remainder payable to central government for redistribution through government Revenue Support Grant. However, authorities that are part of Business Rates Pilot schemes retain a greater share of Rates. Along with the other 6 West Midlands authorities, Coventry is a member of the West Midlands Business Rates Pilot with all member

councils retaining 99% of the business rates collected (with 1% going to the West Midlands Fire and Rescue Authority). The West Midlands Combined Authority (WMCA) receives a payment from each authority as a proxy for a share of the growth in business rates income. Discussions held between the Ministry for Housing, Communities and Local Government and the WMCA on behalf of the WM Mets as part of the most recent devolution deal discussions, concluded that this will be extended for a further (up to) 10 years.

- 3.3 For several years the previous government had discussed updating the assessment of needs and resources used to determine individual authority funding allocations via retained Business Rates and Revenue Support Grant. The current methodology and much of the data that feeds it is now significantly out of date and results in an unfair distribution of resources. However, the new Government have started a consultation process with the intention that a new system, intended to reflect need, could be implemented from 2026/27. Until further details are shared however, it is not possible to predict how it will affect individual authorities. Due to the significant growth experienced in Coventry and the demographic make-up of its population, the local expectation is that system reform should result in a greater share of resources for the city, with relative needs and resources given more priority in the new distribution. It is hoped that the effect will be to shift resources towards councils such as Coventry which are considered to be relatively more deprived than many others.
- 3.4 Since the introduction of business rates retention in April 2013, the previous government has made a number of policy announcements affecting the amount of business rates that local authorities can collect, such as increasing the amount of relief available to certain businesses and restricting the increase in the multiplier. In order to protect councils from the impact of these decisions, local authorities were compensated for the resulting cumulative loss in income through specific non-ring-fenced grants. We would expect any such further policy decisions by the new government to also be cost neutral to Local Authorities.

### **Council Tax**

- 3.5 Council Tax remains the most significant source of Coventry's net income, funding 63% of the net revenue budget in 2024/25. The Council has experienced a sustained period of growth in the Council Tax base for some time and the MTFS assumes this will continue. The Provisional Settlement received on 18 December 2024 has confirmed that the referendum threshold for increases in core Council Tax will be 3% in 2025/26, with a further increase of up to 2% allowed in respect of the Adult Social Care precept (from 25/26, this will be presented as a single % increase). In future years therefore, an underlying (collective) assumption of 3% Council Tax rises and no precept will be made for planning purposes. The final level of increase will be determined by full Council through the budget process. For illustrative purposes, an increase of 1% in Council Tax equates to c£1.7 million of income.

### **Specific Grants**

- 3.6 The Council receives a very significant level of specific revenue grant funding. £477m was budgeted in 2024/25 with further grants announced through the year. The vast majority of these are provided by Government with most of this being allocated for specific and ring-fenced purposes. By value, the most significant elements relate to Dedicated Schools Grant and Pupil Premium (£208m), Housing Benefit Subsidy (£70m) and a combination of funding for Adult Social Care funding (£80m). Other major elements budgeted for are Business Rates (£37m), Public Health (£24m), Pupil Premium (£11m), Private Finance Initiative schemes (£9m) and Adult Education funding (£5m).

### **Fees and Charges**

- 3.7 The Council budgeted to receive £113.5 million in fees, charges, dividends, and interest in 2024/25. Such income supports the expenditure of individual service areas. Increases in the fees and charges set for individual services vary depending on any statutory requirements, specific market considerations and on the objectives a particular service may be trying to achieve. Overall, there is an expectation that traded services will seek to recover the full cost of services, or better, and reflecting external markets where relevant.
- 3.8 Whilst we do not consider there to be any material legacy impacts of the pandemic within our fees and charges income, many services are however experiencing a downturn in activity as a direct consequence of the high inflationary environment affecting the economy and in turn, cost of living. Additionally, the imminent implementation of the City Centre South scheme has resulted in the ceasing of income from the many properties which previously delivered rental income for the City Council, becoming void, soon to be demolished. Conversely there are budgeted new income streams available to the Council including charging for Green Waste, the implementation of which was approved by members in February 2024, and contributes to the overall balanced budget for 2024/25 and subsequent years.
- 3.9 Whilst current inflation levels (at November 2024) have returned to more sustainable levels, they are (at 2.6%) still above the Bank of England target of 2%, so it is expected that there will be a continued impact on the cost of living for individuals, businesses and other organisations, and could continue to impact on the Council's ability to generate income from fees and charges over the short to medium term. Additionally, this could impact on the cost base of CCC owned subsidiaries, such that it could also put pressure on the level of dividends generated by Council owned companies, and potentially the repayment of loan principal and interest from organisations to which the Council has made loans.

### **Other Income**

- 3.10 For 2025/26 and subsequent years, the Government are introducing the 'Extended Producer Responsibility' for waste packaging, or EPR. Resources were announced that indicate £1.1bn of resources for waste disposal authorities

nationally for the EPR scheme, which effectively transfers the financial liability for disposal costs to the manufacturers (producers) of waste in order to incentivise waste reduction. As waste disposal costs are already factored into the Councils baseline position, compensation through the EPR scheme will result in additional income. The expected receipt of £6.1m will be underwritten by Government in 2025/26, however subsequent years will be driven by service specific data and could decline if the intended impact on producer behaviour is borne out.

### **Financial Outlook**

- 3.11 The Chancellor's Autumn Statement 2024 and the 2025/26 Provisional Local Government Financial Settlement still only provided a one-year focus for 2025/26 with no detail for local government finances beyond this. There was some additional funding of £1.3bn (rising to £2bn in the provisional settlement) nationally beyond what had previously been announced for local government, the local impact of which has been included within our planning assumptions.
- 3.12 The Provisional Settlement references a cash increase in Core Spending Power (CSP) for councils in England of 6.0% (£3.9bn) with Coventry receiving an above average increase of 7.1% (£26.4m). Whilst a significant proportion (47%) of this increase is made up of Council Tax and Business Rates income, both generated locally, a significant amount of grant income has been provided in new monies reflecting the £2bn additional sector resources referenced in 3.11.
- 3.13 Further detail on Core Spending Power, and the impact of the specific allocations to Coventry that is presented in the provisional and Final Settlements will be included within the Council's 2025/26 Final Budget Report following a review of the assumptions with members.
- 3.14 The anticipated changes to how local government funding is allocated described above make it difficult for the Council to determine medium-term financial plans with complete certainty. In addition, the local government sector has historically been affected by resource constraints imposed across the whole of the public sector whilst there are also limitations to the funding that local authorities can raise locally through Council Tax and fees and charges. Demographic pressures have continued to increase with the cost-of-living issues affecting individuals' experience and expectations of when local authorities and Government will intervene to protect them. All of this has created a very challenging environment in which councils need to manage limited resources and increasing expenditure pressures, even with additional Government funding.
- 3.15 Whilst it is a reality that public sector finances are always faced with the need to balance budgets under resource constraints, it is the cumulative severity of these constraints that have caused some Local Authorities to be unable to afford the cost of providing services. Nationally a number of authorities have faced acute financial difficulties, with S114 reports being issued as some councils struggle to set balanced budgets with insufficient reserves to manage the transition to greater financial stability, and others receiving 'Extraordinary Financial Support' to prevent a S114 notice being issued. It remains critical that Coventry continues



