Coventry City Council

Agenda

Cabinet

Time and Date
10.00 am on Tuesday, 25th February 2025

Place
Committee Room 3 - Council House, Coventry

Public business

1. **Apologies**

2. **Declarations of Interest**

3. **Minutes** (Pages 3 - 8)

    (a) To agree the minutes from the meeting of Cabinet on 11th February 2025

    (b) Matters arising

4. **Council Tax Setting 2025/26** (Pages 9 - 18)

    Report of the Director of Finance and Reources (Section 151 Officer)

5. **Budget Report 2025/26** (Pages 19 - 204)

    Report of the Director of Finance and Resources (Section 151 Officer)

6. **Outstanding Issues**

    There are no outstanding issues

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

Private business
Nil

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

Monday, 17 February 2025

Note: The person to contact about the agenda and documents for this meeting is Michelle Salmon, Governance Services, Email: michelle.salmon@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, D Toulson and S Nazir

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

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Michelle Salmon, Governance Services
Email: michelle.salmon@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 11 February 2025

Present:	
Cabinet Members:	Councillor G Duggins (Chair)
	Councillor N Akhtar Councillor R Brown Councillor K Caan Councillor P Hetherton Councillor AS Khan (Deputy Chair) Councillor J O'Boyle Councillor K Sandhu Councillor P Seaman
Non-Voting Deputy Cabinet Members:	Councillor S Agboola Councillor P Akhtar Councillor G Hayre Councillor A Jobbar 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 G Lloyd Councillor C E Thomas
Employees (by Service Area):	
Chief Executive	Julie Nugent (Chief Executive)
Communications	Nigel Hart
Finance and Resources	Barry Hastie (Director of Finance and Resources), P Helm, T Pinks
Law and Governance	J Newman (Director of Law and Governance), M Salmon
Property Services and Development	R Moon (Director of Property Services and Development), P Beesley
Apologies:	Councillor F Abbott Councillor L Bigham Councillor A Jobbar

Public Business

58. **Declarations of Interest**

There were no disclosable pecuniary interests.

59. **Minutes**

The minutes of the meeting held on 7th January 2025 were agreed and signed as a true record. There were no matters arising.

60. **Exclusion of Press and Public**

RESOLVED that Cabinet agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 65 below headed 'Disposal of Land Torrington Avenue, Coventry' on the grounds that the report involves the likely disclosure of information as defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

61. **2024-25 Third Quarter Financial Monitoring Report (to December 2024)**

Cabinet considered a report of the Director of Finance and Resources (Section 151 Officer), which would also be considered at the meeting of Audit and Procurement Committee on 17th March 2025, that advised Members of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2024.

The net revenue forecast position after management action was for spend in 2024/25 of £7.0m over budget. Whilst not a wholly comparable position, at the same point in 2023/24 there was a projected overspend of £8.5m.

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 above 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 £111.3m and included major schemes progressing across the city. The size of the programme and the nature of the projects within it continue 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.

RESOLVED that Cabinet:

1) Approves the Council's third quarter revenue monitoring position.

2) Approves the revised forecast capital outturn position for the year of £111.3m incorporating: £3.3m net increase in spending relating to approved/technical changes and £35m of net programme rescheduling of expenditure into future years.

62. **Disposal of land Torrington Avenue, Coventry**

Cabinet considered a report of the Director Property Services and Development that outlined a request from Sandvik UK Limited (Sandvik) to acquire the freehold of land which they currently leased from the Council. A site plan was attached as an Appendix to the report.

A corresponding private report detailing confidential financial matters was also submitted for consideration (Minute 65 below referred).

The leased land currently formed part of a larger site formally occupied and operated by Sandvik. Sandvik owned the freehold of the adjoining land which made up the remainder of the site. The Council owned land extended to 1.86 acres (0.754 hectares), circa 30% of Sandvik's total site area as indicated in the site plan in the appendix to the report. The Council's land was only accessible by vehicles from the adopted highway across the Sandvik owned land. Sandvik's current lease from the Council expired on 5th May 2065.

Sandvik took a strategic business decision to close their Coventry facility and relocate its operation back to Sweden. The facility in Coventry was now closed and Sandvik were looking to dispose of their land interests in Coventry.

The market research undertaken by Sandvik's property agent, corroborated by the Council's own independent property advice, indicated that it was clear that the redevelopment of the site would be rendered much more challenging by there being a mix of freehold and long leasehold interest. Accordingly, the optimum option to drive value from the site, maximising returns for the Council and delivering commercial business investment into the city in a timely manner, was to permit the freehold sale of the land for commercial redevelopment in these particular circumstances.

To protect the Council's financial position in any future redevelopment as well as strategically maintaining the land for employment purposes, it was recommended that any transfer of the Council's land should include a restrictive covenant preventing the land from being used for any purpose other than for commercial uses, therefore preventing a residential development in this location.

RESOLVED that, subject to the consideration of the additional confidential information contained in the corresponding private report (minute 65 below refers), Cabinet:

1) **Approves the freehold disposal of the land.**

2) **Delegates authority to the Director of Property Services and Development, following consultation with the Director of Finance and Resources (S151 Officer) and Director of Law and Governance, to negotiate and finalise the terms, to undertake the necessary due diligence and complete all necessary legal documentation to facilitate the completion of the transaction.**

3) **Delegates authority to the Director of Property Services and Development, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to approve and accept any other payments and any minor alterations or adjustments to the scheme or project.**

63. **Outstanding Issues**

There were no outstanding issues.

64. **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.

65. **Disposal of Land Torrington Avenue, Coventry**

Further to Minute 62 above, Cabinet considered a private report of the Director of Property Services and Development, which set out the commercially confidential matters relating a request from Sandvik UK Limited (Sandvik) to acquire the freehold of land which they currently leased from the Council and that formed part of a larger site formally occupied and operated by Sandvik.

RESOLVED that, following consideration of the corresponding public report and further to Minute 62 above, Cabinet:

1) **Approves the freehold disposal of the land based on the terms outlined in this report.**

2) Delegates authority to the Director of Property Services and Development, following consultation with the Director of Finance and Resources (S151 Officer) and Director of Law and Governance, to negotiate and finalise the terms, to undertake the necessary due diligence and complete all necessary legal documentation to facilitate the completion of the transaction.

3) Delegates authority to the Director of Property Services and Development, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to approve and accept any other payments and any minor alterations or adjustments to the scheme or project.

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

There were no other items of private business.

(Meeting closed at 2.30 pm)

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Coventry City Council

Public report
Cabinet Report

Cabinet	**25 February 2025**
Council	**25 February 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:
Council Tax Setting Report 2025/26

Is this a key decision?
Yes - Council is being recommended to approve the Council Tax levels for 2025/26

Executive Summary:

This report calculates the Council Tax level for 2025/26 and makes appropriate recommendations to the Council, consistent with the Budget Report 2025/26 on the same agenda. The report recommends a 4.9% increase in the City's Council Tax. Some figures and information are necessarily provisional at this stage due to precepts not having been confirmed. These are shaded in grey.

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

The report includes a calculation of the Band D Council Tax that will be needed to generate this Council Tax requirement, based on the City's approved Council Tax base. The 2025/26 Band D Council Tax that is calculated through this process has increased by £99.11 from the 2024/25 level.

Each year the Government determines the maximum Council Tax increases that local authorities can set without triggering a referendum. For 2025/26, Coventry City Council's Council Tax must be below 5%, comprising a 2% precept for expenditure on adult social care and a maximum of 3% for other expenditure. The recommendations within the Budget Report 2025/26 are based on a proposed increase in Council Tax of 4.9%, incorporating a core Council Tax rise of 2.9% and a 2% Adult Social Care Precept.

At the time of writing this report the precept from the Police and Crime Commissioner and the precept from the Fire and Rescue Authority have not been confirmed. The provisional figures provided in this report are based on indicative figures. A report, with confirmed final figures, will be presented at the Council meeting on 25 February 2025.

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

Recommendations:

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

Council is recommended:

(1) To note the following Council Tax base amounts for the year 2025/26, as approved by Cabinet on 7 January 2025, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 ("the Act"):

a) 90,062.6 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

b)	Allesley	451.3
	Finham	1,585.7
	Keresley	616.3

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

(2) That the following amounts be now calculated by the Council for the year 2025/26 in accordance with Sections 31A, 31B and 34 to 36 of the Act:

(a) £961,854,567 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils *(Gross Expenditure and reserves required to be raised for estimated future expenditure);*

(b) £772,363,707 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act. *(Gross Income including reserves to be used to meet the Gross Expenditure but excluding Council Tax income);*

(c) £189,490,860 being the amount by which the aggregate at (2)(a) above exceeds the aggregate at (2)(b) above, calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year;

(d) £2,103.99 $\frac{(2)(c)}{(1)(a)} = \frac{£189,490,860}{90,062.6}$

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

(e) £51,386 being the aggregate amount of all special items referred to in Section 34(1) of the Act. *(Parish Precepts);*

(f) £2,103.42

$$= (2)(d) - \frac{(2)(e)}{(1)(a)} = £2,103.99 - \frac{£51,386}{90,062.6}$$

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

g)

Coventry (unparished area)	£2,103.42
Allesley	£2,140.85
Finham	£2,116.96
Keresley	£2,124.55

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

h)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,402.28	1,427.23	1,411.31	1,416.37
B	1,635.99	1,665.10	1,646.52	1,652.42
C	1,869.71	1,902.98	1,881.75	1,888.49
D	**2,103.42**	**2,140.85**	**2,116.96**	**2,124.55**
E	2,570.85	2,616.60	2,587.40	2,596.68
F	3,038.27	3,092.34	3,057.83	3,068.79
G	3,505.70	3,568.08	3,528.27	3,540.92
H	4,206.84	4,281.70	4,233.92	4,249.10

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

(3) To note that for the year 2025/26 the Police and Crime Commissioner for the West Midlands and West Midlands Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwelling shown below:

Valuation Band	Police and Crime Commissioner for the West Midlands	West Midlands Fire Authority
	£	£
A	153.00	53.46
B	178.50	62.37
C	204.00	71.28
D	**229.50**	**80.19**
E	280.50	98.01
F	331.50	115.83
G	382.50	133.65
H	459.00	160.38

(4) That having calculated the aggregate in each case of the amounts at (2)(h) and (3) above, the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2025/26 for each part of its area and for each of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,608.74	1,633.69	1,617.77	1,622.83
B	1,876.86	1,905.97	1,887.39	1,893.29
C	2,144.99	2,178.26	2,157.03	2,163.77
D	**2,413.11**	**2,450.54**	**2,426.65**	**2,434.24**
E	2,949.36	2,995.11	2,965.91	2,975.19
F	3,485.60	3,539.67	3,505.16	3,516.12
G	4,021.85	4,084.23	4,044.42	4,057.07
H	4,826.22	4,901.08	4,853.30	4,868.48

(5) That the Council determines that its relevant basic amount of Council Tax for 2025/26 is not excessive in accordance with the principles set out in the Secretary of State's report, under Sections 52ZC and 52ZD of the Act.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

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

No

Will this report go to Council?

Yes – 25 February 2025

Report title:
2025/26 Council Tax Setting Report

1. Context (or background)

1.1 The purpose of this report is to seek approval for the City's 2025/26 Council Tax. The total planned spending (Gross Expenditure) in 2025/26 will be met in part by grant income, retained business rates, and fees and charges. Any spending that is in excess of these income streams must be met from Council Tax and is referred to as the 'Council Tax Requirement'.

1.2 The details of the planned spending for 2025/26 are proposed in the 'Budget Report 2025/26' that is being considered by the Council in conjunction with this Council Tax Setting Report.

1.3 The Government has legislated that the rise in Coventry City Council's basic Council Tax must be below 5% in 2025/26 to avoid triggering a referendum, comprising a 2% precept for expenditure on adult social care and maximum 3% for other expenditure. The recommendations within the Budget Report 2025/26 are based on a proposed increase in Council Tax of 4.9%, incorporating a core Council Tax rise of 2.9% and a 2% Adult Social Care Precept.

1.4 At the time of writing this report the precept from the Police and Crime Commissioner and the precept from the Fire and Rescue Authority have not been confirmed. A report, with confirmed final figures, will be presented at the Council meeting on the 25 February 2025.

2. Options considered and recommended proposal

2.1 The total Band D Council Tax in 2024/25 was £2,295.06. The figures calculated in this report represent a 4.9% increase from the 2024/25 figures for the City's Council Tax, and a 5.1% increase in total.

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

	Band D £	Increase from 2024/25 %	Proportion of total bill %
Coventry City Council	2,103.42	4.9	87.2
Police and Crime Commissioner for the West Midlands	229.50	6.5	9.5
West Midlands Fire Authority	80.19	6.6	3.3
Total Coventry Council Tax	2,413.11	5.1	100.00

2.2 The Band D Council Tax is used by Government as the national comparator. However, for Coventry, this does not reflect the demographics of the area and the make-up of the property mix; Coventry's property base is weighted towards Bands A to C. The average Council Tax bill in Coventry is £1,522.96, after allowing for all discounts and exemptions.

2.3 The total or "headline" council tax calculated for each band, for households of 2 or more adults with no reductions, and for households of 1 adult (who receive a 25% discount), is summarised below:

Valuation Band	Value of Property As at April 1991	Proportion of Band D	Chargeable Dwellings No.	%	Council Tax 2 + Adults[1] £	1 Adult [1] £
Band A dwellings entitled to Disabled Persons Relief		5/9	170	0.1	1,340.62	1,005.46
A	Up to £40,000	6/9	56,540	39.6	1,608.74	1,206.55
B	£40,001 to £52,000	7/9	42,933	30.1	1,876.86	1,407.64
C	£52,001 to £68,000	8/9	24,242	17.0	2,144.99	1,608.74
D	£68,001 to £88,000	9/9	9,985	7.0	2,413.11	1,809.82
E	£88,001 to £120,000	11/9	4,904	3.4	2,949.36	2,212.02
F	£120,001 to £160,000	13/9	2,417	1.7	3,485.60	2,614.19
G	£160,001 to £320,000	15/9	1,432	1.0	4,021.85	3,016.38
H	Over £320,000	18/9	114	0.1	4,826.22	3,619.66
			142,737	100.0		

[1] *These amounts may be subject to penny rounding when the actual bill is produced.*

3. Results of consultation undertaken

The proposals in the Pre-Budget Report have been subject to an eight week period of public consultation. The details arising out of this consultation period have been reported in the Budget Report.

4. Timetable for implementing this decision

The proposals in this report take effect for the financial year starting 1 April 2025.

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

5.1 Financial implications

A £1m increase or decrease in either the City Council's 2025/26 Council Tax requirement or Government grant, would lead to a £11.10 increase or decrease in

Band D Council Tax (£7.01 in the average Council Tax per chargeable dwelling). Every £1 added to or removed from the Council Tax level will raise or reduce Council Tax income by £90,063.

5.2 **Legal implications**

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

6. Other implications

6.1 **How will this contribute to the One Coventry Plan?**
(**https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)**

This report calculates the level of Council Tax required to enable a balanced budget to be set for the next financial year, as detailed in the associated Budget Report, on the same agenda. The Budget Report includes the Medium Term Financial Strategy (as an appendix), and this details the approach that the Council will take in meeting future financial challenges. As such the Budget Report lays the foundation for ensuring the continued financial sustainability of the Council, which is a key enabling priority of the One Coventry Plan.

6.2 **How is risk being managed?**

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

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

See the Budget Setting 2025/26 Report, Council 25 February 2025.

6.4 **Equalities/EIA**

No further implications

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

No further implications

6.6 **Implications for partner organisations?**

No further implications

Report author:

Name and job title:
Phil Baggott, Lead Accountant

Service Area:
Finance and Resources

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Enquiries should be directed to the above person

Contributor/ approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Law and Governance	5/2/25	6/2/25
Tina Pinks	Corporate Finance Manager	Finance and Resources	5/2/25	7/2/25
Names of approvers: (officers and members)				
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	5/2/25	7/2/25
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	-	10/2/25	10/2/25
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	10/2/25	10/2/25

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Coventry City Council

Public report
Cabinet

Cabinet 25th February 2025
Council 25th February 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:
Budget Report 2025/26

Is this a key decision?
Yes - The report sets the Council's Revenue Budget for 2025/26, the Medium-Term Financial Strategy 2025/26 to 2027/28, the Capital Programme for 2025/26 to 2029/30 and the Council's Capital, Treasury Management and Commercial Investment Strategies which is a function reserved to Council.

Executive Summary:

This report follows on from the Pre-Budget Report approved by Cabinet on 10th December 2024 which has since been subject to a period of public consultation. The proposals within this report will now form the basis of the Council's final revenue and capital budget for 2025/26 incorporating the following details:

- Gross budgeted spend of £961.9m (£94.0m or 11% higher than 2024/25).
- Net budgeted spend of £296.7m (£19.3m or 7% higher than 2024/25) funded from Council Tax and Business Rates less a tariff payment of £22.2m due to the Government.
- A Council Tax Requirement of £189.5m (£13.6m or 8% higher than 2024/25), reflecting a City Council Tax increase of 4.9% detailed in the separate Council Tax Setting report on today's agenda.
- A number of new expenditure pressures, policy proposals and technical savings proposals.
- A Capital Strategy including a Capital Programme of £171.6m including expenditure funded by Prudential Borrowing of £55.3m.
- An updated Treasury Management Strategy, Capital Strategy, and a Commercial Investments Strategy.

The financial position in this Budget Report is based on the Final 2025/26 Local Government Finance Settlement published on 3rd February 2025. This settlement still only provides a one-year focus for 2025-26 with no detail for local government finances beyond this. However, in response to significant lobbying by Local Government, it is now being recognised that the current methodology and much of the data that feeds into it is out of date and therefore, the Government have begun a consultation process into Local Authority Funding Reform, with the intention that a new system, intended to reflect need, could be implemented from 2026/27.

In advance of this reform the 2025/26 Local Government Finance Settlement has addressed some of the disparity in the current system with new grants including the new one-off Recovery Grant (£9.6m), targeted towards areas with greater need and demand for services, and the new Childrens Social Care Prevention Grant (£2.2m), distributed through a new children's needs-based formula which estimates the need for Childrens Social Care Services. Coventry also received an additional £6.2m Social Care Grant. Compared to the assumptions within the pre-budget report, this represents and additional £10.5m of resources in the settlement.

With the promise of funding reform, it is difficult to provide a robust medium term financial forecast at this stage and the Council has instead made some planning estimates for future years. Initial assumptions recognise the likelihood that gaps will remain for the periods following 2025/26. The view of the Director of Finance and Resources (Section 151 Officer) is that the Council should be planning for such a position.

The Pre-Budget Report was based on an increase in Council Tax of 4.9% and this position has been maintained for the final proposals in this report. This incorporates an increase of 2.9%, which is within the Government's limit of 3% above which a referendum would need to be held plus a further 2% Adult Social Care (ASC) Precept in line with Government expectations. The precept is essential to enable councils including Coventry to manage increases in the costs of care. In total, the rise in Council Tax bills will be the equivalent of around £1.72 a week for a typical Coventry household including the expected rises in the precepts for Police and Fire.

The Council has closed the significant financial gap for 2025/26 which it had at the start of the Budget process. Measures to achieving this included the identification of additional Council Tax resources, a range of technical adjustments and newly identified cost savings or income streams. All these proposals are set out in detail in Appendix 2 to the report. Where these are different to the proposals that were included in the Pre-Budget Report, this has been indicated within Appendix 2 to the report and shown in tables 2 and 3 within section 2.2 of this report. Due to the additional resources received within the final settlement on 3rd February 2025, several savings options have been removed from the final budget proposals in response to consultation engagement and petitions heard by members.

The proposals do not provide the Council with a balanced budget beyond 2025/26. The Council's current medium term bottom line incorporates a combination of future inflationary and service pressures and the fall-out of uncertain specific grant resources. Some of the future funding assumptions are speculative at this stage and will be revised towards the end of 2025 as any changes to local government finance resulting from the Local Authority Funding Reform consultation and 2026/27 Settlement are made known. The initial approach will however be dictated by an intention to review and update technical information as it becomes available to the Council and to identify further efficiencies from, or generate further income within, Council services. Through 2025, the Council will continue to refine and implement a programme of activity designed to review how best to deliver its services, improve integration between some of them and optimise the effectiveness of others.

The Council's Medium Term Financial Strategy (MTFS) included as Appendix 1 to the report, sets out the financial planning foundations that support the setting of the Council's revenue and capital budgets, including the policy assumptions and financial management framework that underpin the strategy. The purpose of the MTFS is to describe the environment within which the Council operates and bring together resource and cost projections to explain how the Council plans to address its funding gap, whilst retaining focus on its strategic priorities.

The recommended Capital Programme proposals are a key part of the Council's approach and amounts to £171.6m in 2025/26. The proposals reflect the Council's ambitions for the city and include: extensive highways infrastructure works including specific schemes relating to continued delivery of the City Region Sustainable Transport Settlement (CRSTS) programme that include transport packages for the Foleshill and London Road corridor; construction and operation of a 220m long single track demonstrator known as the Live Environment Construction Test (LECT); the continuation of City Centre Cultural Gateway; progressing the City Centre South redevelopment; and the delivery of the Woodlands School project. Over the next 5 years the Capital Programme is estimated at a total of £510m as part of on-going investment delivered by and through the City Council.

This report details the annual Treasury Management Strategy, incorporating the Minimum Revenue Provision policy and the Commercial Investment Strategy. These cover the management of the Council's treasury and wider commercial investments, cash balances and borrowing requirements. These strategies and other relevant sections of this report reflect the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code and Prudential Code for Capital Finance, as well as statutory guidance on Minimum Revenue Provision (MRP) and Investments.

Recommendations:

That Cabinet recommend to Council the approval of recommendations (1) to (7) below.

Council is recommended to:

(1) Approve the Medium-Term Financial Strategy in **Appendix 1** to the report, as the basis of its medium-term financial planning process.

(2) Approve the Budget proposals in **Appendix 2** to the report, after due consideration of the consultation responses set out in **Appendix 7 and Appendix 8** to the report and the Equality Impact Assessment set out in **Appendix 10 to 15.**

(3) Approve the total gross 2025/26 revenue budget of **£962m** in **Table 1** and **Appendix 3,** established in line with a 4.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.

(4) Note the Director of Finance and Resources (Section 151 Officer) comments confirming the adequacy of reserves and robustness of the budget in **Section 5.1.2 and 5.1.3.**

(5) Approve the Capital Strategy incorporating the Capital Programme of £171.6m for 2025/26 and the forward commitments arising from this programme totalling £510m between 2025/26 to 2029/30 detailed in **Section 2.3** and **Appendix 4**.

(6) Approve the addition to the capital programme of up to £1.1m grant funding from Arts Council England to contribute towards delivery of the City Centre Cultural Gateway scheme detailed in **Section 2.3.4** and **Appendix 4.**

(7) Approve the Council's Treasury Management Strategy and Minimum Revenue Provision Statement for 2025/26 in **Section 2.4** and the Prudential Indicators and limits described and detailed in **Appendix 6**, the Commercial Investment Strategy for 2025/26 in **Section 2.5** and **Appendix 5** and the Commercial Investment Indicators detailed in **Appendix 6**.

List of Appendices included:

Appendix 1 – Medium Term Financial Strategy
Appendix 2 - Budget Proposals and Financial Position
Appendix 2a - Detailed Changes in Proposals Compared with the Pre-Budget Report
Appendix 3a - Revenue Budgets by Cabinet Member Portfolio
Appendix 3b - Revenue Budgets by Cabinet Member Portfolio - Income & Expenditure
Appendix 4 - Capital Programme 2025/26 to 2029/30
Appendix 5 - Commercial Investment Strategy
Appendix 6 - Prudential and Investment Indicators
Appendix 7 - Budget Consultation Findings Report
Appendix 8 - Council Tax Support Scheme Consultation Findings Report
Appendix 9 – Summary of petitions received, and issues raised.
Appendix 10 – Cumulative equality impact assessments (EIA)
Appendix 11 - Adults Services - Market Management EIA
Appendix 12 - Adults Services – Service efficiency EIA
Appendix 13 – Childrens Services EIA
Appendix 14 – Senior management capacity EIA
Appendix 15 – Bereavement Services EIA

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

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

No

Will this report go to Council?

