

**Time and Date**

2.00 pm on Tuesday, 7th January 2025

**Place**

Committee Room 3 - Council House, Coventry

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**Public business**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes** (Pages 3 - 12)
  - (a) To agree the minutes from the meeting of Cabinet on 10 December 2024
  - (b) Matters arising
4. **Council Tax Base Setting Report 2025-26** (Pages 13 - 24)

Report of the Director of Finance and Resources
5. **Outcomes of the Fair Funding Consultation 2025-26** (Pages 25 - 60)

Report of the Director of Childrens Services and Education
6. **Coventry Very Light Rail (VLR)** (Pages 61 - 74)

Report of the Director of Innovation
7. **Outstanding Issues**

There are no outstanding issues
8. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

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Julie Newman, Director of Law and Governance, Council House, Coventry  
Friday, 20 December 2024

Note: The person to contact about the agenda and documents for this meeting is Suzanne Bennett, Governance Services, Email: [suzanne.bennett@coventry.gov.uk](mailto:suzanne.bennett@coventry.gov.uk)

**Membership:**

## Cabinet Members:

Councillors N Akhtar, L Bigham, R Brown, K Caan, G Duggins (Chair), P Hetherton, A S Khan (Deputy Chair), J O'Boyle, K Sandhu and P Seaman

## Non-voting Deputy Cabinet Members:

Councillors P Akhtar, S Agboola, G Hayre, S Nazir and D Toulson

## By invitation:

Councillors P Male, E Reeves and G Ridley (Non-voting Opposition representatives)

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**Suzanne Bennett****Governance Services****Email: [suzanne.bennett@coventry.gov.uk](mailto:suzanne.bennett@coventry.gov.uk)**

# Agenda Item 3

## Coventry City Council

### Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 10 December 2024

Present:

Members: Councillor G Duggins (Chair)  
Councillor A S Khan (Deputy Chair)  
Councillor N Akhtar  
Councillor L Bigham  
Councillor R Brown  
Councillor K Caan  
Councillor J O'Boyle  
Councillor K Sandhu  
Councillor P Seaman  
Councillor P Hetherton

Non-Voting Deputy  
Cabinet Members:

Councillor S Agboola  
Councillor P Akhtar  
Councillor G Hayre  
Councillor S Nazir  
Councillor D Toulson

Non-Voting Opposition  
Members:

Councillor P Male  
Councillor E Reeves  
Councillor G Ridley

Other Non-Voting  
Members:

Councillor R Lakha  
Councillor C E Thomas

Employees (by Service area):

Chief Executive	Julie Nugent (Chief Executive)
Adult Services and Housing	J Crawshaw
City Services and Commercial	A Walster (Director of City Services and Commercial), R Back, C Eggington, C Styles
Policy and Communications	M Burrows (Interim Director of Policy and Communications)
Finance and Resources	B Hastie (Director of Finance and Resources), T Pinks, P Helm
Innovation	R Sekhon
Law and Governance	J Newman (Director of Law and Governance), M Salmon

Apologies: Councillor F Abbott  
Councillor A Jobbar

## **Public Business**

### **41. Declarations of Interest**

There were no disclosable pecuniary interests.

### **42. Minutes**

The minutes of the meeting on 5<sup>th</sup> November 2024 were agreed and signed as a true record. There were no matters arising.

### **43. PFI Street Lighting LED Upgrade**

Cabinet considered a report of the Director of Innovation, that would also be considered at the meeting of Council on 14<sup>th</sup> January 2024, which sought approval to approve the investment of £10.28m to progress with the upgrade of the majority of the city's streetlights (29,500) to LEDs.

In 2023/24 the Authority spent £3.4m on energy for streetlights; based on 38p kwh. There was now an opportunity to reduce revenue costs by investing in energy efficient LED street lighting technology, which used approximately 50% less energy than the current lights. LEDs also had a much lower maintenance requirement. Overall, this would result in savings of over £900k based on current consumption, which would more than cover the borrowing cost as well as delivering all the other benefits. The lower energy consumption would result in a reduction of carbon emissions by 1200 tonnes per annum.

LEDs would provide resilience to changes in energy prices which could be impacted by world affairs. LED lighting would provide the City Council with the opportunity to dim the lights to as low as 30% whilst still providing the same quality of our current lighting at 50% dim. This would enable a review of the part night switch off policy and to potentially generate additional savings.

The LED upgrade also offered the opportunity to help make Coventry a 'Smart City' by incorporating smart sensor ports in 1 in 5 of the new lanterns. This would offer opportunity to easily collect environmental data (air quality, noise, or traffic flows for example) across the whole city.

A successful LED trial had been implemented in the Hillfields area which had received positive feedback from residents and Ward Councillors. All new street lighting installations were LED in line with the Street Lighting Development Specification document.

The PFI partnership had been very successful and had reduced energy and CO2 consumption by 73,599,228 kwh, 60,2898 tonnes and a mitigated saving of £14,747,435 to date. The improved efficiency of the LEDs would further reduce annual carbon emissions by 1200 tonnes, furthering the ambition to become a net zero city.

**RESOLVED that Cabinet recommends that Council:**

- 1) Approves capital expenditure of up to £10.28m to be financed from borrowing, to fund the LED upgrade of up to 29,500 streetlights with up to 1 in 5 having smart sensor ports.**
- 2) Delegates authority to the Director of Innovation, the Director of Law and Governance, and the Director of Finance and Resources, following consultation with the Cabinet Member for City Services, to enter into and finalise the financial and legal terms necessary to implement the LED upgrade via the appropriate mechanism contained within the PFI Streetlighting Agreement.**

**44. Pre-Budget Report 2025/26**

Cabinet considered a report of the Director of Finance and Resources, that outlined as a basis for consultation a set of new revenue budget proposals for 2025/26 to 2027/28, which represented changes to the Council's existing Budget. Consultation views were 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 would be subject to Council approval in February 2025. Appendices to the report provided: the Pre-Budget Proposals and Financial Position; the Consultation on proposed changes to the Council Tax Support Scheme; the Cumulative Equality Impact Assessment; and the EIA Council Tax Support Scheme.

The ambition to deliver the Council's overall future strategy continued to be the focus of the Pre-Budget proposals. The strategy was contained within the "One Coventry Plan" which set 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 was the Council's commitment to delivering a range of core services to everyone in the city. The Council had sought stakeholder views on these priorities ahead of the pre-budget report, in order to inform the budget consultation process.

The Council's financial plans were heavily dependent on both the allocation of Government grant resources and Government decisions which dictated councils' tax-based income streams. It continued to be the case that it was difficult to anticipate the final decisions that the Government would make on these matters and as a result, a number of key elements of the Council's financial plans were subject to some uncertainty with a degree of risk that the position presented in the report could be subject to change once the details of the local government financial settlement were published. The Provisional Local Government Settlement for 2025/26 was again expected to be published in late December 2024, which continued to be a very late point in the financial planning cycle. Once received, it would provide a stronger indication of the likely position.

The Chancellor of the Exchequer set out the Government's Autumn Statement on 30th 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 would 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 would be targeted towards Adult Social Care. Whilst some initial assumptions had been made of the financial benefit for Coventry to inform the report, the Council would need to assess the provisional local government finance settlement expected late December 2024 to confirm the position.

The £1.3bn allocation was contributing to a Local Government Core Spending Power (CSP) real terms increase (announced in the Autumn Statement) of 3.2% nationally, which also assumed that all Local Authorities would increase the Adult Social Care Precept by 2% and raise their Council Tax by 3% (the maximum permitted without a referendum). As a result, the report recommended 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 the report required considerable service savings or additional income proposals to address it, some of which would affect services to the public. The 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. The outcome of the final Local Government Settlement would determine the extent of the options required to deliver a balanced budget. The Council was keen to avoid the need to reduce vital services and would seek to explore all possible avenues to do this, however there was currently a strong expectation that some difficult decisions would need to be included as part of the final budget proposals.

A Medium-Term Financial Strategy was intended to be presented alongside the final Budget Report in February 2025. This would 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 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 was expected could impact subsequent years.

The proposals in the report were made as a basis for public consultation and the results of the consultation would be reflected in the final Budget Report in February 2025 and considered as part of the final decisions recommended in that report. Further work would 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 were 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 assumed that the Council would approve an increase in Council Tax and Adult Social Care Precept by the maximum allowed.

Appendix 2 to the report contained details of proposed changes to the Council Tax Support Scheme. The report requested approval to conduct a public consultation

on the proposed Council Tax scheme. The budgetary challenges faced by the Council for 2025/26 required 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.

The report also included an indicative outline of the Council's prospective Capital Programme for 2025/26 based on current knowledge. This would be updated in the February 2025 Budget Report, reflecting the most up to date programme information available. The draft programme was based overwhelmingly on pre-existing decisions and patterns of expenditure.

Cabinet noted that the Finance and Corporate Services Scrutiny Board (1) would consider the revenue spending and savings proposals for 2025/26 together with the approach in relation to Council Tax, as part of the consultation process, at their meeting on 8th January 2025.

**RESOLVED that Cabinet:**

- 1) Approves 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) Approves 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) Agrees a seven-week public consultation on the 2025/26 budget proposals set out in this report to commence on 11th December 2024 and conclude on 28th January 2025. This includes consultation with residents, partners and business.**
- 4) Approves 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).**

**45. 2024/25 Second Quarter Financial Monitoring Report (to September 2024)**

Cabinet considered a report of the Director of Finance and Resources, that would also be considered at the meeting of Audit and Procurement Committee on 29<sup>th</sup> January 2025, which advised of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2024. The net revenue forecast position after management action was for spend in 2024/25 of £10.2m over budget. Whilst not a wholly comparable position, at the same point in 2023/24 there was a projected overspend of £11.5m. Appendices to the report provided Revenue Position: a Detailed Service Breakdown of Forecast Outturn Position; the Capital Programme: Analysis of Budget/Technical Changes; the Capital Programme: Analysis of Programme Acceleration/(Rescheduling); and Prudential Indicators.

The Council continued to face budget pressures within both Adults and Children's social care, Housing, and City Services. Other overspends were also being reported in Property Services and Business, Investment and Culture. These financial pressures were being caused by a combination of legacy inflation impacts, continued increases in service demand, complexity of cases and social care market conditions, income shortfalls due to reduced activity, and slippage in the delivery of some service savings.

The Council's position included a significant number of one-off actions that had been applied to reduce the overspend. Recognising that the underlying position was significantly higher, further urgent action was required to address the pressure in year and to prevent the 2025/26 position increasing to unmanageable levels.

The Council's capital spending this year was projected to be £143m and included major schemes progressing across the city. The size of the programme and the nature of the projects within it continued to be fundamental to the Council's role within the city. Although prevailing inflation rates looked to be stabilising, legacy inflationary pressures and high borrowing rates continued to affect capital projects. The assumption was that stand-alone projects that were already in-progress would be delivered as planned but that future projects that had not yet started would need to be re-evaluated to determine their deliverability within previously defined financial budgets.

The materiality of the financial pressures, both revenue and capital, had reaffirmed the imperative to maintain strict financial discipline and re-evaluate the Council's medium-term financial position. This would be a priority across all services as the Council developed its future budget plans in the coming months.

**RESOLVED that Cabinet:**

- 1) Approves the Council's second quarter revenue monitoring position.**
- 2) Approves that, senior officers work in collaboration with portfolio holders to continue to identify further cost reductions to mitigate 2024/2025 pressures.**
- 3) Approves the revised forecast capital outturn position for the year of £143m incorporating: £2.7m net increase in spending relating to approved/technical changes and £53m of net programme rescheduling of expenditure into future years.**

**46. Local Development Scheme (LDS) update**

Cabinet considered a report of the Director of City Services and Commercial that sought approval of the adoption of the draft Local Development Scheme.

Further to Cabinet and Council decisions to progress with a full review of the Coventry Local Plan in November 2022, the Local Development Scheme had been updated to indicate the timescales and the ongoing process of the review. The Local Authorities Local Development Scheme should be kept up to date and made publicly available in order enable the local community and interested parties to be informed of progress.



Further to the initial stage of public consultation held in 2023, the timescales had been reviewed and an updated Local Development Scheme produced, attached at Appendix One to the report, to illustrate the progress of the Local Plan Review.

There were several variables that may lead to the timeline being extended, including the unavailability of Inspectors to convene the Examination in Public or a longer time needed to assess and integrate complex representations to the consultations. Any significant delays would be reported to Cabinet in future reports. An indicative timeline of the plan review was shown in a table in the report and included in a refreshed Local Development Scheme at Appendix One to the report.

**RESOLVED that Cabinet:**

- 1) Approves the adoption of the draft Local Development Scheme attached at Appendix 1 to the report.**
- 2) Approves that the draft Local Development Scheme attached at Appendix 1 to the report, will have effect from 11th December 2024.**

**47. Local Plan Review - Regulation 19 Stage**

Cabinet considered a report of the Director of City Services and Commercial, that would also be considered at the meeting of Scrutiny Co-ordination Committee on 18<sup>th</sup> December 2024 and the meeting of Council on 14<sup>th</sup> January 2025, which sought approval to undertake Regulation 19 stage of the Local Plan Review. Appendices to the report provided: Regulation 19 Proposed Submission Version CCC Local Plan; Regulation 19 Proposed Submission Appendices; Sustainability Appraisal; Sustainability Appraisal Appendices; Equalities and Health Impact Assessment; Consultation Statement; Policy matrix – 2017 Local Plan Policy Proposed Policy updates and changes guidance note; and Policy guidance – 2017 City Centre Area Action Plan Proposed Policy updates and changes guidance note.