to observe sound financial management principles, strict budgetary control practice, prudent budget setting and a level of reserve balances that provides adequate protection against financial risks and shocks.

3.16 Commercialisation across local government through investment in property, shares and loans has come under national scrutiny, particularly where such investment is funded through borrowing. As some authorities have encountered problems with a number of their commercial investments there has been an increased focus on the regulatory framework in which authorities operate. As a result, the rules governing the Public Works Loans Board – the Government’s main vehicle to provide long-term lending to local government – have changed in order to limit investment in commercial assets where this has the prime purpose of achieving a financial return or yield.

#### **4. SERVICE DEMANDS AND DEVELOPMENTS**

4.1 Local authorities have faced a series of financial and service pressures over recent years incorporating significant historic central government funding reductions, increasing service demand particularly across social care services and housing for the homeless, severe inflationary pressures across virtually all areas of budgets, and the knock on impact that inflation has had on individuals, families and businesses.

#### **4.2 Inflation**

4.2.1 Like all organisations and individuals, the Council has been affected by high inflationary pressures since 2022, and this has had a very material impact on both current and future costs. This has been caused by a range of over-lapping factors including but not limited to higher direct (and indirect) energy prices, labour shortages in some aspects of the UK jobs market, and other global political issues, the effects of which have impacted over several financial years.

4.2.2 Although the Consumer Price Inflation continued to fall steadily during 2024, from a starting position of 4% in December 2023, to 1.7% in September 2024, it started to rise again to 2.3% and 2.6% in October and November 2024 respectively. This only reflects that the rate of price increases has slowed and does not mitigate the cumulative level of increases endured during the year and over time, or some of the lagged impacts on the wide range of Council contracts, particularly high value social care contracts. The inflation rate was also instrumental in the agreement of a higher than planned pay award agreed for most local government employees which averaged c6% for both 2023/24 and 2024/25. Given that Council’s budget was put together in late 2023 (and agreed in February 2024), the full extent of these financial movements was not known at that time and not sufficiently factored into the Council’s 2024/25 budget. As a result, the budget process for 2025/26 has had to factor in a higher base position, in order to ‘catch up’ on inflationary rises for 2024/25 and to provide for 2025/26.

### **4.3 Adult Social Care**

4.3.1 The financial cost of delivering Adult Social Care is driven by a number of factors including demand for services from the health system (primarily hospital discharge), people's own ability to contribute/pay for social care, people's pre-existing support networks including the presence of informal carers, the complexity of need that people present with or develop whilst supported by social care and demography including life expectancy. These costs are expected to be met from the numerous funding streams identified for Adult Social Care. In establishing the budget for Adult Social Care within the MTFs, the impact of national changes to the care market, such as National Living Wage and the recent National Insurance contribution changes are considered as most of social care is delivered by organisations contracted to the City Council.

4.3.2 Whilst capacity to service demands for social care and market sustainability pressures are a long-standing issue in Adult Social Care, these have been exacerbated by the additional costs outlined above alongside ongoing challenges in recruitment and retention largely deriving from the terms and conditions that social care providers can offer for a skilled job that requires both intelligence and compassion. Although the large increases in inflation that have been seen during the past several years are beginning to slow, costs are still increasing with cost pressures expected to continue for the foreseeable future, adding further strain to a market already heavily under pressure.

### **4.4 Housing**

4.4.1 The financial cost of delivering Housing and Homelessness support is driven by the number of people presenting to and requiring support from the Housing and Homelessness service which is largely driven through national external issues regarding supply and affordability of social and affordable housing.

4.4.2 Nationally, the significant increases in demand for housing & homelessness services seen during 2023/24, has continued into 2024/25, with the number of people accessing/receiving homelessness support as yet, not showing any sign of reducing. There are a number of drivers that have contributed to the increases including the cost-of-living crisis, a buoyant private rented sector and a lack of social housing.

4.4.3 In Coventry the number of people seeking assistance with housing issues and subsequently being placed in Temporary Accommodation (TA) increased by nearly 20% during the past year. Although this upward trend has begun to slow compared with 2023 following the initial implementation of Coventry's detailed TA reduction plan, it is expected that number of households in TA will continue to increase during 2025/26.

4.4.4 A number of further mitigations have been and continue to be put in place to limit this as far as possible and secure appropriate accommodation through additional, lower cost TA schemes, in preference to more expensive short-term options.

4.4.5 The Council will need to continue to monitor emerging trends in this area to ensure support is provided in the most appropriate and cost-effective way.

#### **4.5 Children's Social Care**

4.5.1 The Council has experienced cost pressure over a number of years driven by high demand in social care services for children and young people. The need to safeguard vulnerable children and young people remains a fundamental priority for the Council, and it has continued to make the necessary budgetary provision through this period.

4.5.2 The number of children in care in the city excluding unaccompanied asylum-seeking children has decreased from 735 in March 2021 to 628 in March 2024. However, in line with an annual trend of more children entering care over the summer period, this increased to 649 by September 2024. The financial benefit from this reduction in activity has been more than offset by steep inflationary increases in the cost of individual placements, particularly external residential. This is a local, regional, and national issue. Whilst Coventry will continue to take steps to manage this risk there is a critical role for central government to play in addressing the broken market for private provision.

4.5.3 In addition, there is an observed increase in the complexity of care needs leading to a consequent increase in the average cost of each individual placement. The availability of placements able to support these complex needs has come under increased pressure on a national basis throughout and since the Covid pandemic with a resulting impact on price. Unit costs have risen significantly from an average residential unit cost of £2.9k per week in 2019/20 to an average residential cost of £6.2k per week in 2023/24. The annual commitment of the Council's 10 highest cost children's placements is ca. £8m.