Yes – 25th February 2025

Budget Report 2025/26

1. Context (or background)

1.1 This report seeks approval for the 2025/26 Revenue Budget and corresponding Council Tax rise, Medium-Term Financial Strategy, Capital Programme and Strategy, Treasury Management Strategy, Commercial Investment Strategy and associated investment and prudential indicators. The report includes detail of the resources included within the 2025/26 Government funding allocation and forecasts of the Council's medium term revenue financial position. The revenue budget proposals in this report follow on from the Pre-Budget Report approved by Cabinet on 10th December 2024. They have been established in line with the Council's current One Coventry Council Plan and the Medium-Term Financial Strategy.

1.2 The Government announced the Final Local Government Finance Settlement for 2025/26 on 3rd February 2025. This settlement still only provides a one-year focus for 2025-26 with no detail for local government finances beyond this. However, in response to significant lobbying by Local Government, it is now being recognised that the current methodology and much of the data that feeds into it is out of date and therefore, the Government have begun a consultation process into Local Authority Funding Reform, with the intention that a new system, intended to reflect need, could be implemented from 2026/27.

1.3 In advance of this reform the 2025/26 Local Government Finance Settlement has addressed some of the disparity in the current system with new grants including the new one-off Recovery Grant (£9.6m), targeted towards areas with greater need and demand for services, and the new Childrens Social Care Prevention Grant (£2.2m), distributed through a new children's needs-based formula which estimates the need for Childrens Social Care Services. Coventry also received an additional £6.2m Social Care Grant. Compared to the assumptions within the pre-budget report, this represents and additional £10.5m of resources in the settlement.

1.4 At the start of the current Budget process the Council faced a budget deficit of £14m for 2025/26. This position has been made worse by forecast financial pressures for the year ahead, including those caused by inflation, social care activity and market conditions, and other key services including housing and homelessness. Following the Autumn Statement announcement in November 2024, the Council changed its forecasts of Government funding levels. These and the incorporation of new technical savings proposals improved the financial position such that the Pre-Budget Report presented a suite of proposals on which to consult, which collectively formed the basis of a potential balanced year one position pending the Government's Provisional Local Government Settlement, released in December 2024. This Settlement refined the detailed proposals on specific grant resources which together with a subsequent announcement of one-off Recovery Grant and a small number of other technical changes, has enabled a balanced budget position to be proposed for 2025/26.

1.5 For 2025/26 councils nationally have the flexibility to increase Council Tax by up to 3% without holding a local referendum on the matter with further ASC precept flexibility of 2%. The Pre-Budget Report was approved on the basis of an overall

Council Tax rise of 4.9% - within the parameters of these flexibilities - and the budget being proposed in this report maintains this position.

1.6 The Chancellor's Autumn Statement 2024 announced plans for Local Government Funding Reform, intended to reflect need, and seeking to be implemented from 2026/27. The scope for variations in the future allocation methodology and the distribution of specific grants continues to deliver financial planning uncertainty for individual councils, including Coventry. In response, the Council is planning to identify more efficient and coordinated ways of working across a range of services under its One Coventry approach. This will continue to take a more co-ordinated approach to how some services are delivered across the Council and the city alongside partners, as well as continuing to pursue commercial options where these arise and are in line with Government regulation and sector guidance.

1.7 The Council and city have witnessed large and sustained programmes of infrastructure and other capital investment works over recent years. The next phases of this are set out in the Capital Programme in section 2.3 and Appendix 4. A large part of the Programme reflects the Council's continued success in attracting external grant funding into the city, working with the West Midlands Combined Authority to secure resources as part of the Devolution Deal and the City Region Sustainable Transport plan and developing local self-financing projects within the city. The scale and breadth of this programme continue to be large in a historical context. Council has been informed previously of the significant challenge in managing the number and size of complex and overlapping projects within a relatively compact city and tight timescales, although for the most part the Council's capital projects have maintained good momentum. In terms of the wider Capital Programme, it is worth emphasising that the vast majority of the funding to deliver these schemes comes from sources that can only be used in one-off capital schemes and therefore is not available to support the revenue budget.

1.8 The overall Council Capital Programme is estimated to be £510m over the next 5 years. The city's aspiration continues to be to spearhead growth, economic development and job creation in the city and greater self-sufficiency for the City Council through the generation of higher tax revenues, wider economic prosperity, and lower deprivation levels amongst citizens. The national economic and political context, including the structure of any future Business Rates Retention model, will play a factor in the degree to which this can be achieved over this period, but the Council will continue to explore a range of options that increase the degree of control that it has over its own financial destiny.

1.9 Whilst local authorities have been required to have a treasury management strategy, more recent statutory government guidance has extended these requirements to other commercial investments, including service loans, shares and investment properties. The guidance seeks to ensure that authorities have strong commercial risk management arrangements and that such investments are proportionate, and relative to the size and financial capacity of the authority. The Council's arrangements in this regard are set out in the Capital Strategy, Commercial Investment Strategy and associated investment and prudential indicators.

1.10 Revenue Resources

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

Table 1: Funding of Revenue Budget

2024/25 £000s		2025/26 £000s	Change from 24/25 £000s	Change from 24/25 %
(175,898)	A: Council Tax Requirement	(189,491)	(13,593)	8% Increase
(123,757)	B: Business Rates Income	(129,430)	(5,673)	5% Increase
22,203	C: Tariff	22,199	(4)	0% change
(476,828)	D: Specific Grants	(548,682)	(71,854)	15% Increase
(113,541)	E: All Other Income	(116,451)	(2,910)	3% Increase
(277,452)	**Funding of NET Budget (A + B + C)**	**(296,722)**	**(19,270)**	**7% Increase**
(867,821)	**Funding of GROSS Budget (A + B + C + D + E)**	**(961,855)**	**(94,034)**	**11% Increase**

Line A above reflects the combined effect of the city Council Tax increase of 4.9% and the balance reflecting a higher tax-base.

Line E, in addition to other Fees and Charges, includes Council Tax and Business Rates Collection Fund surpluses/deficits, dividend payments and contributions from reserves.

Limited information is available currently about the level of resources that will be available to the Council beyond 2025/26. This will be subject to decisions and implementation of the Government's plans for Local Government Funding Reform. The Council's medium term financial forecast reflected in Appendix 2 makes planning assumptions about future growth in Core Spending Power, including Council Tax increases and Social Care Grants, although this will require confirmation at a later date.

1.10.2 The Council is in a similar position to many councils having experienced significant reductions in Government resource allocation since 2010. In efforts to maximise the benefit realisable within the current system Coventry is currently a member of both the Coventry and Warwickshire Business Rates Pool and the West Midlands Business Rates Pilot, the latter of which enables the Council to retain 99% of Business Rates. Both these mechanisms have enabled the Council to improve its overall resource position by a modest degree over recent years. The devolution deal negotiated by West Midlands Combined Authority with the Ministry of Housing Communities & Local Government (MHCLG) on behalf of the West Midland Mets, currently provides for the continuation of the West Midlands business rate retention scheme for a period of up to 10 years.

1.10.3 The current Local Government Finance system includes an element of redistribution, reflecting different councils' relative needs and resources. Under the current arrangements, where the Council retains 99% of the Business Rates it collects, it must pay a tariff to central government as part of the redistribution process. This tariff payment now stands at £22.2m for 2025/26 which is consistent with the previous year. This indicates that the Council is judged by Government to be earning a greater level of Council Tax and retained Business Rates (plus specific grants) than it requires for its assessed spending needs. This position reflects a combination of cuts to Government resource allocation for local government and to a limited degree, indications that, in the Governments view, the Council has a degree of self-reliance (in relative terms compared to other areas) and can fund its own spending requirements. It is important to treat this assessment with caution given that the city continues to have some high levels of need and areas of high deprivation relative to the national position. Nevertheless, it emphasises the importance for the Council of generating greater resilience and prosperity in the local economy for the city to be able to support itself under the Government's intention for local government to become more self-sufficient.

1.11 In overall terms budgeted specific revenue grant funding (Line D) is increasing between 2024/25 and 2025/26 from £477m to £549m. The vast majority of these are provided by Government with most of this being allocated for specific and ring-fenced purposes. The largest grant allocations are for Dedicated Schools Grant (£251m)[1], Housing Benefit Subsidy (£70m), various social care funding streams (£84m), grants relating to Business Rates (£32m), Public Health (£26m), Pupil Premium (£11m), Extended Producer Responsibility (£6.1m) and Adult Education funding (£5m).

1.12 Most of the increase in specific grants relates to Coventry's indicative Dedicated Schools Grant allocation (net of estimated recoupment) with an increase of £43m from £208m in 2024/25 to £251m in 2025/26. There are three main reasons for this increase which are as follows:

- In 2024/25 mainstream schools are receiving three supplementary grants outside of the DSG (Teachers Pay Additional Grant, Teachers Pension Employer Contribution Grant and Core Schools Budget Grant). In 2025/26 these are being rolled into the schools' block of the DSG which equates to £22m.
- The Early Years block is increasing by £12m in response to the continued roll out of the expanded government funded childcare offer. The funding regulations for 2025/26 mandate that 96% of Early Years block funding must be passported to providers.
- The High Needs block, which funds educational provision for pupils with SEND is increasing by £6m. In line with national trends Coventry is experiencing significant growth in this area and the increased funding will contribute towards the management of this pressure.

The remainder of the increase is due to uplifts across Schools block and Central School Services block reflecting changes in pupil numbers, alongside inflation and the rolling in of supplementary grants for centrally employed teachers.

1.13 The Council's capital and revenue programmes, including treasury and commercial activities, are managed in parallel through consolidated planning, in year monitoring

[1] Indicative allocation, shown net of estimated recoupment

and year end processes, within the context of the Medium-Term Financial Strategy. The Constitution, including the Financial Procedure Rules, set out thresholds that determine the level at which financial approval is required by officers or the appropriate member forum, up to Council. Central to the approach is the principal that recommendations are supported by appropriate business cases.

2. Options considered and recommended proposal.

2.1 Section Outline

2.1.1 This section details the specific proposals recommended for approval within the revenue budget. Section 2.2 below outlines the changes that have occurred to the financial proposals since the Pre-Budget Report in December. The full list of final proposals is provided in **Appendix 2** to this report**.** Approval is being sought for these and the overall budget and Council Tax Requirement in **Appendix 3**. These are based on a City Council Tax rise of 4.9% which includes an Adult Social Care Precept of 2%.

2.1.2 The report seeks approval for a 2025/26 Capital Programme of £171.6m compared with the initial 2024/25 programme of £157.5m. The Programme is considered in detail in **Section 2.3** and **Appendix 4**.

2.1.3 The report is also required formally to seek Council approval for the Treasury Management Strategy set out in **Section 2.4,** the Commercial Investment Strategy **in Appendix 5** to the report and the Prudential and Investment Indicators detailed in **Appendix 6** to the report.

2.2 Revenue Budget

2.2.1 The budget includes the saving and expenditure proposals included within the Pre-Budget Report approved by Cabinet on 10th December 2024 as a basis for Pre-Budget consultation. A line-by-line impact of how these proposals affect the base budget is given in **Appendix 2** with an indication of where there have been changes to the figures included within the Pre-Budget Report, having given due consideration to the consultation responses. The summary and detailed changes since the Pre-Budget Report are shown in tables 2 below and in further detail within **Appendix 2a** to the report. These changes enable the Council to deliver a balanced budget for 2025/26 but indicate that a financial gap will arise based on the best estimates for subsequent years.

Table 2: Summary Changes to Pre-Budget Report Position

	2025/26 £m	2026/27 £m	2027/28 £m
Pre-Budget Report Position	**(3.1)**	**2.6**	**5.3**
Change to Resources	(10.8)	(12.9)	(15.1)
Change to Service & Technical Pressures	8.2	10.1	17.1
Change to Service & Technical Savings	3.5	3.2	3.2
Change to Policy Investments	2.2	0.0	0.0
Sub-Total: Changes from Pre- Budget Position	**3.1**	**0.4**	**5.2**
Final Budget Position	**0.0**	**3.0**	**10.5**

2.2.2 The additional resources identified for Coventry in the Local Government Finance Settlement have provided members with the opportunity to re-evaluate the savings options presented within the Pre-Budget report as well as consider proposals for additional policy investments, reflecting on the comments made and priorities highlighted by the >700 residents who completed the survey.

2.2.3 The following options presented within the Pre-Budget Report were rejected by members following due consideration of the consultation responses and issues raised via the petitions received.

Rejection savings options:

- Adult Social Care – Voluntary Sector	(£560k)
- City Events	(£50k)
- Cultural Services internal provision	(£56k)
- Sustainability and Climate Change	(£32k)
- Election cost efficiencies	(£100k)
- Council Tax Support Scheme	(£850k)
- Discretionary Payments	(£494k)
- War Memorial Park Car Park	(£150k)
- Parks & Open Spaces	(£150k)
- Streetpride	(£690k)
- Waste Disposal	(£340k)
- Your Coventry Publication	(£65k)

2.2.4 In conjunction with priorities raised by residents within the consultation responses such as pride in the city, perception of visitors and health concerns related to the impact of fly tipping, members have taken the opportunity to provide additional one-off policy investment in these areas.

New policy investment:

- Highways – Road defects	(£700k)
- Highways – Road safety measures	(£150k)
- Highways - Gully Cleaning	(£150k)
- Street Cleansing - Fly tipping	(£500k)
- Community Safety & Neighbourhood Enforcement	(£300k)
- Community Events	(£400k)

2.3 Capital Strategy and Expenditure Programme

2.3.1 Under the Prudential Code authorities are required to produce a Capital Strategy that covers a broad range of capital related issues including capital expenditure and resourcing; borrowing and liabilities, and their repayment through Minimum Revenue Provision; loan commitments and guarantees; and treasury and commercial investments. These areas are covered either in this section or elsewhere in this report where appropriate (e.g. the Treasury Management Strategy or Commercial Investment Strategy).

2.3.2 In **Appendix 4** there are proposals for a Capital Programme of £171.6m which contains several strategically significant schemes and schemes that support the savings proposals recommended. The 2025/26 Programme shown compares with the current projected 2024/25 programme of £111.3m. A full 5-year position is detailed in **Appendix 4** with the main planned expenditure as follows:

- Very Light Rail Regional Programme – following the successful development and trials of track and vehicle, Coventry's groundbreaking Very Light Rail Project is now ready to be tested in a live environment. Stage Gate 2 approval of £6.1m enables the construction and operation of a 220m long single-track demonstrator. known as the Live Environment Construction Test (LECT). To date £15m of CRSTS grant funding has been approved of the total allocated £40.5m.
- £20.7m of investment in the city's highways and transportation infrastructure. This includes the continued delivery of the CRSTS programme. Specifically works for Foleshill Transport Package improvements focussed on the Foleshill Road corridor along with transport improvements focussed on the London Road corridor supporting the Gigafactory and other developments planned for the Coventry Airport area.
- £8.3m for the commencement of infrastructure works to prepare the Coventry Airport site for development as part of the proposal for a West Midlands Investment Zone (WMIZ). The sectoral focus for WMIZ will be advanced manufacturing, which is an excellent fit with the One Coventry Plan ambition to increase the economic prosperity of the city and region.
- £25.2m that will see the preparation of works and construction for phase 1 of City Centre South progress during 2025-26.
- Continued investment of £5.8m into the Disabled Facilities Grant programme.
- A £46.4m programme in 2025/26 within the Education and Skills Portfolio, investing in secondary schools' provision under the Education One Strategic Plan including the start of the Woodlands Schools development.
- £4.5m for the continued delivery of the Residential children's homes review & strategy 2023-2026.

2.3.3 The 2025/26 Programme requires £55.3m of funding from Prudential Borrowing, including schemes previously approved for the replacement vehicle programme, the main construction delivery for City Centre Cultural Gateway – Collection Centre, residential children's homes strategy 2023-2026 and the commencement of the Street LED Lighting upgrade. Over the course of the future 5-year programme set out, the Council is set to incur £197m of borrowing. This borrowing has been the subject of previous decisions and will, overwhelmingly, be supported by business cases that have identified income streams to cover the capital financing costs, all of which is factored into the Council's medium term financial plans. In relation to the Council's existing level of borrowing this adds to the Council's external indebtedness.

2.3.4 Included within the Capital programme is £46.8m anticipated to be incurred during 2025/26 and 2026/27 on the main construction works for the City Centre Cultural Gateway, which includes the creation of a Collections Centre for cultural, arts and historical artefacts. Works on the scheme have been delayed following the contractor filing for administration in September 2024 and are now expected to complete in 2026/27. As part of this budget report, approval is sought to accept up to £1.1m grant funding from Arts Council England towards the costs of the City

Centre Cultural Gateway following planned appointment of a replacement contractor for the scheme. This additional grant will increase the overall funding envelope for phases 1-3 of the scheme from the £57.9m approved in March 2024 to £59.0m, ensuring that the project can be delivered without additional Council funding.

2.3.5 In addition to the opportunities to receive additional external funding, the Director of Finance and Resources (Section 151 Officer) will continue to explore options to fund the programme in the most appropriate way depending on the balance of resources, including using capital receipts to reduce the overall need to borrow. In reality, any displacement of borrowing from this source is likely to be at a comparatively low level based on the current level of available uncommitted receipts. In addition to the Prudential Borrowing referred to above, the other main source of funding for the 2025/26 Capital Programme is £96.7m of Capital grants as follows.

Table 4: Capital Grant Funding

Grant	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Department for Environment Food and Rural Affairs	1.9	0.0	0.0	0.0	0.0	**1.9**
Department for Levelling Up, Housing and Communities	2.5	0.0	0.0	0.0	0.0	**2.5**
Department for Transport	0.0	0.0	0.0	0.0	0.0	**0.0**
Disabled Facilities Grant	5.9	5.4	5.4	5.2	5.3	**27.2**
Education Funding Agency	25.3	5.0	2.5	2.5	2.5	**37.8**
West Midlands Combined Authority	56.5	89.8	24.8	12.3	7.8	**191.2**
All Other Grants & Contributions	4.6	1.8	1.3	0.0	0.0	**7.7**
TOTAL PROGRAMME*	**96.7**	**102.0**	**34.0**	**20.0**	**15.6**	**268.3**

**Totals are subject to minor rounding differences.*

2.3.6 The programme is based on an approach to the capitalisation of expenditure set out within the accounting policies section of the Council's Statement of Accounts. This approach is based on proper accounting practices, amended as required by local government capital finance regulations. In broad terms assets are treated as capital where they have a useful life of longer than one year and are not intended for sale during the normal course of business.

2.3.7 **Forecast Capital Expenditure and Resourcing Programme**
The Programme included has been evaluated to identify a likely best profile of spend based on current knowledge of individual projects. In part this is to maximise the amount of programmed expenditure to meet expectations of grant funding bodies but there are also local expectations to inject momentum into the programme to ensure sufficient progress is made. In overall terms, 2025/26 will continue at a relatively higher level of programme spend than witnessed in some

recent years that involves a number of complex and overlapping projects. Section 5.1.4 recognises the risks inherent in this. Given the innovation involved in some of the projects, the milestones that need to be achieved to satisfy grant funding bodies and the potential for delay given the interdependency of some schemes, it should be recognised that the profile for some schemes could shift significantly between years, with the potential for expenditure being rescheduled into later periods.

A summary of the proposed programme including existing commitments and funding sources is outlined below. This includes expenditure rescheduled into 2025/26 as a result of the 2024/25 budgetary control process. Full details of the proposed programme are included in **Appendix 4.**

Table 5: 2025/26 – 2029/30 Capital Programme (Expenditure & Funding)

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Portfolio Expenditure						
Children & Young People	4,544	1,300	100	100	100	**6,144**
Education & Skills	46,370	9,704	2,489	2,489	2,489	**63,541**
Jobs, Regeneration & Climate Change	38,352	73,678	59,941	6,227	60,742	**238,940**
City Services	39,788	37,460	17,228	17,675	9,089	**121,240**
Adult Services	5,880	5,435	5,374	5,234	5,264	**27,187**
Public Health, Sport & Wellbeing	433	621	170	79	1,039	**2,342**
Housing & Communities	36,220	13,983	645	0	0	**50,848**
TOTAL PROGRAMME*	**171,587**	**142,181**	**85,947**	**31,804**	**78,723**	**510,242**
Funding						
Management of Capital Reserve	1,189	3,146	100	100	100	**4,635**
Capital Receipts	14,061	3,695	0	0	0	**17,756**
Prudential Borrowing	55,332	27,327	47,779	7,586	58,987	**197,011**
Grant	96,696	102,020	33,929	20,070	15,628	**268,343**
Capital Expenditure from Revenue	969	2,969	2,969	2,969	2,969	**12,845**
Section 106	3,340	3,024	1,170	1,079	1,039	**9,652**
TOTAL PROGRAMME	**171,587**	**142,181**	**85,947**	**31,804**	**78,723**	**510,242**

2.3.8 Generation of Capital Receipts

The Council reviews the opportunity to generate capital receipts in order to support capital investment and reduce the reliance on Prudential Borrowing to fund spend. Whilst the Council considers all assets in looking to generate receipts, it will seek to do so in particular where these are surplus to operational requirements or yield little or no income. As capital receipts, the proceeds from such disposals can only be used to fund new capital expenditure or repay debt but cannot ordinarily be used to fund revenue expenditure. Based on the review of the potential to generate receipts, the following table sets out the Council's current forecast of capital receipts flows and expenditure commitments, although these are subject to change given the nature of activity in this area.

Table 6: Forecast Capital Receipts

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
Forecast (Receipts Brought Forward)/Receipts Shortfall	-11,733	-10,841	-777	-19	-71
Forecast/potential New Receipts	-3,266	-14,690	-25,737	-352	0
Total Receipts	**-14,999**	**-25,531**	**-26,514**	**-371**	**-71**
Commitments and capital contingency	4,158	24,754	26,495	300	0
Receipts Carried Forward (-)	**-10,841**	**-777**	**-19**	**-71**	**-71**

2.3.9 Guarantees, Loan Commitments and Other Liabilities

The Council's long-term liabilities comprise two main elements; the long-term borrowings set out in the Treasury Management Strategy (section 2.4.3) and the pension fund liability. Whilst the pension fund has now moved to a surplus position of £54m, there remains a liability due to; a) unfunded elements and b) we have to apply an asset ceiling under accounting standards meaning the surplus is not available for us to use.

The Council has made loans to a number of external partners which are summarised in the Commercial Investment Strategy attached to this report as Appendix 5 to the report. The total value of loans provided or committed, as at 31st March 2025, is forecast to be £51.5m. Where the Council has committed to make a loan, but has yet to make the advance, for example in making a forward treasury investment or in agreeing a loan facility to be advanced over time, such loan commitments are taken into account in managing the Council's overall investment exposure.

The Council currently provides a small number of guarantees to third parties, for example in respect of long-term pension liabilities. One benefit of this type of arrangement is that a smaller pension contribution can be secured for the organisations in question, as a consequence of the Council's longer term credit strength. Such guarantees can be historic, arising through the Council's past relationships with those organisations. In providing guarantees the Council is accepting risk, and each is reviewed on a case-by-case basis, taking into account the overall level of risk exposure.