On 6<sup>th</sup> December 2022 Council resolved to adopt a new Local Development Scheme (LDS) and to undertake a review of the Local Plan (their minute 84/22 referred). In July 2023 Cabinet approved the Regulation 18 'Issues and Options' consultation (minute 12/23 referred) which ran until September 2023. Approval was now sought to undertake Regulation 19 stage for a 6-week publication period.

The Local Plan review was presented to the Community and Neighbourhoods Scrutiny Board (4) on 21<sup>st</sup> September 2023 (their minute 9/23 referred) during the Regulation 18 stage to inform the ongoing development of the plan. Ongoing member engagement had also been undertaken through meetings of the Local Plan Advisory Group in the formulation of the draft plan for regulation 19 publication.

Approval to publish for Regulation 19 was in line with the Council's adopted timetables and was the most effective route to adopting an up-to-date Local Plan for the city and for meeting the development needs of communities in a balanced and sustainable way.

The Council received 930 separate responses from the Regulation 18 consultation which had been used to inform the development of the Regulation 19 plan, alongside a range of engagements and a specialist evidence base. The report sought authority to undertake this next required phase of plan preparation, prior to returning to Cabinet and Council for authority to submit to the Secretary of State for examination, this later request would be accompanied with a summary of responses from the Regulation 19 stage.

**RESOLVED that Cabinet requests that Council:**

- 1) Approves the Proposed Submission version of the Local Plan (Regulation 19) document and associated Strategic Environmental Assessment / Sustainability Appraisal and Equalities / Health Impact Assessment for a 6-week consultation period to begin at the earliest opportunity.**
- 2) Delegates authority to the Director of City Services and Commercial, following consultation with the Cabinet Member for Housing and Communities, to authorise any non-substantive changes to the documents prior to consultation.**

**48. Agreement and Adoption of the Homelessness and Rough Sleeping Strategy 2025-29**

Cabinet considered a report of the Director of Adult Services and Housing, that would also be considered at the meeting of Council on 14<sup>th</sup> January 2025, which sought adoption of the new Homelessness and Rough Sleeping Strategy 2025-29 and the supporting Delivery Plan. Appendices to the report provided: the Homelessness and Rough Sleeping Strategy; the Delivery plan; the Consultation Report; the Equality Impact Assessment; the Coventry City Council Homelessness review 2024.

There was a statutory duty on all Local Authorities in England to publish a Homelessness and a Rough Sleeping Strategy following a review of homelessness in their area every 5 years.

Following engagement with key stakeholders and people who used the homeless service as well as using the findings from the latest homelessness review 2024, a Strategy had been developed for the period 2025 - 2029 (attached as an Appendix to the report) detailing how the City Council's responsibilities would be delivered. The results of the consultation that was undertaken were summarised in Section 3 of the report and in a further Appendix to the report.

The Homelessness and Rough Sleeping Strategy (2025 - 2029) focused on three main themes:

- Early intervention and prevention
- Targeted and crisis support
- Move on and tenancy sustainment

It was underpinned by 4 key principles:

- Partnership

- Intelligence led
- Improving life chances and health outcomes
- Maximizing opportunities.

The Strategy was supported by a Delivery Plan that would remain a live document and be monitored and delivered by the City Council and its relevant partners.

The draft Homelessness and Rough Sleeping Strategy was considered by the Communities and Neighbourhoods Scrutiny Board (4) at its meeting on 5th September 2024 (their minute 8/24 referred) and resolved that the Board 1) Agreed the priorities and themes within the new strategy and 2) Supported the Draft Strategy and the development of a comprehensive Action Plan that would deliver the key priorities and themes.

**RESOLVED that Cabinet requests that Council:**

- 1) **Notes the consultation responses received to the Draft Homelessness and Rough Sleeping Strategy 2025/2029 (set out in Appendix C to the report).**
- 2) **Adopts the new Homelessness and Rough Sleeping Strategy 2025-29, (set out in Appendix A to the report), and the supporting Delivery Plan (set out in Appendix B to the report).**
- 3) **Delegates responsibility to the Director of Adults and Housing and Director of Finance and Resources, following consultation with the Cabinet Member for Housing and Communities, to make variations and updates to the Homelessness and Rough Sleeping Delivery plan.**

49. **Outstanding Issues**

There were no outstanding issues.

50. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

(Meeting closed at: 2:30pm)

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Cabinet

7 January 2025

**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:**

All

**Title:**

**The 2025/26 Council Tax Base Report**

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**Is this a key decision?**

Yes – This report deals with income in excess of £1m

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**Executive summary:**

The main purpose of this report is to establish the 2025/26 Council Tax base for tax setting purposes.

The Council Tax base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate.

This report does not set the actual level of Council Tax in Coventry; that will be set by Council on the 25 February 2025.

**Recommendations:**

The Cabinet is recommended to:

- 1) Approve that the Council Tax collection rate for 2025/26 be set at 97.6%
- 2) That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amounts calculated by the City Council for 2025/26 shall be:

a net tax base of 90,062.6 for the whole of the City Council area made up as follows:

Allesley Parish	451.3
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Finham Parish	1,585.7
Keresley Parish	616.3
All Other Coventry City Council Wards	87,409.3
<b>TOTAL</b>	<b>90,062.6</b>

3) That the following grant payments should be made to parish councils to reflect the impact in 2025/26 of Council Tax reductions on their tax bases.

Allesley Parish	£2,209
Finham Parish	£2,525
Keresley Parish	£1,697
<b>TOTAL</b>	<b>£6,431</b>

**List of Appendices included:** (to be added to the final version)

- Appendix A Tax Base Calculation for 2025/26 Tax Setting (Coventry)
- Appendix B Tax Base Calculation for 2025/26 Tax Setting (Allesley)
- Appendix C Tax Base Calculation for 2025/26 Tax Setting (Finham)
- Appendix D Tax Base Calculation for 2025/26 Tax Setting (Keresley)
- Appendix E Grant payments to parish councils

**Has it or will it be considered by Scrutiny?**

No

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

No

**Will this report go to Council?**

No

## **Report title: The 2025/26 Council Tax Base Report**

### **1. Context**

#### **1.1 Council tax base**

- 1.1.1 The Council tax base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate.
- 1.1.2 This report makes the necessary calculations in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 to establish the Council Tax base for the City Council and its parishes. These regulations include the impact of the Council Tax Support Scheme (also known as the Council Tax Reduction Scheme).
- 1.1.3 The Council Tax base for the City Council will be used by major preceptors when setting their precepts.
- 1.1.4 Under the Support Scheme, the Council Tax base is reduced according to the amount of reductions awarded under the scheme, as the authority will be foregoing the relevant Council Tax income, and instead will receive partial compensation via an adjustment within the Local Government Finance Settlement calculations. These reductions are reflected in the calculation of the Council Tax base, in order to calculate the correct amount of Band D Council Tax for the billing authority (Coventry City Council), the major preceptors (West Midlands Police and Crime Commissioner, the West Midlands Fire and Rescue Authority and the West Midlands Combined Authority), and the local precepting authorities (Allesley Parish Council, Finham Parish Council and Keresley Parish Council).
- 1.1.5 It is estimated that the effect on the tax base of the Council Tax Support (CTS) scheme in 2025/26 will be to reduce it by 11.5%. The financial impact of the reduction in tax base will be partially offset by an element of the overall funding settlement from Government. As part of the 2025/26 budget setting process, the Council is consulting on a proposed change to the amount of support available through the CTS scheme. However, the formal decision regarding this proposal will not be taken until after the 2025/26 Council Tax Base has been determined. Therefore, the tax base calculation built into this report is based on the existing scheme.
- 1.1.6 The tax bases for the parishes of Allesley, Finham and Keresley will also be reduced by 11.5% as a result of the Council Tax Support Scheme. It is proposed that the Council transfers an element of the compensation described above to offset the impact of the reduced tax base on tax income for the parish councils. Recommendation 3 proposes that Allesley, Finham and Keresley receive payments of £2,209, £2,525 and £1,697 respectively to offset the effect of the tax base reduction. These payments have been calculated to offset 90% of the effect of the tax base reduction, in keeping with the compensation percentage adopted when the scheme was first introduced. The details of the calculations are provided in Appendix E.
- 1.1.7 This report does not set the actual level of Council Tax in Coventry; that will be set by Council on the 25 February 2025. The determination of the tax base is one part of the process and must occur before 31 January each year.

1.1.8 The technical nature of this report reflects the fact that the tax base calculation is prescribed by statute. The tax base measures all properties in an area, relative to a band D property even though this is not representative of the typical domestic property in Coventry. In fact, 87% of properties in Coventry fall into Bands A to C, which attract lower bills than Band D properties.

## **2. Options considered and recommended proposal**

### **2.1 Calculation of the Council tax base**

2.1.1 The regulations specify in detail the calculations required. The basic formula is  $A \times B$ , where:

- 'A' is the number of "Band D equivalent" properties estimated to be applicable for the forthcoming financial year. This is referred to as the 'gross tax base'. The calculation and exact definition are explained in section 2.1.3 below.
- 'B' is the City Council's estimate of the Council Tax collection rate for those Band D equivalent properties as explained in section 2.2 below.

2.1.2 The calculation of the number of Band D equivalent properties is set out in full in Appendix A. This provides a gross tax base figure (**A**) of **92,277.3** for the City of Coventry.

2.1.3 The gross tax base is derived for each band by taking the valuation list as at the 30 November in the current financial year, adjusted for the effect of exemptions, discounts, reliefs and premiums, as well as estimated changes throughout the year. The tax base is also adjusted for the estimated effect of Council Tax Support discounts. The calculation of each band is then weighted to the equivalent of a Band D property and added together to give the gross tax base.

2.1.4 Calculation of the gross tax base considers an estimate of the change in tax base that is likely to occur during the forthcoming financial year. This includes the anticipated effect of retrospective amendments. Most of these amendments relate to properties that are exempt from Council Tax (e.g. student accommodation), where the exemption is only made known to the Council at a later date.

2.1.5 For the purposes of calculating the 2025/26 tax base, an adjustment of **-1.0%** has been made, based on existing experience, to consider the anticipated effect of these amendments.

### **2.2 The Calculation of the Collection Rate**

2.2.1 The City Council also has to estimate the likely rate of collection of Council Tax (referred to as 'B' in 2.1.1 above). This determines the amount of tax due which the Council believes it can collect after allowing for bankruptcies, absconders and other non-collectable sums. The collection rate is applied to the gross tax base to give the net tax base, used for the purpose of setting Council Tax.

2.2.2 Reductions or increases in the collection rate lower or raise the net tax base and hence the amount of Council Tax available to fund services. A 0.25% variation in the collection rate would reduce or increase the amount of Council Tax to meet the budget requirement by approximately £0.4m.

2.2.3 This report recommends an assumed eventual collection rate of 97.6% for determining the 2025/26 tax base. This represents a 0.3% reduction from the 97.9% rate used in



setting the 2024/25 tax base. This change is based on an assessment of recent arrears collection performance and the pattern of write offs, which indicate that a lower eventual rate is appropriate. Collection performance will be monitored throughout the forthcoming year and the rate reviewed as part of the determination of 2026/27 tax base.

- 2.2.4 Multiplying the gross tax base (A) of 92,277.3 by the collection rate (B) of 97.6% gives a recommended net tax base of **90,062.6** for the City Council.

### **2.3 Calculation of Tax Base for the Parish Councils**

- 2.3.1 The City Council is also required to calculate a tax base for each part of its area on which parish precepts are to be levied. Accordingly, the net tax bases for Allesley (Appendix B), Finham (Appendix C) and Keresley (Appendix D) parishes have been calculated as: 451.3; 1,585.7; and 616.3 respectively.

### **3. Results of consultation undertaken**

None

### **4. Timetable for implementing this decision**

The tax base assumed within this report relates to financial year 2025/26.

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

#### **5.1 Financial Implications**

- 5.1.1 The contents of this report are driven by a statutory framework and as such the Council is governed by this framework in relation to the contents of the report. Council Tax collection performance is the key area that will dictate whether the Council achieves the eventual collection rate of 97.6% assumed within this report. This matter is subject to regular performance monitoring.

- 5.1.2 The net tax base directly influences the level of Council Tax levied and therefore the resources available to the City Council. This will be dealt with as part of the Council Tax Setting and Budget Reports that will be considered by Council on 25 February 2025.

#### **5.2 Legal Implications**

- 5.2.1 As stated in section 1 above, the tax base calculations for a particular financial year must comply with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 and be determined by no later than 31 January in the preceding financial year. This is a statutory function and also a legal requirement. These regulations have been made under the Local Government Finance Act 1992, as amended (LGFA 1992).

- 5.2.2 The Local Government Finance Act 2012 (LGFA 2012) includes several amendments to the LGFA 1992 that affect the calculation of the Council Tax base. These amendments require councils to operate a Council Tax Support Scheme (as a replacement of Council Tax benefit) and gave powers to determine further discounts and set premiums.

5.2.3 The Tax Base for the City Council will be used by the West Midlands Police and Crime Commissioner, the West Midlands Fire and Rescue Authority and the West Midlands Combined Authority when setting their 2025/26 precepts in February 2025. It will also be used to set the City Council's element of the Council Tax for 2025/26, at the full Council meeting on 25 February 2025.

## **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>**

This report is technical in nature and its implications do not have any direct bearing on these matters.

### **6.2 How is risk being managed?**

Regular monitoring of performance will ensure that the Council can take appropriate management action in the area of Council Tax collection.

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

The report affects the potential Council Tax resources available to the City Council and, as such, impacts on the 2025/26 budget setting process.

### **6.4 Equalities / EIA?**

None.

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

No impact

### **6.6 Implications for partner organisations?**

The Council Tax base for the City Council will be used by the by the West Midlands Police and Crime Commissioner, the West Midlands Fire and Rescue Authority and the West Midlands Combined Authority when setting their 2025/26 precept.