4.5.4 The rise in the number of overall cases across Children's Services has placed an increased burden on social work staffing capacity and case holding. Children's Services continues to experience workforce pressures, caused by a shortage of social workers to meet the demand for Children's Services. The strategy to stabilise the workforce included an expansion of the Social Worker Academy, establishment growth to meet the case-holding demand levels and a clinical supervision programme. The workforce strategy has also introduced a social worker progression pathway to promote staff development and retention as well as consideration of market supplements and job re-evaluations where the Council's rates were deemed no longer competitive with comparable Local Authorities. This has resulted in a need to increase employee budget costs through the Council's budget setting process. These measures have had a positive impact with a reduced reliance on agency staff, however it is important that the service continues to promote Coventry as a good place to practice social work so that progress can be sustained.

4.5.5 Given the pattern of children in care numbers and socio-economic trends in recent years it is difficult to predict overall volumes of cases and when the inflationary pressure on placement costs will begin to ease. This will continue to be an area that is kept under close scrutiny both as an individual service and as

part of wider strategies to increase the economic prosperity of the city and reduce the harmful effects of issues such as deprivation, poor education attainment and poor levels of public health in parts of the city.

#### **4.6 Education Services and Special Educational Needs & Disability (SEND)**

- 4.6.1 National policy changes such as increased attendance duties alongside local in-year pressure on school sufficiency and impact on related local authority services, coupled with funding reductions continues to put pressure on the ongoing commitment element of the Central School Services Block (CSSB) within the Dedicated Schools Grant. The Council currently anticipates further reductions to the historic commitment element of the CSSB over the next 3 years, resulting in a pressure to be managed via the Council's budget setting process.
- 4.6.2 In line with national trends and local in year admission pressure, the number of SEND pupils within Coventry continues to grow. This results in a continuing 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. Additionally, there have been increases in SEND transport demand due to more post-16/19 students remaining in education.
- 4.6.3 The High Needs Block of the Dedicated Schools Grant (DSG) continues to be an area of pressure. National SEND spending has increased significantly in recent years with many authorities across the country now reporting DSG deficits. The main factors underlying this position stem from the consequences of reform including the expanded offer, rising demand and shortage of specialist provision creating an increased reliance on the independent sector. Ordinarily, authorities would be responsible for meeting any deficit position from other council funding, but currently due the significance of the issues in this area the Treasury have enacted a national statutory override ringfencing the DSG position away from LAs until March 2026. Coventry currently has a DSG surplus but in-line with national trends it is continuing to experience growth in the overall number of young people with Education Health and Care Plans. This will increase pressure on its High Needs Block budget and those SEND services funded via Core budget. In Coventry High Needs Block allocations have increased significantly since 2019/20, however our expectation is that funding increases will be more modest moving forwards. It is therefore key that the Council monitors the position and manages resources effectively to ensure that it remains within funding allocations as far as is possible.

#### **4.7 Other Services, Demographics, and the Cost of Living**

- 4.7.1 A combination of events including the impact of inflation on household incomes and the effect of financial uncertainty on all sectors, has resulted in an increased demand for Council services. The actual impact on the financial circumstances of individuals, businesses and third sector organisations, has changed some expectations on the timing and level of Council interventions in some service areas.

- 4.7.2 Compared with the national average, Coventry's population has increased at a faster rate over recent years and has a lower age profile. Since 2010, Coventry has consistently been in the top 10 authorities for population increases, and such growth puts considerable pressure on transport, housing, education and public service infrastructure, and there is a shortage of housing and affordable homes across the city. A range of demographic and socio-economic trends, in part linked to the city's steady population growth, has continued to cause increases in demand or expenditure pressures in areas such as waste collection and disposal and the costs of housing homeless individuals and families in addition to some of the social care and education related changes. These have required additional budget allocations each year which can be expected to continue in future years and have prompted policy responses in areas such as housing and recycling facilities to help manage costs going forward.
- 4.7.3 The Council's public health services are aimed at improving well-being and reducing health inequalities across the city and maximising the wider work of the Council to improve the health of its residents. This includes universal health, wellbeing, and preventative services, such as health visiting and school nursing, and a range of more targeted services such as drug and alcohol services, domestic violence, and sexual health plus statutory responsibilities around health protection. Funding for Public Health activity is primarily provided from within the ring-fenced Public Health Grant from Government and the Council's financial planning assumption is that this will broadly continue going forward.
- 4.7.4 Through the Covid-19 pandemic, demand increased for services supporting communities directly and in partnership with the voluntary sector. The continued difficult economic circumstances for many, resulting from trends including changes to the Government's welfare reforms and the impact of energy price rises, and general inflationary pressures, have affected the number of people seeking to access local government and voluntary sector services. A greater degree of intervention by the Council and specific Government support in some areas over this period have probably changed perceptions and increased expectations about the timing, nature and level of support that may be available in times of economic hardship compared with those that existed previously, which is a financial risk.
- 4.7.5 The role of economic regeneration, economic support, skills, and employment investment, remains paramount particularly in the light of the importance of business rates (retention) to the Council's resource base and current financial challenges facing local economies and citizens. In response to the lack of historic funding directed into our region from central government on infrastructure investment, the Council's existing programmes known to members for regenerative investment schemes, including plans this year for the commencement of City Centre South, City Centre Cultural Gateway, and Coventry's Very Light Rail, will all support the City's aspirations.
- 4.7.6 Latterly, the most recent Devolution Deal for the region agreed with the Government by the WMCA on behalf of the 7 Mets during 2024, has seen the emergence of the regional Investment Zone (IZ), which for the West Midlands,

will be located primarily on the former Coventry Airport site (together with other smaller regional sites), on the border of Coventry and Warwick districts. This initiative attracts significant regional funding and tax incentives, together with agreement to retain business rate (growth) for reinvestment in the sites over a 25-year period. It is expected that the investment will attract 'advanced manufacturing' private sector investment that will further the prospects of the development of a vehicle battery manufacturing Gigafactory on the outskirts of the city.

4.7.7 The move towards net zero emissions in 2050 will present a major challenge to all sectors of the economy. The precise role of local government in meeting that challenge and the financial dimension of doing so will be determined over time. Coventry City Council's One Coventry Plan has already taken a strong stance on the issues around climate change and the Council's Climate Change Strategy was approved in November 2024. A significant development to further this agenda, which will further the Council's net zero ambitions and bring forward some significant projects, relate to the Council's Strategic Energy Partnership with EOn announced in September 2023, and will bring forward initiatives which contribute to the net zero agenda.