2.3.10 Capital Financing Requirement

Taking into account the planned programme set out in the Table 5 above, the estimated Capital Financing Requirement (CFR), representing the underlying need to borrow for capital investment purposes, is detailed in the following table below:

Table 7: 2024/25 Capital Financing Requirement (including PFI & Finance Leases)

Forecast CFR Movements	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Opening CFR - 1st April *	**542.5**	**542.5**	**571.6**	**574.2**	**555.2**	**534.5**
Capital Spend met form borrowing	25.1	55.3	26.1	6.5	7.6	59.0
Minimum Revenue Provision *	-22.9	-23.8	-23.5	-25.5	-28.3	-29.4
Other	-2.2	-2.4	-0.0	-0.0	-0.0	-0.0
Closing CFR - 31st March	**542.5**	**571.6**	**574.2**	**555.2**	**534.5**	**564.1**

**Opening balance 2024/25 & annual MRP updated to reflect the impact of the introduction of IFRS16*

Over the 5 years from 1st April 2024, it is forecast that the CFR will Increase marginally reflecting the level of the borrowing required to meet the capital programme, less amounts set aside to repay debt as Minimum Revenue Provision (MRP).

2.3.11 Revenue Budget Implications

The revenue cost of the proposed Capital Programme, in the form of interest on debt, plus the amount set aside as MRP to repay debt is the total general fund capital financing cost. It is forecast that these financing costs will increase from £41.0m in 2025/26 to £41.2m in 2026/27, reflecting the net impact of capital expenditure to be resourced by borrowing. Due to the long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the coming years will extend for up to 50 years, in line with the Council's Minimum MRP policy set out in Section 2.4.4.

2.3.12 The Section 151 Officer considers that the capital strategy, including the capital expenditure programme and resourcing as set out in this report, is prudent, affordable, and sustainable, and that the level of borrowing and commercial investment income is proportionate to the resources available to the Council.

2.4 Treasury Management Strategy Statement 2025/26

2.4.1 Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. The three main reports are:

- A Treasury Management Strategy (This report) – This provides an outline of how investments and borrowings are to be organised over the next three years. The report includes an investment strategy and a range of Prudential Indicators to measure and manage the Council's exposure to treasury management risks. The Treasury indicators cover the period 2024/25 to 2027/28 (**Appendix 6** to the report) and the capital programme covers the period 2025/26 – 2029/30 (**Appendix 4** to the report).

- A Mid-Year Treasury Management Report – This identifies if any amendment to the Prudential indicators is necessary and states whether the treasury operations are meeting the strategy or whether any policies require revision.

- An Annual Outturn Report – This provides details of the actual performance of the prudential and treasury indicators compared to estimates within the strategy.

- In addition to these reports the Cabinet and the Audit and Procurement Committee receive quarterly updates through budget monitoring reports to update on treasury activity.

The Local Authorities (Capital Finance and Accounting) Regulations 2003, require the approval of a Minimum Revenue Provision (MRP) statement setting out the Council's approach. The proposed approach is set out at Section 2.4.5

2.4.2 <u>Economic Environment</u>

Economic background: The Chancellor of the Exchequer delivered her Autumn Budget at the end of October. Based on the plans announced, the Office for Budget Responsibility reported they would provide a short-term boost to GDP growth before weakening it further out and push inflation higher over the medium-term. This change to the economic and inflation outlook caused financial markets to readjust expectations of Bank of England (BoE) Bank Rate and gilt yields higher. The council's treasury management advisor, Arlingclose also revised its interest rate forecast upwards in November, with Bank Rate expected to eventually fall to 3.75%.

UK annual Consumer Price Index (CPI) inflation remained above the Bank of England (BoE) 2% target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices which saw a slight decrease in December 2024 (2.5%) compared to November 2024 (2.6%), but not dropping to October 2024 levels (2.3%) which is in line with expectations. Core CPI also saw a slight decrease in

December 2024 (3.4%) compared to November 2024 (3.5%) which had risen by more than expected, against a forecast of 3.5% and compared to 3.3% in the previous month.

The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting (5-4 vote to cut). At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%. The meeting minutes suggested a reasonably dovish tilt to rates with the outlook for economic growth a concern among policymakers as the Bank downgraded its Q4 GDP forecast from 0.3% to 0.0%. As expected at the February 2025 meeting the MPC voted 7-2 to reduce base rate a further 0.25% to 4.5% as the committee continues its dovish approach with continued concerns around inflation.

The November Monetary Policy Report (MPR) showed the BoE expected GDP growth to pick up to around 1.75% (four-quarter GDP) in the early period of the forecast horizon before falling back. The impact from the government's Autumn Budget pushed GDP higher in 2025 than was expected in the August MPR, before becoming weaker. A surprisingly strong 0.4% expansion in December has helped lift UK GDP 0.1% in quarter four. However, the breakdown indicated that the private sector elements of the economy are struggling. Household consumption was flat in quarter four while business investment was estimated to have fallen 3.2%, perhaps a response to the October budget. Government consumption on the other hand expanded by 0.8%, apart from inventories the only expenditure component to grow. Given recent declines in business and consumer confidence it is difficult to see how these areas will contribute to growth in the short-term, but the boost from Government spending will encourage the MPC to continue with its gradual approach to easing monetary policy.

The outlook for CPI inflation showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. Over the medium-term, once the near-term pressures eased, inflation was expected to stabilise around the 2% target. The unemployment rate was expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall from the 5.25% peak. From the first cut in August 2024, followed by the next in November which took Bank Rate to 4.75%, followed by a further 0.25% reduction in February 2025, with further cuts expected to follow steadily in line with MPC's aim to take Bank Rate down to around 3.75% by the end of 2025.

The US Federal Reserve continued cutting interest rates during the period, reducing the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected into 2025, but uncertainties around the potential inflationary impact of President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

The European Central Bank (ECB) also continued its rate cutting cycle, reducing its three key policy rates by 0.25% in December. Euro zone inflation rose above the ECB 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

Financial markets: Financial market sentiment was generally positive over the period, but economic, financial and geopolitical issues meant the ongoing trend of bond yield volatility very much remained. In the last few months of the period, there was a general rising trend in yields due to upwardly revised interest rate and inflation expectations, causing gilt yields to end the period at substantially higher levels to where they began.
Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at a high of 4.57%, having reached a low of 3.76% in mid-September. While the 20-year gilt started at 4.40%, ended at a high of at 5.08% and hit a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.01% over the period to 31st December.

Credit outlook: In October, Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months. Duration advice for the remaining five institutions, including the newly added Lloyds Bank Corporate Markets, was kept to a maximum of 100 days.

Fitch revised the outlooks on Royal Bank of Scotland, NatWest Markets PLC, and National Westminster Bank to positive from stable, while affirming their long-term ratings at A+.

Moody's upgraded the ratings on National Bank of Canada to Aa2 from Aa3, having previously had the entity on Rating Watch for a possible upgrade. Moody's also upgraded the ratings on The Co-operative Bank to A3 (from Baa3) and downgraded the ratings on Coventry Building Society to A3 (from A2) and Canada's Toronto-Dominion Bank to Aa2 (from Aa1).

S&P also downgraded Toronto-Dominion Bank, to A+ from AA-, but kept the outlook at stable.

Credit default swap prices were generally lower at the end of the period compared to the beginning for most of the names on UK and non-UK lists. Price volatility over the period also remained generally more muted compared to previous periods.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

2.4.3 <u>Coventry City Council Position</u>

On 31 March 2025, the Council will hold an estimated £325.4m of borrowing and £35m of treasury investments. This is set out in further detail in the tables below: (figures included at the nominal value of the debt):

Table 1: Estimated Long-Term Borrowing at 31 March 2025

	31 March 2024 Actual £m	31 March 2025 Forecast £m
External borrowing:		
Public Works Loan Board	180.7	180.7
Money Market Loans (Incl. LOBO's)	38.0	38.0
Stock Issue	12.0	0.0
West Midlands Combined Authority	18.0	18.0
Total external borrowing	**248.7**	**236.7**
Other liabilities:		
Private Finance Initiative	50.0	75.0
Other Liabilities	0.0	11.2
Transferred Debt (other authorities)	4.7	2.5
Total other liabilities	**54.7**	**88.7**
Total gross external debt	**303.4**	**325.4**

Table 2: Estimated Treasury Investments at 31 March 2025

	31 March 2024 Actual £m	31 March 2025 Forecast £m
Treasury investments:		
The UK Government	0.0	0.0
Local authorities	10.0	0.0
Other government entities	0.0	0.0
Secured investments	0.0	0.0
Banks (unsecured)	0.0	0.0
Building societies (unsecured)	0.0	0.0
Registered providers (unsecured)	0.0	0.0
Money market funds	15.0	5.0
Strategic pooled funds	30.0	30.0
Real estate investment trusts	0.0	0.0
Other investments	0.0	0.0
Total Treasury investments	**55.0**	**35.0**

The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing – the use of balances held from sources such as reserves and capital receipts to reduce the amount of external borrowing required by the Council.

2.4.4 Borrowing

The Council's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. During the period short term interest rates have been higher than long term interest rates.

After substantial rises in interest rates since 2021 many central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields were volatile but have increased overall during the period. Much of the increase has been in response to market concerns that policies introduced by the Labour government will be inflationary and lead to higher levels of government borrowing. The election of Donald Trump in the US in November is also expected to lead to inflationary trade policies.

The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the period and 5.40% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.44%. Rates for 20-year maturity loans ranged from 5.01% to 5.87% during the period, and 50-year maturity loans from 4.88% to 5.69%.

The cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024 as expected shorter-term rates reverted to a more market-consistent range and were generally around 5.00% - 5.5%.

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no plans to borrow to invest primarily for financial return. The borrowing sums have been used as part of the Council's strategy for funding previous years' capital programmes. Although local authorities have scope to borrow in advance of need, i.e. borrowing based on future capital spend. It is proposed that the Council continues with its current practice which is not to borrow in advance of need.

Given the significant cuts to public expenditure and to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council can reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to fall modestly.

The Council has raised most of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long-term loans from other sources including banks, pensions and local authorities, while also investigating the possibility of issuing bonds and similar instruments, to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

The PWLB is the main, competitively priced, flexible source of loan finance for funding local authority capital investment. As such it can be a significant source of liquidity. With some limited exceptions, PWLB loans are not available to local authorities that plan to buy investment assets primarily for yield, such as property purchased for a financial return, where they are not clearly serving some other significant service objective.

In respect of borrowing more generally, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. The Council may also borrow further short-term loans to cover cash flow shortages.

The main sources of borrowing are:

- HM Treasury's PWLB lending facility
- bank or building society authorised to operate in the UK
- UK Local Authority and UK public sector body
- UK public and private sector pension funds (except West Midlands Pension Fund)
- Stock Issue (Bond Issue)
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- UK Infrastructure Bank Ltd

Other sources of raising capital finance may be by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Further detail on alternate funding sources is provided below:

- UK Local Authority and UK public sector body – Traditionally inter local authority borrowing has been used to manage shorter term cashflow demands, but there is now greater potential for longer term arrangements.
- UK Municipal Bonds Agency plc - This was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities.
- UK Infrastructure Bank Ltd- It provides infrastructure finance to tackle climate change and support regional and local economic growth across the United Kingdom and is funded by HM Treasury.
- LOBOs - The Council holds £38m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs have options during 2025/26, and in the current interest rate environment, it may be that the lender does exercise the option of increasing the rates and therefore there is an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost when the opportunity arises.

There may be potential to reschedule debt through redeeming existing borrowing early and replacing it with borrowing at lower interest rates. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Given the capital programme and the increase in the underlying need to borrow represented by the Capital Financing Requirement (see **Appendix 6** to the report), the Council may need to borrow in the coming year. Taking account of interest rates, the level of investment balances, the objectives underpinning the Treasury Management Strategy and the forecast borrowing requirement for 2025/26 and future years, the Section 151 Officer will undertake the most appropriate form of borrowing depending on prevailing interest rates at the time.

2.4.5 Minimum Revenue Provision (MRP)

Where the Authority funds capital expenditure with debt, they are required to make prudent provision for the repayment of long-term capital programme borrowing through a revenue charge (MRP). The aim of prudent provision is to ensure that the revenue charge broadly reflects the period over which benefit is derived from the capital spend e.g. broadly the life of an asset purchased or built.

MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.

It is proposed that the existing charging policy continues: -

- For capital expenditure incurred before 1st April 2008, the Council will set MRP as a fixed charge of 2% per annum of the relevant element of the Capital Financing Requirement, adjusted for the Adjustment A. Under the existing policy approved by Council on 23rd February 2016, the impact of this change in methodology is to be calculated with effect from 2007/08. In line with the transitional arrangements set out in the Statutory Guidance on Minimum Revenue Provision any amounts calculated will be treated as overpayments of MRP and may therefore be incorporated into future calculations of prudent provision. In total, the amount to be treated as overpayment of MRP is £35,724k to 2015/16.

- From 1st April 2008 for all capital expenditure met from unsupported or prudential borrowing, MRP will be based on the estimated asset life of the assets, using either the annuity or equal instalments calculation method or a depreciation calculation starting in the year after the asset becomes operational.

    - For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- Voluntary revenue provision will not be made, and capital receipts not set aside to repay debt, unless approved in line with the financial procedure rules. Amounts voluntarily set aside as capital receipts and revenue provision in previous years will be treated as overpayments of MRP in line with the Statutory Guidance on Minimum Revenue Provision. In total, the amounts to be treated as overpayments are: £7,847k (voluntary revenue provision to 2015/16) and £28,948k (voluntary capital receipts set aside to 2015/16)

- Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, then the MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability. The total charge to revenue will remain unaffected by the new standard.

The following 2 sections have been added to comply with the amended 2003 regulations (updated in April 2024) which provide local authorities a policy choice as to whether charge MRP with respect to any debt used to finance a capital loan. Further, that capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue.

Capital loans

- For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.

- For capital loans made before 7th May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

Capital receipts

Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.

- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.

- Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.

- Any other capital receipts applied to repay debt will be used to reduce MRP in equal instalments starting in the year after receipt is applied.

2.4.6 Investments

CIPFA revised TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use business purposes.

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £72.6m and £155m, although lower levels are expected in the forthcoming year.

The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The detailed objectives for investment that underpin the Treasury Management Strategy are:

Investment to:

- Maintain the capital security of sums invested,
- Maintain adequate liquidity.
- Maximise the revenue benefit by retaining external investments, repaying existing loans and avoiding new borrowing as appropriate given prevailing and forecast interest rates.

The Council's aim when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Strategic Approach: Given the current uncertainty in interest rates and the volatility of the financial markets, treasury investments will therefore include both short-term low risk instruments to manage day-to-day flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services. The main investments used by the Council for any surplus cash are short-term unsecured deposits with banks, building societies, local authorities, the government and registered providers, along with Pooled funds such as Collective Investment Schemes and money market funds. This diversification will represent a continuation of the approach adopted in 2024/25.

Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG investment policy does not currently include ESG scoring. The Council will where possible, align treasury management practices with its own relevant environmental and climate change policies. The Council will always strive to obtain the best arrangement in line with its investment objectives and due consideration will be given into opening an ESG investment counterparty.

The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Approved counterparties and limits

Sector	Time limit (maximum)	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	2 years	£20m	Unlimited
Secured investments*	25 years	£20m	£20m per group
Banks (unsecured)*	13 months	£10m	£20m per group
Building societies (unsecured)*	13 months	£10m	£20m per group
Registered providers (unsecured)*	5 years	£10m	£20m in total
Money market funds*	n/a	£20m	£100m in total
Strategic pooled funds	n/a	£20m per fund	£50m per manager
Real estate investment trusts	n/a	£20m per fund	£50m in total
Corporates and Other investments*	20 years	£10m	£20m in total

This table must be read in conjunction with the notes below:

***** A minimum credit rating limit will apply to the Treasury investments in the sectors marked with an asterisk. Investments will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be suitably creditworthy.

The Council will usually invest in counterparty types and for duration as identified by their treasury advisors. However, where terms allow security of deposit and demonstrate a small bail in risk, the Council may invest with ‘local’ counterparties (such as Coventry Building Society) in accordance with the limits and amounts in the table above.

The time limits indicated above is a maximum limit. Operationally, the Council will act on the most recent recommendations from the Council’s treasury management adviser Arlingclose.

Some detail on investment counterparties is outlined below:

- **Government** - Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years. This relates to investments with the Debt Management Office (DMO), Treasury bills and gilts.

- **Secured investments** - Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- **Banks and building societies (unsecured)** - Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

- **Registered providers (unsecured)** - Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving government support if needed.

- **Money market funds** - Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure cash is always available.

- **Strategic pooled funds** - Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

- **Real estate investment trusts (REIT)** - Shares in companies that invest mainly in real estate and pay much of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

- **Other investments** - This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

- **Operational bank accounts** - The Council may incur operational exposures, for example though current accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in.

- **Risk assessment and credit ratings** – Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in ratings as they occur. The credit rating criteria are those determined by the Fitch crediting rating agency. In addition, the Council also has regard to the two other agencies that undertake credit ratings. Standard and Poor's and Moody's, in determining the lowest acceptable credit quality. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
    - No new investments will be made
    - Any existing investments that can be recalled or sold at no cost will be
    - Full consideration will be given to the recall or sale of all other investments with the affected counterparty

- **Other information on the security of investments**: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

  When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

- **Investment limits:** The Council has sufficient revenue reserves available to cover investment losses but to minimise risk in the case of a single default, the maximum that will be invested in any one organisation (other than the UK Government) will be £20 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£50m per broker
Foreign countries	£20m per country

Liquidity management: The Council uses cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

2.4.7 <u>Related Matters</u>

The CIPFA Code requires Local Authorities to include the following in its treasury management strategy.

- Financial derivatives (Councils) **-** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

  The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
  Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering financial derivatives to ensure that it fully understands the implications.

- Markets in Financial Instruments Directive - The Council has retained professional client status with its providers of financial services, including [advisers, banks, brokers and fund managers], allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

2.4.8 Other option considered

The CIPFA Code does not prescribe a treasury management strategy for local authorities to adopt. The view of the Section 151 Officer is that the above strategy represents an appropriate balance between risk management and cost effectiveness.

2.4.9 Treasury Management Advisors

The Council employs consultants, currently Arlingclose, to provide treasury management advice. A key element of this is the provision of advice on credit risk and the supply of information on credit ratings from the three rating agencies, referred to above. Regular review meetings with the advisors provide a vehicle through which quality is managed. In addition, within the City Council, senior managers within the Finance service meet on a periodic basis to review treasury issues, including the use of advisors.

2.4.10 **Treasury Management Staff Training**

The Council's process of performance management, of which competency-based appraisals are central, addresses the training requirements of individuals. Staff with involvement in treasury issues attend events, including training courses, seminars and networking sessions focused on treasury management as appropriate.

2.4.11 **The Prudential Code**

The current capital finance framework has historically rested on the principle that local authorities can borrow whatever sums they see fit to support their capital programmes, as long as they are affordable in revenue terms. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. The indicators are explained and shown in **Appendix 6** to the report. These indicators reflect the requirements under the Prudential and Treasury Management Codes.

2.5 Commercial Investment Strategy

2.5.1 Commercialisation across local government through investment in property, shares and loans has come under increasing national scrutiny, particularly where such investment is funded through borrowing. A concern is that some authorities have overstretched themselves relative to their capacity to manage the risk. As some authorities have encountered problems with a number of their commercial investments there has been an increased focus on the regulatory framework in which authorities operate.

2.5.2 The proposed Commercial Investment Strategy is set out in **Appendix 5** to the report and the associated Commercial Investment Indicators in **Appendix 6** to the report. The Strategy is designed to ensure strong risk management arrangements and that the level of commercial investments is proportionate in the context of the Council's overall finances. It is framed within the context of the Prudential Code for capital finance, Statutory Government Investment Guidance, and the borrowing requirements of the PWLB.

2.5.3 The 2021 Prudential Code, which is very much in line with the rules for PWLB borrowing, sets out a new framework in which authorities are to manage commercial investments. The Code classifies investments as being for one of three purposes: *treasury management, service delivery or commercial return*, held primarily for financial return.

2.5.4 In respect of investments for **commercial return**:

- The risks should be proportionate to the authority's financial capacity – i.e. that losses are manageable.
- Authorities must not borrow to invest primarily for financial return.
- However, authorities with commercial land and property can invest in maximising its value, including repair, renewal and updating of the properties.
- Financial returns from the investment should be related to the viability of the project or only incidentally to the primary purpose.
- Although authorities are not required to sell commercial investments prior to borrowing, they will need to review options for selling such investments before borrowing, and annually as part of the treasury or investment strategies.

2.5.5 The financial risks that the Council faces through its investment portfolio can be broadly categorised as capital value or income risks, with:

- Capital value risks arising from the possibility of a borrower not being able to repay a loan, resulting in the need to impair or write off the loan at a cost to the Council. In the case of shares or property assets, a fall in value would result in a lower level of capital receipt were the Council to sell those assets.
- Income risks arising from lower levels of dividends, rent or interest income than budgeted for.

2.5.6 The Strategy (**Appendix 5** to the report) is designed to ensure strong risk management arrangements and that the level of commercial investments is proportionate in the context of the Council's overall finances. In summary, the key issues addressed in the strategy are:

- The need to explicitly consider the balance between the security, yield, and liquidity, both at strategic and scheme business case level. The investment guidance focuses on security in terms of the value of the asset invested in, and the ability of the authority to get back any sums invested; yield as the financial return on the investment, either as capital value or income generated, and liquidity as the ability to access liquid or cash funds from the assets when required.

- The setting of indicators to demonstrate the proportionality of the investments to the Council. Investments in commercial assets are proportionate to the size of the Council, with income from such investments representing 9.2% (8.3% in 2023/24) of Net Revenue Stream (Indicator 7) and with an asset value of £468.0m representing 24% of the Council's Total assets (Indicator 1).
- Setting processes that ensure that the risk assessment of commercial investments is robust.
- Ensuring that there is clarity about the contribution that the investments make to the authority, both in terms of financial return, but also in service or policy terms.
- The continuation of the policy that the Council will not invest primarily for yield of financial return, in line with both the PWLB borrowing rules and the revised Prudential Code.

2.5.7 The strategy sets out the approach to ensuring that the requirements are met, through a combination or policies, processes, and investment indicators. Specific indicators include exposure limits in 2025/26 for investment in service loans and shares, excluding fluctuations in value. It is proposed that limits of £60m and £55m respectively are set for 2025/26 (Appendices 5 & 6), giving a combined total of £115m, representing a reduction of £10m compared to 2024/25, These limits provided combined headroom of c£13m future loan and share commitments. Revision of these limits would require the approval of Council.

2.5.8 Whilst the Council holds significant commercial assets, including shares, loans, and property many of these assets have been held for a number of years and are an integral part of the economic infrastructure of the city, reflecting both current and past economic regeneration and development policies. They do not form part of an inventory of assets that are routinely bought and sold as part of a "trading" strategy. The Commercial Investment Strategy together with the Council Medium Term Financial Strategy processes provide the structure within which the Council's overall commercial risk is managed. This includes a level of reserves which is adequate from the wider risk and resilience perspective.

3. Results of consultation undertaken

The proposals in this report have been subject to public consultation. The Council hosted a survey on its website asking for people's views of the budget proposals and 716 respondents completed a survey. Two sessions were held for residents (one online) as well as a Let's Talk session held with employees on 16th December, to hear about the plans and provide feedback. Further opportunity to comment was offered to the Trades Unions and the Chamber of Commerce. Consultation responses have been considered and details arising from the consultation, including areas of concern and areas of support, are set out in **Appendix 7** and **Appendix 8** to the report.

In addition, 3 petitions were received as part of the budget consultation process in respect of 3 separate proposals contained in the consultation documents. The petition organisers/sponsors were invited to the meeting of the Cabinet Member for Strategic Finance and Resources on 27th January 2025 where it was resolved that these petitions and the issues raised will be considered as part of the Budget Setting proposals contained in this report. Further details of the petition and the issues raised and discussed are set out in Appendix 9 of this report.

4. Timetable for implementing this decision

4.1 Most of the individual changes identified within this report will take effect from 1st April 2025. The proposed profile of these changes is set out in Appendix 2.

5. Comments from the Director of Finance and Resources (Section 151 Officer) and the Director of law and Governance

5.1 Financial Implications

This report is concerned wholly with financial matters. The proposals within this report represent the basis of the Council's 2025/26 revenue and capital budget supported by the Council Tax setting Report that will be considered on the same agenda alongside this report.