**Report author:**

**Name and job title:**

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Oluremi Aremu	Head of Legal & Procurement Services	Law and Governance	13/12/24	13/12/24
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	-	13/12/24	18/12/24
Councillor R Brown	Cabinet Member (Strategic Finance and Resources)	-	13/12/24	18/12/24

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**Appendix A Tax Base Calculation for 2025/26 Tax Setting (COVENTRY)**

Band	A Entitled To Disabled Relief	A	B	C	D	E	F	G	H	TOTAL	
Properties on Valuation List		64,537	44,164	25,121	10,667	5,219	2,605	1,493	183	<b>153,989</b>	
Percentage of Total		42.0%	28.7%	16.3%	6.9%	3.4%	1.7%	1.0%	0.1%	<b>100.1%</b>	
<b>Adjustments:</b>											
Exempt Dwellings (B to W)		(8,110)	(1,121)	(795)	(660)	(292)	(168)	(56)	(50)	<b>(11,252)</b>	
Disabled Persons Relief - Additions	170	283	173	89	67	44	24	19		<b>869</b>	
Disabled Persons Relief - Deletions		(170)	(283)	(173)	(89)	(67)	(44)	(24)	(19)	<b>(869)</b>	
<b>Number of Chargeable Dwellings on</b>											
Valuation List	I	170	56,540	42,933	24,242	9,985	4,904	2,417	1,432	114	<b>142,737</b>
Percentage of Total		0.1%	39.5%	30.1%	17.0%	7.0%	3.4%	1.8%	1.0%	0.1%	<b>100.0%</b>
<b>25% Discounts</b>											
Single Person Discount (25%)		31	25,431	13,731	6,594	2,322	879	389	184	8	<b>49,569</b>
Dwellings entitled to 25% discount due to all		9	631	548	309	119	45	22	7	2	<b>1,692</b>
Total no. of dwellings with 25% discount	II	40	26,062	14,279	6,903	2,441	924	411	191	10	<b>51,261</b>
<b>50% Discounts</b>											
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes		0	108	75	25	49	20	14	27	10	<b>328</b>
Dwellings classed as empty homes and			2	0	0	0	0	0	0	0	<b>2</b>
Total no. of dwellings with 50% discount	III	0	110	75	25	49	20	14	27	10	<b>330</b>
<b>Premiums</b>											
Properties subject to a 100% premium			277	35	23	4	4	9	0	1	<b>353</b>
Properties subject to a 200% premium			45	13	5	2	2	2	0	0	<b>69</b>
Properties subject to a 300% premium			20	13	5	2	0	0	0	0	<b>40</b>
Total equivalent number of chargeable dwellings subject to premiums	IV		427	100	48	14	8	13	0	1	<b>611</b>
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5) + IV]	V	160.00	50,396.50	39,425.75	22,551.75	9,364.25	4,671.00	2,320.25	1,370.75	107.50	<b>130,367.75</b>
Anticipated change in taxbase during the year including the effect of retrospective amendments											<b>-1.0%</b>
Change in equivalent number of chargeable	VI	(1.60)	(503.97)	(394.26)	(225.52)	(93.64)	(46.71)	(23.20)	(13.71)	(1.08)	<b>(1,303.69)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: V + VI]	VII	158.40	49,892.53	39,031.49	22,326.23	9,270.61	4,624.29	2,297.05	1,357.04	106.42	<b>129,064.06</b>
Estimated Effect of Council Tax Support Scheme											<b>-11.5%</b>
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	VIII	(18.22)	(5,737.64)	(4,488.62)	(2,567.52)	(1,066.12)	(531.79)	(264.16)	(156.06)	(12.24)	<b>(14,842.37)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VII + VIII]		140.18	44,154.89	34,542.87	19,758.71	8,204.49	4,092.50	2,032.89	1,200.98	94.18	<b>114,221.69</b>
Ratio of Band to Band D (where Band D = 9)		5	6	7	8	9	11	13	15	18	
<b>Gross Tax Base (to 1 decimal place)</b>		77.9	29,436.6	26,866.7	17,563.3	8,204.5	5,001.9	2,936.4	2,001.6	188.4	<b>92,277.3</b>
<b>Collection Rate</b>											<b>97.6%</b>
<b>Net Tax Base (to 1 decimal place)</b>											<b>90,062.6</b>

**Appendix B Tax Base Calculation for 2025/26 Tax Setting (ALLESLEY)**

Band	A Entitled To Disabled Relief	A	B	C	D	E	F	G	H	TOTAL	
Properties on Valuation List		40	19	50	63	92	106	89	3	<b>462</b>	
Percentage of Total		8.7%	4.1%	10.8%	13.6%	19.9%	22.9%	19.3%	0.6%	<b>99.9%</b>	
<b>Adjustments:</b>											
Exempt Dwellings (B to W)		(3)	0	0	0	0	(1)	(1)	0	<b>(5)</b>	
Disabled Persons Relief - Additions	0	0	0	0	2	0	1	0	0	<b>3</b>	
Disabled Persons Relief - Deletions		0	0	0	0	(2)	0	(1)	0	<b>(3)</b>	
<b>Number of Chargeable Dwellings on</b>											
Valuation List	I	0	37	19	50	65	90	106	87	3	<b>457</b>
Percentage of Total		0.0%	8.1%	4.2%	10.9%	14.2%	19.7%	23.2%	19.0%	0.7%	<b>100.0%</b>
<b>25% Discounts</b>											
Single Person Discount (25%)		0	15	10	18	14	24	29	14	0	<b>124</b>
Dwellings entitled to 25% discount due to all		0	1	0	0	0	0	1	0	0	<b>2</b>
Total no. of dwellings with 25% discount	II	0	16	10	18	14	24	30	14	0	<b>126</b>
<b>50% Discounts</b>											
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes		0	0	0	0	0	0	0	0	2	<b>2</b>
Dwellings classed as empty homes and		0	0	0	0	0	0	0	0	0	<b>0</b>
Total no. of dwellings with 50% discount	III	0	0	0	0	0	0	0	0	2	<b>2</b>
<b>Premiums</b>											
Properties subject to a 100% premium		0	0	0	0	0	2	0	0	0	<b>2</b>
Properties subject to a 200% premium		0	0	0	0	0	0	0	0	0	<b>0</b>
Properties subject to a 300% premium		0	0	0	0	0	0	0	0	0	<b>0</b>
Total equivalent number of chargeable dwellings subject to premiums	IV	0	0	0	0	0	2	0	0	0	<b>2</b>
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5) + IV]	IV	0.00	33.00	16.50	45.50	61.50	84.00	100.50	83.50	2.00	<b>426.50</b>
Anticipated change in taxbase during the year including the effect of retrospective amendments					451.3						<b>-1.0%</b>
Change in equivalent number of chargeable	V	0.00	(0.33)	(0.17)	(0.46)	(0.62)	(0.84)	(1.01)	(0.84)	(0.02)	<b>(4.29)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: V + VI]	VI	0.00	32.67	16.33	45.04	60.88	83.16	99.49	82.66	1.98	<b>422.21</b>
Estimated Effect of Council Tax Support Scheme											<b>-11.5%</b>
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	VII	0.00	(3.76)	(1.88)	(5.18)	(7.00)	(9.56)	(11.44)	(9.51)	(0.23)	<b>(48.55)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VII + VIII]		0.00	28.91	14.45	39.86	53.88	73.60	88.05	73.15	1.75	<b>373.66</b>
Ratio of Band to Band D (where Band D = 9)		5	6	7	8	9	11	13	15	18	
<b>Gross Tax Base (to 1 decimal place)</b>		0.0	19.3	11.2	35.4	53.9	90.0	127.2	121.9	3.5	<b>462.4</b>
<b>Collection Rate</b>											<b>97.6%</b>
<b>Net Tax Base (to 1 decimal place)</b>											<b>451.3</b>

**Appendix C Tax Base Calculation for 2025/26 Tax Setting (FINHAM)**

Band	A Entitled To Disabled Relief	A	B	C	D	E	F	G	H	TOTAL	
Properties on Valuation List		4	216	587	592	249	231	51	1	<b>1,931</b>	
Percentage of Total		0.2%	11.2%	30.3%	30.7%	12.9%	12.0%	2.6%	0.1%	<b>100.0%</b>	
<b>Adjustments:</b>											
Exempt Dwellings (B to W)		0	(1)	(9)	(4)	(4)	(3)	(1)	0	<b>(22)</b>	
Disabled Persons Relief - Additions	0	4	1	7	2	3	1	0	0	<b>18</b>	
Disabled Persons Relief - Deletions		0	(4)	(1)	(7)	(2)	(3)	(1)	0	<b>(18)</b>	
<b>Number of Chargeable Dwellings on</b>											
Valuation List	I	0	8	212	584	583	246	226	49	1	<b>1,909</b>
Percentage of Total		0.0%	0.4%	11.1%	30.6%	30.5%	12.9%	11.8%	2.6%	0.1%	<b>100.0%</b>
<b>25% Discounts</b>											
Single Person Discount (25%)		0	4	98	143	154	43	41	12	0	<b>495</b>
Dwellings entitled to 25% discount due to all		0	0	2	6	7	5	2	0	0	<b>22</b>
Total no. of dwellings with 25% discount	II	0	4	100	149	161	48	43	12	0	<b>517</b>
<b>50% Discounts</b>											
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes		0	0	1	0	0	0	1	0	0	<b>2</b>
Dwellings classed as empty homes and		0	0	0	0	0	0	0	0	0	<b>0</b>
Total no. of dwellings with 50% discount	III	0	0	1	0	0	0	1	0	0	<b>2</b>
<b>Premiums</b>											
Properties subject to a 100% premium		0	0	1	0	0	0	0	0	0	<b>1</b>
Properties subject to a 200% premium		0	0	0	0	0	0	0	0	0	<b>0</b>
Properties subject to a 300% premium		0	0	0	0	0	0	0	0	0	<b>0</b>
Total equivalent number of chargeable dwellings subject to premiums	IV	0	0	1	0	0	0	0	0	0	<b>1</b>
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5) + IV]	IV	0.00	7.00	186.50	547.75	542.75	234.00	214.75	46.00	1.00	<b>1,779.75</b>
<b>Anticipated change in taxbase during the year including the effect of retrospective amendments</b>											
Change in equivalent number of chargeable	V	0.00	(0.07)	(1.87)	(5.48)	(5.43)	(2.34)	(2.15)	(0.46)	(0.01)	<b>-1.0%</b> <b>(17.81)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: V + VI]	VI	0.00	6.93	184.63	542.27	537.32	231.66	212.60	45.54	0.99	<b>1,761.94</b>
<b>Estimated Effect of Council Tax Support Scheme</b>											
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	VII	0.00	(0.80)	(21.23)	(62.36)	(61.79)	(26.64)	(24.45)	(5.24)	(0.11)	<b>-11.5%</b> <b>(202.62)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VII + VIII]		0.00	6.13	163.40	479.91	475.53	205.02	188.15	40.30	0.88	<b>1,559.32</b>
<b>Ratio of Band to Band D (where Band D = 9)</b>											
		5	6	7	8	9	11	13	15	18	
<b>Gross Tax Base (to 1 decimal place)</b>		0.0	4.1	127.1	426.6	475.5	250.6	271.8	67.2	1.8	<b>1,624.7</b>
<b>Collection Rate</b>											<b>97.6%</b>
<b>Net Tax Base (to 1 decimal place)</b>											<b>1,585.7</b>

<b>Appendix D Tax Base Calculation for 2025/26 Tax Setting (KERESLEY)</b>											
<b>Band</b>	<b>A</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>TOTAL</b>	
Properties on Valuation List		116	147	217	97	146	50	19	6	<b>798</b>	
Percentage of Total		14.5%	18.4%	27.2%	12.2%	18.3%	6.3%	2.4%	0.8%	<b>100.1%</b>	
<b>Adjustments:</b>											
Exempt Dwellings (B to W)		(1)	(3)	(1)	0	0	0	0	(1)	<b>(6)</b>	
Disabled Persons Relief - Additions	0	0	1	0	0	1	0	1	0	<b>3</b>	
Disabled Persons Relief - Deletions		0	0	(1)	0	0	(1)	0	(1)	<b>(3)</b>	
<b>Number of Chargeable Dwellings on Valuation List</b>	<b>I</b>	<b>0</b>	<b>115</b>	<b>145</b>	<b>215</b>	<b>97</b>	<b>147</b>	<b>49</b>	<b>20</b>	<b>4</b>	<b>792</b>
Percentage of Total		0.0%	14.6%	18.3%	27.1%	12.2%	18.6%	6.2%	2.5%	0.5%	<b>100.0%</b>
<b>25% Discounts</b>											
Single Person Discount (25%)		0	57	72	52	21	8	5	2	1	<b>218</b>
Dwellings entitled to 25% discount due to all		0	2	3	2	0	1	0	0	0	<b>8</b>
Total no. of dwellings with 25% discount	<b>II</b>	<b>0</b>	<b>59</b>	<b>75</b>	<b>54</b>	<b>21</b>	<b>9</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>226</b>
<b>50% Discounts</b>											
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes		0	0	1	0	0	0	1	0	0	<b>2</b>
Dwellings classed as empty homes and		0	0	0	0	0	0	0	0	0	<b>0</b>
Total no. of dwellings with 50% discount	<b>III</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Premiums</b>											
Properties subject to a 100% premium		0	0	0	0	0	0	0	0	0	<b>0</b>
Properties subject to a 200% premium		0	0	0	0	0	0	0	0	0	<b>0</b>
Properties subject to a 300% premium		0	0	0	0	0	0	0	0	0	<b>0</b>
Total equivalent number of chargeable dwellings subject to premiums	<b>IV</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5) + IV]	<b>IV</b>	<b>0.00</b>	<b>100.25</b>	<b>125.75</b>	<b>201.50</b>	<b>91.75</b>	<b>144.75</b>	<b>47.25</b>	<b>19.50</b>	<b>3.75</b>	<b>734.50</b>
Anticipated change in taxbase during the year including the effect of retrospective amendments											<b>-1.0%</b>
Change in equivalent number of chargeable	<b>V</b>	<b>0.00</b>	<b>(1.00)</b>	<b>(1.26)</b>	<b>(2.02)</b>	<b>(0.92)</b>	<b>(1.45)</b>	<b>(0.47)</b>	<b>(0.20)</b>	<b>(0.04)</b>	<b>(7.36)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: V + VI]	<b>VI</b>	<b>0.00</b>	<b>99.25</b>	<b>124.49</b>	<b>199.48</b>	<b>90.83</b>	<b>143.30</b>	<b>46.78</b>	<b>19.30</b>	<b>3.71</b>	<b>727.14</b>
Estimated Effect of Council Tax Support Scheme											<b>-11.5%</b>
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	<b>VII</b>	<b>0.00</b>	<b>(11.41)</b>	<b>(14.32)</b>	<b>(22.94)</b>	<b>(10.45)</b>	<b>(16.48)</b>	<b>(5.38)</b>	<b>(2.22)</b>	<b>(0.43)</b>	<b>(83.62)</b>
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VII + VIII]		<b>0.00</b>	<b>87.84</b>	<b>110.17</b>	<b>176.54</b>	<b>80.38</b>	<b>126.82</b>	<b>41.40</b>	<b>17.08</b>	<b>3.28</b>	<b>643.52</b>
Ratio of Band to Band D (where Band D = 9)		5	6	7	8	9	11	13	15	18	
<b>Gross Tax Base (to 1 decimal place)</b>		<b>0.0</b>	<b>58.6</b>	<b>85.7</b>	<b>156.9</b>	<b>80.4</b>	<b>155.0</b>	<b>59.8</b>	<b>28.5</b>	<b>6.6</b>	<b>631.5</b>
<b>Collection Rate</b>											<b>97.6%</b>
<b>Net Tax Base (to 1 decimal place)</b>											<b>616.3</b>