4.7.8 The Council is obliged to work towards ensuring that its pension liabilities within the West Midlands Pension Fund are funded. The Council's currently reported funding level stands at 103% as at 31<sup>st</sup> March 2024, indicating that the Council has a valuation basis surplus. Its contributions to the pension fund are 21.2% as a proportion of the superannuable payroll in 2024/25. The Council will continue to work with the West Midlands Pension Fund to agree employer pension contributions that strike a balance between maintaining the funding level over the long-term and maintaining sustainability and affordability in relation to the Council's overall financial position.

## **5. FINANCIAL PLANNING CONTEXT AND ASSUMPTIONS**

### **5.1 Revenue Position**

5.1.1 The initial revenue position for the Council's MTFS is the forecast multi-year revenue programme carried forward from 2024/25 including all approved future years' budget decisions known at that time plus the provisional changes set out in the 2025/26 Pre-Budget Report in December 2024. The current planning process started with significant forecast deficits from 2024/25 although the pre-budget report included proposals on which to consult, which collectively could form the basis of a balanced budget in 2025/26, albeit with financial gaps in future years.

Table 2: Draft Financial Position 2025/26 to 2027/28

	2025/26 £000	2026/27 £000	2027/28 £000
<b>Initial Budget Gap</b>	<b>14,310</b>	<b>14,761</b>	<b>14,761</b>
Resources	(23,101)	(21,101)	(21,101)
Expenditure and Income Pressures	19,618	24,387	27,162
<b>Subtotal: Adjusted Budget Gap</b>	<b>10,827</b>	<b>18,047</b>	<b>20,822</b>
<b>Options / Actions to Balance Budget</b>			
Technical Savings	(5,100)	(3,100)	(3,100)
Service Savings	(8,827)	(12,383)	(12,383)
<b>Budget Gap/(Flexibility)</b>	<b>(3,100)</b>	<b>2,564</b>	<b>5,339</b>

5.1.2 The Pre-Budget Report, considered by Cabinet in December 2024, sets out the financial position over the next 3 years, including emerging pressures, together with potential technical and service savings to partially offset the impact of these. At quarter 2 the forecast outturn for 2024/25 was a net overspend of £10.2m. Pressures exist across several areas including Adults' and Children's Social Care Services and Housing Services due to a combination of both cost pressures and demand for services. Other pressures exist in other services including income generation and delivery against savings.

5.1.3 The final phase of medium-term financial planning includes the impact of the both the Provisional Settlement published on 18th December 2024 and the Final Settlement, [to be] published in February 2025. This position will be updated by the final 2024/25 Budget Report which will be heard by Council on 25 February 2025. Coventry again faces similar challenges and major policy choices to many other authorities, although this has been partially mitigated for 25/26 by additional Government grant monies in the provisional settlement. The size of the gap post provisional settlement however, may still be expected to be significant, making it likely that a range of approaches will still be needed to balance the gap, particularly future years. These are considered in Section 6 below.

## 5.2 Reserves

5.2.1 The Council holds significant reserves which need to be maintained at a sufficient level to protect the Council against risk and to meet the needs of the organisation. The Council maintains a General Fund Working Balance of £10.3m which is held to cushion the impact of uneven cash flows or unexpected events. Additionally, as part of the Councils approach to financial sustainability and resilience, a specific contingency reserve has been created to further protect against financial risk in the current climate. The majority of remaining balances are held as specific reserves which are earmarked for a particular purpose however, officers are currently reviewing these balances to identify any opportunity to increase corporate resilience further.

5.2.2 The Council's specific reserves include **revenue reserve balances** of £108m (this excludes the Working Balance); £25.9m of **capital reserves** earmarked to fund major capital schemes; £37.8m of reserve balances belonging to or earmarked to support **schools**. The Council's reserves are reviewed in order to assess their adequacy for current known liabilities, approved policy commitments and financial risk, including that arising from commercial investments. The level of available reserves is important in maintaining the financial resilience of the Council. The make-up of the Council's reserves as at 31st March 2024 was:

**Table 3: Reserve Balances at March 2024**

	<b>1st Apr 2023 £000</b>	<b>(Increase)/ Decrease £000</b>	<b>31st Mar 2024 £000</b>
<u>Council Revenue Reserves</u>			
Adult Social Care	(31,248)	11,612	(19,636)
General Fund Balance	(10,277)	0	(10,277)
Financial Risk Contingency	(5,856)	(2,623)	(8,479)
Early Retirement and Voluntary Redundancy	(7,242)	0	(7,242)
Private Finance Initiatives	(8,109)	1,379	(6,730)
Management of Capital	(6,324)	521	(5,803)
Reset and Recovery	(5,467)	0	(5,467)
Business Rates Income Reserve	(3,433)	(1,592)	(5,025)
Innovation and Development Fund	(5,068)	804	(4,264)
Public Health	(3,749)	(277)	(4,026)
Corporate Priorities (2020/21 Outturn Underspend)	(2,995)	0	(2,995)
Covid 19 Government Funding	(4,260)	1,756	(2,504)
Commercial Developments	(2,682)	209	(2,473)
Air Quality Early Measures	(3,920)	1,546	(2,374)
Refugee Resettlement Programme	(619)	(1,722)	(2,341)
Friargate Lifecycle	(1,594)	0	(1,594)
IT Replacement Programme	(510)	(1,016)	(1,526)
Homes for Ukraine	(2,530)	1,256	(1,274)
Adult Education Income	(1,091)	(100)	(1,191)
Housing Enforcement	(590)	(577)	(1,167)
City of Culture & Commonwealth Games Readiness Legacy	(1,401)	277	(1,124)
Corporate Property Management	(819)	(200)	(1,019)



Insurance Fund	(1,064)	142	(922)
Other Directorate	(14,076)	114	(13,962)
Other Corporate	(3,460)	(1,189)	(4,649)
<b>Total Council Revenue Reserves</b>	<b>(128,384)</b>	<b>10,320</b>	<b>(118,064)</b>
<u>Council Capital Reserves</u>			
Useable Capital Receipts Reserve	(28,623)	6,890	(21,733)
Capital Grant Unapplied Account	(5,745)	1,814	(3,931)
<b>Total Council Capital Reserves</b>	<b>(34,368)</b>	<b>8,704</b>	<b>(25,664)</b>
<u>School Reserves</u>			
Schools (specific to individual schools)	(22,956)	(583)	(23,539)
Schools (related to expenditure retained centrally)	(10,237)	(4,053)	(14,290)
<b>Total Schools Reserves</b>	<b>(33,193)</b>	<b>(4,636)</b>	<b>(37,829)</b>
<b>Total Reserves</b>	<b>(195,945)</b>	<b>14,388</b>	<b>(181,557)</b>

5.2.3 The Council will seek to optimise the use of its reserve balances in delivering priorities, making decisions on a corporate basis, and observing opportunities to maintain an appropriate balance between short term expenditure and long-term investment in support of the MTFS.