5.1.1 Financial implications - Medium Term Position

This report sets out proposals that will deliver a balanced budget for 2025/26 and indicative positions for the two following years. The new Government have committed to a Local Government Funding Reform, and we are awaiting outcomes of a consultation, therefore the Council is still planning within an uncertain environment. The financial gap currently projected for subsequent years demonstrates the need for the Council to continue to exercise robust financial disciplines and to take a medium-term approach to Budget setting. With the recent distribution of the Recovery Grant and Childrens Prevention Grant, which were both intended to support areas of need, and contributed to a real term increase for 2025/26, and the expectation that the outcome of any funding reform would be more reflective of need, it is reasonable to assume the funding levels announced for 2025/26 will be available as ongoing resource for the Council in the future and some of this has now been included in future forecasts. However, this is a risk, and it will not be possible to provide a robust forecast of this funding until the Government provides further detail as part of a new Comprehensive Spending review expected during 2025.

Despite this, the view of the Director of Finance and Resources (Section 151 Officer) is that the Council remains in a strong position to meet the financial challenges that it is likely to face. This view is based on a combination of a consideration expectations of the trajectory of future funding settlements, the Council’s strong reserves position, its focus on income generating commercial activities and its plans to streamline and better align its activities with its policy priorities through its One Coventry Plan approach.

5.1.2 Financial Implications – Reserves

The Local Government Act 2003 requires the chief financial officer to give assurance on the adequacy of reserves of the Authority for which the budget provides. The final position of reserve balances carried forward into 2025/26 will not be known until finalisation of the 2024/25 accounts and reserve levels will be reviewed at that time. The total revenue reserve balances available to the Council at the end of 2023/24 stood at £118m. Other reserve balances set aside to fund capital schemes stood at £16m and balances owned by the Council's local authority-maintained schools and outside the Council's control, stood at £38m at 31st March 2024. Explanations for the key balances were set out in the Council's Financial Outturn Report considered by Cabinet in July 2024. The level of balances is set out in the table below.

Table 12: 2023/24 Reserve Balances

	1st Apr 2023 **£000**	**(Increase)/ Decrease** **£000**	**31st Mar 2024** **£000**
Council Revenue Reserves			
General Fund Balance	(10,277)	0	(10,277)
Adult Social Care	(32,152)	11,582	(20,570)
Financial Risk Contingency	(5,855)	(2,623)	(8,478)
Early Retirement and Voluntary Redundancy	(7,241)	0	(7,241)
Private Finance Initiatives	(8,108)	1,378	(6,730)
Management of Capital	(6,323)	520	(5,803)
Reset and Recovery	(5,467)	0	(5,467)
Business Rates Income Reserve	(3,433)	(1,593)	(5,026)
Innovation and Development Fund	(5,068)	804	(4,264)
Public Health	(3,778)	(248)	(4,026)
Corporate Priorities (2020/21 Outturn Underspend)	(2,994)	0	(2,994)
Covid 19 Government Funding	(4,260)	1,756	(2,504)
Commercial Developments	(2,682)	209	(2,473)
Air Quality Early Measures	(3,921)	1,546	(2,375)
Refugee Resettlement Programme	(619)	(1,722)	(2,341)
Friargate Lifecycle	(1,595)	1	(1,594)
IT Replacement Programme	(510)	(1,016)	(1,526)
Homes for Ukraine	(2,530)	1,255	(1,275)
Adult Education Income	(1,092)	(99)	(1,191)
Housing Enforcement	(590)	(577)	(1,167)
City of Culture & Commonwealth Games Readiness Legacy	(1,400)	275	(1,125)
Corporate Property Management	(819)	(200)	(1,019)
Insurance Fund	(1,063)	140	(923)
Other Directorate	(12,691)	31	(12,660)
Other Corporate	(3,460)	(1,186)	(4,646)
Total Council Revenue Reserves	**(127,928)**	**10,233**	**(117,695)**

Council Capital Reserves			
Useable Capital Receipts Reserve	(18,623)	6,890	(11,733)
Capital Grant Unapplied Account	(5,745)	1,551	(4,194)
Total Council Capital Reserves	**(24,368)**	**8,441**	**(15,927)**
School Reserves			
Schools (specific to individual schools)	(23,413)	(580)	(23,993)
Schools (related to expenditure retained centrally)	(10,237)	(3,968)	(14,205)
Total Schools Reserves	**(33,650)**	**(4,548)**	**(38,198)**
Total Reserves	**(185,946)**	**14,126**	**(171,820)**

The large majority of the balances above are held for a clear identifiable purpose and have existing planned expenditure commitments against them or are held to protect the Council manage unforeseen risks, potential or known insurance claims or Business Rate volatility. Schools' reserves are set aside exclusively for the purpose of supporting schools' expenditure and capital reserves are set aside to support capital expenditure. Local authority reserves must also be viewed in the context of the risks that are faced, set out below, in section 5.1.4. For these reasons it is not appropriate to apply reserves on a regular basis to support the revenue position. The proposed revenue budget does not include any material reserve contributions to support the overall revenue position although some specific reserve balances will be applied within services to support time-limited projects or expenditure.

Given the consideration of risk within the Commercial Investment Strategy it is proposed that the level of reserves set aside to take account of the Council's risk profile will be considered as part of the Council's outturn position.

The most recently published CIPFA Resilience Index (based on 2022/23) contained results indicating that the Council's overall level of reserves placed it in the middle of the pack compared to similar authorities although the Council's ratio of unallocated reserves to revenue expenditure placed it in the highest risk quartile.

A review of the conditions of the grant from the West Midlands Combined Authority (WMCA) relating to the Coventry Station Master Plan (CSMP) has resulted in a reassessment of usable capital receipts value at 1st April 2023. The original plan to develop Coventry's railway station, and supporting infrastructure, included the construction of a bay platform. The estimated cost of this platform was £10m and its construction formed part of the grant conditions for the associated funding provided from the WMCA. During delivery of the CSMP other elements of the plan encountered significant cost variances above budget which required amendments to the original plan. A change control was agreed with the WMCA that saw the bay platform element being removed from the scheme, on the basis that the Department for Transport (DfT) had committed to funding the bay platform through the national rail investment programme, subject to an acceptable business case. Despite this agreed change, the grant conditions were not revised, and the Council continues to have a financial commitment to resource the bay platform's construction, or return £10m to the WMCA. On this basis, when preparing the 2023/24 Statement of Accounts, the Council has recognised a £10m liability on its balance sheet, within Capital Grants – Receipts in Advance. This reduces the total grant receivable for the project by £10m and this shortfall has been met through the application of useable capital receipts, reducing the opening balance of Total Reserves from £195m to £185m at 1st April 2023. The Council is continuing to work with the DfT to develop the necessary business case and, given the progress to date, it is highly probable that an alternative source of funding for the bay platform will be secured. As such, it is very likely that repayment of the £10m grant to the WMCA will not be required.

Taking all this into account, it is the view of the Director of Finance and Resources (Section 151 Officer) that overall levels are adequate to support the recommended budget for 2025/26. This judgement is based on the following:

i) The Council is adequately provided for in terms of its reserves compared to its overall level of budget and better provided for than some other similar authorities.
ii) The level of reserves is sufficient to support contributions to 2025/26 directorate-based budgets (including schools) and corporate commitments both for capital and revenue purposes.
iii) The level of uncommitted General Fund Reserves provides a sufficient level of short-term resource to meet any other unforeseen eventualities (within reasonable limits of assessed risk) balanced against pressures to not hold an excessive level of reserve balances.

The Council's policy on reserve usage is set out in the Medium-Term Financial Strategy, Appendix 1 to this report. The overriding aim is to ensure that reserve usage is focused on delivery of the Council's corporate priorities, recognising that reserves can only be used once and that they should not be used to support on-going expenditure. These balances are reported and scrutinised regularly.

5.1.3 Financial Implications – Assurance on the Robustness of the Estimates

Under the terms of the Local Government Act 2003, the chief financial officer is required to give assurance on the robustness of the estimates included in the budget. In the view of the Director of Finance and Resources (Section 151 Officer) the budget being recommended to the City Council is supported by robust estimates of income and expenditure. This judgement is based on the following:

i) The budget has been set within the guidelines of the authority's Medium Term Financial Strategy, Appendix 1 to this report, that sets out the broad policies and assumptions that lie behind the Council's medium term financial planning process.
ii) There is a medium-term financial plan in place that sets out the known changes to the current budget over three years incorporating the concept of strictly controlled directorate budgets, known policy changes and best estimates of the impact of inflationary pressures and expectations of resources.
iii) The authority operates an integrated medium-term policy and financial planning process that incorporates a comprehensive and detailed

assessment of the new policy and technical changes that will affect the proposed budget and the medium-term budgetary position of the authority.

iv) Individual services working to strict budgets, prepare detailed budgets that are the financial representation of the authority's statutory duties and corporate service objectives for the coming year.

v) The authority's individual services have been involved in the make-up of the information included in the policy and financial planning process through the Leadership Board.

vi) As discussed above, the Authority's level of reserve balances is sufficient to meet other unforeseen eventualities, within reasonable limits of assessed risk that may potentially need to be met by the authority.

The authority's political groups were provided with information on the policy and financial planning process and were consulted on the options available to enable them to participate in the final budget setting decisions.

Despite these statements about robustness of estimates and reserves, the challenges facing the Council in the next few years will require regular monitoring and potentially corrective action.

5.1.4 Financial Implications - Budget Risks

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

Overall Risks - In considering the Council's corporate objectives in the context of its financial position, resources have been allocated to meet corporate priorities, and savings have been identified. In these circumstances there are inherent risks that new resources are not used effectively to deliver corporate objectives, and that on-going spending and income is not controlled to budgets. Operational management arrangements and quarterly monitoring reports in compliance with the Council's budgetary control rules will address this issue specifically.

5.1.4.1 **Children's Social Care Services –** The overall volume of cases, steep inflationary increases in the cost of individual placements, challenges in delivering a cost-effective mix of placement types and the cost of additional staffing to manage the overall caseload continues to cause a volatile budgetary position within Children's Services. This budget is designed to reflect a reasonable forecast of the anticipated cost of ensuring safe and secure care for children within the city, but it should be recognised that this will continue to be an area where the potential exists for further budgetary pressure through 2025/26. Within this environment, it remains important for work to continue to provide this care in the most cost-effective manner as possible and management is committed to identifying and implementing the appropriate mechanisms to do that.

5.1.4.2 **Health and Adult Social Care –** Adult Social Care services continue to operate within a very dynamic environment with cost pressures driven by another year of substantial increase to the National Living Wage in 2025/26, changes to employer National Insurance contributions, inflation within other costs across Social Care provision as well as increasingly complex care packages. Whilst capacity and market sustainability pressures are a long-standing issue in Adult Social Care, these have been exacerbated by additional costs and difficulties in recruitment and retention, alongside the widely reported pressures across the health system (a key driver of activity into Adult Social Care). Although inflation levels are beginning to slow, costs are still increasing faster than the national 2% inflation target and are expected to remain above target for at least the next year, adding further strain to a market already heavily under pressure. This area of activity is naturally difficult to predict, and the Council needs to continue to ensure an appropriate balance between the budget available and the level of activity.

5.1.4.3 **Housing and Homelessness -** Nationally housing & homelessness services have seen highly significant increases in demand for support over the past two years, with the number of households in temporary accommodation reaching its highest ever level during 2024. In Coventry the number of people seeking assistance with housing issues and subsequently being placed in Temporary Accommodation (TA) has increased by nearly 20% during 2024. There are a number of drivers that have contributed to the increases, including the cost-of-living crisis, a buoyant private rented sector and a lack of social housing. Although this upward trend has begun to slow following the implementation of Coventry's detailed TA reduction plan, it is expected that numbers of singles and families in TA will continue to increase during 2025/26. A number of further mitigations are being put in place to limit this as far as possible and secure appropriate accommodation through additional, lower cost TA schemes, in preference to more expensive short-term options. The Council will need to continue to monitor emerging trends in this area to ensure support is provided in the most appropriate and cost-effective way.

5.1.4.4 **Projects, Commercial Activity and External Companies –** The Council is involved in or investigating a range of major projects, commercial activities, and interventions. These include potential major reputational and financial risk from the activities and commercial performance of each venture. These include, but are not restricted the following projects:

- Following completion of Two Friargate and Hotel Indigo at Friargate Business District there remains an intention to continue to build out the Friargate Business District, funded from recycled income from Two Friargate in due course.
- Development of the City Centre South project, working with a major development partner to regenerate a large area of the city centre.
- Work to re-purpose the former IKEA building via the City Centre Cultural Gateway project.
- Ongoing work together with E.on, as the city's Strategic Energy Partner to develop ideas and projects to reduce carbon and benefit Coventry's residents.
- Commencing delivery of infrastructure works at Greenpower Park, within the West Midlands Investment Zone
- Financial arrangements made on commercial terms to help support local organisations and the Council's arm's length companies.

These projects are subject to a range of ownership and company structure arrangements, which involve complex legal and financial transactions, a risk that commercial pay-back targets (for instance to finance prudential borrowing decisions) are not achieved and a wider risk that projects do not deliver their fundamental purpose (where this is different to specific financial targets). In making decisions to pursue these projects the Council is clear that its involvement is consistent with its overarching objectives. In addition, the Council undertakes significant due diligence and ensures that self-funding business cases support any expenditure to keep the Council's financial costs (and risk) to a minimum. Nevertheless, it must be recognised that their future financial performance will always be subject to a degree of risk.

Decisions that have been taken in prior years, or that are imminent have required a level of support due in part to respond to legacy Covid conditions, the cost-of-living crisis and the difficult trading & inflationary conditions affecting many sectors of the economy and key delivery partners. This has extended the level of involvement beyond what might be considered normal. Although each of these increases the risk profile for the Council, they are (both collectively and individually) relatively modest compared to the Council's overall activity levels and do not threaten the Council's financial resilience.

5.1.4.5 **Major Infrastructure Projects** – The Council is involved in several major infrastructure projects around the city that give it some exposure to a degree of financial and reputational risk. These include but are not limited to delivering the CRSTS programme that includes initial packages of work on the Foleshill and London Road corridors, plans to develop a Very Light Rail solution across the city and significant remodelling of major arterial routes in relation to the improvement of air quality. These projects all carry different balances of risk including project overrun, over-spending, funding gaps and reputational damage from any of these and other factors. The Council is clear that its involvement in these projects is vital to help regenerate the city and make Coventry a better place to live, work and do business in. Overwhelmingly, these arrangements are externally funded or have self-funding business cases that keep the Council's financial costs to a minimum. Any decisions to move away from this base position would need to be made on a case-by-case basis within the Council's existing resource constraints.

5.1.4.6 **Local Government Finance Changes** – Central Government have committed to Local Government Funding Reform, and a period of consultation has just ended, anticipating that the outcomes of the reform could be implemented for the 2026/27 Local Government settlement. In addition to this an updated Comprehensive Spending Review is also expected during 2025. Until the outcomes of these are knows future funding assumptions remain a risk. However, due to the nature of accounting for these income sources, the risk applies to future years such that the 2025/26 budget estimates are secure.

5.1.4.7 Equal Pay Claims- A revenue financial risk exists for the Council in respect of Equal Pay Claims. A number of claims have been received from employees which, if successful, would result in a one-off revenue cost to the Council. The Council is robustly defending the claims, so to date there is no reliable assessment of the likely success, or the financial cost if claims do eventually prove to be valid. The matter will inevitably be subject to complex and protracted legal proceedings, and potential negotiations between relevant parties. Given the significant uncertainty around whether a financial obligation exists, or the value of any obligation, we are not at this point able to make any accurate financial assumptions in the medium-term financial strategy.

5.2 **Legal implications**

Budget Policy Proposals
The proposals in this report are designed to meet the Council's statutory obligations in relation to setting a balanced 2025/26 budget by mid-March 2025. This includes the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place. Section 31A of the Local Government Finance Act 1992 and Section 25 of the Local Government Act 2003 refer.

The Council's prospective expenditure must not be likely to exceed its resources available to meet that expenditure and the proposals set out in this report meet this obligation. Any amending or substituted proposals must also achieve a balanced budget.

It should also be stated that Members are subject to the Council's duty to set a balanced budget, and at common law owe a fiduciary duty to taxpayers to do so. Members must receive and consider the advice of officers, particularly the section 151 officer, when considering and deciding the Council's budget.

As the decision makers, members must have due regard to the Council's equalities duties when setting the budget.

6. Other implications

6.1 **How will this contribute to achievement of the One Coventry Plan?**
(**https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan**)

The Council, alongside many other Local Authorities, continues to be faced with challenging resource constraints over the coming years, which will have a direct impact on our ability to deliver front-line services.

The recommendations made in this report will enable a balanced budget to be set for the next financial year and the Medium-Term Financial Strategy (included as Appendix 1 to the report) details the approach that the Council will take in meeting future financial challenges. As such this report lays the foundation for ensuring the continued financial sustainability of the Council, which is a key enabling priority of the One Coventry Plan.

6.2 How is risk being managed?

The inability to deliver a balanced budget is one of the Council's key corporate risks. The proposals within this report are aimed directly at trying to mitigate this risk. The other key financial risks are identified in section 5.1.4 of the report.

6.3 What is the impact on the organisation?

Whilst the approach to setting the budget for 2025/26 has sought to deliver services more efficiently and effectively such that services and jobs are protected, some of the policy proposals could impact residents, partners, and the workforce. Implementation of the One Coventry Plan, continued delivery of complex Capital Programme schemes and the adoption of commercially based projects mean that the Council will have to continue to adapt and transform to meet the financial challenges that it faces.

6.4 Equalities / EIA

A cumulative impact assessment of all the policy proposals contained in this year's budget report has been produced and can be found in Appendix 10 to 15 to the report. This cumulative assessment has been produced using data from individual equality impact assessments (EIAs) completed by service areas on the policy proposals, which have been updated to reflect feedback received during the public consultation. These EIAs will be kept under review and further updated as necessary over the coming weeks and months as the proposals are implemented operationally.

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

The Council's One Coventry Plan identifies climate change as a key priority. Notwithstanding the financial challenges faced by the Council, these priorities have been a constant consideration by elected members and officers throughout the process to deliver a proposed balanced budget for 2025/26. The Council remains focused on its Climate Change Strategy to support the commitment it has made to respond to the climate change agenda and as such, many initiatives in the Capital Programme reflect this ambition, including schemes such as Coventry Very Light Rail, Green travel alternatives such as cycling infrastructure, air quality and transport solutions, all of which are all designed to have positive impacts on the environment.

6.6 Implications for partner organisations?

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

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COVENTRY CITY COUNCIL MEDIUM TERM FINANCIAL STRATEGY 2025-2028

1. EXECUTIVE SUMMARY

1.1 This Medium-Term Financial Strategy (MTFS) sets out the financial planning foundations that support the setting of the Council's revenue and capital budgets, including the policy assumptions and financial management framework that underpin the strategy. The Strategy is consistent with the 2025/26 Budget Setting Report to which this Strategy is appended. The purpose of the MTFS is to describe the environment within which the Council operates and bring together resource and cost projections to explain how the Council plans to address its funding gap, whilst retaining focus on the strategic priorities.

1.2 An introduction and the policy framework provided by the existing One Coventry Plan is provided in **Section 2**. This sets out how the Council continue to focus on increasing the economic prosperity of the city and region, improving outcomes, and tackling inequalities within Coventry communities, and tackling the causes and consequences of climate change.

1.3 **Section 3** explains the national financial context and the medium-term uncertainty that exists around local government funding. The Council is still only able to plan for 2025/26 with any certainty as funding announcements at this stage do not go beyond that. The new Government, in announcing additional monies for the Local Government Finance Settlement for 2025/26 and doing so in a way that starts to reflect need, are also consulting on principles intended to 'fundamentally improve the way the sector is funded, moving to a fairer system which matches funding with need'. As an authority who has been disadvantaged by the current funding regime, the proposals are very much welcomed, however until such time as these proposals have been understood, and the local implications for Coventry of their implementation worked through, it will not be possible to plan with certainty beyond one year.

1.4 The key factors that the Council has identified as influencing current and future demand for Council services, are outlined in **Section 4**. These continue to include recurrent challenges such as sustained demand for social care as a result of the ageing population and increasing numbers of children with complex care needs. In addition, councils are faced with increasing demand for support from citizens driven by current national financial challenges, the greatest cumulative inflationary pressures witnessed in a generation and the consequent cost of living crisis. Homelessness is one such impact, and our statutory obligation to place people in temporary accommodation therefore places significant further pressure on the Council's finances

1.5 **Section 5** outlines the Council's financial planning context and assumptions which draw on the information above and provide the foundations of the medium-term financial position. This includes the key spending forecasts, inflation expectations and planning assumptions in areas such as Council Tax.

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

2. INTRODUCTION AND POLICY FRAMEWORK

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

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

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

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

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

2.5 The OCP sets out the Council's role as a partner, enabler and leader and the importance of partnership working to the delivery of the Plan. This approach is equally important to delivery of the MTFS and incorporates elements such as: responding to national and regional policy for local government; leading on innovative approaches to working differently; acting as a civic leader, in collaboration with local residents, communities and partners (public, private, and voluntary and community sectors); working with residents and communities to find solutions to challenges faced in local neighbourhoods; leading and co-ordinating Coventry's response on how the city tackles climate change and the necessary transition to a zero-carbon economy; and leading the delivery of aspirational investments through regional partnerships such as development of the Gigafactory in Coventry. These approaches are set out more fully within the OCP.

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

3. FINANCIAL CONTEXT

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

Table 1: Funding of 2024/25 Gross Budget

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

Business Rates

3.2 The national system of retained Business Rates allows local government to retain 50% of business rates income with the remainder payable to central government for redistribution through government Revenue Support Grant. However, authorities that are part of Business Rates Pilot schemes retain a greater share of Rates. Along with the other 6 West Midlands authorities, Coventry is a member of the West Midlands Business Rates Pilot with all member councils retaining 99% of the business rates collected (with 1% going to the West Midlands Fire and Rescue Authority). The West Midlands Combined Authority (WMCA) receives a payment from each authority as a proxy for a share of the growth in business rates income. Discussions held between the Ministry for Housing, Communities and Local Government and the WMCA on behalf of the WM Mets as part of the most recent devolution deal discussions, concluded that this will be extended for a further (up to) 10 years.

3.3 For several years the previous government had discussed updating the assessment of needs and resources used to determine individual authority funding allocations via retained Business Rates and Revenue Support Grant. The current methodology and much of the data that feeds it is now significantly out of date and results in an unfair distribution of resources. However, the new Government have started a consultation process with the intention that a new system, intended to reflect need, could be implemented from 2026/27. Until further details are shared however, it is not possible to predict how it will affect individual authorities. Due to the significant growth experienced in Coventry and the demographic make-up of its population, the local expectation is that system reform should result in a greater share of resources for the city, with relative needs and resources given more priority in the new distribution. It is hoped that the effect will be to shift resources towards councils such as Coventry which are considered to be relatively more deprived than many others.

3.4 Since the introduction of business rates retention in April 2013, the previous government has made a number of policy announcements affecting the amount of business rates that local authorities can collect, such as increasing the amount of relief available to certain businesses and restricting the increase in the multiplier. In order to protect councils from the impact of these decisions, local authorities were compensated for the resulting cumulative loss in income through specific non-ring-fenced grants. We would expect any such further policy decisions by the new government to also be cost neutral to Local Authorities.

Council Tax

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

Specific Grants

3.6 The Council receives a very significant level of specific revenue grant funding. £549m budgeted in 2025/26 with further grants often announced through the year. The vast majority of these are provided by Government with most of this being allocated for specific and ring-fenced purposes. By value, the most significant elements relate to Dedicated Schools Grant[1] (£251m), Housing Benefit Subsidy (£70m) and a combination of funding for Adult Social Care funding (£84m). Other major elements budgeted for are Business Rates (£32m), Public Health (£26m), Recovery Grant (£9.6m), Pupil Premium (£11m), Extended Producer Responsibility (£6.1m) and Adult Education funding (£5m).