**Appendix E - Grant payment to Parish Councils**

		Allesley	Finham	Keresley
a	Tax Base without the effect of Council Tax reductions	509.9	1,791.8	696.4
b	Effect of Council Tax reductions	-11.5%	-11.5%	-11.5%
c	Tax Base change as a result of Council Tax reductions a x b	-58.6	-206.1	-80.1
d	Tax Base a + c	451.3	1,585.7	616.3
e	Band D parish precept from previous year	£41.85	£13.62	£23.55
f	Loss of Income from Council Tax reductions c x e	-£2,454	-£2,806	-£1,886
<b>g</b>	<b>Grant payment (90% of lost income) f x 90%</b>	<b><u>£2,209</u></b>	<b><u>£2,525</u></b>	<b><u>£1,697</u></b>





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Cabinet

7 January 2025

**Name of Cabinet Member:**

Cabinet Member for Education and Skills - Councillor Dr K Sandhu

**Director approving submission of the report:**

Director of Childrens Services and Education

**Ward(s) affected:**

All

**Title: Outcomes of the Fair Funding Consultation 2025-26**

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**Is this a key decision?**

No - Although the proposals affect more than two electoral wards, the impact is not expected to be significant.

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**Executive summary:**

This report sets out the results of the consultation on proposed changes to the Fair Funding Scheme of Delegation ("the Scheme") and seeks approval for recommended changes to the Scheme and the Fair Funding Formula.

**Recommendations:**

Cabinet is requested to:

- 1) Approve the recommended changes to the Fair Funding Formula and Fair Funding Scheme of Delegation, which are summarised in section 2 of the report.
- 2) Delegate authority to the Director of Children's and Education Services, following consultation with the Cabinet Member for Education and Skills, to make any necessary amendments to the final detail of these recommended changes, in order to comply with the School Finance (England) Regulations once full detail of the schools funding settlement has been published by the Department for Education for 2025-26. Any changes will be made following discussion with the Schools Forum as appropriate.

**List of Appendices included:**

The following appendices are attached to the report:

Appendix 1 – Fair Funding Consultation 2025-26: Summary of Responses

Appendix 2 – De-delegation levels approved for 2024-25

Appendix 3 – Fair Funding Consultation 2025-26

**Background papers:**

None

**Other useful documents**

Draft Fair Funding Scheme of Delegation available on the Coventry City website:

<https://www.coventry.gov.uk/downloads/file/43675/fair-funding-scheme-of-delegation-september-2024>

**Has it or will it be considered by Scrutiny?**

No

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

No

**Will this report go to Council?**

No

## **Report title: Outcomes of the Fair Funding Consultation 2025-26**

### **1. Context (or background)**

- 1.1 Under Section 48 of the School Standards and Framework Act 1998, Local Authorities (LAs) are required to have schemes of delegation which set out the financial controls and arrangements that will operate between schools and the LA. Any proposed revisions to these schemes and/or the Fair Funding Formula must be the subject of consultation and require approval by the Schools Forum.
- 1.2 The DFE introduced its National Funding Formula (NFF) for LAs in 2018-19, whereby mainstream school allocations for LAs were determined under the NFF approach, but LAs retained control over how they choose to distribute that funding amongst their schools. In Coventry the decision since 2018-19 has been to mirror the NFF allocation for schools as far as possible. This has provided all schools with annual increases at least in line with the maximum per pupil funding increase set out in the NFF, where this has been affordable. This approach will also minimise funding volatility when local control and flexibility is removed from LAs.
- 1.3 In a standard funding cycle indicative NFF allocations and operational guides are published in July. Final NFF allocations are issued in December. Due to the change in government and the timing of the Chancellor's budget LAs were informed that 2025-26 indicative NFF allocations would not be published in July and instead would be delayed until the end of November 2024. To support schools and LAs with financial planning the Department for Education (DFE) published a policy note and in this they announced there would not be any significant changes required to the operation of the local school funding formula for 2025-26 compared to 2024-25.
- 1.4 The Coventry Fair Funding Consultation document was circulated on 7<sup>th</sup> November 2024 to Head Teachers including Academy Head Teachers/Principals, Chairs of Governing Bodies, relevant Councillors, Trade Unions, Diocesan authorities, the Coventry Governors Association and members of the Schools Forum. The consultation period ended after 2 weeks on 22<sup>nd</sup> November 2024.
- 1.5 Stakeholder groups were briefed throughout the consultation period. These included Primary Finance representative head teachers and the Schools Forum. The consultation document also seeks to act as an information document to school stakeholders regarding anticipated local budget pressures.
- 1.6 **Context of the National Funding Formula**
  - 1.6.1 The National Funding Formula continues to be in a 'soft' phase. This means that the DFE will run the NFF for each individual school and the total of Coventry schools' allocations will become the total budget available for schools in Coventry. The LA is still required to go through the usual budget setting process and run the local schools funding formula for maintained schools and academies to distribute the resource. From 2027-28 our expectation is the DFE will operate a direct NFF, through which it will allocate funding directly to mainstream schools without LA involvement.

1.6.2 Mainstream schools are currently receiving three additional or supplementary grants over and above their NFF allocations. These are:

- Teachers Pay Additional Grant (TPAG) – relating to the September 2023 teachers pay award
- Teachers Pension Employer Contribution Grant (TPECG) – relating to the April 2024 increase in employer contribution rate
- Core Schools Budget Grant (CSBG) – relating to the April 2024 officers and September 2024 teachers pay awards

The DfE have confirmed that from 2025-26 the above will be rolled into the NFF meaning they will no longer be received as separate grants. The CSBG will be annualised to reflect the fact that there was only a part year impact of the September 2024 teachers pay award in 2024-25. The annualisation of CSBG will result in additional funding in 2025-26 compared to 2024-25, however it is important to note that schools will have to fund the full year effect of the September 2024 pay award from this.

Excluding the rolling in of existing supplementary grants and the annualisation of CSBG, the indicative 2025-26 NFF factor values will increase by ca. 0.6% compared to 2024-25.

The DfE's policy note says they anticipate further funding will be made available in 2025-26 to support schools with the increase in employers' National Insurance contributions. This will be issued as a supplementary grant outside of the NFF.

1.6.3 It remains the case that the pure NFF (without any protection) delivers less resource for Coventry schools as there are still some schools in Coventry who are on the funding floor and are receiving protection funding. The DfE's policy note confirms that for 2025-26 the Minimum Funding Guarantee (MFG) which protects schools against significant year-on-year change in pupil led funding must be set between -0.5% & 0%. In 2024-25 the MFG had to be set between 0% & 0.5%. Alongside the MFG, LAs must also include a Minimum per Pupil Levels (MPPLs) protection mechanism in their formula which guarantees a minimum amount of funding for every pupil. It is not clear what protection arrangements will be in place after 2025-26 although we do not anticipate that the full protection would be immediately removed from 2026-27 as any significant reductions would be likely to have a detrimental impact on school financial sustainability. Any changes will be subject to further DfE announcements.

1.6.4 Further background on the National Funding reform and full details of the following proposals can be found in the Fair Funding Consultation 2025-26 which is included in this report at Appendix 3 to the report.

## **2. Options considered and recommended proposal**

### **2.1 Fair Funding Formula options**

2.1.1 As a result of the continued application of the National Funding Formula (NFF), we consulted on a preferred option in relation to the application of the local schools funding formula:

Proposal Continue to mirror, as closely as possible, the allocations and protection arrangements set out in the NFF; meaning some schools will see their funding remain equal to 2024/25 per pupil funding levels plus the annualisation of the Core Schools Budget Grant (subject to affordability).

Under this option, all schools would see the funding they receive in 2025/26 stay at the level they received in 2024/25 on a per pupil basis (plus the annualisation of the Core Schools Budget Grant), with the majority of schools receiving an increase above 2024/25 funding levels as these schools would be on the NFF (i.e. above the floor).

Our ability to maintain funding at the 2024/25 level (set a 0% MFG) will depend on the level of change in overall eligibility for pupil led formula factors in the Oct-24 census data compared to the Oct-23 census data. This is because NFF allocations are received based on Oct-23 but the regulations require the LA to fund schools based on Oct-24.

2.1.2 The consultation document asked stakeholders whether they agreed with the proposal and to feedback any general comments. The consultation responses received were unanimously in favour of the recommended option. Appendix 1 to the report provides a summary of the responses.

## 2.2 De-delegated Services

2.2.1 The previous school funding reforms have required a number of former centrally held budgets within the Schools Block to be delegated to schools through the funding formula. Maintained schools then have the option to 'de-delegate' these amounts back to the Local Authority, pooling this resource to allow continued delivery of a service centrally. The areas covered by Coventry's de-delegation are listed below;

- administration of free school meals eligibility;
- staff costs or supply cover (includes maternity and trade union representation);
- support for newly arrived English as an Additional Language (EAL) learners (referred to as New Arrivals Fund);

2.2.2 De-delegation items must be approved by Schools Forum with Primary maintained member representatives deciding for their own phase. In 2024-25 Primary maintained schools opted to pool resources for all de-delegated services offered. The table within Appendix 2 shows those values approved for de-delegation.

2.2.3 The same de-delegation arrangements are available in 2025-26. Schools Forum will consider and vote on de-delegation arrangements at the January 2025 Schools Forum meeting.

2.2.4 The consultation document asked stakeholders whether they agreed with the proposal and to feed back any general comments. The consultation responses were unanimously in favour of de-delegating funding for these services. Appendix 1 to the report provides a summary of the responses.

### 2.3 Fair Funding Scheme of Delegation

2.3.1 Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act set out that Local Authorities (LAs) should have a Scheme of Delegation. LAs are required to publish schemes for financing schools setting out the financial relationship between the LA and the schools they maintain.

2.3.2 In making any changes to their schemes, local authorities must consult all maintained schools in their area and receive the approval of the members of their Schools Forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the Schools Forum.

2.3.3 The proposed changes to the scheme for 2025-26 are set out below and are two new paragraphs which detail the impact of the introduction of a new accounting standard (IFRS16).

- **Borrowing by Schools (Section 3.6.2)**  
The introduction of IFRS16 for LA's from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing & will require the Secretary of State for Education's consent.
- **Borrowing by Schools (Section 3.6.3)**  
The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities. Leases not included in this order will still require written consent and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances.

2.3.4 The link to the consultation version of the Fair Funding Scheme of Delegation is <https://www.coventry.gov.uk/downloads/file/43675/fair-funding-scheme-of-delegation-september-2024>

2.3.5 The fair funding consultation document asked stakeholders to feed back any general comments on the revised scheme. The responses were unanimously in favour of adopting the proposed changes. Appendix 1 to this report provides a summary of the responses.

### **3. Results of consultation undertaken**

3.1 The Fair Funding Consultation is an annual consultation. All Local Authorities are required by the Department for Education (DfE) to consult with all relevant stakeholders on the proposed changes to the local fair funding formula.

3.2 The consultation document was circulated on 7<sup>th</sup> November 2024 to Head Teachers including Academy Head Teachers/Principals, Chairs of Governing Bodies, relevant Councillors, Trade Unions, Diocesan authorities, the Coventry Governors Association and members of the Schools Forum. The consultation period ended on 22<sup>nd</sup> November 2024.

- 3.3 In addition, where possible, stakeholder groups were briefed throughout the consultation period. These included Primary Finance representative head teachers and the Schools Forum.
- 3.4 The result of the consultation is set out in Appendix 1 to the report and summarised under each proposal within section 2 of the report.