More specifically, the approach will be informed by:

- The need to maintain, and where possible build working balances to mitigate the key risks faced by the Council including those expressed in the Council's corporate risk register.
- The requirement to hold some earmarked reserves to protect against specific known or potential liabilities but kept to a minimum consistent with adequate coverage of those liabilities and reviewed annually as part of the budget process.
- A general assumption, to be applied flexibly subject to specific financial circumstances that one-off resources will not be used to support on-going expenditure.
- The awareness that there is an opportunity cost of holding reserves (in that these funds cannot then be spent on anything else) – it is therefore critical that reserves continue to be reviewed each year to confirm that they are still required and that the level is still appropriate.
- The awareness that balances help protect the Council from exposure to the external borrowing market at times when rates are high

5.2.4 There are no plans to use working balances over the period covered by this strategy and as a result the anticipated balance at the end of each year is expected to remain at c£10m throughout. We will endeavour however to review the Financial risk contingency to reflect prevailing risk.

5.2.5 The Council also maintains capital reserves:

- The capital receipts reserve holds all receipts from the disposal of non-current assets, which can only be used to finance new capital investment or to repay debt.
- The capital grants unapplied reserve holds capital grants without conditions, or where conditions have been satisfied but the grant has yet to be used to finance capital expenditure.

5.2.6 Considering the risks outlined above, the current level of reserves is considered adequate in the view of the Director of Finance and Resources (Section 151 Officer). However, the scope to use reserves within the boundaries of the MTFS framework is significantly restricted.

### 5.3 Capital

5.3.1 The current capital programme included as part of the pre budget report will be updated as required for final approval in February 2025. Currently, it includes the following expenditure profile:

**Table 4: Capital Expenditure Profile per 2025/26 Pre Budget Budget Report**

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
<b>TOTAL PROGRAMME</b>	<b>149.0</b>	<b>107.8</b>	<b>31.6</b>	<b>23.6</b>	<b>2.0</b>	<b>314.0</b>

5.3.2 The programme reflects the Council's ambitions for the city and include: extensive highways infrastructure works including specific schemes relating to continued delivery of the City Region Sustainable Transport Settlement (CRSTS) programme that include transport packages of the Foleshill and London Road corridor; completion of the City Centre demonstrator of the Very Light Rail project; the continuation of the City Centre Cultural Gateway; progressing the City Centre South redevelopment; and the commencement of Woodlands School.

5.3.3 The West Midlands Combined Authority (WMCA) City Region Sustainable Transport Settlement (CRSTS) programme has been established by Government to provide a five-year capital funding settlement for Mayoral Combined Authorities for transport totalling £1.05bn, covering the period 2022-27. Coventry's CRSTS programme of £110m includes allocations for delivery of the Very Light Rail City Centre Demonstrator route within Coventry, the Tile Hill Station Park and Ride improvement scheme, a package of transport improvements focussed on the Foleshill Road corridor, and a package of transport improvements focussed on the London Road corridor supporting the

Gigafactory and other developments planned for the Coventry Airport area and within the London Road corridor.

5.3.4 Funding for the non-WMCA funded capital programme consists primarily of a combination of specific capital grants, prudential borrowing, revenue funding and capital receipts from the sale of council assets. Delivery of the programme requires the effective prioritising and management of capital resources and investments, taking into account the level of funding both from government and future capital receipts and the identification of self-funded business cases that can justify the use of prudential borrowing to pay for schemes.

5.3.5 The Council will continue to seek to maximise the amount of funding identified in order to deliver its priorities. It will actively seek external grant funding opportunities both on a stand-alone basis and in partnership with other Councils and partners including the WMCA. It will seek to optimise the Council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets. This will work within the limitations on its ability to purchase assets, and specifically not to do so purely for commercial return.

5.3.6 Where prudential borrowing is identified as a potential source of funding for capital projects, it is essential that funding is identified to pay the principal and interest costs of the borrowing. This can come either from new income generated from the project, service savings delivered as a result of the investment or an existing revenue budget which can be switched to this purpose as a result of the expenditure made. A clear business case must be provided which incorporates these elements and which will form part of any approving report.

5.3.7 The level of prudential borrowing funding has increased in recent years, as significant sums have been invested through the capital programme. Whilst the authority has usually been able to cashflow investment through temporarily using other balances, for example grant monies received up-front prior to spend, this will not be the case on a permanent basis. External borrowing will increasingly be required in line with the underlying Capital Programme. The short term/long term mix of any borrowing will be determined by the Council's cashflow needs and the interest rate environment.

#### **5.4 Risk Management and Financial Resilience**

5.4.1 In setting the revenue and capital budgets, the Council takes full account of the known key financial risks that may affect its plans in setting its revenue and capital budgets. The corporate risk register is reviewed by the Strategic Leadership Board on a regular basis and is considered bi-annually by the Audit and Procurement Committee. Where the risks contained within the register are considered to have a financial dimension this is reflected in the Council's Budget process.

5.4.2 Risks around children's and adults' social care continue to be the most significant ones reflected in changes to the budget in recent years and this will be true again for 2024/25. Other significant risks included housing and homelessness.