Fees and Charges

3.7 The Council budgeted to receive £113.5 million in fees, charges, dividends, and interest in 2024/25. Such income supports the expenditure of individual service areas. Increases in the fees and charges set for individual services vary depending on any statutory requirements, specific market considerations and on the objectives a particular service may be trying to achieve. Overall, there is an expectation that traded

[1] Indicative allocation, shown net of estimated recoupment

services will seek to recover the full cost of services, or better, and reflecting external markets where relevant.

3.8 Whilst we do not consider there to be any material legacy impacts of the pandemic within our direct fees and charges income, many services are however experiencing a downturn in activity as a direct consequence of the high inflationary environment affecting the economy and in turn, cost of living. Additionally, the imminent implementation of the City Centre South scheme has resulted in the ceasing of income from the many properties which previously delivered rental income for the City Council, becoming void, soon to be demolished. Conversely there are budgeted new income steams available to the Council including charging for Green Waste, the implementation of which was approved by members in February 2024 and contributes to the overall balanced budget for 2024/25 and subsequent years.

3.9 Whilst current inflation levels (at December 2024) have returned to more sustainable levels, they are (at 2.5%) still above the Bank of England target of 2%, so it is expected that there will be a continued impact on the cost of living for individuals, businesses and other organisations, and could continue to impact on the Council's ability to generate income from fees and charges over the short to medium term. Additionally, this could impact on the cost base of CCC owned subsidiaries, such that it could also put pressure on the level of dividends generated by Council owned companies, and potentially the repayment of loan principal and interest from organisations to which the Council has made loans.

Other Income

3.10 For 2025/26 and subsequent years, the Government are introducing the 'Extended Producer Responsibility' for waste packaging, or EPR. Resources were announced that indicate £1.1bn of resources for waste disposal authorities nationally for the EPR scheme, which effectively transfers the financial liability for disposal costs to the manufacturers (producers) of waste in order to incentivise waste reduction. As waste disposal costs are already factored into the Councils baseline position, compensation through the EPR scheme will result in additional income. The expected receipt of £6.1m will be underwritten by Government in 2025/26, however subsequent years will be driven by service specific data and could decline if the intended impact on producer behaviour is borne out.

Financial Outlook

3.11 The Chancellor's Autumn Statement 2024 and the 2025/26 Local Government Financial Settlement still only provides a one-year focus for 2025/26 with no detail for local government finances beyond this. There is however, additional grant funding of £2bn in the settlement nationally in 25/26, beyond what had previously been announced for local government, the local impact of which has been included within our planning assumptions.

3.12 The Provisional Settlement references a cash increase in Core Spending Power (CSP) for councils in England of 6.8% (£4.4bn) with Coventry receiving an above average increase of 8.0% (£29.6m). Net of additional (new) burdens for National Insurance contributions, this equates to a national increase of 6%, and a local increase of 7.2%. Whilst a significant proportion (47%) of this (net) increase is made up of Council Tax and Business Rates income, both generated locally, a significant amount of grant income has been provided in new monies reflecting the £2bn additional sector resources referenced in 3.11.

3.13 Any changes to Core Spending Power, and the impact of the specific allocations to Coventry in the Final Settlement are presented within the Council's 2025/26 Budget Report.

3.14 The anticipated changes to how local government funding is allocated described above make it difficult for the Council to determine medium-term financial plans with complete certainty. In addition, the local government sector has historically been affected by resource constraints imposed across the whole of the public sector whilst there are also limitations to the funding that local authorities can raise locally through Council Tax and fees and charges. Demographic pressures have continued to increase with the cost-of-living issues affecting individuals' experience and expectations of when local authorities and Government will intervene to protect them. All of this has created a very challenging environment in which councils need to manage limited resources and increasing expenditure pressures, even with additional Government funding.

3.15 Whilst it is a reality that public sector finances are always faced with the need to balance budgets under resource constraints, it is the cumulative severity of these constraints that have caused some Local Authorities to be unable to afford the cost of providing services. Nationally a number of authorities have faced acute financial difficulties, with S114 reports being issued as some councils struggle to set balanced budgets with insufficient reserves to manage the transition to greater financial stability, and others receiving 'Extraordinary Financial Support' to prevent a S114 notice being issued. It remains critical that Coventry continues to observe sound financial management principles, strict budgetary control practice, prudent budget setting and a level of reserve balances that provides adequate protection against financial risks and shocks.

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

4. SERVICE DEMANDS AND DEVELOPMENTS

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

4.2 Inflation

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

4.2.2 Although the Consumer Price Inflation continued to fall steadily during 2024, from a starting position of 4% in December 2023, to 1.7% in September 2024, it started to rise again to 2.5% between October and December respectively. This only reflects that the rate of price increases has slowed and does not mitigate the cumulative level of increases endured during the year and over time, or some of the lagged impacts on the wide range of Council contracts, particularly high value social care contracts. The inflation rate was also instrumental in the agreement of a higher than planned pay award agreed for most local government employees which averaged c6% for both 2023/24 and 2024/25. Given that Council's budget was put together in late 2023 (and agreed in February 2024), the full extent of these financial movements was not known at that time and not sufficiently factored into the Council's 2024/25 budget. As a result, the budget process for 2025/26 has had to factor in a higher base position, in order to 'catch up' on inflationary rises for 2024/25 and to provide for 2025/26.

4.3 Adult Social Care

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

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

4.4 Housing

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

4.4.2 Nationally, the significant increases in demand for housing & homelessness services seen during 2023/24, has continued into 2024/25, with the number of people accessing/receiving homelessness support as yet not showing any sign of reducing.

There are a number of drivers that have contributed to the increases including the cost-of-living crisis, a buoyant private rented sector and a lack of social housing.

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

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

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

4.5 Children's Social Care

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

4.5.2 The number of children in care in the city excluding unaccompanied asylum-seeking children has decreased from 735 in March 2021 to 628 in March 2024. However, in line with an annual trend of more children entering care over the summer period, this increased to 649 by September 2024.The financial benefit from this reduction in activity has been more than offset by steep inflationary increases in the cost of individual placements, particularly external residential. This is a local, regional, and national issue. Whilst Coventry will continue to take steps to manage this risk there is a critical role for central government to play in addressing the broken market for private provision. Coventry's established Family Valued ethos is to empower families to identify family led solutions through Family Group Conferencing and network meetings, supporting Kinship arrangements when needed and reunifying children in care back to their families when it is safe to do so. This echoes the central Government's direction of change, alongside taking steps to address the challenges with the market for homes for children in care in terms of sufficiency and tackling significant profiteering by some private providers.

4.5.3 In addition, there is an observed increase in the complexity of care needs leading to a consequent increase in the average cost of each individual placement. The availability of homes for children in care (placements) able to support these children with complex needs has come under increased pressure on a national basis throughout and since the Covid pandemic, with a resulting impact on price. Unit costs have risen significantly from an average residential unit cost of £2.9k per week in 2019/20 to an average residential cost of £6.2k per week in 2023/24. The annual commitment of the Council's 10 highest cost children's commissioned placements is ca. £8m. Coventry City Councils Residential Childrens Homes strategy commits to opening new homes for our children in care, enabling them to remain close to their families, communities and school, whilst offering best value in terms of costs and meeting the needs of some of our children with the highest level of need within the city.

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

4.5.5 Given the pattern of children in care numbers and socio-economic trends in recent years it is difficult to predict overall volumes of cases and when the inflationary pressure on placement costs will begin to ease. This will continue to be an area that is kept under close scrutiny both as an individual service and as part of wider strategies to increase the economic prosperity of the city and reduce the harmful effects of issues such as deprivation, poor education attainment and poor levels of public health in parts of the city.

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

4.6.1 National policy changes such as increased attendance duties alongside local in-year pressure on school sufficiency and impact on related local authority services, coupled with funding reductions continues to put pressure on the ongoing commitment element of the Central School Services Block (CSSB) within the Dedicated Schools Grant. The Council currently anticipates further reductions to the historic commitment element of the CSSB over the next 3 years, resulting in a pressure to be managed via the Council's budget setting process.

4.6.2 In line with national trends and local in year admission pressure, the number of SEND pupils within Coventry continues to grow. Children with the most complex SEND are issued with an Education Health and Care Plan (EHCP). In 2016 the total EHCP cohort in Coventry was 1,559, by 2024 this had increased to 3,062. Alongside significant growth in overall numbers, Coventry has also seen an increase in the number of initial requests for assessments from 329 in 2016 to 924 in 2023. This results in a continuing increase in the number of commissioned special school placements, and consequently more children and young people requiring specialist transportation to school, including transport to schools outside of the city due to local special school provision being full. Additionally, there have been increases in SEND transport demand due to more post-16/19 students remaining in education.

4.6.3 The High Needs Block of the Dedicated Schools Grant which funds educational provision for pupils with SEND (2025/26 allocation £76.8M) continues to be an area of pressure. National SEND spending has increased significantly in recent years with many authorities across the country now reporting DSG deficits. The main factors underlying this position stem from the consequences of reform including the expanded offer, rising demand and shortage of specialist provision creating an increased reliance on the independent sector. Ordinarily, authorities would be responsible for meeting any deficit position from other council funding, but currently due the significance of the issues in this area the Treasury have enacted a national statutory override ringfencing the DSG position away from LAs until March 2026. Coventry currently has a DSG surplus but in-line with national trends it is continuing to experience growth in the overall number of young people with Education Health and Care Plans. This will increase pressure on its High Needs Block budget and those SEND services funded via Core budget. The significant increase in demand means that the availability of specialist school placements, both within Coventry and out of city is limited. We are therefore seeing an increase in top-up funding being provided to mainstream schools due to increases in activity (new plans) and unit cost (higher levels of banded funding). In Coventry High Needs Block allocations have increased significantly since 2019/20, however our expectation is that funding increases will be more modest moving forwards. It is therefore key that the Council monitors the position and manages resources effectively to ensure that it remains within funding allocations as far as is possible. The SEND Transformation Strategy is in place and is focusing on supporting inclusivity in mainstream schools through workforce strategy and sharing best practice, developing appropriate support for children with additional needs through alternative provision, and creating additional special school and enhanced resource provision places.

4.7 Other Services, Demographics, and the Cost of Living

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

4.7.2 Compared with the national average, Coventry's population has increased at a faster rate over recent years and has a lower age profile. Since 2010, Coventry has consistently been in the top 10 authorities for population increases, and such growth puts considerable pressure on transport, housing, education and public service infrastructure, and there is a shortage of housing and affordable homes across the city. A range of demographic and socio-economic trends, in part linked to the city's steady population growth, has continued to cause increases in demand or expenditure pressures in areas such as waste collection and disposal and the costs of housing homeless individuals and families in addition to some of the social care and education related changes. These have required additional budget allocations each year which can be expected to continue in future years and have prompted policy responses in areas such as housing and recycling facilities to help manage costs going forward.

4.7.3 The Council's public health services are aimed at improving well-being and reducing health inequalities across the city and maximising the wider work of the Council to improve the health of its residents. This includes universal health, wellbeing, and preventative services, such as health visiting and school nursing, and a range of more targeted services such as drug and alcohol services, domestic violence, and sexual health plus statutory responsibilities around health protection. Funding for Public Health activity is primarily provided from within the ring-fenced Public Health Grant from Government and the Council's financial planning assumption is that this will broadly continue going forward.

4.7.4 Through the Covid-19 pandemic, demand increased for services supporting communities directly and in partnership with the voluntary sector. The continued difficult economic circumstances for many, resulting from trends including changes to the Government's welfare reforms and the impact of energy price rises, and general inflationary pressures, have affected the number of people seeking to access local government and voluntary sector services. A greater degree of intervention by the Council and specific Government support in some areas over this period have probably changed perceptions and increased expectations about the timing, nature and level of support that may be available in times of economic hardship compared with those that existed previously, which is a financial risk.

4.7.5 The role of economic regeneration, economic support, skills, and employment investment, remains paramount particularly in the light of the importance of business rates (retention) to the Council's resource base and current financial challenges facing local economies and citizens. In response to the lack of historic funding directed into our region from central government on infrastructure investment, the Council's existing programmes known to members for regenerative investment schemes, including plans this year for the commencement of City Centre South, City Centre Cultural Gateway, works to facilitate the West Midlands Investment Zone project (see section 4.7.6) and Coventry's Very Light Rail demonstrator, all of which will support the City's regeneration aspirations.

4.7.6 Latterly, the most recent Devolution Deal for the region agreed with the Government by the WMCA on behalf of the 7 Mets during 2024, has seen the emergence of the regional Investment Zone (IZ), which for the West Midlands, will be located primarily on the former Coventry Airport site (together with other smaller regional sites), on the border of Coventry and Warwick districts. This initiative, named 'Green Power Park' attracts significant regional funding and tax incentives, together with agreement to retain business rate (growth) for reinvestment in the sites over a 25-year period. It is expected that the investment will attract 'advanced manufacturing' related private sector investment that will further the prospects of the development of a vehicle battery manufacturing Gigafactory on the outskirts of the city.

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

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

5. FINANCIAL PLANNING CONTEXT AND ASSUMPTIONS

5.1 Revenue Position

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

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

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

5.1.2 The Pre-Budget Report, considered by Cabinet in December 2024, set out the financial position over the next 3 years, including emerging pressures, together with potential technical and service savings to partially offset the impact of these. At quarter 3 the forecast outturn for 2024/25 was a net overspend of £7m. Pressures exist across several areas including Adults' and Children's Social Care Services and Housing Services due to a combination of both cost pressures and demand for services. Other pressures exist in other services including income generation and delivery against savings.

5.1.3 The final phase of medium-term financial planning includes the impact of the both the Provisional Settlement published on 18th December 2024 and the Final Settlement, published on 3rd February 2025. This position is updated by the final 2025/26 Budget Report which will be heard by Council on 25 February 2025. Coventry again faces similar challenges and policy choices to many other authorities, although this has been partially mitigated for 2025/26 by additional Government grant monies in the finance settlement. The size of the gap for 25/26 has reduced from £10.8m (table 2 above) to £8.0m, and still requires policy decisions to set a balanced budget for the financial year 25/26. Depending on the policy decisions taken as part of the budget setting report, future years funding gaps are likely, making it necessary that a range of approaches will still be needed to balance funding gaps, particularly in future years. These are considered in Section 6 below.

5.2 Reserves

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

5.2.2 The Council's specific reserves include **revenue reserve balances** of £108m (this excludes the General Fund Working Balance); £25.7m of **capital reserves** earmarked to fund major capital schemes; £37.8m of reserve balances belonging to or earmarked to support **schools**. The Council's reserves are reviewed to assess their adequacy for current known liabilities, approved policy commitments and financial risk, including that arising from commercial investments. The level of available reserves is important in maintaining the financial resilience of the Council. The make-up of the Council's reserves as at 31st March 2024 was:

Table 3: Reserve Balances at March 2024

	1st Apr 2023 £000	(Increase)/ Decrease £000	31st Mar 2024 £000
Council Revenue Reserves			
General Fund Balance	(10,277)	0	(10,277)
Adult Social Care	(32,152)	11,582	(20,570)
Financial Risk Contingency	(5,855)	(2,623)	(8,478)
Early Retirement and Voluntary Redundancy	(7,241)	0	(7,241)
Private Finance Initiatives	(8,108)	1,378	(6,730)
Management of Capital	(6,323)	520	(5,803)
Reset and Recovery	(5,467)	0	(5,467)
Business Rates Income Reserve	(3,433)	(1,593)	(5,026)
Innovation and Development Fund	(5,068)	804	(4,264)
Public Health	(3,778)	(248)	(4,026)
Corporate Priorities (2020/21 Outturn Underspend)	(2,994)	0	(2,994)
Covid 19 Government Funding	(4,260)	1,756	(2,504)
Commercial Developments	(2,682)	209	(2,473)
Air Quality Early Measures	(3,921)	1,546	(2,375)
Refugee Resettlement Programme	(619)	(1,722)	(2,341)

Friargate Lifecycle	(1,595)	1	(1,594)
IT Replacement Programme	(510)	(1,016)	(1,526)
Homes for Ukraine	(2,530)	1,255	(1,275)
Adult Education Income	(1,092)	(99)	(1,191)
Housing Enforcement	(590)	(577)	(1,167)
City of Culture & Commonwealth Games Readiness Legacy	(1,400)	275	(1,125)
Corporate Property Management	(819)	(200)	(1,019)
Insurance Fund	(1,063)	140	(923)
Other Directorate	(12,691)	31	(12,660)
Other Corporate	(3,460)	(1,186)	(4,646)
Total Council Revenue Reserves	**(127,928)**	**10,233**	**(117,695)**
Council Capital Reserves			
Useable Capital Receipts Reserve	(18,623)	6,890	(11,733)
Capital Grant Unapplied Account	(5,745)	1,551	(4,194)
Total Council Capital Reserves	**(24,368)**	**8,441**	**(15,927)**
School Reserves			
Schools (specific to individual schools)	(23,413)	(580)	(23,993)
Schools (related to expenditure retained centrally)	(10,237)	(3,968)	(14,205)
Total Schools Reserves	**(33,650)**	**(4,548)**	**(38,198)**
Total Reserves	**(185,946)**	**14,126**	**(171,820)**

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

More specifically, the approach will be informed by:

- The need to maintain, and where possible build working balances to mitigate the key risks faced by the Council including those expressed in the Council's corporate risk register.
- The requirement to hold some earmarked reserves to protect against specific known or potential liabilities but kept to a minimum consistent with adequate coverage of those liabilities and reviewed annually as part of the budget process.
- A general assumption, to be applied flexibly subject to specific financial circumstances that one-off resources will not be used to support on-going expenditure.

- The awareness that there is an opportunity cost of holding reserves (in that these funds cannot then be spent on anything else) – it is therefore critical that reserves continue to be reviewed each year to confirm that they are still required and that the level is still appropriate.
- The awareness that balances help protect the Council from exposure to the external borrowing market at times when rates are high

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

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

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

5.3 Capital

5.3.1 The current capital programme for approval in February 2025 includes the following expenditure profile:

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

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
TOTAL PROGRAMME	**171.6**	**142.1**	**86.0**	**31.8**	**78.7**	**510.2**

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

5.3.3 The West Midlands Combined Authority (WMCA) City Region Sustainable Transport Settlement (CRSTS) programme has been established by Government to provide a five-year capital funding settlement for Mayoral Combined Authorities for transport totalling £1.05bn, covering the period 2022-2027. Coventry's CRSTS programme of £110m includes allocations for delivery of the Very Light Rail City Centre Demonstrator route within Coventry, the Tile Hill Station Park and Ride improvement scheme, a package of transport improvements focussed on the Foleshill Road corridor, and a package of transport improvements focussed on the London Road corridor supporting the Gigafactory and other developments planned for the Coventry Airport area and within the London Road corridor.

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

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

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

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

5.4 <u>Risk Management and Financial Resilience</u>

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

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

5.4.3 The current register incorporates a fundamental financial risk that the Council will be unable to deliver a balanced budget in the medium term. The detailed risk is that the Council will not be able to achieve its priorities whilst at the same time balancing its budget because of a combination of increased pressure on all sources of funding, increased demand, and complexity in services, including in adults and children's social care and the recently heightened impact of inflationary pressures across many areas of the budget. This has resulted in difficult decisions having to be made by Members about which services to support, with consequences for citizens and the city. The extent of this risk will be determined by the future funding regime for 2026/27 and beyond.

5.4.4 A further potential revenue risk related to equal pay claims. A number of claims have been received from employees which, if successful, would result in a one-off revenue cost to the Council. This issue is still very much at a relatively early stage and as yet, there has been no reliable assessment of the likely success of these claims or the financial cost if they eventually prove to be valid. The matter will inevitably be subject to complex and protracted legal proceedings, and potential negotiations between relevant parties. Given the significant uncertainty around whether a financial obligation exists, or the value of any obligation, we are not at this point able to make any accurate financial assumptions in the medium-term financial strategy.

5.4.5 To mitigate the risks, the Council has in place a rigorous structure to oversee budgetary processes and continues to seek out opportunities which identify flexibility in existing budgets and undertake technical analysis to identify alternative options to alleviate budgetary pressure. Specific programmes are in place to identify commercial opportunities and optimum service delivery models to produce a medium-term programme of transformation and ensure future financial sustainability. The Council has and will continue to lobby the new Government through local government sector organisations whilst also assisting in the economic recovery of the local economy to try to safeguard local income flows. Some of these themes are revisited in the final section on the Council's MTFS approach. As stated earlier, it should be noted that the new Government have provided a real term increase in funding for 2025/26, although this is not yet sufficient to prevent further service cost reductions necessary. However, the Governments planned funding reform from 2026/27, where a fairer reflection of need is expected to be made in allocation of funds within the Local Government sector will need to be understood to inform this further.

5.4.6 The Chartered Institute of Public Finance and Accountancy (CIPFA) maintains an index of financial resilience for English councils which assesses each authority against a number of indicators, including levels of reserves, external debt and auditors' judgements, in order to illustrate each council's financial position relative to that of comparator authorities. The index was developed with the intention of highlighting areas of potential risk to councils' financial stability and informing the judgement of the chief finance officer on the robustness of budgets. CIPFA acknowledges that the index (most recently updated in 2022/23) should not however be viewed in isolation and its interpretation will depend to a large degree on the local context specific to each authority. Coventry's previous results suggest that for most of the indicators used, the authority does not fall into a higher risk category in relation to comparable authorities. However, Coventry's level of children's social care costs and its relatively low level of unallocated reserves were indicators of a higher perceived level of risk.

5.5 <u>MTFS Assumptions</u>

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

5.5.2 The financial management framework that underpins the MTFS includes:

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

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

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

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

- Whilst we await more information on the new Governments plans for 2026/27 onwards, assumptions regarding government funding beyond 2025/26 are largely flat.
- An updated comprehensive spending review (CSR) will be introduced during 2025.

- For strategic financial planning purposes Council Tax and Adult Social Care precept increases will be assumed to match the maximum level advised by Government. These have been confirmed as 3% for Council Tax and 2% for the precept in 2025/26, however these will be combined to 5% for future presentation as requested by the Government. Subsequent years will be reduced to 3%. As is normal, this will be subject to political debate and decision as well as any changes at a national level,
- Business Rate income (plus compensating Government grants) will be assumed to be inflated broadly in line with Government dictated Business Rates multiplier inflation levels. Income will be amended for trends in Business Rates tax-base, collection performance and appeals,
- Planning based on the underlying Council Tax-Base growing at 0.5% per annum in line with historical trends but flexed each year where shorter-term expectations dictate,
- Increases in pay budgets of 3% in 2025/26, 2% per annum in subsequent years. This area will be kept under close review particularly whilst inflation levels settle back into a normal pattern, and it is expected that the Council will continue to reflect sector agreed pay awards and guideline National Living Wage levels,
- An intention to review the need to make provision for budgetary growth as a result of significant demographic or service demand, subject to optimisation of service operation, review of alternative methods of service delivery, review of Council policy to ensure that it reflects current conditions and recognition of overall financial constraints,
- The budget for the Council's Asset Management Revenue Account (AMRA) will be managed in line with the Council's Treasury Management Strategy, updated annually as part of the Budget Report. The AMRA position will take into account any impact of changes in the size and composition of capital programme, cash-flow forecasts, the level of provision to repay debt through Minimum Revenue Provision (MRP), and prevailing/forecast interest rates. The Council's Minimum Revenue Provision (MRP) policy will be based on an approach that is both prudent and affordable in a way that reflects the long-term nature of local authority debt and assets,
- Forward financial estimates will be guided by existing CPI inflation levels in line with practice adopted across a broad range of public sector areas. Specific contractual agreements on inflation will be honoured where these are in place. CPI will provide the financial planning benchmark for increases in fees and charges and any areas of expenditure subject to specific inflation requirements assessed by the Section 151 Officer. Actual increases in fees and charges will depend upon local factors such as the need to generate enough income to meet the cost of trading services. Contractual inflation has been applied where required along with notional inflationary rises in discretionary areas. This will be reviewed on an annual basis to ensure that additional costs for external contracts which reflect patterns dictated by pay inflation or other significant inflationary pressures are built into Council budgets in the affected areas.