#### **4. Timetable for implementing this decision**

- 4.1 The Council is required to submit a proforma to the Education and Skills Funding Agency (ESFA) by 22<sup>nd</sup> January 2025 setting out the draft Fair Funding Formula, including proposed changes. Once the proforma is checked for compliance and approved by the ESFA, the proposed changes will then be implemented from April 2025.

#### **5. Comments from Director of Finance and Resources and Director of Law and Governance**

##### **5.1. Financial Implications**

##### **Financial implications on schools**

- 5.1.1 Schools will face significant cost pressures in 2025-26 resulting from general inflation and increased staffing costs which are likely to be significantly higher than the funding increases announced, with some schools not seeing an increase to the funding they received in 2024/25 other than the annualisation of CSBG. At this stage there is no indication that there will be any supplementary grants to support with pay awards in 2025-26, therefore schools should be planning on that basis. Whilst there will be funding to support with the increase in employer national insurance it is likely this will only cover school employees and not the indirect implications of suppliers increasing their prices in response to this change. It is therefore key that schools continue to evaluate their financial positions, especially in these times of rising costs, to ensure they have sustainable budgets over the medium term and not have a reliance on the use of reserves. Where schools have concerns about this, they need to be scenario planning and managing vacancies sensibly so that they are able to take swift informed decisions to manage expenditure should these be necessary.
- 5.1.2 Mainstream schools will continue to be subject to the minimum funding guarantee (MFG) protection arrangements in 2025-26. The MFG seeks to protect schools against significant year-on-year change in pupil led funding for the purposes of stability. The level of the MFG in 2025-26 will be set at 0%, subject to affordability as discussed in 2.1.1. In recent years there has been an affordability gap on the formula (for context this was £0.6M in 2024/25) and in this scenario all school allocations will be reduced where possible on an equivalent % basis to fit within the available resource. If there was an affordability gap again in 2025-26 this would mean the MFG protection level would have to be set at a value lower than 0%. The NFF and MFG protection mechanism operates on a per pupil basis, therefore schools may see a funding reduction if they are experiencing falling pupil numbers.
- 5.1.3 Within the National Funding Formula (NFF) there is a level of protection being applied to school budgets compared with the pure NFF allocations. It is not clear what protection

arrangements will be in place for schools after 2025-26 as these will be subject to future announcements. We do not anticipate that the full protection will be immediately removed, but schools must be made aware of the level of protection included within their funding allocations, so that they can begin to scenario plan and manage vacancies so that they are prepared to take swift informed decisions should the level of protection reduce in 2026-27 or beyond.

### **Financial Implications on the LA**

5.1.4 The DfE's School Funding Reform required Local Authorities (LA)s to delegate some centrally spent dedicated schools grant (DSG) to schools. Maintained schools can then agree to pool funding and return to the LA to be spent on their behalf. Areas that this includes are New Arrivals Fund, Maternity & Trade Union staffing. This is reviewed and approved by the Schools Forum on an annual basis, but should schools choose not to de-delegate this funding then the LA would need to look at how it will exit from the service delivery and there may be some costs associated with this.

5.1.5 The financial climate over recent years has resulted in additional cost pressures on schools. The high levels of general inflation, high levels of pay inflation, small increases to school funding levels and small risk to protection funding in schools (see 5.1.3), means that school budgets will continue to be under pressure.

5.1.6 This could result in a number of schools needing to carry out restructures and make potential staffing redundancies, which could create a financial pressure for the LA, as in some circumstances we are required to fund these costs for maintained schools. Work to mitigate this is continually discharged through the LA's Schools Finance function, working with schools on scenario planning and vacancy management in order to reduce the likelihood that redundancies are required. Although given the potential level of cost increase that may materialise, some of these costs may be unavoidable.

## **5.2. Legal Implications**

5.2.1 s 48(1) of the School Standards and Framework Act 1998 requires Local Authorities (LA)s to maintain and publish schemes connected with the financing of maintained schools. Regulations made under the Act (School and Early Years Finance (England) Regulations 2020) specify the functions which the LA is and is not required to delegate to schools, and the factors which the LA considers when delegating funding and the consultation requirements. A scheme maintained by the LA may be revised in whole or in part, the LA is required to take into account guidance issued by the Secretary of State (Schools Operational Guide: 2025 to 2026) in respect of the provisions that the Secretary of State regards as appropriate for inclusion into any revised scheme. The LA is required to consult the governing body and head teacher of every school maintained by the authority and to submit the proposals for approval to the School's Forum.

5.2.2 Public authority decision makers are under a duty to have due regard to 1) the need to eliminate discrimination: 2) advance equality of opportunity between people who share a protected characteristic and those who do not: 3) foster good relations between persons who share a relevant protected characteristic and people who do not (public sector equality duty - s 149(1) Equality Act 2010). The applicable protected



characteristics are disability, gender reassignment; race, religion or belief, sex; sexual orientation, pregnancy or maternity.

5.2.3 Decision makers must be consciously thinking about these three aims as part of their decision-making process with rigour and with an open mind. The duty is to have “due regard”, not to achieve a result but to have due regard to the need to achieve these goals. Consideration being given to the potential adverse impacts and the measures needed to minimise any discriminatory effects.

## **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>

A clear and transparent financial infrastructure is key to ensuring that schools can focus on improving educational outcomes.

It is important to ensure that the financial relationship between the City Council and the schools it maintains is clear and transparent, and this is set out in the Fair Funding Scheme of Delegation.

### **6.2. How is risk being managed?**

The consultation document is sent to all relevant stakeholders within the city.

The City Council has a statutory responsibility to ensure maintained schools can balance their budget, and the Education and Skills Funding Agency (ESFA) has a statutory responsibility to ensure Academies are setting balanced budgets. The City Council also has a moral obligation to support all Coventry’s children and young people.

Any potential school deficit or long-term sustainability issues will be reported back to the City Council as early as possible to ensure plans are put in place to achieve a balanced budget. This will include liaising with the ESFA where the school is an academy and the problem is brought to our attention.

The updated Fair Funding Scheme of Delegation will enable schools and City Council officers to clearly understand and uphold the financial responsibilities of each organisation.

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

The proposals will continue the theme of mirroring the National Funding Formula protection mechanism and allocations in schools, as well as per pupil funding stability in schools as provided by the Minimum Funding Guarantee.

If as a consequence of implementing some of the proposals there is the need to make staffing structure changes then full consultation will be undertaken with both Coventry City Council staff and the trade unions in accordance with city council policies.

#### **6.4. Equalities / EIA?**

The DfE carried out an Equality Impact Assessment on the significant changes caused by the introduction of the National Funding Formula. The majority of proposals included in this report are the result of the National Funding Formula changes, therefore the DfE equality impact assessment should equally apply to Coventry. The details of this EIA can be obtained via the link below:

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs-equalities-impact-assessment>

#### **6.5. Implications for (or impact on) climate change and the environment?**

None

#### **6.6. Implications for partner organisations?**

None

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<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>
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Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	26/11/2024	26/11/2024
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<b>Names of approvers for submission: (officers and members)</b>				
Barry Hastie	Director of Finance and Resources	-	26/11/2024	02/12/2024
Gurbinder Singh Sangha	Major Projects Commercial Lawyer	Law and Governance	26/11/2024	29/11/2024
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Councillor G Duggins	On behalf of Councillor Sandhu, Cabinet Member for Education and Skills	-	26/11/2024	02/12/2024

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

**Fair Funding Consultation 2025/26 - Summary of Responses**

**1 Introduction**

- 1.1 This Appendix provides a summary of responses received to the consultation paper that was issued to all schools and other stakeholders on 7<sup>th</sup> November 2024. All responses that were received have been analysed and the results are summarised in this paper.
- 1.2 A total of 6 responses were received, with 2 of those received from groups and therefore representing multiple stakeholder views.

<b>Respondent</b>	<b>Responses Received</b>
Primary	3
Secondary	1
Special	0
Early years	0
Stakeholder	2
Consultative Groups (SCG)	
Trade Unions	0
<b>Total</b>	<b>6</b>

- 1.3 The results and comments are summarised below. The full responses can be made available on request.

**2 RESULTS**

**2.1 Proposal 1 – Fair Funding Formula options**

- 2.1.1 This proposal recommends that Coventry continues to use the local funding formula in 2025/26 to mirror the National Funding Formula protection levels as closely as possible.
- 2.1.2 We asked stakeholders whether they agreed with this proposal and for general comments.

Sector	Agree	Disagree	Blank or N/A
Primary	3	0	0
Secondary	1	0	0
Special	0	0	0
Early Years	0	0	0
SCG	2	0	0
Trade Unions	0	0	0
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>

Respondents	General Comments
Primary (3)	<b>Agree:</b> We support the recommendation
SCG (2)	<b>Agree:</b> We support the recommendation
Secondary (1)	<b>Agree:</b> We support the recommendation

## 2.2 Proposal 2 – De-delegated Services

2.2.1 Funding for some centrally provided services must be allocated direct to schools through the formula but can then be returned to the LA by maintained schools via local de-delegation agreement. This Proposal highlights the de-delegation decision will need to be agreed by Schools Forum.

2.2.2 We asked stakeholders for general comments on this proposal.

Respondents	General Comments
Primary (2)	<b>Agree:</b> Continue to support the de-delegation of services
SCG (2)	<b>Agree:</b> Continue to support the de-delegation of services
Primary (1)	No comments were made due to academy status
Secondary (1)	No comments were made due to academy status

## 2.3 Proposal 3 – Fair Funding Scheme of Delegation

2.3.1 This section covers change that is being made to the Fair Funding Scheme of delegation to reflect updated national and local policies.

2.3.2 We asked stakeholders for general comments on this proposal.

<b>Respondents</b>	<b>General Comments</b>
Primary (2)	<b>Agree:</b> Agree with the proposed changes
SCG (2)	<b>Agree:</b> Agree with the proposed changes
Primary (1)	No comments were made due to academy status
Secondary (1)	No comments were made due to academy status

<b>2024/25 De-delegated Amounts</b>	
	<b>Primary</b>
Free School Meal Eligibility	12,721
Maternity	551,319
Trade Union Facility	76,016
EMAS (New Arrivals Fund)	247,246
<b>Total</b>	<b>887,302</b>

# **Fair Funding Consultation 2025/26**

DOCUMENTS ENCLOSED: Consultation on Proposed Changes to the Fair Funding Formula and Scheme of Delegation (including a Response Form)



# Consultation on Proposed Changes to the Coventry Fair Funding Formula and Fair Funding Scheme of Delegation

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## Contents

<b><u>Fair Funding Consultation 2025/26</u></b> .....	<b>16</b>
1 <u>Purpose of Consultation</u> .....	18
2 <u>Executive Summary</u> .....	19
3 <u>Dedicated Schools Grant (DSG) Budget Implications</u> .....	21
<b><u>Schools Block &amp; Local Formula Changes</u></b> .....	<b>23</b>
4 <u>Schools Block National Funding Formula</u> .....	23
5 <u>Proposal 1 – Fair Funding Formula options</u> .....	26
6 <u>Proposal 2 – De-delegated Services</u> .....	28
<b><u>Fair Funding Scheme of Delegation</u></b> <i>Error! Bookmark not defined.</i>	
7 <u>Proposal 3: Fair Funding Scheme of Delegation changes</u> .....	30
<b><u>Appendices</u></b> .....	<b>327</b>
<u>Appendix A – Response Form</u> .....	327

## 1 Purpose of Consultation

- 1.1 Under Section 48 of the School Standards and Framework Act 1998, Local Authorities (LAs) are required to have schemes of delegation which set the financial controls and arrangements that will operate between schools, nursery providers, and the LA.
- 1.2 Any proposed revisions to these schemes and/or the Fair Funding Formula<sup>1</sup> must be the subject of consultation and require approval by the Schools Forum.
- 1.3 **The purpose of this document is to seek your views on proposed changes to the Fair Funding Scheme of Delegation and the fair funding formula from April 2025. It also provides information in relation to funding changes and/or issues affecting funding in 2025/26.**
- 1.4 After the consultation period, the Director of Finance and the Director of Children and Education Services will make recommendations to Cabinet in January 2025 and the LA will submit the Authority Pro-forma Tool to the ESFA later that month.
- 1.5 It is important that you respond to the Consultation, as responses are taken into consideration in the report to Cabinet and Schools Forum.
- 1.6 A summary of responses will be made available to Cabinet Members, and all relevant stakeholders.
- 1.7 **The closing date for responses to the consultation is Friday 22<sup>nd</sup> November 2024.** It will not be possible to take account of responses after this date. Please send responses to [lisa.thomas@coventry.gov.uk](mailto:lisa.thomas@coventry.gov.uk)
- 1.8 If you have any queries regarding the proposals, please contact Paul Hammond (Lead Accountant) on 024 7697 2635 or email [paul.hammond@coventry.gov.uk](mailto:paul.hammond@coventry.gov.uk).

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<sup>1</sup> The Fair Funding Formula is used to fund maintained schools, and calculate DSG recoupment from LA for academies. The ESFA mirror the LA Funding formula to fund academies.

## **2 Executive Summary**

### **2.1 Background**

- 2.1.1 In October, the Department of Education (DFE) published a summary policy document for schools National Funding Formula (NFF) 2025/26 to confirm that the 2025/26 schools NFF will use the same factors as the 2024/25 NFF. According to the Department, the NFF allocation will be published in late November.
- 2.1.2 The DfE has also published a NFF summary document providing further information for the Schools Block, High Needs Block and Central Schools Services Block. This document sets out how the various NFF's will operate and updates the values used for each factor in the Schools NFF.
- 2.1.3 The Teachers' Pay Additional Grant (TPAG), the Teachers' Pension Employer Contribution Grant (TPECG) 2024 and the Core Schools Budget Grant (CSBG) will be rolled into the 2025/26 NFF. This means these grants will no longer be separate grants in 2025/26.
- 2.1.4 The table below identifies which proposals within this consultation could potentially have a direct effect on each sector from the start of the 2025/26 financial year.