- 5.4.3 The current register incorporates a fundamental financial risk that the Council will be unable to deliver a balanced budget in the medium term. The detailed risk is that the Council will not be able to achieve its priorities whilst at the same time balancing its budget because of a combination of increased pressure on all sources of funding, increased demand, and complexity in services, including in adults and children's social care and the recently heightened impact of inflationary pressures across many areas of the budget. This has resulted in difficult decisions having to be made by Members and senior officers about which services to support, with consequences for citizens and the city. The extent of this risk will be determined by the future funding regime for 2026/27 and beyond.
- 5.4.4 A further potential revenue risk related to equal pay claims. A number of claims have been received from employees which, if successful, would result in a one-off revenue cost to the Council. This issue is still very much at an early stage and as yet, there has been no reliable assessment of the likely success of these claims or the financial cost if they eventually prove to be valid. The matter will inevitably be subject to complex and protracted legal proceedings, and potential negotiations between relevant parties. Given the significant uncertainty around whether a financial obligation exists, or the value of any obligation, we are not at this point able to make any accurate financial assumptions in the medium-term financial strategy.
- 5.4.5 To mitigate the risks, the Council has in place a rigorous structure to oversee budgetary processes and continues to seek out opportunities which identify flexibility in existing budgets and undertake technical analysis to identify alternative options to alleviate budgetary pressure. Specific programmes are in place to identify commercial opportunities and optimum service delivery models to produce a medium-term programme of transformation and ensure future financial sustainability. The Council has and will continue to lobby the new Government through local government sector organisations whilst also assisting in the economic recovery of the local economy to try to safeguard local income flows. Some of these themes are revisited in the final section on the Council's MTFS approach. It should be noted that the new Government have provided a real term increase in funding for 2025/26, although this is unlikely to be sufficient to prevent further service reduction. However, the Government's planned funding reform from 2026/27, where a fairer reflection of need is expected to be made in allocation of funds within the Local Government sector will need to be understood to inform this.
- 5.4.6 The Chartered Institute of Public Finance and Accountancy (CIPFA) maintains an index of financial resilience for English councils which assesses each authority against a number of indicators, including levels of reserves, external debt and auditors' judgements, in order to illustrate each council's financial position relative to that of comparator authorities. The index was developed with the intention of highlighting areas of potential risk to councils' financial stability and informing the judgement of the chief finance officer on the robustness of budgets. CIPFA acknowledges that the index (most recently updated in 2022/23) should not however be viewed in isolation and its interpretation will depend to a large degree on the local context specific to each authority. Coventry's previous

results suggest that for most of the indicators used, the authority does not fall into a higher risk category in relation to comparable authorities. However, Coventry's level of children's social care costs and its relatively low level of unallocated reserves were indicators of a higher perceived level of risk.

## 5.5 MTFS Assumptions

5.5.1 The Council's prospective Budget plans for 2026/27 onwards will continue to face financial pressure. 2025/26 would've marked the first year of the next comprehensive spending review (CSR) however this, and the national economic picture has been much impacted by the timing of the general election, and the incoming new Government. This has meant that the Government have has little time to fully review the national financial position, and as such provided a single year review which was delivered in the Chancellor's Autumn Statement in late October 2024, and the provisional funding settlement in December 2024. A fuller CSR is expected to take place in the first half of 2025, however until this happens the Council's financial plans will necessarily be subject to forecasting uncertainty.

5.5.2 The financial management framework that underpins the MTFS includes:

- Overall direction undertaken by the Leadership Board which will cover transformation programmes, quarterly monitoring, and development of Budget proposals, and savings delivery governance,
- A corporate planning and monitoring process that considers capital and revenue together,
- A framework founded on delegation and clear accountability, with budgets managed by the designated budget holder, reported through Service Management Teams, the Leadership Board, Cabinet and Audit and Procurement Committee,
- A drive to identify efficiencies and achievable savings to enable the Council to optimise delivery of its policy priorities,
- Strong project management approaches, including a specific focus on cost control and programme delivery,
- Where feasible, the establishment of a balanced revenue budget and capital programme over the medium-term planning period.

5.5.3 The Council's approach is to manage its reserves in a way that supports the MTFS and the Council's priorities. In particular, the this is based on:

- A policy that reserves are not to be used to: (i) meet on-going expenditure or (ii) fund capital expenditure other than for mostly short life asset rolling programmes other than in exceptional circumstances or for capital schemes of major importance,
- The classification of reserves as a corporate resource, with Cabinet via Leadership Board considering the application of budgeted amounts unspent at year end,
- Holding reserves for a clearly identifiable purpose. This will include protecting against known or potential liabilities, at a minimum level

consistent with adequate coverage of those liabilities, considering the overall level of risk faced by an organisation of the City Council's size.

#### 5.5.4 The key financial or technical assumptions that underpin the MTFS are:

- Whilst we await more information on the new Government's plans for 2026/27 onwards, assumptions regarding government funding beyond 2025/26 are largely flat.
- An updated comprehensive spending review (CSR) will be introduced during 2025.
- For strategic financial planning purposes Council Tax and Adult Social Care precept increases will be assumed to match the maximum level advised by Government. These have been confirmed as 3% for Council Tax and 2% for the precept in 2025/26, however these will be combined to 5% for future presentation as requested by the Government. Subsequent years will be reduced to 3%. As is normal, this will be subject to political debate and decision as well as any changes at a national level,
- Business Rate income (plus compensating Government grants) will be assumed to be inflated broadly in line with Government dictated Business Rates multiplier inflation levels. Income will be amended for trends in Business Rates tax-base, collection performance and appeals,
- Planning based on the underlying Council Tax-Base growing at 0.5% per annum in line with historical trends but flexed each year where shorter-term expectations dictate,
- Increases in pay budgets of 3% in 2025/26, 2% per annum in subsequent years. This area will be kept under close review particularly whilst inflation levels settle back into a normal pattern, and it is expected that the Council will continue to reflect sector agreed pay awards and guideline National Living Wage levels,
- An intention to review the need to make provision for budgetary growth as a result of significant demographic or service demand, subject to optimisation of service operation, review of alternative methods of service delivery, review of Council policy to ensure that it reflects current conditions and recognition of overall financial constraints,
- The budget for the Council's Asset Management Revenue Account (AMRA) will be managed in line with the Council's Treasury Management Strategy, updated annually as part of the Budget Report. The AMRA position will take into account any impact of changes in the size and composition of capital programme, cash-flow forecasts, the level of provision to repay debt through Minimum Revenue Provision (MRP), and prevailing/forecast interest rates. The Council's Minimum Revenue Provision (MRP) policy will be based on an approach that is both prudent and affordable in a way that reflects the long-term nature of local authority debt and assets,

- Forward financial estimates will be guided by existing CPI inflation levels in line with practice adopted across a broad range of public sector areas. Specific contractual agreements on inflation will be honoured where these are in place. CPI will provide the financial planning benchmark for increases in fees and charges and any areas of expenditure subject to specific inflation requirements assessed by the Section 151 Officer. Actual increases in fees and charges will depend upon local factors such as the need to generate enough income to meet the cost of trading services. Contractual inflation has been applied where required along with notional inflationary rises in discretionary areas. This will be reviewed on an annual basis to ensure that additional costs for external contracts which reflect patterns dictated by pay inflation or other significant inflationary pressures are built into Council budgets in the affected areas.