6. MEDIUM TERM FINANCIAL STRATEGY APPROACH

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

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

6.3 <u>The One Coventry Approach</u>

6.3.1 The One Coventry Plan recognises that the Council may need to change the way that it works to meet the challenges of delivering services and maintaining a sustainable financial position. This will mean building on good practice where it exists but doing things differently elsewhere, building and sustaining genuine partnerships and city-wide collaboration, actively seeking creative opportunities, considering if the Council is working in the right way, investing resources with other public sector partners if appropriate and working flexibly across roles, services, and organisations. This will involve reviewing some services to see if they need to be delivered differently, potentially embracing latest technologies e.g. A.I., or possibly not delivered at all. This will work in different ways for different services but, for instance, may involve an approach of enabling independence with individuals and organisations being encouraged to do as much as possible for themselves.

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

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

6.4 **Commercialisation**

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

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

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

6.4.4 The service dimension of commercial investments is important including in facilitating local regeneration, addressing market failure, accelerating the local response to the climate change agenda, and supporting local organisations. These investments also provide financial returns which help to underpin the Council's budget. The Council will continue to seek opportunities to make investments in a selective, and business cased based manner in commercial ventures to secure a financial return and achieve service policy objectives where this is consistent with its priorities, the One Coventry Council Plan, Commercial Investment Strategy and PWLB requirements. Such investment, for example in the further development of Friargate Business District and Strategic Energy Partnership Projects could potentially include property schemes, share purchase and the provision of loans to external organisations, and would be designed to meet strategic, service, and financial objectives.

6.5 **Council Tax and Business Rates**

6.5.1 The Council will seek to maximise the income it generates from Business Rates and Council Tax. There is an expectation that the Council tax-base will continue to be buoyant as the Council seeks to facilitate the provision of local housing, including affordable housing, for its citizens. In addition, the Revenues and Benefits Service will seek to maximise the Council Tax collection rate (currently set at 97.6% in 2025/26) and take steps to ensure compliance with the applicability of discount and exemption policies.

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

6.6 **Treasury Management and Capital**

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

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

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

6.7 **Reserves**

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

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

Budget Proposals and Financial Position

		2025/26 £000	2026/27 £000	2027/28 £000	
	Starting Budget Gap	**14,310**	**14,761**	**14,761**	**This position has been carried forward from 2024/25 Budget Setting and reflects all previously approved Budget changes**
	Resources				
1	Council Tax (change to Pre-Budget report)	(5,100)	(6,800)	(8,500)	The previous assumption has been a 2% increase on Council Tax. This reflects the additional resource from a combined 5% increase, made up of 2% Adult Social Care Precept and a 3% Council tax increase. Assumed 3% increase in Council tax for 26/27 ongoing.
2	Local Government Settlement - Recovery Grant (change to Pre-Budget report)	(9,600)	(10,600)	(11,600)	Allocation from Local Government Funding Settlement.
3	Social Care Grant (change to Pre-Budget report)	(9,400)	(9,900)	(10,400)	25/26 Social Care grant to fund additional social care capacity.
4	EPR - Extended Producer Responsibility Grant (change to Pre-Budget report)	(6,100)	(5,000)	(4,000)	Extended Producer Responsibility Grant confirmed in the Local Government Funding Settlement.
5	Coventry and Warwickshire Business Rates Pool	(2,000)	0	0	The Pool is expected to continue which will enable this income stream to be achieved for a further year
6	Services Grant (change to Pre-Budget report)	515	515	515	The remainder of the Local Government Services Grant has been removed following an 84% national reduction in 24/25.
6a	Childrens Prevention (change to Pre-Budget report)	(2,200)	(2,200)	(2,200)	New Children's Social Care Prevention Grant received within the Local Government Settlement.
	Subtotal Resources	**(33,885)**	**(33,985)**	**(36,185)**	
	Service & Technical Pressures				
7	25/26 Pay Award	1,700	1,700	5,100	An assumed pay award of 3% for 2025/26, which is an additional 1% above previous budget provision. Assumes 2% for 2026/27 onwards, already provided in 26/27 base budget.
8	Non-Pay Inflation (change to Pre-Budget report)	2,765	6,462	8,462	This reflects the continued impact of the inflation environment affecting the Council's supplies and services expenditure.
8a	Unfunded Employers NI contributions (change to Pre-Budget report)	1,500	1,500	1,500	Impact of changes to internal employer National Insurance contributions.
9	Children's Services - Placements for Children in Care (change to Pre-Budget report)	4,950	4,950	4,950	Children's Services continues to see a significant increase in the average unit cost of placements for children in care. This is due to there being a lack of sufficiency in the market to meet the needs of young people in care and is a local, regional and national issue.
9a	Childrens Prevention - Grant expenditure (change to Pre-Budget report)	2,200	2,200	2,200	Additional responsibilities connected to the new Children's Social Care Prevention Grant which should be used to invest in the national rollout of Family Help, Child Protection and Family Group Decision Making reforms.

10	Children's Services other	300	300	300	Changes in funding requirements across Children's Disability Service, Adoption Central England and Special Guardianship Orders
11	Education Services - SEND Transport	950	950	950	As is being seen nationally, the number of SEND pupils within Coventry continues to grow, resulting in an increase in the number of commissioned special school placements, and consequently more children and young people requiring specialist transportation to school
12	Education Services - SEND Statutory Assessment	850	850	850	Budget required to permanently fund the existing SEND Statutory Assessment staffing structure on an ongoing basis and provide additional capacity in response to increasing activity.
13	Dedicated Schools Grant (DSG) - Historic Commitment Fall Out	200	300	400	Funding provided by the Central School Services Block within the DSG is split into two elements: funding for ongoing responsibilities and funding for historic commitments. Since 2020/21 the DfE has been reducing funding for historic commitments by 20% per annum resulting in a budgetary pressure.
14	Adult Social Care - Additional Package costs (change to Pre-Budget report)	3,500	5,500	9,000	This relates to the estimated additional cost of the National Living Wage and other price rises recently announced in the Governments Autumn Budget 2024 on adult social care packages, over and above previous budget modelling assumptions.
15	Adult Social Care	2,500	2,500	2,500	This represents impacts of demographic change and complexity of care packages
16	Housing - Temporary Accommodation	2,520	2,520	2,520	Expected continued increases in the number of families and single people seeking assistance with housing issues and subsequently being placed in temporary accommodation.
17	ICT Software Licences & systems renewal	650	975	1,150	Anticipated increased costs of software licenses and system renewals
18	Commercial Property Portfolio	600	600	600	Strategic regeneration of the City Centre has resulted in a reduction in the overall level of commercial rent income achievable
19	Insurance Reserve Provision (change to Pre-Budget report)	500	500	500	An actuarial review of Insurance Reserves has indicated that the annual provision requires an increase to match expected current and future liabilities
20	Waste Disposal (change to Pre-Budget report)	1,080	1,680	2,280	Incremental increase in the cost to dispose of domestic waste due to growth in household numbers
20a	One Coventry	1,000	1,000	1,000	Reprofiling of increase in One Coventry savings target.
	Subtotal Service & Technical Pressures	**27,765**	**34,487**	**44,262**	
	Technical Savings				
21	Switch revenue funded highways maintenance spend for alternative grant funding	(1,000)	0	0	Current capital programme schemes within highways are funded from revenue resources. This proposal instead funds this expenditure from Capital receipts releasing a temporary revenue saving for one year
22	Capital Programme Revenue Funding	(1,000)	0	0	Current ICT capital programme schemes are funded from revenue resources. This proposal instead funds this expenditure from one-off capital receipts which releases a temporary revenue saving for one year

23	Management actions to reduce gap	(3,100)	(3,100)	(3,100)	Service Directors have identified a number of actions and efficiencies to reduce overall budgetary pressure within existing approved policies
	Subtotal Technical Savings	**(5,100)**	**(3,100)**	**(3,100)**	
	Service Savings				
24	Adult Social Care - Market Management	(1,300)	(1,300)	(1,300)	Managing increases whilst still ensuring National Living Wage increases are funded can reduce the projected cost of growth
25	Adult Social Care - Voluntary Sector Review (change to Pre-Budget report)	0	0	0	Saving not taken
26	Adult Social care - Service change, improvement and staffing efficiency	(640)	(1,500)	(1,500)	Applying a similar approach to change as deployed in 2023/24 to deliver the improving lives programme to achieve savings against other areas of high spend including Learning Disability Services and use of technology alongside ensuring staff are deployed to focus on areas of highest impact
27	Childrens Social Care	(2,000)	(4,000)	(4,000)	The peer challenge review in October 2024 identified a number of areas within Children's Services to focus work, in order to create efficiencies and potentially reduce costs in line with the final report. Areas recommended for further consideration that could potentially reduce cost include: -An organisational review of children's and education services to ensure a joined-up approach and identification of financial efficiencies through rationalisation of senior managers. -Opportunities to focus early help and prevention services to manage demand and enable intervention in families lives at the lowest possible levels. -Planned withdrawal from services upon the cessation of grant funded projects with drawn up exit plans -Strengthened processes around children coming into care, placement decisions and funding -Continued challenge of partners to provide equitable contributions including for care packages -Seek to maximise digital opportunities
28	Senior Management Capacity	(1,000)	(2,000)	(2,000)	Corporate restructure of senior management following the review of the Director tier
29	City Events (change to Pre-Budget report)	0	0	0	Saving not taken
30	Cultural Services internal provision (change to Pre-Budget report)	0	0	0	Saving not taken
31	Sustainability and Climate Change (change to Pre-Budget report)	0	0	0	Saving not taken
32	Election cost efficiencies (change to Pre-Budget report)	0	0	0	Saving not taken
33	Redesign of Council Tax Support Scheme (change to Pre-Budget report)	0	0	0	Saving not taken
34	Discretionary Payments (change to Pre-Budget report)	0	0	0	Saving not taken
35	War Memorial Park Car Park price increase (change to Pre-Budget report)	0	0	0	Saving not taken
36	Bereavement Services	(350)	(350)	(350)	5% price increase in addition to inflationary increase towards the costs of services

37	Parks & Open Spaces (change to Pre-Budget report)	0	0	0	Saving not taken
38	Streetpride (change to Pre-Budget report)	0	0	0	Saving not taken
39	Waste Disposal (change to Pre-Budget report)	0	0	0	Saving not taken
40	Your Coventry Publication (change to Pre-Budget report)	0	0	0	Saving not taken
	Subtotal Service Savings	**(5,290)**	**(9,150)**	**(9,150)**	
	Policy Investment				
41	Highways – Road defects	700	0	0	Funding for a 12-month programme to deal with a substantial number of defects across the city's roads during 2025/26.
42	Highways - Road safety measures	150	0	0	Refresh of all arterial routes across the city
43	Highways - Gully Cleaning	150	0	0	Cleaning of highway gullies to reduce silt levels to further improve drainage and the City's resilience against more frequent heavy rainfall and resulting standing water
44	Street Cleansing - Fly tipping	500	0	0	Investment in a range of preventative and responsive measures to tackle fly tipping and street cleanliness, including a significant increase in (semi-permanent) CCTV enforcement cameras, and a city-wide programme of site clearance, street sweeping and street scene improvement.
45	Community Safety & Neighbourhood Enforcement	300	0	0	Funding to improve enforcement around antisocial behaviour, noise, waste and similar issues to improve the safety and quality of living environment across the City
46	Community Events	400	0	0	Funding to provide capacity for fund one off anniversary events of for e.g. Coventry blitz & VE day and ensure the delivery of the Godiva Festival to its existing standard.
	Subtotal Policy Investment	**2,200**	**0**	**0**	
	Budget (Surplus)/Deficit	**0**	**3,013**	**10,588**	

Appendix 2a

Detailed changes in proposals compared with the Pre-Budget Report

The table below details all changes between the Pre-Budget Report 2025/26 in December 2024 & this Budget Report 2025/26 on a line-by-line basis and is consistent with the summary table of changes in section 2.2 of the main report.

	Appx 1 Line Ref	2025/26 £m	2026/27 £m	2027/28 £m
Pre-Budget Report Position		**(3.10)**	**2.56**	**5.34**
Council Tax – Future resource assumptions	1	0.00	(1.70)	(3.40)
Local Government Settlement – Recovery Grant	2	(5.20)	(6.20)	(7.20)
2025/26 Adults and Childrens Social Care Grant	3	(2.30)	(2.80)	(3.30)
Extended Producer Responsibility Grant	4	(1.10)	0.00	1.00
Services Grant fallout	6	0.02	0.02	0.02
Childrens Prevention Grant	6a	(2.20)	(2.20)	(2.20)
Pay award base budgets 2% ongoing	7	0.00	0.00	3.40
Non-pay inflation	8	1.15	1.00	1.00
Unfunded Employers NI contributions	8a	1.50	1.50	1.50
Childrens Service – Placements for Children in care	9	0.50	0.50	0.50
Childrens Prevention Grant expenditure	9a	2.20	2.20	2.20
Education Services – SEND Transport	11	0.15	0.15	0.15
Education Services – SEND Statutory Assessment	12	0.50	0.50	0.50
Adult Social Care – additional package costs	14	0.00	2.00	5.50
Insurance Reserve provision	19	0.25	0.25	0.25
Waste Disposal	20	0.90	1.00	1.10
One Coventry	20a	1.00	1.00	1.00
Adult Social Care – Voluntary Sector REMOVED	25	0.56	0.75	0.75
City Events - REMOVED	29	0.05	0.05	0.05
Cultural Services internal provision - REMOVED	30	0.06	0.06	0.06
Sustainability and Climate Change - REMOVED	31	0.03	0.03	0.03
Election cost efficiencies - REMOVED	32	0.10	0.10	0.10
Council Tax Support Scheme - REMOVED	33	0.85	0.85	0.85
Discretionary Payments - REMOVED	34	0.49	0.00	0.00
War Memorial Park Car Park - REMOVED	35	0.15	0.15	0.15
Parks & Open Spaces - REMOVED	37	0.15	0.15	0.15
Streetpride - REMOVED	38	0.69	0.69	0.69
Waste Disposal - REMOVED	39	0.34	0.34	0.34
Your Coventry Publication - REMOVED	40	0.06	0.06	0.06
Highways – Road defects	41	0.70	0.00	0.00
Highways - Road safety measures	42	0.15	0.00	0.00
Highways - Gully Cleaning	43	0.15	0.00	0.00
Street Cleansing - Fly tipping	44	0.50	0.00	0.00
Community Safety & Neighbourhood Enforcement	45	0.30	0.00	0.00
Community Events	46	0.40	0.00	0.00
Final Budget Position		**0.0**	**3.01**	**10.59**

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Appendix 3 Revenue budget by Cabinet Member Portfolio

2024/25* £'000	CABINET MEMBER PORTFOLIOS	Budget Decisions Brought Forward £'000	Pre-Budget and Final Budget Changes £'000	2025/26 Final Budget £'000
116,492	Adult Services	121,979	4,361	126,340
99,468	Children and Young People	101,111	3,712	104,823
39,770	City Services	38,673	2,392	41,065
23,756	Education and Skills	22,352	2,944	25,296
20,995	Housing and Communities	20,806	2,038	22,844
(4,481)	Jobs and Regeneration	(4,023)	(2)	(4,025)
12,051	Policing and Equalities	12,152	794	12,946
1,935	Policy and Leadership	2,315	9	2,324
(682)	Public Health and Sport	(87)	119	32
16,663	Strategic Finance and Resources	12,879	(15,437)	(2,558)
325,967	**TOTAL CABINET MEMBER PORTFOLIOS**	**328,157**	**930**	**329,087**
24,432	Borrowing and Investments	27,158	(300)	26,858
(86,363)	Contingencies & Corporate Budgets	(90,557)	15,620	(74,937)
14,523	Levies From Other Bodies	16,054	3	16,057
48	Parish Precepts	48	0	48
0	Revenue Contribution to Capital Spend	2,869	(1,900)	969
(1,155)	Contributions to / (from) Reserves	(1,886)	526	(1,360)
277,452	**NET BUDGET AFTER SPECIFIC GRANTS, FEES & CHARGES**	**281,843**	**14,879**	**296,722**
	Financed by:			
(175,898)	Council Tax	(180,981)	(8,510)	(189,491)
(101,554)	Business Rates	(100,862)	(6,369)	(107,231)
(277,452)	**TOTAL RESOURCES**	**(281,843)**	**(14,879)**	**(296,722)**

*Restated to reflect changed responsibilities

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Appendix 3 (continued) Revenue Budget by Cabinet Member Portfolio - Income & Expenditure

Gross Expenditure £'000	Gross Income £'000	2024/25* £'000	CABINET MEMBER PORTFOLIOS	Gross Expenditure £'000	Gross Income £'000	2025/26 Final Budget £'000
180,647	(64,155)	116,492	Adult Services	192,812	(66,472)	126,340
109,092	(9,624)	99,468	Children and Young People	120,426	(15,603)	104,823
66,992	(27,222)	39,770	City Services	66,962	(25,897)	41,065
265,446	(241,690)	23,756	Education and Skills	309,556	(284,260)	25,296
37,555	(16,560)	20,995	Housing and Communities	49,507	(26,663)	22,844
20,793	(25,274)	(4,481)	Jobs and Regeneration	22,153	(26,178)	(4,025)
22,768	(10,717)	12,051	Policing and Equalities	24,433	(11,487)	12,946
1,935	0	1,935	Policy and Leadership	2,324	0	2,324
24,980	(25,662)	(682)	Public Health and Sport	31,135	(31,103)	32
92,189	(75,526)	16,663	Strategic Finance and Resources	92,672	(95,230)	(2,558)
822,397	**(496,430)**	**325,967**	**TOTAL CABINET MEMBER PORTFOLIOS**	**911,980**	**(582,893)**	**329,087**
26,079	(1,647)	24,432	Borrowing and Investments	29,147	(2,289)	26,858
756	(87,119)	(86,363)	Contingencies & Corporate Budgets	2,256	(77,193)	(74,937)
14,523	0	14,523	Levies From Other Bodies	16,057	0	16,057
48	0	48	Parish Precepts	48	0	48
0	0	0	Revenue Contribution to Capital Spend	969	0	969
4,019	(5,174)	(1,155)	Contributions to / (from) Reserves	1,398	(2,758)	(1,360)
867,822	**(590,370)**	**277,452**	**NET BUDGET AFTER SPECIFIC GRANTS, FEES & CHARGES**	**961,855**	**(665,133)**	**296,722**
			Financed by:			
0	(175,898)	(175,898)	Council Tax	0	(189,491)	(189,491)
0	(101,554)	(101,554)	Retained Business Rates	0	(107,231)	(107,231)
0	**(277,452)**	**(277,452)**	**TOTAL RESOURCES**	**0**	**(296,722)**	**(296,722)**

*Restated to reflect changed responsibilities

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Appendix 4 – Capital Programme 2025-26 to 2029-30

CABINET MEMBER – ADULT SERVICES

CAPITAL SCHEME	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Disabled Facilities Grant	5,880	5,435	5,374	5,234	5,264	**27,187**
TOTAL APPROVED PROGRAMME	**5,880**	**5,435**	**5,374**	**5,234**	**5,264**	**27,187**

RESOURCES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Grant	5,880	5,435	5,374	5,234	5,264	**27,187**
TOTAL RESOURCES	**5,880**	**5,435**	**5,374**	**5,234**	**5,264**	**27,187**

CABINET MEMBER – CHILDREN & YOUNG PEOPLE

CAPITAL SCHEME	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Pathways to Care	94	100	100	100	100	**494**
Residential Children's Homes Strategy	4,450	1,200	0	0	0	**5,650**
TOTAL APPROVED PROGRAMME	**4,544**	**1,300**	**100**	**100**	**100**	**6,144**

RESOURCES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Capital Receipts	200	0	0	0	0	**200**
Corporate Resources	94	100	100	100	100	**494**
Prudential Borrowing	4,250	1,200	0	0	0	**5,450**
TOTAL RESOURCES	**4,544**	**1,300**	**100**	**100**	**100**	**6,144**

CABINET MEMBER – CITY SERVICES

CAPITAL SCHEME	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Active Travel	2,451	0	0	0	0	**2,451**
CRSTS – Coventry South Package	7,473	11,260	0	0	0	**18,733**
CRSTS – Foleshill Transport Package	1,348	4,000	0	0	0	**5,348**
Highways Investment	11,915	9,305	7,322	6,055	6,055	**40,652**
Information, Communication & Technology	1,095	1,000	1,000	1,000	1,000	**5,095**
Local Network Improvement Plan	3,046	2,034	2,034	2,034	2,034	**11,182**
Simpler Recycling	1,870	0	0	0	0	**1,870**
Street Lighting – LED Upgrade	2,280	5,000	3,000	0	0	**10,280**
Transportation Section 106	1,000	1,000	1,000	1,000	0	**4,000**
Vehicle & Plant Replacement	7,310	3,861	2,872	7,586	0	**21,629**
TOTAL APPROVED PROGRAMME	**39,788**	**37,460**	**17,228**	**17,675**	**9,089**	**121,240**

RESOURCES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Capital Expenditure Revenue Account	969	2,969	2,969	2,969	2,969	**12,845**
Capital Receipts	2,000	0	0	0	0	**2,000**
Corporate Resources	95	0	0	0	0	**95**
Grant	24,227	23,227	7,387	6,120	6,120	**67,081**
Prudential Borrowing	9,590	8,861	5,872	7,586	0	**31,909**
Section 106	2,907	2,403	1,000	1,000	0	**7,310**
TOTAL RESOURCES	**39,788**	**37,460**	**17,228**	**17,675**	**9,089**	**121,240**

CABINET MEMBER – EDUCATION & SKILLS

CAPITAL SCHEME	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Basic Need	21,129	6,075	0	0	0	**27,204**
Condition	5,106	2,000	2,000	2,000	2,000	**13,106**
Devolved Formula Capital	489	489	489	489	489	**2,445**
Suitability/Access	100	0	0	0	0	**100**
Woodlands School	19,546	1,140	0	0	0	**20,686**
TOTAL APPROVED PROGRAMME	**46,370**	**9,704**	**2,489**	**2,489**	**2,489**	**63,541**

RESOURCES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Capital Receipts	8,910	1,140	0	0	0	**10,050**
Corporate Resources	1,000	0	0	0	0	**1,000**
Grant	25,375	4,987	2,489	2,489	2,489	**37,829**
Prudential Borrowing	11,085	3,577	0	0	0	**14,662**
TOTAL RESOURCES	**46,370**	**9,704**	**2,489**	**2,489**	**2,489**	**63,541**

CABINET MEMBER – HOUSING & COMMUNITIES

CAPITAL SCHEME	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
City Centre Cultural Gateway	32,790	13,983	645	0	0	**47,418**
Housing Venture	919	0	0	0	0	**919**
Purchase of Temporary Accommodation	2,511	0	0	0	0	**2,511**
TOTAL APPROVED PROGRAMME	**36,220**	**13,983**	**645**	**0**	**0**	**50,848**

RESOURCES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Capital Receipts	919	0	0	0	0	**919**
Grant	5,701	294	0	0	0	**5,995**
Prudential Borrowing	29,600	13,689	645	0	0	**43,934**
TOTAL RESOURCES	**36,220**	**13,983**	**645**	**0**	**0**	**50,848**

CABINET MEMBER – JOBS, REGENERATION & CLIMATE CHANGE

CAPITAL SCHEME	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
City Centre Regeneration	25,194	40,118	13,954	4,575	1,755	**85,596**
Coventry Very Light Rail	3,396	27,246	0	0	0	**30,642**
Friargate	628	0	41,262	0	58,987	**100,877**
Loans	387	0	0	0	0	**387**
National Battery Facility – UKBIC	400	0	0	0	0	**400**
West Midlands Investment Zone	8,347	6,314	4,725	1,652	0	**21,038**
TOTAL APPROVED PROGRAMME	**38,352**	**73,678**	**59,941**	**6,227**	**60,742**	**238,940**

RESOURCES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Capital Receipts	2,032	2,555	0	0	0	**4,587**
Corporate Resources	0	3,046	0	0	0	**3,046**
Grant	35,513	68,077	18,679	6,227	1,755	**130,251**
Prudential Borrowing	807	0	41,262	0	58,987	**101,056**
TOTAL RESOURCES	**38,352**	**73,678**	**59,941**	**6,227**	**60,742**	**238,940**

CABINET MEMBER – PUBLIC HEALTH, SPORT & WELLBEING

CAPITAL SCHEME	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Play Areas	433	621	170	79	1,039	**2,342**
TOTAL APPROVED PROGRAMME	**433**	**621**	**170**	**79**	**1,039**	**2,342**

RESOURCES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £m
Section 106	433	621	170	79	1,039	**2,342**
TOTAL RESOURCES	**433**	**621**	**170**	**79**	**1,039**	**2,342**

Appendix 5

Commercial Investment Strategy

This strategy is produced in line with statutory government guidance on Local Government Investments issued under the Local Government Act 2003. It sets out how commercial investments are managed, other than those covered by the Treasury Management Strategy (Section 2.4) and specifically covers investments in shares, loans provided by the Council and commercial property holdings.