<b>Proposal</b>	<b>Nursery</b>	<b>Primary</b>	<b>Secondary</b>	<b>Special</b>	<b>FE</b>
1	No	Yes	Yes	No	No
2	No	Yes	No	No	No
3	No	Yes	No	Yes	No

### **2.2 Brief Description of Proposals**

#### **2.2.1 Proposal 1: Fair Funding Formula options**

- 2.2.2 This proposal recommends that Coventry continues to use the local funding formula in 2025/26 to mirror the National Funding Formula protection levels as closely as possible.

This proposal in Section 5 requests that schools feedback general comments.

#### **2.2.3 Proposal 2: De-Delegated services**

De-delegated services must be approved annually. We will be seeking approval at Schools Forum in autumn 2024 in relation to 2025-26 de-delegated services. This proposal in Section 6 sets out the information we will be sharing with the Schools Forum.

#### **2.2.4 Proposal 3: Fair Funding Scheme of Delegation changes**

Section 7 covers the change that is being made to the Fair Funding Scheme of delegation to reflect updated national and local policies.

### 2.3 Consultation Response

Please respond to this consultation using the consultation response form that you will find at [appendix A](#). This should be returned electronically as per the instructions on the response form.

### **3 Dedicated Schools Grant (DSG) Budget Implications**

#### **3.1 Context**

3.1.1 This section is to provide early, high-level information to schools and other stakeholders on the emerging issues that will affect budget levels and financial positions in 2025/26 and beyond. Due to the nature of national policy development, the country's economic position and the timing of published information & allocations, this will progress further as we work on the DSG budget setting process between now and March 2025. Stakeholders should refer to Schools Forum papers, and relevant head teacher briefings, for further developments during that time.

#### **3.2 Cost Pressures**

##### **Pay Inflation**

3.2.1 The officers' pay award from April 2024 has now been accepted by Trade Unions and is an increase of £1,290 per full time equivalent (FTE) employee. We are assuming an additional 3% increase from April 2025.

3.2.2 Teachers pay awards for September 2024 were increased by 5.5% across all pay points and allowances.

3.2.3 Current estimates for the September 2025 Teachers pay awards are for increases of 3% across the pay bands.

3.2.4 The recent 2024 budget includes a significant shift in employer National Insurance (NI) contributions, with the rate increasing by 1.2% to 15%, and a lowered earnings threshold now starting at £5,000 (down from £9,100). The government have confirmed that schools will receive a separate grant to help cover these costs.

3.2.5 The Teachers Pay Additional Grant (TPAG) which supported schools with the September 2023 teachers pay award will be rolled into the schools national funding formula for 2025 to 2026.

3.2.6 The Core School Budget Grant (CSBG) which supported schools with the September 2024 teachers pay award and the April 2024 officers pay award will be rolled into schools national funding formula for 2025/26.

3.2.7 The full year effect of the September 2024 teachers pay award had not been felt in 2024/25, therefore funding on top of the CSBG received in 2024/25 will be included in the NFF for 2025/26.

##### **Pensions**

3.2.8 The employer superannuation contribution rate for officers in the Local Government Pension Scheme (LGPS) is 21.2% in 2024/25. This will remain for a further financial year. We do not have any information regarding changes to this following 2025/26.

3.2.9 Increases in non-teaching staff employer pension contributions for academies and free schools will be dependent on the schemes employees are in, and their own scheme review date.

3.2.10 The employer superannuation contribution rate for teachers in the Teachers' Pension Scheme (TPS) is 28.6% from April 2024. We do not have any information regarding changes to this during 2025/26.

### **Price Inflation**

3.2.11 The largest part of a school's expenditure is staffing, so changes within that area of expenditure are by far the most significant, however the general inflation level will also affect other areas of expenditure within schools. For your information please note that the Consumer Price Index (CPI) inflation measure is currently running at 2.6%.

3.2.12 Please also note that any increases to teachers pay, energy inflation and general inflation (detailed above) will also affect other providers and services; this is likely to result in higher fees for these services.

## **4 Schools Block National Funding Formula**

*The below is a high level summary of the impact of the National Funding Formula on Coventry's Dedicated Schools Grant allocation, including changes for 2025/26 and an indication of how this may impact on schools.*

### **4.1 The Schools Block National Funding Formula**

- 4.1.1 The school and education system is funded from the dedicated schools grant (DSG), which is a ring-fenced grant. In 2024/25 the total amount of grant for Coventry is £431M, and this is spent across 4 areas/blocks: Early Years, Schools, Central Schools Services and High Needs (including special school provision). The majority of this resource funds provision (including all schools) for children and young people across the city.
- 4.1.2 From April 2018 the Government introduced a new "National Funding Formula" (NFF) for school funding which set nationwide funding formula values and determined the overall level of Schools Block funding for each Local Authority.
- 4.1.3 The government's stated intention behind the NFF is to "introduce a funding formula that addresses the long-standing inequalities in school funding that have existed for many years". Unfortunately the impact of the National Funding Formula will be to reduce the proportion of the national funding pot available to Coventry schools over the longer term. As a result 22 out of 107 mainstream schools in Coventry were on the NFF funding floor in 2024/25.
- 4.1.4 The DfE have published schools block NFF factor values and these have increased by 7.7% on average. However, of that 7.7% increase, 5.7% relates to the mainstreaming of the TPAG, TPECG & CSBG and so is not new money, 1.4% relates to the full year effect of the CSBG and whilst it is new money is designed to cover the cost of previous pay awards. This means that the NFF factor value increases excluding other grants is 0.6%. Not all schools will see these level of increases though, with schools that remain on the Funding Floor only seeing per pupil funding changes at the Minimum Funding Guarantee level (see 4.1.6)
- 4.1.5 Since 2018/19, in consultation with schools, Coventry has taken the decision to mirror the NFF protection levels as closely as possible. This has allowed us to maximise the amount of funding we were able to pass out to schools; providing an annual per pupil funding increase at the full NFF funding floor level, and higher for the schools above the funding floor.
- 4.1.6 For 2025/26 it has been confirmed that the Minimum Funding Guarantee (I.E. the minimum amount of change school funding must be on a per pupil level compared to 2024/25) must be between -0.5% - 0%. This

means that the best-case scenario for schools who remain on the funding floor is for budgets to remain equal to 2024/25 on a per pupil level.

- 4.1.7 In 2024/25 per pupil protection was set by the DfE to be between 0% and +0.5%, which ended up being 0.42% increase for Coventry schools, meaning the biggest increase schools who remained on the funding floor received was +0.42% per pupil.

## 4.2 The NFF in Coventry

- 4.2.1 The NFF is currently in a 'soft' phase, meaning that the DfE will run the NFF for each school, and then the total of the Coventry schools' allocations will become the Schools Block DSG allocation for Coventry to use in its own formula. We then need to go through the usual budget setting process and decide the local funding formula and minimum funding guarantee arrangements that we will use to calculate budget shares for Coventry schools.
- 4.2.2 Whilst most of the Schools Block funding is based on the NFF factors, funding for premises factors (i.e. Rates, PFI) is based on historic allocations. The extent to which our premises costs in 2025/26 are higher or lower than the allocation we receive, will impact on the affordability of the formula - i.e. whether we are able to afford the maximum 0% MFG funding floor.
- 4.2.3 The October 24 census will inform the level of funding we are required to distribute for 2025/26 and we will therefore not be able to fully understand the financial implications and affordability of Coventry's funding formula until we have the finalised October 24 census data and received the final Schools Block DSG settlement in December 2024.
- 4.2.4 We will be working with the Schools Forum, in consultation with Headteacher Partnerships, to understand the financial models available and to implement the appropriate formula changes to deliver school funding allocations for 2025/26.
- 4.2.5 The latest communication from the DfE indicates that the NFF will move away from the 'soft' phase to a 'hard' NFF in 2027/28. The 'hard' NFF is where the NFF will be run nationally by the DfE and those allocations will be schools budget shares, meaning Coventry City Council cannot adjust those allocations.

## 4.3 NFF Changes of note

- 4.3.1 The DfE have increased national formula factors by 7.7% on average. However, of that 7.7% increase, 5.7% relates to the mainstreaming of the TPAG, TPECG & CSBG and so is not new money, 1.4% relates to the full year effect of the CSBG and whilst it is new money is designed



to cover the cost of previous pay awards. This means that the NFF factor value increases excluding other grants is 0.6%.

- 4.3.2 The Minimum Per Pupil funding level has been increased by £345 to £4,955 (Pri) and by £470 to £6,465 (Sec) – this factor ensures that schools receive at least this amount per pupil in their funding allocations. This factor is mandatory in LA's formulas.
- 4.3.3 The minimum Funding Guarantee (MFG) is a mechanism that protects a school's funding (per pupil) against its previous year's allocation. The level of protection which can be applied to schools for 25/26 is between -0.5% - 0%.

## 5 Proposal 1 – Fair Funding Formula options

This proposal recommends that Coventry continues to use the local funding formula in 2025/26 to mirror the National Funding Formula protection levels as closely as possible.

### 5.1 Background

- 5.1.1 Despite the National Funding Formula announcements and shadow school allocations published by the Department for Education (DFE), the LA is still required to operate its local funding formula within a strict legal framework which does not allow the flexibility to simply allocate funding to schools at the NFF level.
- 5.1.2 However, since 2018/19, in consultation with schools, Coventry has taken the decision to mirror the NFF protection levels as closely as possible. This has allowed us to maximise the amount of funding we were able to pass out to schools, ensuring that all schools received the higher of their NFF Funding Floor increase or their National Funding Formula allocation.
- 5.1.3 As set out in section 4.2 the LA retains flexibility in how it sets the school funding formula and could choose to move away from mirroring the NFF protection levels, instead protecting all schools with a blanket protection %.
- 5.1.4 Despite this flexibility, the target to set an equal protection level % for all schools in 2025/26 provides schools on the funding floor with only a marginal benefit, whilst providing significantly less funding for those schools that would be on the pure NFF.
- 5.1.5 Given this, and the consensus to mirror the NFF during the past seven years, we have again decided to put only one 2025/26 formula approach forwards for consultation and we welcome your views on this proposal.

### 5.2 Proposed Option: Continue to mirror the National Funding Formula (NFF) protection levels as closely as possible (subject to affordability).

- 5.2.1 This would mean all schools would not receive a reduction in pupil led funding compared with 2024/25 funding levels (subject to overall Schools Block affordability). A Minimum Funding Guarantee (MFG) protection level would need to be put in place to ensure this.
- 5.2.2 Should it not be affordable to deliver this option in full (see 4.2.2 – 4.2.3 for context) we will reduce all school allocations, where possible, on an equivalent % basis to fit within the available resource. To do this we will need to reduce the MFG protection

% and also implement a 'capping & scaling' approach for schools above the Funding Floor.

### 5.3 Consultation

*Please indicate whether you agree with this proposal and feedback any general comments you may have on this proposal.  
(Please respond on the Consultation Response Form - [Appendix A](#))*

## 6 Proposal 2 – De-delegated Services

*Funding for some centrally provided services must be allocated direct to schools through the formula but can then be returned to the LA by maintained schools via local de-delegation agreement. This Proposal highlights that the de-delegation decision will need to be agreed by Schools Forum.*

### 6.1 Background

- 6.1.1 The budgets for a number of centrally provided services have to be delegated to schools through the funding formula but can be de-delegated for maintained schools. This means that maintained schools can choose to pool resources to continue delivery of a service. Academies are not able to opt into de-delegation but can choose to buy back into the services if offered.
- 6.1.2 In 2024/25 Primary maintained schools opted to pool resources for all of the de-delegated services offered by the LA. Licences and Subscriptions are funded via a national top-slice for all schools and Behaviour Support Services are now traded. Both are no longer part of de-delegation.

### 6.2 Proposed way forward

- 6.2.1 The pooling arrangements continue to be available in 2025/26 and must be approved by Primary representatives within the School Forum.
- 6.2.2 We will be seeking approval from the School Forum in November in relation to de-delegated services. The table below shows the values approved for de-delegation in 2024/25. (These figures are subject to in-year change, where LA maintained schools convert to academies). There are no longer any maintained secondary schools within Coventry therefore de-delegation decisions will only be taken by maintained primary school representatives.

<b>2024/25 De-delegated Amounts</b>	
	<b>Primary</b>
Free school meal eligibility	12,721
Licences/subscriptions	0
Maternity	551,319
Trade Union facility	76,016
School Improvement	0
EMAS (new arrivals fund)	247,246
Behaviour support services	0
<b>Total</b>	<b>887,302</b>

### 6.3 Consultation

*Please feedback general comments on de-delegated services. We will report the overall response at the Schools Forum (SF) meeting. Schools can also make representation to their SF representative.*

*(Please respond on the Consultation Response Form - [Appendix A](#))*

## **7 Proposal 3: Fair Funding Scheme of Delegation changes**

*This section covers changes that are being made to the Fair Funding Scheme of delegation to reflect updated national and local policies.*

### **7.1 Background**

- 7.1.1 Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act set out that Local Authorities should have a Scheme of Delegation.
- 7.1.2 Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.
- 7.1.3 In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum.
- 7.1.4 The link to the draft consultation version of Fair Funding Scheme of Delegation is available at <https://www.coventry.gov.uk/downloads/file/43675/fair-funding-scheme-of-delegation-september-2024>

### **7.2 Proposed way forward**

- 7.2.1 Throughout the Fair Funding Scheme of Delegation, the job titles Chief Operating Officer, Director of Education & Skills and Finance Manager (Children's Social Care & Education have been changed to Director of Finance, Director of Children and Education Services and Finance Manager Children and Education Services to reflect updated job titles within Coventry City Council.
- 7.2.2 Below is a summary of paragraphs that have been added to the Fair Funding Scheme of delegation due to the introduction of International Financial Reporting Standard 16 (IFRS16). IFRS16 ends the distinction between operating and finance leases, meaning that all leases will be classified as finance leases for accounting purposes:

#### **Section 3.6.2 (Borrowing by Schools)**

The following new paragraph has been added - The introduction of International Financial Reporting Standard 16 (IFRS16) for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.