## 6. **MEDIUM TERM FINANCIAL STRATEGY APPROACH**

6.1 The MTFS supports the medium-term policy and financial planning process which is central to the setting of the Council's revenue and capital budgets. The MTFS approach is crucial to providing a stable financial base from which to deliver the Council's priorities as set out in the One Coventry Council Plan. As part of this the Council will seek to maintain a sustainable financial position over the course of the planning period, with detailed proposals for all years set out in the annual Budget Report.

6.2 In order to ensure that Council financial plans are robust in the medium term the Council's MTFS continues to cover a 3-year period. The starting point for the Council is that it faces large budget gaps across the planning period. The recent Pre-Budget Report to Cabinet included proposals on which to consult, which could collectively form the basis of a balanced budget in 2025/26. In recent years the previous Government have increased the level of grant payments made to local authorities to support the costs of social care and this has been supplemented further in 2025/26 by the new Government. However, inflationary increases and a rise in both the numbers and needs of social care clients mean that the Council will still likely be significantly challenged in subsequent years. Within this environment of pressure on resources, the Council has delivered very significant savings and identified other sources of income in order to balance its overall budget. The remainder of this section sets out the separate strands of financial policy which together are designed to ensure that the Council continues to deliver a balanced short and medium term revenue budget and sustainable and affordable capital programme.

### 6.3 **The One Coventry Approach**

6.3.1 The One Coventry Plan recognises that the Council may need to change the way that it works to meet the challenges of delivering services and maintaining a sustainable financial position. This will mean building on good practice where it exists but doing things differently elsewhere, building and sustaining genuine partnerships and city-wide collaboration, actively seeking creative opportunities, considering if the Council is working in the right way, investing resources with

other public sector partners if appropriate and working flexibly across roles, services, and organisations. This will involve reviewing some services to see if they need to be delivered differently or possibly not at all. This will work in different ways for different services but, for instance, may involve an approach of enabling independence with individuals and organisations being encouraged to do as much as possible for themselves.

6.3.2 Subject to the other component parts of the Budget process, the One Coventry approach is intended to offer the Council a means of identifying service savings to help balance its overall Budget. This could involve a wide range of different solutions including reducing service levels or ceasing services altogether, delivering services more efficiently or with fewer resources and delivering services in partnership, with partners doing more or leveraging in more external resources.

6.3.3 In addition, Council managers and budget holders will continue to be expected to manage their service areas in a way that pays due regard to delivering economy, efficiency, and effectiveness. Delivering services as cost effectively as possible enables the Council to maximise the impact that it can have within a finite level of resources and managers will continue to be held to account for the financial performance of their areas.

#### 6.4 **Commercialisation**

6.4.1 The Council will seek to maximise income and pursue commercial opportunities where these are consistent with its role and legal powers as a local authority, are proportionate, and subject to a responsibility to maintain a robust financial position. The Council's view is that by not acting in this manner, it leaves itself in a more financially vulnerable position and that to do nothing is not a viable option.

6.4.2 The Council will maintain a default position that fees and charges should increase annually in line with inflation and that income earning services should seek to at least cover their costs. Any movement away from these principles should be based on an understanding that such increases would be harmful to the overall trading position or sound policy led reasons for not increasing prices.

6.4.3 The Council will generate capital receipts where there is a clear business case for doing so by disposing of surplus and/or poor performing property/assets and thereby providing funds for capital reinvestment in services, driving growth or making savings through the repayment of debt. Such an approach will be undertaken in compliance with the Prudential Code for capital finance, Statutory Government Investment Guidance, and the borrowing requirements of the Public Works Loans Board.

6.4.4 The service dimension of commercial investments is important including in facilitating local regeneration, addressing market failure, accelerating the local response to the climate change agenda, and supporting local organisations. These investments also provide financial returns which are crucial in underpinning the Council's budget. The Council will continue to seek opportunities to make investments in a selective, and business cased based



manner in commercial ventures to secure a financial return and achieve service policy objectives where this is consistent with its priorities, the One Coventry Council Plan, Commercial Investment Strategy and PWLB requirements. Such investment, for example in the further development of Friargate Business District and Strategic Energy Partnership Projects could potentially include property schemes, share purchase and the provision of loans to external organisations, and would be designed to meet strategic, service, and financial objectives.

## **6.5 Council Tax and Business Rates**

6.5.1 The Council will seek to maximise the income it generates from Business Rates and Council Tax. There is an expectation that the Council tax-base will continue to be buoyant as the Council seeks to facilitate the provision of local housing, including affordable housing, for its citizens. In addition, the Revenues and Benefits Service will seek to maximise the Council Tax collection rate (currently set at 97.9% in 2024/25) and take steps to ensure compliance with the applicability of discount and exemption policies.

6.5.2 The One Coventry Plan priority to ensure that Coventry is a city with a strong and resilient economy, where inclusive growth is promoted and delivered, businesses are enabled to innovate and grow, and new local jobs are created enshrines a parallel aim of ensuring that the Business Rates tax-base is resilient. The Revenues and Benefits Service will seek to maximise the Business Rates collection rate, taking steps to identify all relevant taxable properties and to ensure compliance with the applicability of discount and exemption policies.

## **6.6 Treasury Management and Capital**

6.6.1 The Council's treasury management function seeks to ensure that cash is available when needed to meet the Council's obligations. The Council's Treasury Management Strategy is clear that the primary objectives of investing cash balances are to maintain the capital security of sums invested and to ensure adequate liquidity. After these, a third objective is to maximise return. The treasury role also extends to maximising revenue benefits by seeking the optimum balance between retaining external investments, repaying existing loans and avoiding new borrowing as appropriate given prevailing and forecast interest rates. Although the Council has an underlying need to borrow as a result of large Capital Programmes funded in part from borrowing, it has continued to avoid the need to undertake new long-term borrowing by utilising cash from reserve balances and grant funding received in advance of the need to spend. This approach seeks to optimise the financial benefit by avoiding unnecessary borrowing costs, particularly whilst prevailing rates are relatively high.

6.6.2 The Council will seek to maximise capital programme funding from external sources such as capital grants and Section 106 contributions in order to protect and sustain existing Council resources. Where appropriate the Council may use revenue funding of capital for on-going programmes of expenditure. In the absence of other funding and if the use of prudential borrowing is not appropriate, the Council will seek to utilise capital receipts to fund capital projects and will only

commit capital receipts that have been achieved and are available on the Council's balance sheet.