The key areas covered in the strategy are:

- ***Transparency and democratic accountability***.
- ***Contribution of investments*** to achieving the objectives of the Council.
- Consideration of the balance between the ***security, liquidity, and yield*** of investments.
- The need to assess ***security and the risk of loss*** when making or holding an investment.
- The need to determine the ***liquidity*** of investments, including the determination of the maximum periods for those investments, and how funds can be accessed when needed.
- The ***proportionality*** of the investments given the overall size of the authority.
- The authority's approach to ***borrowing purely to profit*** from an investment or "borrowing in advance of need" as it is referred to in the guidance.
- The need to ensure that members and statutory officers have the appropriate ***capacity, skills, and culture*** to make informed decisions in respect of investments.
- The use of technical ***indicators*** to assess risk and return.
- The Council's approach to investment for yield.

The Council's Commercial Investments

The Council holds investments that, whilst commercial in certain respects, fulfil significant service or policy objectives, through providing wider public services, including supporting economic growth. These investments are categorised as shares, loans, and property:

- **Shares in companies,** with the main holdings being in six companies: the Coventry & Solihull Waste Disposal Company, Birmingham Airport, Sherborne Recycling Ltd, Coventry Municipal Holdings Ltd, Friargate JV Project Ltd and the UK Battery Industrialisation Centre (UKBIC). In total, shares held by the Council had a value of £116m as at 31/03/2024 (£122m at 31/3/2023). Much of this represents increases in the value of the shares rather than cash funds invested. An estimated £52m of the £116m represents capital funds invested over time. Share dividend income totalled £9.3m in 2024/25.

  In respect of holding shares the Council faces two main financial risks: a fall in dividend income and a fall in the value of the shares, with the potential that the initial investment may not be recovered. To limit this risk, an upper limit of £55m (Indicator 5) is maintained on the sum invested in shares, excluding any change in the value of shares already held.

- **Commercial property** holdings across Coventry, including offices, shops and retail units assembled over many years. In total, commercial property held by the Council had a value of £302m as at 31/3/2025 (£322m as at 31/3/2023) with forecast net rental income of £12.3m in 2024/25. The fair value of commercial property is assessed annually.

- **Loans provided and committed** by the Council ("service loans") are forecast to total £51.4m as at 31/3/2025 with the significant main loans provided or committed to: Sherborne Recycling Ltd (£14.4m); Coombe Abbey Park Ltd loans (£7.2m); UKBIC (£14.1m) Friargate Holdings 2 Ltd (£6.5m) and SMEs and other local business funding through Coventry and Warwickshire Reinvestment Trust (£2.2m).

  The main risk when making service loans is that the borrower will be unable to repay the principal lent and interest due. To limit this risk and ensure that total exposure to such loans remains proportionate to the size of the authority an upper limit of £60m (Indicator 4) is set on the sum invested, excluding any change in the value of service loans already held. This total is £10m lower than the 2024/25 limit of £70m, due to lower loan commitments already made.

  The total of the share and loan limits referred to above is £115m (shares £55m and loans £60m). In some respects, the limits can be viewed as a combined total for *financial* contributions to developments, as opposed to investment by the council directly in acquiring or building physical assets.

Transparency and Democratic Accountability

In line with the Investment Guidance, the Strategy will be prepared annually and will be approved by Council, with any material changes being presented to Council for approval. As part of the wider Budget Report incorporating the related treasury management and capital strategies, this strategy will be openly available on the Council's website. In addition, there is extensive reporting in respect of commercial investments within the Statement of Accounts. The Council's constitution, through the application of approval thresholds, ensures that investment schemes are considered for approval at the appropriate level, considering materiality.

Contribution to the Objectives of the Council

The Council invests to support the wider provision of local and regional public services, including to stimulate economic growth and develop employment opportunities. Investments made within the city or region have a service dimension that those made outside of the region are unlikely to have. Business cases for individual investments, will include the purpose of the investment and how it meets Council objectives.

Security, Liquidity and Yield

Strategic plans including financial plans embodied within the Medium-Term Financial Strategy, as well as business cases for individual investments, will include the consideration of the security, yield and liquidity of the investments, together with the associated risk management arrangements and the proportionality of the investment within the Council's wider financial standing.

Risk Assessment

Although not investing primarily for yield (see section "Borrowing to Fund Commercial Investment," below), the Council nevertheless assesses the risk of loss before making and also whilst holding commercial investments, as set out below:

Investment Type	Approach to Risk Assessment
Shares	• Reviewing the underlying Business Plan of the organisation, including the assumptions about the market in which the company operates. In understanding the market in which the organisation operates external advice will often be needed. • Assessing the financial strength of the organisations through the use of independent credit assessments and ratings (where available), and the review of published accounts and financial reports. • Considering governance issues, including potentially those set out in audit or external advice reports of the organisation. • Considering risk management including the identification of risk issues through an organisation's statement of accounts and internal risk registers where appropriate. • Regular reporting to the council's shareholder committee. Once shares have been acquired, the Council manages its interest as a shareholder through a number of routes including Board membership/appointment; monitoring of financial and other reporting information; operation of shareholder panels.
Commercial Property	• Undertaking a detailed financial and operational due diligence assessment, prior to acquiring commercial property assets, identifying the relevant risks (e.g. financial, operational). The assessment includes condition, mechanical and electrical surveys, a review of the occupational leases, title investigations etc to ensure that the Council has full knowledge of the asset to be acquired. The financial assessment includes consideration of full life costs, including capital investment requirements, the level and security of income and potential alternative use returns. • Using the Council's extensive local market knowledge developed through its longstanding ownership and management of commercial property within the city. • Credit rating assessments are conducted on the tenants of the properties that are being acquired in order to determine the strength of the covenant and security of forecast income.

	Once acquired properties are then managed by the Council's Commercial Property Management Team, whilst financial performance, including yields etc is monitored through the Council's developing property performance review arrangements.
Service Loans	• Reviewing the underlying business case for the loan, including where appropriate project or wider organisation business plans. This will include consideration of relevant market information. • Seeking security through asset specific or other legal charges. • Assessing the financial strength of the organisation through the use of independent credit assessments and ratings (where available) and the review of published accounts and financial reports. • Including appropriate financial covenants in loan agreements. • Managing the potential budgetary impact of any risk of loss, for example by the "up front" resourcing of any capital spend through the use of capital receipts rather than borrowing. Once provided, service loans are managed in order to minimise the chance and mitigate the impact of any default. Loans are administered to ensure the timely payment of interest and principal, and long-term security of the Council's interest. Monitoring information is provided by borrowers, at a level appropriate to the individual loan, including for example, statutory financial and management reporting information. Loans are assessed under IFRS9 for impairment, using the "expected credit loss model".

As appropriate, the local authority will use external advisors to assess the market, legal, financial, and technical advice in respect of all investment types. To monitor and maintain the quality of the advice the authority will:

- identify appropriate providers, where appropriate procuring through a competitive process.
- ensure clarity about: its needs, the scope and specification of works, resources required, outputs and timescales.
- ensure oversight of the contract, strong communication and post contract review.

Liquidity of Investments

Where resources need to be generated this requirement is managed through the Council's wider processes, including the Medium-Term Financial Strategy (MTFS). This can, for example, take the form of identifying savings within spending programmes or the use of reserves, although ultimately it could entail the sale of assets. Where asset sales are required, the MTFS based corporate approach ensures that the need to realise resources can be focused across the Council's entire asset base rather than being restricted to specific assets. This strategic approach helps maximise flexibility and the potential to realise value from asset disposals, in a timely manner.

As ordinary shares have no defined maturity or repayment period, liquidity will depend on the ability to sell the shares at any point in time and therefore the market at the time of sale. Consequently, no maximum investment or maturity periods are set. Similarly, the liquidity of a particular property purchased as an investment will depend on the market at the point of sale.

The terms of service loans provided by the Council will include provision for the repayment of the loan, thereby determining liquidity. Loan durations will vary and will in part be determined by the purpose of the particular loan, and the underlying spend being financed, with for example a loan to finance the construction of a building being repayable over a longer maximum term than a loan for the purchase of equipment.

Proportionality

The Council is forecast to generate total commercial income of £23.9m in 2025/26 (loan interest £1.8m, share dividends £8.7m and net property rents £13.4m). Whilst a significant cash sum contributing to the balancing of the Council's budget, this figure represents 8.2% of the Council's net revenue stream. In generating commercial income, the Council will seek to ensure that investments are diversified across different commercial asset types to manage risk. However, it is inevitable that Council investment will be focused in local areas in a way that is unlikely to be the case for national investors, reflecting the service dimension of investment decisions.

Borrowing to Fund Commercial Investment

The Treasury Management Strategy (section 2.4) sets out the benefits of the Council retaining access to PWLB borrowing. The authority will continue the policy of not investing in assets primarily for yield regardless of how the investment is funded, as this would jeopardise access to PWLB borrowing and be inconsistent with the Prudential Code (below). Under formal PWLB Guidance investment in the following areas are not deemed to be investment for yield: service delivery (education, highways & transport, social care, public health, culture & related services, environmental & regulatory services, police, and fire & rescue services); housing; regeneration; preventative action; refinancing and treasury management. Where individual projects have characteristics of several distinct categories, the section 151 officer of the authority is required to use their professional judgment to assess the main objective of the investment and consider which category is the best fit.

In addition, the requirements of the Prudential Code are in line with the rules for PWLB borrowing. The Code sets out the framework in which authorities are to manage commercial investments, classifying investments as being for one of three purposes:

- Treasury management, broadly for cashflow or treasury risk management purposes.
- Service delivery, held primarily and directly for the delivery of public services.
- Commercial return, held primarily for financial return with no treasury management or direct service provision purpose. This category can include commercial property.

In respect of investments for commercial return:

- The risks should be proportionate to the authority's financial capacity – i.e. that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services.
- Authorities must not borrow to invest primarily for financial return.
- However, authorities with commercial land and property can invest in maximising its value, including repair, renewal and updating of the properties.

In addition, the Code:

- states that it is imprudent for authorities to make any investment or spending decision that could increase the need for borrowing, unless it is related to the authority's functions and where financial returns are "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".
- confirms that authorities are not required to sell investments. However, they will need to review options for exiting commercial investments before borrowing, considering the value for money of taking out borrowing versus selling investments. In addition, a review will need to be included in the annual treasury or investment strategy.

In order to proactively manage risk and in line with proposed revisions to the statutory Minimum Revenue Provision (MRP) guidance, the authority will make MRP on such investments where they are resourced from borrowing, rather than relying on the value within the asset to cover the long-term debt impact of the investment.

Capacity, Skills, and Culture

The City Council ensures that it has the capacity, skills, and culture to effectively manage its commercial investments and the associated risk in a number of ways, including, by ensuring that:

- Qualified and experienced internal staffing resources are available in key areas including property management, finance, and legal services. External advisors are employed where specialist advice is unavailable internally e.g. in assessing business value in making significant share acquisitions.
- Investment proposals are subject to robust appraisal and business case assessments covering key areas e.g. security, yield and liquidity over the long term or full life of the investment, beyond the duration of the Council's Medium Term

Financial Strategy. The assessment of the business case is included at the appropriate level of detail in reports seeking member approval to the investment.

- The Council's constitution sets out clear and strong governance structures for the approval of financial transactions, including the thresholds for approval by Cabinet Member, Cabinet or Council etc. These arrangements are fundamental in ensuring that investment proposals are considered in the context of the Council's strategic objectives.
- The role of the Section 151 Officer is key in providing input into the consideration of investment proposals, from the initial detailed business case assessment through to approval by the relevant Cabinet Member, by Cabinet or Council. Where necessary, for example due to potential conflicts of interest, the role of Section 151 is undertaken by another appropriately qualified and experienced officer.
- This Commercial Investment Strategy, and associated indicators, support the proactive management of investments and associated risks into the Council's day to day activities. At a senior officer level, the Capital Investment Group is central to this.
- Strong in-year financial monitoring, including to Cabinet and Council continues as a cornerstone of the management of the Council's finances and associated risks.

Commercial Investment Indicators

A number of indicators are produced to support the strategy. The prime focus of the indicators is the management of risk and the demonstration of proportionality of the investments in the context of the Council's overall finance and asset base. In addition to the indicators set out, a number of others are used to support the day-to-day management of the investment portfolio. For example, extensive use is made of performance indicators in managing the Council's Investment Property portfolio.

Where data is not available, for example because the recommended indicator is inconsistent with the way that local authorities record data and manage their finances, then alternative indices are used instead, for the same purpose. The commercial investment indicators are summarised below and set out in detail in Appendix 6:

- **Investment Category Value (Indicator 1)**. This indicator is designed to demonstrate risk exposure by indicating the value of commercial assets compared to all city council assets. Commercial assets are forecast to be 24.2% of total city council assets in 2025/26 (25.6% in 2024/25).

- **Debt Funding per Investment Category (Indicator 2)**. Although historic borrowing is not identifiable to specific investments, the Council's underlying borrowing requirement, in the form of the Capital Financing Requirement, was 27% of total council assets by current value (as at 31/03/2024), indicating that assets provide approximately three times cover for the underlying borrowing requirement.

- **Rate of Return per Investment Category (Indicator 3)**. Although rate of return is not calculated net of capital financing costs for the reasons referred to above (see Indicator 2), an alternative, based on gross income is used. In addition, the return is stated as a % of current value rather than historic cost as detailed data is not held on the latter. The total income return on commercial investments is forecast to be 5.1% in 2025/26 (4.7% forecast for 2024/25).

- **Service Loans (Indicator 4) and Shares (Indicator 5).** Unlike other commercial investment indicators these two indicators represent limits above which the City Council should not invest. These can only be varied with the approval of Council and are referred to in the earlier section “The Council’s Commercial Investments” in which the investment types are covered in greater detail.

- **Debt: Net Revenue Stream (Indicator 6) and Commercial Income: Net Revenue Stream (Indicator 7).** These indicators demonstrate the proportionality, both for the level of the Council’s debt and of its reliance on commercial income. Debt is forecast to represent 112.9% of NRS in 2025/26 (114.7% for 2024/25) and commercial income 8.2% in 2025/26 (8.5% for 2024/25).

The use of indicators will be reviewed and refined to maximise the usefulness in managing commercial investments.

Appendix 6

Treasury Management Prudential Indicators
Summary Prudential Indicators

		Forecast 24/25 £000's	Forecast 25/26 £000's	Forecast 26/27 £000's	Forecast 27/28 £000's
1	**Ratio of financing costs to net revenue stream:**				
	(a) General Fund financing costs	40,994	41,182	39,963	41,832
	(b) General Fund net revenue stream	277,400	289,741	297,210	305,434
	General Fund Percentage	14.78%	14.21%	13.45%	13.70%
2	**Gross Debt & Capital Financing Requirement**				
	Gross debt including PFI liabilities	318,640	319,782	322,406	303,420
	Capital Financing Requirement	542,376	571,519	574,142	555,157
	Gross Investments	-40,000	-50,000	-50,000	-50,000
3	**Capital Expenditure (Note this excludes leasing)**				
	General Fund	111,275	171,587	142,181	85,947
4	**Capital Financing Requirement (CFR)**				
	Capital Financing Requirement	542,376	571,519	574,142	555,157
5	**Authorised limit for external debt**				
	Authorised limit for borrowing	495,898	513,550	522,212	510,239
	+ authorised limit for other long-term liabilities	50,042	77,968	71,930	64,918
	= authorised limit for debt	545,940	591,519	594,142	575,157
6	**Operational boundary for external debt**				
	Operational boundary for borrowing	475,898	493,550	502,212	490,239
	+ Operational boundary for other long-term liabilities	50,042	77,968	71,930	64,918
	= Operational boundary for external debt	525,940	571,519	574,142	555,157

7	**Actual external debt**	
	actual borrowing at 31/03/24	247,482
	+ PFI & Finance Lease liabilities at 31/03/24	53,877
	+ transferred debt liabilities at 31/03/24	4,652
	= actual external debt at 31/03/24	306,011

8	**CIPFA Treasury Management Code** ~ has the authority adopted the code?	Yes

9	**Interest rate exposures for borrowing**				
	Upper Limit for Fixed Rate Exposures	480,919	513,550	522,212	510,239
	Upper Limit for Variable Rate Exposures	96,184	102,710	104,442	102,048

		forecast	lower	upper	
10	**Maturity structure of borrowing - limits**				
	under 12 months	13%	0%	50%	
	12 months to within 24 months	0%	0%	20%	
	24 months to within 5 years	0%	0%	30%	
	5 years to within 10 years	22%	0%	30%	
	10 years & above	65%	40%	100%	
11	**Investments longer than 364 days: upper limit**	30,000	30,000	30,000	30,000

Prudential Indicators

The CIPFA Code imposes on the Council clear governance procedures for setting and revising of prudential indicators and describes the matters to which a Council will ‘have regard’ when doing so. This is designed to deliver accountability in taking capital financing, borrowing and treasury management decisions. The Prudential Indicators required by the CIPFA Code are designed to support and record local decision making and not used as comparative performance indicators. There are eleven indicators shown on the previous page, and these are outlined below:

Revenue Related Prudential Indicators

Ratio of Financing Costs to Net Revenue Stream (indicator 1) – Definition Revised:

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

Capital and Treasury Management Related Prudential Indicators

Gross Debt and Capital Financing Requirement (Indicator 2):

The Council needs to be certain that gross external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for the next three financial years. The CFR is defined as the Council's underlying need to borrow for capital purpose, i.e. its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.

Capital Expenditure (Indicator 3):

This indicator is an estimation of the Council’s future capital expenditure levels, and these underpin the calculation of the other prudential indicators. Estimates of capital expenditure are a significant source of risk and uncertainty, and it is important that these estimates are continually monitored and the impact on other prudential indicators (particularly those relating to affordability) assessed regularly.

Capital Financing Requirement (Indicator 4):

As outlined in Indicator 2 above, the CFR represents the Council’s underlying need to borrow for capital purposes.

Authorised Limit for External Debt (Indicator 5):

This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short term but is not sustainable. The Authorised limit has been set on the estimated debt with sufficient headroom over and above this to allow for unexpected cash movements.

Operational Boundary for External Debt (Indicator 6):

This indicator refers to the means by which the Council manages its external debt to ensure it remains within the statutory Authorised Limit. It differs from the authorised limit as it is based on the most likely scenario in terms of capital spend and financing during the year. It is not a limit, and actual borrowing could vary around this boundary for short times during the year.

Actual External Debt (Indicator 7):

This indicator identifies the actual debt at the end of the previous financial year as recognised with the Statement of Accounts.

Adoption of the CIPFA Treasury Management Code (indicator 8):

This indicator is acknowledgement that the Council has adopted CIPFA’s *Treasury Management in the Public Services: Code of Practice.*

Interest Rate Exposures for Borrowing (Indicator 9):

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position.

Maturity Structure of Borrowing – Limits (Indicator 10):

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Investments Longer than 364 days: Upper Limit (Indicator 11):

This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.

All these prudential limits need to be approved by full Council but can be revised during the financial year. Should it prove necessary to amend these limits, a further report will be brought to Cabinet, requesting the approval of full Council for the changes required.

Liability Benchmark

This indicator sets out a long-term comparison of the underlying need to borrow vs the level of existing borrowing, and therefore gives a projection of the level of borrowing required. The indicator is presented as a forecast over 25 years:

Year End	Loans Capital Financing Requirement	Net Loans Requirement	Liability Benchmark	Actual Borrowing	Forecast Borrowing Required
	£m	**£m**	**£m**	**£m**	**£m**
2025	455.4	205.7	245.7	245.7	0.0
2026	493.6	254.1	294.1	243.0	51.1
2027	502.2	273.0	313.0	241.7	71.3
2028	487.3	268.3	308.3	240.4	67.9
2029	471.3	262.4	302.4	239.0	63.4
2030	446.8	248.1	288.1	237.7	50.4
2031	422.3	233.7	273.7	236.3	37.3
2032	398.2	219.7	259.7	234.9	24.8
2033	375.9	207.5	247.5	233.5	14.0
2034	354.4	196.0	236.0	214.0	21.9
2035	333.5	185.1	225.1	194.6	30.5
2036	315.8	177.5	217.5	188.1	29.4
2037	299.5	161.1	201.1	172.1	29.0
2038	283.1	144.7	184.7	172.1	12.7
2039	266.7	128.4	168.4	172.1	-3.7
2040	250.8	112.5	152.5	172.1	-19.6
2041	235.7	97.3	137.3	172.1	-34.8
2042	221.4	83.1	123.1	172.1	-49.0
2043	207.2	68.8	108.8	167.1	-58.3
2044	192.9	54.5	94.5	167.1	-72.6
2045	179.0	40.6	80.6	165.8	-85.2
2046	165.0	26.6	66.6	165.8	-99.1
2047	151.0	12.6	52.6	165.8	-113.1
2048	136.9	-1.4	38.6	159.8	-121.2
2049	122.9	-15.5	24.5	153.7	-129.2

Loans Capital Financing Requirement (LCFR) – the underlying requirement to borrow for capital financing purposes, excluding PFI. This increases as new capital spend to be resourced from borrowing is incurred and falls as MRP is made as a provision to repay borrowing. The LCFR is based on the capital programme set out in this report.

Net Loans Requirement (NLR) - the LCFR less resources available to temporarily fund borrowing requirements from available cash (e.g. cash backing up reserves, net current assets). The NLR assumes that the authority holds no investment balances.

Liability Benchmark (LB) - the NLR plus a liquidity allowance of £40m, representing the gross forecast level of borrowing required at each year end assuming that the authority holds a cash/investment balance of £40m as a liquidity buffer.

Actual Borrowing - the total level of existing borrowing reducing over time as borrowing matures for repayment. This figure assumes no new borrowing and that LOBO loans of £38m mature at their contractual date and excludes PFI and transferred debt liabilities.

Forecast Borrowing Required - the Liability Benchmark less Actual Borrowing, representing the net forecast total level of borrowing required at each year end. Factors that impact on this 25-year forecast include the future level of: reserves; net current assets (e.g. debtors and creditors); capital expenditure; capital resourcing; Minimum Revenue Provision; debt repaid early (e.g. LOBOs in advance of the contractual maturity date).