### **Section 3.6.3 (Borrowing by Schools)**

The following new paragraph has been added - The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the [IFRS16 Maintained Schools Finance Lease Class Consent 2024](#). Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances.

#### **7.3 Consultation**

*Please feedback any general comments on the Fair Funding Scheme of Delegation. Please respond on the Consultation Response Form - [Appendix A](#)*

**Response Form**

**Consultation on Proposed Changes to the Fair Funding Scheme of Delegation and Formula 2025/26**

Name of Respondent: .....

Name of setting: .....

Position: .....

Responding as (please ✓ the box)

Group

Individual

**Stakeholder Group:** (please ✓ the box)

- Trade Union Representatives
- Diocesan Church Authorities
- Governors Associations
- Head Teachers
- Chairs of Governors/Governing Body
- Schools Forum
- PVI/Childminder Early Years Provider

*PLEASE RETURN BY 22<sup>nd</sup> November 2024 to:*

E-mail: [lisa.thomas@coventry.gov.uk](mailto:lisa.thomas@coventry.gov.uk)



**Proposal 1 Response**

**Fair Funding Formula options**

(for further information see the Fair Funding Consultation, [section 5](#))

*This proposal recommends that Coventry continues to use the local funding formula in 2025/26 to mirror the National Funding Formula protection levels as closely as possible.*

*Please indicate whether you agree with this proposal and feedback any general comments you may have on this proposal.*

**Please indicate whether you Agree or Disagree with this proposal**

**Agree**

**Disagree**

**Proposal 1: Comments**

## **Proposal 2 Response**

### **De-delegated Services**

(for further information see the Fair Funding Consultation, [section 6](#))

*Funding for some centrally provided services must be allocated direct to schools through the formula but can then be returned to the LA by maintained schools via local de-delegation agreement. This proposal highlights the de-delegation decision that will need to be agreed by Schools Forum.*

*Please feedback general comments on de-delegated services. We will report the overall response at the Schools Forum meeting.*

### **Proposal 2: Comments**

## **Proposal 3 Response**

### **Fair Funding Scheme of Delegation**

(for further information see the Fair Funding Consultation, [section 7](#))

*This section covers the changes that is being made to the Fair Funding Scheme of delegation to reflect updated national and local policies.*

*Please feedback any general comments on the Fair Funding Scheme of Delegation.*

**Fair Funding Scheme of Delegation changes: Comments**

**Other General Comments:**

**Fair Funding Consultation 2025/26: Comments**

**Circulation List**

Trade Union Representatives  
Diocesan Church Authorities  
Governors Associations  
Head Teachers  
Chairs of Governors  
Schools Forum  
PVI/Childminder Early Years Provider  
LA Councillors



## Public report Cabinet

Cabinet  
Council

7<sup>th</sup> January 2025  
14<sup>th</sup> January 2025

### **Name of Cabinet Member:**

Cabinet Member for Jobs, Regeneration and Climate Change – Councillor J O’Boyle

### **Director approving submission of the report:**

Director of Innovation

### **Ward(s) affected:**

All

### **Title: Coventry Very Light Rail**

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### **Is this a key decision?**

Yes - the proposals involve financial implications in excess of £1m per annum.

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### **Executive summary:**

Following successful development and trials of track and vehicle, Coventry’s groundbreaking Very Light Rail is now ready to be tested in an on road live environment. This will be a crucial step in our mission to develop and deliver an affordable tram system, with a target cost of £10m/km. This report seeks approval to let a contract for the construction and operation of a 220m long single track demonstrator on Greyfriars Road and Queen Victoria Road.

This initial section of track, which will test the track and vehicle in a live setting, is intended to be completed in Spring 2025 with the vehicle in operation for a four week period. This will provide an opportunity for local people, along with other interested parties, to ride on the vehicle in a controlled environment and provide feedback.

The purpose of the on street showcase / or demonstrator is to do the following:

- trial and optimize installation methods on a live road
- prove that the track can be installed in significantly less time and at much reduced cost compared to conventional tram systems
- provide assurance to utility companies that it is possible for their apparatus to remain under the track
- monitor and collect data on track performance
- stimulate commercial interest

## **Recommendations:**

Cabinet is requested to recommend that Council:

- 1) Provide approval to proceed with the installation and operation of the four week on road test in Greyfriars Road/Queen Victoria Road, which is funded within the existing CVLR approved budget.
- 2) Provide approval to proceed with securing the necessary Statutory approvals to construct the on road test in Greyfriars Road/Queen Victoria Road.
- 3) Delegates authority to the Director of Law and Governance, the Director of Finance and Resources and the Director of Innovation, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change, to enter into all necessary legal agreements for the on road test in Greyfriars Road/Queen Victoria Road.
- 4) Delegates authority to the Director of Law and Governance, the Director of Finance and Resources and the Director of Innovation, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change, to agree the award of contract(s) and for the Council to enter into all necessary contracts, including but not limited to construct and operate the on road test in Greyfriars Road/Queen Victoria Road.
- 5) Delegates authority to the Director of Law and Governance, the Director of Finance and Resources and the Director of Innovation, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change, to enter into the appropriate lease agreements for associated infrastructure required to deliver and promote the CVLR system.

Council is requested to:

- 1) Provide approval to proceed with the installation and operation of the four week on road test in Greyfriars Road/Queen Victoria Road, which is funded within the existing CVLR approved budget.
- 2) Provide approval to proceed with securing the necessary Statutory approvals to construct the on road test in Greyfriars Road/Queen Victoria Road.
- 3) Delegate authority to the Director of Law and Governance, the Director of Finance and Resources and the Director of Innovation, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change, to enter into all necessary legal agreements for the on road test in Greyfriars Road/Queen Victoria Road.

- 4) Delegate authority to the Director of Law and Governance, the Director of Finance and Resources and the Director of Innovation, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change, to agree the award of contract(s) and for the Council to enter into all necessary contracts, including but not limited to construct and operate the on road test in Greyfriars Road/Queen Victoria Road.
  
- 5) Delegate authority to the Director of Law and Governance, the Director of Finance and Resources and the Director of Innovation, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change, to enter into the appropriate lease agreements for associated infrastructure required to deliver and promote the CVLR system

**List of Appendices included:**

The following appendix is attached to the report:

Appendix 1 – CVLR on road test location map

**Background papers:**

None

**Other useful documents**

Council: Implementing the Devolution Agreement – Provision for Mayoral West Midlands Combined Authority 31 May 2016

Cabinet: City Centre South 24th January 2017

Cabinet: Connecting Coventry Strategic Transport Investment Programme 24th January 2017

Cabinet: 2018/19 Transportation and Highway Maintenance Capital Report, 6th March 2018

Cabinet: Coventry Very Light Rail, 12th October 2021

Cabinet: Transportation and Highway Maintenance Capital Programme, 15th March 2022

Cabinet: City Region Sustainable Transport Settlement, 6th September 2022.

All previous reports are available via the Council's website:

<http://democraticservices.coventry.gov.uk/mgListCommittees.aspx?bcr=1>

**Has it or will it be considered by Scrutiny?**

No

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

No

**Will this report go to Council?**

Yes 14<sup>th</sup> January 2025

## Report title: Coventry Very Light Rail

### 1. Context (or background)

- 1.1 Coventry Very Light Rail (CVLR) is a pioneering research and development project, supported by West Midlands Combined Authority (WMCA) and the Department for Transport (DfT) with a £40.5m funding allocation as part of the City Region Sustainable Transport Settlement (CRSTS). The project is gaining widespread attention due to its innovative and cost effective unique trackform and prototype vehicle, which is sustainably powered. The project has developed and both track and vehicle have undergone extensive testing, amassing a wealth of data and learning. The vehicle has completed 1000km test miles at the Black Country Innovative Manufacturing Organisation (BCIMO) and a section of track has been laid at the Council's own depot, where it has had well over a million tonnes pass over the test track at Whitley. We are now at the point where the next step will be to construct a test track on a live road to prove the track installation and removal methodology.
- 1.2 CVLR will contribute to the delivery of the priorities within the One Coventry Plan (2022 to 2030) by making public transport more attractive through the provision of an affordable tram system, which is fully accessible with zero emission at point of use. This Coventry innovation offers the potential to create a new manufacturing sector, attracting inward investment to the city, creating new highly skilled jobs and training opportunities
- 1.3 As well as offering a solution for Coventry, CVLR could benefit many towns and cities world-wide in the drive to combat climate change. Evidence suggests that rail based public transport systems stimulate modal shift, more than other forms of public transport, thanks to their permanence and quality of service. An integrated transport network, providing appropriate sustainable alternatives for individual journeys, is necessary if the UK is to meet its challenging Net Zero targets.
- 1.4 The project is generating world-wide interest, with approaches from interested parties who are keen to see the track and vehicle demonstrated to prove the concept of a lower cost, easier and quicker to install trackform.
- 1.5 There are three trial sites for the trackform, all of which are generating positive results. This has already led to further innovations which will increase the commercial potential of the project by enabling a wide variety of trams to use it as well as the prototype CVLR vehicle. As this is a research and development project, it is important that there is independent scrutiny of the test results and an independent review panel (IRP) has been established.
- 1.6 It is critical to showcase the technology and build the market for the product, which, if successful, will create jobs and a new manufacturing sector in the region.
- 1.7 The next critical step is to prove the concept on a city centre road. With the agreement of WMCA and DfT, and the support of the IRP, it is planned to build a 220m demonstration track on Greyfriars Rd and Queen Victoria Rd. The principal purpose of this demonstrator will be to show that the track can be installed quickly and to work with utilities to prove one of the unique selling points – that the utilities can



remain in place: this in turn will provide confidence that we are on target to deliver very significant savings compared to conventional tram systems with a target cost of £10m/km.

- 1.8 There will be a further, more detailed report at a later date, on the progress of the CVLR project as well as the next steps, after a successful live environment test.

## **2. Options considered and recommended proposal**

### **Option 1 - Recommended – Approve the installation and operation of the 220m short track on Greyfriars Road/Queen Victoria Road to enable the live on road test.**

2.1. The purpose of this demonstration line is to:

- demonstrate that CVLR can be built within the cost envelope and within the planned timescales.
- showcase the CVLR technology and system over a limited period to local people, accessibility groups, politicians, funders and stakeholders.
- demonstrate CVLR technology as a system to potential investors and promoters of other systems.
- provide an onboard experience and invite feedback from users which will inform the project going forward.
- work with utilities to demonstrate that CLVR track will not increase loading on their apparatus (it is expected the track will reduce stresses on apparatus) and to trial methods of removal and reinstatement of track to facilitate access in the event of emergencies (such as a burst water main).
- collection of technical data to enable further innovation in the trackform.

2.2. In conjunction with providing proof of concept in a live environment for the track form, the Council will also be operating the CVLR vehicle on the innovative track during a period next summer. This will allow the Council to also demonstrate the vehicle operating in a controlled live environment.

2.3. It is intended that the vehicle will be operational for a period of four weeks, at set times during the day, between the hours of 10am and 3pm. It will offer opportunities for people, partners and possible future investors chance to experience the system via escorted, promotional rides.

2.4. The cost of the on road test can be accommodated within the current approved budget. A change control to cover this was approved by DfT in October 2024.

#### Risk Mitigation

While the list is not exhaustive, the main risk mitigations in relation to risks captured in section 5 of the report are set out below.

2.5. Constructing a shorter section of track initially, reduces risk and cost, while providing data to enable further already approved and secured funding to be drawn down.

- 2.6. All aspects of vehicle, track and infrastructure system safety are scrutinised and documented at each phase by an external safety company that specialise in innovative track and rolling stock. They provide advice and produce detailed cases for safety. This process then feeds to an appointed Independent Competent Person (ICP) as required under ROGS 2006 (Railways and Other Guided Transport Systems Safety Regulations 2006). The ICP meets regularly with the CVLR teams alongside the independent safety company, and signs off each element of the process, implementing the safety verification scheme for the project and ensuring that relevant industry standards are met where appropriate. Without a letter of no objection from the ICP, the system cannot run.
- 2.7. The location for this initial installation has been chosen to ensure minimal disruption to residents and local businesses, adjacent to existing building works, with access to properties maintained at all times.
- 2.8. As part of the wider approved Coventry City Traffic Management Plan works (CCTMP) a bus gate will be introduced on Greyfriars Road.
- 2.9. During construction, the site will be managed by the contractor. Once construction is completed, the Council will take over the site alongside all of the relevant insurances.
- 2.10. The track will be installed on one side of the road, as a single track, with live traffic on the opposite side of the road, separated by temporary barriers during vehicle operation.
- 2.11. The vehicle will be fitted with an additional onboard braking mechanism to supplement the existing physical and remote brakes. Maintenance and repair of the vehicle will be the responsibility of the Council.
- 2.12. The tram will be travelling at a maximum speed of 20mph for a short period of time. As part of the test approach there will be barriers along the route. The track will be marshalled at all times while the vehicle is operating, with security in place when the vehicle is not operating.
- 2.13. We will procure a competent operator who will hold the relevant licences to operate the system. The operator will be responsible for the operation of the CVLR system under contract to Coventry City Council and will be the duty holder undertaking both the Infrastructure Manager and Transport Undertaking roles under ROGS 2006. As such they will be responsible for ensuring the safe operation of CVLR during the period of operation.
- 2.14. Maintenance and repair of the track and subsystems will be the responsibility of the Council. The Operator will be required to conduct pre-service checks of the track before operation and periodic track checks during operation, and any repair or maintenance works identified to be necessary will be arranged by the Council.
- 2.15. In order for CVLR to run in the city, approvals from utility services are required, so this first short run will be instrumental in providing data to give confidence that the construction proposals are sound and that the long-term impacts of the slab track over their assets are non-existent or minimal.