6.6.3 Any remaining schemes that have a sustainable business case that justifies borrowing as a funding source will be resourced from prudential borrowing. In this manner, the Council will avoid putting any additional burden on Council taxpayers or seeking contributions from service budgets which reduce the net level of resources to fund services. When borrowing, the Council will look for the most cost-effective source of funding, either PWLB or alternative funders.

## 6.7 **Reserves**

6.7.1 The overwhelming majority of the Council's reserve balances are held to provide a one-off resource to meet service objectives and fund specific projects that have been identified and/or approved in advance. A small number but significant balance of other reserves is held to provide protection against risk. These resources are a one-off source of funding that are not available on an ongoing basis. It is not the intention that the Council's reserves should be used to balance its Budget position in normal circumstances.

6.7.2 Within this context it is also true however, that in exceptional circumstances the Council could divert resources from reserve balances in order to manage a difficult budgetary position. There is significant flexibility which could be applied through delaying projects or service proposals or by cancelling them altogether which could free up reserves to balance the budget. This is not a course of action that would be recommended by the Council's Section 151 Officer except in the most difficult of financial circumstances, but it is important to hold this as a measure of last resort to set against the other tools available as part of a medium-term strategy.

# Agenda Item 6

Finance and Corporate Services Scrutiny Board (1) Work Programme 2024/25

Last updated 17<sup>th</sup> December 2024

Please see page 2 onwards for background to items

<b>17<sup>th</sup> July 24</b>
Establish a Task & Finish Group – Home to School Travel (July) CIPFA Financial Management Code
<b>11<sup>th</sup> September 24</b>
Cabinet Member Priorities of the year Workforce Reports and HR Response to Staff Survey
<b>9<sup>th</sup> October 2024</b>
Budget Pre-Engagement
<b>6<sup>th</sup> November 24</b>
Reserves Position Council Tax Arrears and Collection Establish a Task & Finish Group – Review Agency Staff and Staff Sickness
<b>8<sup>th</sup> January 2025</b>
Draft Medium-Term Financial Strategy Budget Consultation
<b>12<sup>th</sup> February 25</b>
Council Investment Portfolio Procurement and Social Value Recruitment and Retention
<b>26<sup>th</sup> March 25</b>
#CovConnects Task and Finish – Home to School Taxi (Final Report)
<b>2024/25</b>
Council Office Accommodation Budget Pre-Budget Report following Cabinet 10/12/24 Artificial Intelligence Policy
<b>2025/26</b>
Outturn Performance for the Tax year 2024/25 Reserves Position

Date	Title	Detail	Cabinet Member/ Lead Officer
17 <sup>th</sup> July 24	Establish a Task & Finish Group – Home to School Travel (July)	Agreed to establish a Task and Finish Group to review the current DPS arrangement in order to ensure best value for the home to school taxi service	Jeanette Essex, Rob Amor, Ewan Dewar, Sarah Elliot
	CIPFA Financial Management Code	briefing note and appendix containing an assessment against a number of prescribed standards.	Phil Helm / Cllr Brown
11 <sup>th</sup> September 24	Cabinet Member Priorities of the year	Item to discuss the highlights of the year of the Cabinet Member where Scrutiny Board members can pick up on any areas that they'd like to take forward.	Cllr Brown
	Workforce Reports and HR Response to Staff Survey	Workforce Reports to include Work on Health and Wellbeing and update regarding the proposed HR response to the findings of the survey and progress of the emerging HR plan at a future meeting.	Susanna Chilton / Cllr Brown
9 <sup>th</sup> October 2024	Budget Pre-Engagement	Pre-cursor to the established budget setting process/consultation. Pre-consultation scoping	Cllr Brown, Barry Hastie, Tina Pinks, Phil Helm
6 <sup>th</sup> November 24	Reserves Position	Reserves position 23/24 statement	Barry Hastie / Cllr Brown
	Council Tax Arrears and Collection	To consider what steps the Council are taking to ensure good rates of Council Tax collection as well as national comparators To include – understanding the process of collecting arrears, how are individuals supported when in difficulty.	Barrie Strain Cllr Brown

Finance and Corporate Services Scrutiny Board (1) Work Programme 2024/25

Date	Title	Detail	Cabinet Member/ Lead Officer
	Establish a Task & Finish Group – Review Agency Staff and Staff Sickness	To establish a Task and Finish Group to review issues around the use of agency staff and staff sickness.	Susanna Chilton
<b>8<sup>th</sup> January 2025</b>	Draft Medium-Term Financial Strategy	To discuss the draft Council's Medium Term Financial Strategy prior to its development for approval at Cabinet and Council. To include information on distribution of Government funding which had been identified in the 2024 Autumn Budget if available	Cllr Brown /Barry Hastie/ Tina Pinks / Phil Helm
	Budget Consultation		Tina Pinks Cllr Brown
<b>12<sup>th</sup> February 25</b>	Council Investment Portfolio	Risks and returns	Barry Hastie / Cllr Brown
	Procurement and Social Value	Procurement Strategy to include the procurement process and updates to the Council's framework in preparation for the implementation of the Procurement Act and associated regulations	Cllr Brown Rob Amor Remi Aremu
	Recruitment and Retention	Diversity within recruitment and retention (SB1)	Susanna Newing Cllr Brown
<b>26<sup>th</sup> March 25</b>	#CovConnects	further report at a future meeting which would focus on partnerships and how they work in practice. To include progress around Digital Exclusion as identified in Scruco on the 25 <sup>th</sup> September.	Cllr Brown/Cllr Hetheron Adrienne Bellingeri, Laura Waller

Date	Title	Detail	Cabinet Member/ Lead Officer
	Task and Finish – Home to School Taxi (Final Report)		
<b>2024/25</b>	Council Office Accommodation	Review the usage of Council office space within the context of making savings.	Cllr O’Boyle Cllr Brown Richard Moon
	Budget Pre-Budget Report following Cabinet 10/12/24		Tina Pinks, Cllr Brown
	Artificial Intelligence Policy	A further item to consider how AI can be used strategically to save money and improve service delivery. Include Digital Strategy with Paul Ward, Referred to Scruco in March 2025	Cllr Hetherton Paul Ward
<b>2025/26</b>	Outturn Performance for the Tax year 2024/25	Meeting to take place municipal Year 25/26	Barrie Strain / Cllr Brown
	Reserves Position	Reserves position 23/24 statement – During Q4 (July)	Barry Hastie / Cllr Brown