## **Option 2 – Not Recommended – Continue with a longer City Centre Demonstrator without undertaking the shorter test section.**

- 2.16. This option is not recommended as the opportunity to gain the learnings set out in 2.1 above would be lost. Constructing the test section also means we can demonstrate CVLR technology in the real world in a shorter timescale.
- 2.17. As this is a research and development project, it is essential that we exploit the opportunities we have to not only collect accurate data, but to also provide the necessary evidence to utility companies, to give them confidence that their apparatus can be left in situ, in the vast majority of cases. Making sure the utility companies are on board is an essential part of the business case for CVLR and its wider adoption.
- 2.18. Installation of this first section also means that construction of a longer route will be significantly de-risked meaning faster installation and potentially lower costs thus adding to the commercial potential of the project.

### **3. Results of consultation undertaken**

- 3.1. An engagement process on the proposed city centre cycleway, city centre red route and the CVLR demonstrator took place between 27 November and 17 December 2023. A Street News newsletter was delivered to more than 6,000 properties in and around the city centre via Royal Mail. This contained information about the changes and a link to the Council's Let Talk online page where people could complete a survey to tell us what they thought. Two drop-in sessions were held for people to find out more and ask questions. The on road test will enable local people to experience the CVLR and give us further feedback.

### **4. Timetable for implementing this decision**

- 4.1. The CRSTS funding is a 5-year programme from 1st April 2022 – 31st March 2027. Once approval is obtained, the contracts will be awarded for construction and operation, and delivery will begin as soon as is practically possible.

### **5. Comments from Director of Finance and Resources and Director of Law and Governance**

#### **5.1. Financial Implications**

- 5.2. The WMCA is the accountable body for the CRSTS funding and grant agreements are put in place between the WMCA and the Council to agree outputs for each stage, the stage gates have been agreed with DfT and WMCA.

- 5.3. Within the CRSTS funding, a budget has been allocated to progress the research and development of both the vehicle and trackform. Due to the research and development nature of the CVLR scheme, there is a risk of cost overruns. To date, the research and development has been delivered within the budgets set aside, and contingency has been set aside to account for any potential cost overruns. The CRSTS 1 allocation for CVLR is £40.5m.

- 5.4. The IRP assessed the financial forecasts for scheme implementation before Stage Gate 2 funding of £8.34m was released to construct the showcase. This demonstrator will provide reassurance that the forecast costs are realistic and will thereby reduce the risk of cost overruns. £8.34m is therefore the budget for the city centre demonstrator element of the project
- 5.5. Within the CRSTS Grant Agreements there is a 10% tolerance on cost and programme. Any spend or programme slippage in excess of the 10% tolerance will be dealt with through Change Control.
- 5.6. At present there is a risk that agreements with utility companies will result in the Council being required to give an unlimited indemnity in the event of any damage to their utilities. This risk is provided for within the contingency budget, however this short section test will help to reduce the risk for future construction stages.
- 5.7. There is provision within the allocated budget in the event that such incidents materialise, but it should be noted that the CVLR system operation will be covered by a public liability insurance obtained and held by the Council.
- 5.8. It is envisaged that the tracks would be retained in situ to continue to monitor its long-term performance. We would look to fund any maintenance costs through additional transport scheme funding, or as part of the Highways capital programme.
- 5.9. **Legal Implications**
- 5.10. Certain legal implications associated with installing and operating the on road test have been considered. The key points from the legal analysis are summarised below.

#### Consenting

- 5.11. The Council as promoter of the on road test should not assume that it can use its powers as highway authority, street authority, etc., as of right but instead should act as a third party would and apply for the relevant consents from itself as highway authority / street authority (i.e. using ethical walls, etc). This will provide greater transparency / resistance to legal challenge.
- 5.12. Planning permission is not required for the road test in the Greyfriars Lane/Queen Victoria Road.
- 5.13. A Transport and Works Act Order (“**TWAO**”) would provide the most certain form of authorisation for the City Demonstrator, but is not deliverable in the necessary timeframe. A careful use of powers under the Highways Act 1980, street works licences and traffic regulation orders should provide sufficient authority and consents to place the necessary works for the road test in the highway.
- 5.14. As with conventional construction works, the Health & Safety Executive (“**HSE**”) would largely be the health and safety enforcing authority in respect of the construction of new tramways and extensions to existing systems. The Office of Road and Rail (“**ORR**”) has delegated powers from HSE to look at the implications for operational safety at the time of design and construction of such projects.

5.15. The safety verification process required for safety management systems under the Railways and Other Guided Transport Systems (Safety) Regulations 2006 must be followed in relation to the introduction of new or altered rolling stock or infrastructure.

#### Key Operational Risks

5.16. The key operational risks in relation to the scheme include:

- liability for personal injury or third party property damage caused by (i) operation of the vehicles (to passengers utilising the scheme or to highway users/property on the streets and (ii) equipment embedded within or on the highway (for example, if a pedestrian were to trip and injure themselves). Liability may arise in connection with a claim brought by a third party and/or under health and safety legislation;
- damage caused to the system by third parties (including for example, vandalism and theft);
- liability for nuisance, for example where a claim is brought against CCC in relation to property nuisance or environmental nuisance (such as noise or dust) arising as a result of the City Demonstrator, or under legislation (nuisance is now a statutory offence under section 78 of the Police, Crime, Sentencing and Courts Act 2022);
- liability to third parties and/or at law for environmental damage;
- liability to third parties for damage caused to utilities (for example, if CCC enters into contractual arrangements with utilities providers, it could become contractually liable for damage);
- the system is to remain after the road test in the City Centre. This will require ongoing maintenance and cost implications.
- On-going positive discussions are taking place to have the appropriate insurances in place before the road test takes place.
- There is a live risk register which is updated regularly

Mitigations to the key operational risks listed above are referred to in section 2 under option 1.

5.17. The independent Review Panel which provides independent technical and financial challenge was procured via the Council's existing Framework Agreement for the provision of Research and Development Services.

## **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 CVLR programme will contribute to Council Plan objectives such as improving air quality and reducing the impacts of climate change by providing more sustainable forms of public transport, promoting the Council's 'Age Friendly' aspirations and helping to improve the health and wellbeing of the city's residents.

CVLR will ultimately help to address the plan priority of making streets and open spaces more attractive and enjoyable places to be, as well as improving the transport network and connectivity, encouraging investment in the city to promote jobs and growth, which in turn helps to tackle inequalities. CVLR will also enable access to jobs, leisure and study for local people.

### **6.2. How is risk being managed?**

As with all Capital Schemes, CVLR is overseen by the Council's Transport Infrastructure Capital Programme Board, as well as a monthly CVLR Programme Board, both chaired by the Director for Innovation, which provide robust governance, monitor progress, risk and finance. Feeding into the Boards are three steering groups – Vehicle, Track and City Centre Demonstrator Delivery and Operation, each monitor in detail the individual workstreams, with additional monthly cashflow and risk meetings.

CVLR has an established project team in place with a core management team made up of Coventry City Council officers to oversee development and delivery. As part of the key project activities, a programme risk register is established and is regularly monitored, with input by Finance, Legal, Procurement colleagues, and individual project teams to ensure risks are actively managed and mitigations put in place. There is contingency in the budget for each workstream at the appropriate level for stage of development.

To manage physical risks, the Construction and Design Management (CDM) process will be followed to ensure that risks are designed out and that construction takes place by an approved contractor in a safe way.

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

The CVLR programme will be delivered using existing resources where possible, utilising professional services where necessary via the ESPO framework. Some of the construction in the programme will be delivered by the Council's Direct Labour Organisation, but the majority of works will be tendered to external contractors as appropriate.

#### **6.4. Equalities / EIA?**

An Equalities Impact Assessment (EIA) is being developed to consider any impacts on protected characteristic groups of the city centre demonstration route and any mitigation required. Once completed, the EIA will be regularly reviewed and updated where necessary. It is acknowledged that by introducing the track onto the existing carriageway that there may be implications for people with disabilities, older people and those using bikes and pushchairs. We will be working with representatives of these groups to understand the best way to mitigate any issues. This may include audio and visual warnings, signage, lighting and anti-slip materials. We will also investigate similar schemes in other towns and cities to make sure that we can understand and use any examples of best practice.

The city centre demonstration route will provide us with an opportunity to engage with representative groups in the city and to invite them to try the demonstrator and provide feedback ahead of any first route in the city.

There are many positives for passengers from protected characteristic groups of a Very Light Rail scheme. These include accessible vehicles and stops, access to employment, healthcare and social activities, improved air quality and links to active travel.

The CVLR programme as part of the Connecting Coventry Programme will ultimately improve economic outcomes and transport in the area. No adverse impact on any group protected under the Equalities Act is anticipated.

Accessibility groups will be invited to ride on the vehicle as part of the trial and their feedback will be incorporated into the next stages of the project. Further EIA work would be undertaken for the wider demonstrator and first routes.

#### **6.5. Implications for (or impact on) climate change and the environment?**

CVLR will help address the 'Net Zero' target for transport, as it is zero emission at point of use and will encourage modal shift.

#### **6.6. Implications for partner organisations?**

Coventry City Council will work closely with Transport for West Midlands, BCIMO and Dudley Council through scheme development and delivery. Coventry will also work with appropriate research and development partners, procured through the R&D framework, at appropriate stages during scheme development and delivery. A detailed stakeholder analysis has been developed and will help us understand how we best work with partner organisations

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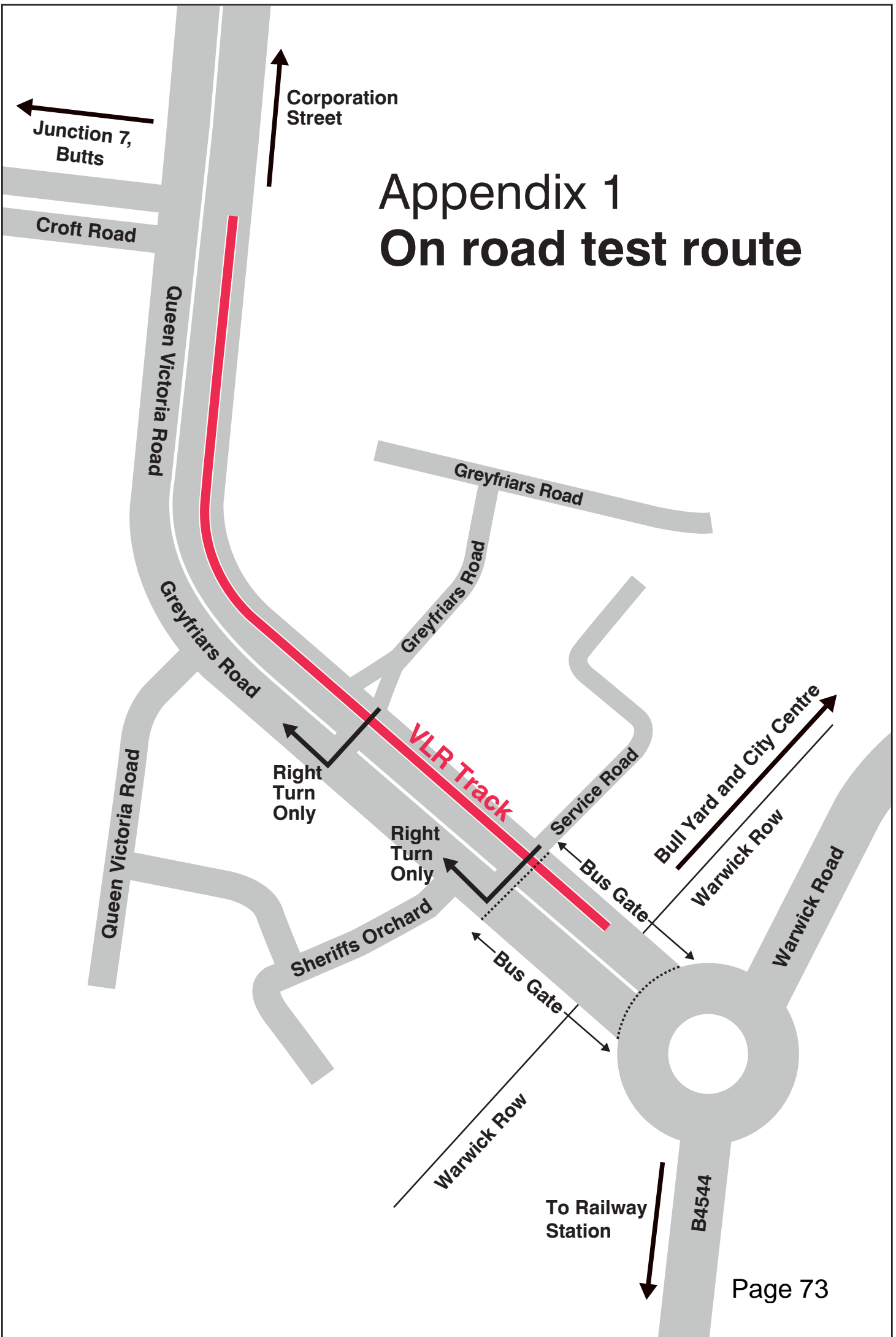
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# Appendix 1

## On road test route



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