Commercial Investment Indicators

Investment Category Value: Total Gross Asset Value – Current

1 Value (i)

	2024/25 £000	2024/25 Ratio	2025/26 £000	2025/26 Ratio
Service Loans	51,456	2.7%	50,359	2.6%
Service Shares	122,319	6.3%	116,456	6.0%
Investment Property	322,956	16.7%	301,809	15.6%
Total Commercial Assets	**496,731**	**25.6%**	**468,625**	**24.2%**
Total Council Assets *	**1,937,759**		**1,937,759**	

*** Assumes asset value is constant over the period**

2 Debt Funding per Investment Category

The Council's underlying borrowing requirement, in the form of the Capital Financing Requirement as at 31/3/2024, was 27% (26.5% as at 31/03/2023) of total council assets by current value.

3 Rate of Return (on Gross Asset Value)

	2024/25 Income £000	2024/25 Return %	2025/26 Income £000	2025/26 Return %
Service Loans (ii)	1,826	3.5%	1,786	3.5%
Service Shares	9,373	7.7%	8,675	7.4%
Investment Property	12,302	3.8%	13,417	4.4%
Total Commercial Assets	**23,501**	**4.7%**	**23,877**	**5.1%**

4 Service Loans: 2025/26 Upper Limit - Capital Invested (ii)

Service Loans	**2023/24 £000**	**2024/25 £000** forecast	**2025/26 £000** forecast
Group Entities		23,034	22,181
Local Organisations		26,291	26,046
Service Users		2,363	2,363
Total Existing Loans		**51,687**	**50,591**
Future Loans		18,313	9,409
Total Loans Limit	**91,000**	**70,000**	**60,000**

5 **Shares: 2025/26 Upper Limit - Capital Invested (ii)**

Shares	**2023/24 £000**	**2024/25 £000** forecast	**2025/26 £000** forecast
Group Entities		39,488	39,488
Local Organisations		12,019	12,019
Total Existing Shares (iv)		**51,508**	**51,508**
Future Investment		3,492	3,492
Total Shares	**55,000**	**55,000**	**55,000**

6 **Debt: Net Revenue Stream**

Debt: NSE	**2024/25 £000**	**2025/26 £000**
Net Service Expenditure	277,400	289,793
Gross Debt	318,640	319,782
Ratio	**114.9%**	**110.3%**

7 **Commercial Income: Net Revenue Stream**

Commercial Income: NSE	**2024/25 £000**	**2025/26 £000**
Net Service Expenditure	277,400	289,793
Gross Investment Income	23,501	23,877
Ratio	**8.5%**	**8.2%**

Notes:
(i) Current value includes revaluation changes and impairment adjustments, in addition to capital invested
(ii) Capital invested excludes revaluation changes and impairment adjustments.

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Appendix 7

FINDINGS FROM THE COUNCIL'S BUDGET PROPOSALS 2025/26 CONSULTATION

February 2025

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Background

Between December 2024 and February 2025, the Council undertook a seven-week period of consultation on its budget proposals for 2025/26, prior to making the final decisions on its budget.

The Council reported on its priorities, the budget setting context and local financial position and gave an outline of the proposals to balance the Council's 2025/26 budget. The Council asked for views on the proposals, suggestions for how we could do things differently and prioritisation of current services.

Consultation Methodology

The Council hosted a survey on its engagement platform Let's Talk Coventry asking for people's views on the budget proposals. This survey was publicised through the Council website, newsletters and social media.

15 social media posts were sent out and 1 paid for post running for seven days. Resulted in the content being viewed 118,000 times.

Hard copies of the survey were available in all our libraries, alongside a phone number to request more information.

Online and face to face workshops were held, these were open to all stakeholders.

An Adult Social Care Providers Forum was held.

Three petitions were received relating to specific proposals within the Budget Setting Proposals 2025/26.

Responses

7,800 people visited the Let's Talk Coventry page, with 2,200 of them downloading a document and 716 respondents completed the survey.

16 email responses were received. Including representations from TUC and Unison.

The following sections summarise the main findings and questions that were raised through the public consultation on the Council's budget proposals. All feedback has been consolidated and included in the overall theming sections.

A full list of comments from the online survey and written feedback can be received by contacting budgetsetting@coventry.gov.uk

Feedback from the on-line survey

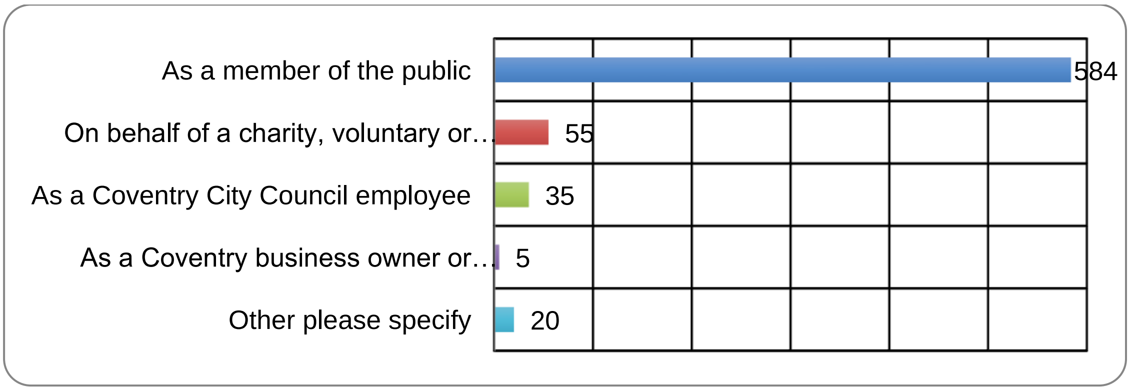
Response Rate

716 responses were received overall. We received 44 hard copy surveys and 672 online responses.

The majority of respondents were from members of the public, 584.

Responses were received from the following organisations:

Central England Law Centre, Citizen Housing, Coventry and Warwickshire Partnership NHS Trust, Coventry Resting Space (Grapevine), Good Neighbours, Grapevine, Hope and Open Theatre Company



Comments on the Proposals

Respondents were asked to provide their views on the proposed cost savings.

The table below shows the comments received by proposal.

Proposals	No of Comments
25 ASC Vol Sector Review	194
35 War Memorial Park Charges	124
28 Senior Management	80
38 Street Cleaning	65
27 Childrens Social Care	40
26 ASC Service Change/Staff	33
37 Parks	31
33 Council Tax Support	28
32 Elections	25
29 City Events	17
40 City Vision	16
39 Waste Disposal	15
31 Climate Change	10
24 ASC Market Management	9
34 Discretionary Payments	7
30 Cultural Services	6
36 Bereavement Charge	2

All the comments were themed. The following shows all the proposals in order of number of comments associated.

Example comments are given with the most commented on proposals. A full list of comments is available on request, by contacting budgetsetting@coventry.gov.uk

Proposal 25 - Adult Social Care Voluntary Sector Review

This received the most comments in this consultation.

194 comments were received about this proposal

170 respondents disagreed with the proposal

5 respondents agreed with the proposal.

The most common themes expressed by those responding were that the most vulnerable and/or those most in need are most impacted by the change.

Many said that the changes would be detrimental to both those in need of services and/ or that demand elsewhere would increase. Others expressed the view that the services offer prevention and therefore they are an investment and that the voluntary sector offers value for money.

Grapevine was the most mentioned impacted service with 29 directly referencing their work.

Theme	Number of Comments
Disagree with proposal	170
Vulnerable or those most in need impacted	80
Detrimental/ will cause demand elsewhere	47
Investment/ prevention	30
Value for money	28
Agree with proposal	5
Reputational damage	3

Organisation	Number
Grapevine	29
Hope/Good Neighbours	6
Advice services	1
Carers Trust	1

- *"… The people who access these services already get the minimal amount of support and you want to make that even less in a view to save money, but it's never going to save you money. It's only going to cost you more on other services. These voluntary sector services are the ones that stop respondents falling into crisis and when this happens, the support they need from social care, NHS, mental health services,* *children and family services, fire service, ambulance (I could go on and on here) will be far greater than if you continue to invest the same amount of money into the voluntary services."*

- *"I totally understand that cuts are necessary to save money. However, I am very concerned about the proposed cuts to the voluntary sector, who provide vital services to vulnerable people at very good value for money. There are so many vulnerable people who are desperate for support."*

- *"I think that the proposals are absolutely barbaric. You are taking money away from people with learning disabilities and you aren't giving people a chance to understand important things in life by removing funding for charities like Grapevine (Reference number 25). Their help & connect project helps respondents like me to understand why things like connections with the outside world are important. Some people think that because they have a disability, they shouldn't go outside. It isn't fair that the money is being removed under our circumstances. We need more support than our parents/carers, and that support is crucial to us as human beings. I don't feel supported by the council's proposals and I don't feel safe with this new plan."*

Proposal 35 - War Memorial Park Car Park Price Increase

This proposal received the 2nd most comments.

124 Comments were received about this proposal

80 respondents disagreed with the proposal

29 agreed with the proposal.

Theme	Number of comments
Disagree with the proposal	80
Agree in part or whole	29
Concessions or alternative pricing	22
Impact elsewhere	20
Health benefits of the park	18
Visitor numbers	14
School run	13
Inequality	8

Many of those commenting on this proposal (22) suggested alternatives such as free parking for a set time. Of those responding 20 felt that there would be an impact elsewhere with parking in the surrounding areas and issues around the school, 13 quoted that the park is used by parents on the school run. Of those responding 18 link the park with healthy activities and 14 point out that the additional costs may deter visitors from the park. 8 of those responding felt that the proposal is unfair on those who do not live near the park or cannot walk.

- *"Local parks need to be accessible by car and short visits should not incur parking charges. The War memorial park is very different to a country park and people driving, often with children, should not have to pay to make short daily visits/drop-offs."*
- *"The war memorial car park price increase proposal number 25 which will not give me the much needed couple of hours of parking for free anymore will effect my mental health negatively. Even gym members get free parking in city centre, because i cannot afford gym membership i should be penalised and pay for the parking at public park?"*
- *" I feel incredibly strongly that short term car parking should remain free at the War Memorial Park. It isn't the same as Coombe Abbey, it's the people's park and should be accessible to all including those that don't live close by and therefore need to use a car to get there. I am someone who does visit the park for exercise, it's a safe space, away from cars. It is also somewhere that appears to be visited by a very wide range of people crossing a vast range of ages and backgrounds. Any savings to be made by attempting to charge to park will be at the detriment of the health of the cities citizens. Please keep parking free as it is now."*

Proposal 28 - Senior Management Review

This is the 3rd most responded to of the proposals.

80 comments were received about this proposal

No one stated they disagreed with the proposal

Theme	Number of comments
Too many managers/ agree with the plan	52
Staff ability/ pay/ expenses	24
Budget management	14
Director appointments	9
Coventry Council reputation	2
Bring services in-house	1

The majority of those responding to this proposal felt that a reduction in managers is needed, for many they felt that staff are overpaid in comparison to the private sector and that wages should be cut or based on ability.

9 respondents were sceptical about the appointment of 2 new directors during the previous review.

- *"I agree with the proposal to reduce senior management positions, this should be a priority and be an opportunity to streamline."*
- *"Stop paying salary increases, reduce portacabins for elections, tighten up and reduce the amount of expenses councillors and directors can claim, they earn enough to pay for things themselves."*
- *"I fail to understand why you can appoint 2 new directors when you are both trying to save money, and when you are about to carry out a senior manager review. If the intention is to reduce the headcount of senior managers, would none of them have*

been appropriate for taking on these new roles, or are they not of sufficient calibre to take on these roles? If not, why were they being paid their previous salary?"

Proposal 38 - Streetpride

64 comments were received about this proposal

54 respondents disagree with the proposal

2 agreed with the proposal.

The majority of respondents are strongly against this proposal. Many see cleaning as impacting reputation, perception of visitors and pride in the city, many feel that litter and fly tipping is already an issue and that delays would be detrimental. Health was raised as a possible impact with rodent populations growing should this proposal go ahead. Making it easier to book into the recycle centre was raised by 4 respondents.

Theme	Number of comments
Against this proposal	54
Reputation/ visitors/ pride	37
Health	7
Use of volunteers	6
Enforcement	4
Improved ease of waste disposal	4
Agree with proposal	2

- *"…every Coventry resident deserves to live in a clean city; this impacts every single citizen not just the elderly, the disabled or children… every single resident will be impacted if you proceed with a budget cut to street services.*
- *The streets are filthy and an embarrassment to the City, how can street cleansing be further cut?"*
- *"The volunteers clear thousands of bags of litter off the streets each year, week in week out, but this is supposed to be in addition to the services the Council provide; you should not be using us to plug the increasing gaps in your services and it very much feels like you are thinking you can make these cuts because of the work we do. "*
- *"...reductions in Streetpride. I live near Ball Hill. The streets are dirty and flytipping happens a lot. Some of the shops appear to leave excessive rubbish on the street, where it gets blown around. I do not want the area to get any more littered than it already is."*
- *"Reduced standards of cleaning in the city sounds a false economy when it is already unattractive and failing to attract new shops."*

Proposal 27 – Children's Service Review.

40 comments were received about this proposal

16 respondents disagreed with the proposal

No one agreed with the proposal.

Theme	Number of comments
Disagree with the proposal	16
Invest to save/ currently underfunded	10
Prioritise the most vulnerable	9
Efficiencies/ budgeting	6
Detrimental	5
Clear Roles and responsibilities	3
Safeguarding concerns	2
Workloads	1

Proposal 26 - Adult Social Care Service Change, Improvement and Staffing Efficiency.

33 comments were received about this proposal

16 respondents disagreed with the proposal.

3 respondents agreed with the proposal.

Theme	Number of comments
Disagree with proposal	16
Protect the vulnerable	9
Detrimental	5
Agree with proposal	3
Collaboration	3
More information needed	1

Proposal 37 - Parks & Open Spaces

30 comments were received about this proposal

24 respondents disagreed with the proposal

2 respondents agreed with the proposal.

Theme	Number of comments
Disagree with proposal	24
Essential service/ reduced service	8
Parks impact on health & wellbeing	6
Inequality	5
Use volunteers	3

Agree with proposal	2

The majority of respondents disagree with this proposal, the main themes include the reduction of what is seen as essential services and the impact on health and wellbeing. The fact that green space is free to use is recognised.

Proposal 33 - Redesign of Council Tax Support Scheme

28 comments were received about this proposal

19 respondents disagreed with the proposal

5 respondents agreed with the proposal.

Theme	Number of comments
Disagree with proposal	19
Most Vulnerable/ most in need impacted	8
Agree with proposal	5
Proposal will cause inequality	5
Increase for wealthy/ second homes	3
Detrimental impact	2

Proposal 32 - Election Cost Efficiencies

25 comments were received about this proposal

Nobody said they disagreed with the proposal

22 respondents agreed with the proposal.

Theme	Number of comments
Agree with proposal	22
Portacabins	11
Use funding differently	3
Is there an alternative venue?	1

Proposal 29 - City Events

17 comments were received about this proposal

3 respondents disagreed with the proposal

10 respondents agreed with the proposal.

Theme	Number of comments
Agree with proposal	10
Vital Income/ attracts visitors	3
Disagree with proposal	3
Make events self-funding	2

Proposal 40 - Citivision

16 comments were received about this proposal

1 person disagreed with the proposal

12 respondents agreed with the proposal.

Theme	Number of comments
Agree with the proposal	12
I have never seen this magazine	1
Disagree with the proposal	1

Proposal 39 - Waste Disposal

15 comments were received about this proposal

4 respondents disagreed with the proposal

7 respondents agreed with the proposal.

Theme	Number of comments
Agree with the proposal	7
Against the proposal	4
Look for alternatives	2
More information/ justification	2
Suggestion	1

Proposal 31 - Sustainability and Climate Change

10 comments were received about this proposal

3 respondents disagreed with the proposal

6 respondents agreed with the proposal.

Theme	Number of comments
Support the proposal	6
Against the proposal	3
Coventry does not prioritise green agenda	2
Consequence/ short sighted	1

Proposal 24 Adult Social Care Market Management

9 comments were received about this proposal.

4 respondents disagreed with the proposal, no one was in favour,

Theme	Number of comments

Consequences	4
Disagree with proposal	4
Staffing	2
Fear a monopoly	1
Quality of service	1
Collaboration	1
In house service	1

Proposal 34 - Discretionary Payments

7 comments were received about this proposal

5 respondents disagreed with the proposal

1 respondent agreed with the proposal.

Theme	Number of comments
Against the proposal	5
In favour of the proposal	1
Will cause hardship	1
More information needed	1
No opinion	1

Proposal 30 - Cultural Services Internal Provision

6 comments were received about this proposal

No one said they disagreed with the proposal

4 agreed with the proposal.

Theme	Number of comments
Support cuts	4
Cultural events attract visitors	1
More information needed	1

Proposal 36 - Bereavement Services

2 comments were received about this proposal

Both suggesting that this should not be a money-making service for the Council and that should be at cost.

A number of comments were also made about Council Tax proposals and SEND.

1 Council Tax

This received 33 comments

18 of those who talked about this said Council tax is too expensive/ poor value for money, many (10) felt that it was unfair and disagree with the proposal, they point out that a household fully occupied use the services far more than a single occupant.

Theme	Number of comments
Too expensive/ poor value	18
Unfair/ disagree	10
Collect what is owed/ enforcement	6
Poor budgeting	4
Would/ wealthiest should pay more for good services	3
Transparency/ clarity	3
Agree with proposal	1

SEND

This received 14 comments

Theme	Number of comments
Disagree with cuts	5
Apply rigorous/ stricter criteria	5
Alternative delivery	4
Parent/ carer should pay more toward cost	3
Agree with proposal	2

General Comments that did not refer to a specific proposal

182 comments were made that did not refer to a specific proposal.

Theme	Number
Detrimental to the most vulnerable	68
Necessary	31
Clarity of Information/Communications	26
Lobby Government	20
Disagreement with all proposals/process	18
Areas to stop wasting money on	16
Potential areas to raise more money	15

31 respondents were in favour of the proposals understanding that it was necessary to make difficult decisions in order to balance the budget.

The majority of comments were against the proposals, many of them highlighting the fact hat the proposals seem to be negatively impacting the most vulnerable, that we are looking to save money in the wrong places and that a number of the proposals are very short term. A number of respondents felt that the information was not presented in an easy to understand way and that the information was too high level, without any of the background as to how these proposals had been arrived at.

- *"I think in general the proposed ideas are good ones and think tough decisions have to be made"*
- *"Hitting the poor and in need more than anyone"*
- *"It seems to take a strategic balance to overall provision but plans for new or extended expenditure also need to be highlighted - at the moment, details are hidden behind overall statements making it difficult to identify real potential savings."*
- *"Many of the changes, although appearing to give short term gain, look like they would lead to increased costs for the council in other areas in the medium to long term."*

Social Media Comments

Approximately 350 comments were made in response to our social media posts across all channels. The main themes were:

- Multiple members of the public suggested a sense of apathy with the consultation. Many said they were unsure the Council would listen to their views.
- The consultation was criticised for being hard to understand. Many members of the public spoke about the need for easy read versions. The cabinet documents containing the proposals were criticised for being hard to follow.
- Councillors were a source of frustration for the commenters with many comments referring to their wages, expenses and if there was a need for them.
- Outstanding Council tax payments was a common comment. The BBC news article showing the council had £30 million in arrears was widely shared.
- Not installing Cycleways was mentioned repeatedly as a way to save money.

Equalities

Respondents were asked which groups they thought may be impacted and how by the proposals. The table below shows the comments received by theme.

Theme	Number of Comments
Voluntary Sector	200
SEN and disabled	194
Everyone/all	180
Isolation, Mental Health and Depression	172
Families	70
Low income-	65
Elderly	59
CCC Staff	26
Ethnic Minorities	25
Deprived Areas	23
Positive impact	5

Most comments suggested that the proposals would most negatively impact community and Voluntary groups , this was closely followed by those with a Special education need or disability. We received 180 comments suggesting that everyone regardless of protected characteristics would be negatively impacted by the proposed changes.

- *"A very negative effect on safe guarding our vulnerable older population and the good it does for the volunteers too."*
- *"I think it will leave disabled people disadvantaged and vulnerable with lack of good support in line with all areas of the care act. I think the reduction in services will mean that people are more isolated and more susceptible to neglect and abuse."*
- *"I have a learning disability and autism and cerebral palsy and depression I don't think it's right for use to cut funding on learning disability and mental health people as people need these services to help them gain independence and it helps tackle isolation and loneliness. If you took the services away people will be isolated. So I suggest you don't take the service away."*

Mental health, depression and isolation were key common themes found in a large number of responses.

- *"People will struggle more and get even less help. People are already in crisis!"*
- *"More suicides"*
- *"Charging for parking at parks will impact on the poor and affect mental health"*
  "it is not right more isolation and will affect people with mental health"

A few of the respondents stated some of the proposals were positive stressing how they are applied to ensure a positive impact and that they will result in increasing revenue.

- *“Positive impact overall. I am concerned about low income household with the CTS changes but I see that there has been much thought put into the difficult proposals”*
- *“Introduce charging at the memorial park, people never take their rubbish from the park and hopefully this will increase revenue and put those who don’t look after the park from coming”*

Respondents fear reducing funding to voluntary groups will have a massive negative effect, especially in the long term.

- *“Cuts to charity funding would have a devastating impact on the most vulnerable in our communities, many of whom rely on voluntary services for essential support. These services are uniquely placed to reach people who may otherwise be overlooked, including individuals with disabilities, older people, and those from diverse religious and ethnic backgrounds. Voluntary organizations often build deep, trusting relationships with the people they serve, something that cannot easily be replicated by statutory services.”*
- *“Any reduction in services will impact negatively on the most vulnerable with immediate effect. The lack of social support networks will create a vicious downward spiral - we all understand that this has been created by the disastrous policies of the previous government - which will cost twice as much if not more to resolve in future years.”*
- *“We need to ensure that funding to the voluntary sector organisations that provide through their volunteer network are supported, otherwise the council will face increased demand for services that are fully funded.”*

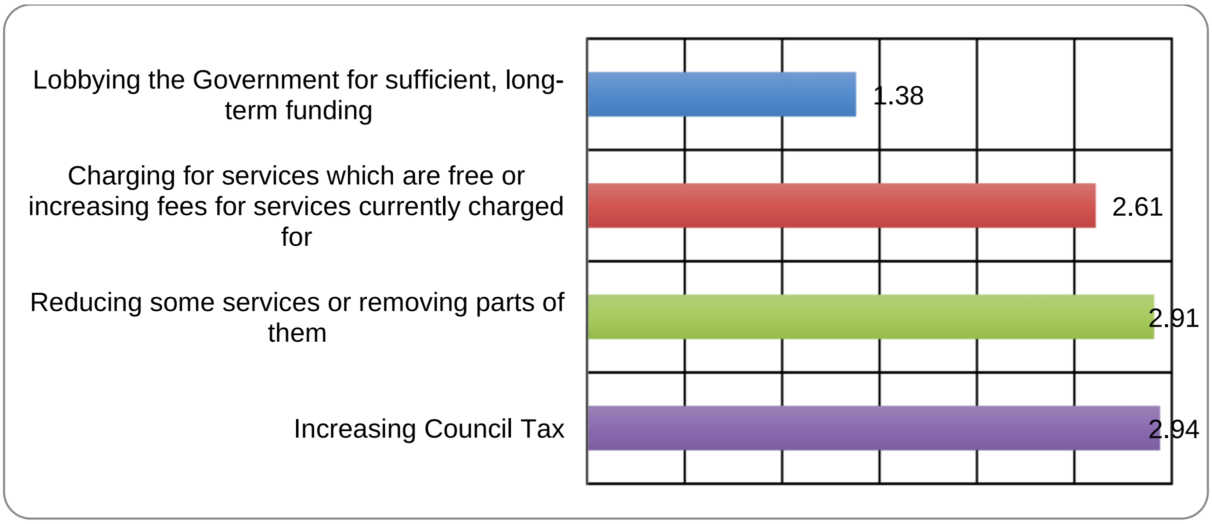
Many respondents felt that deprived areas were going to be the most impacted

- *“I think those who are currently the worst off, living in the most deprived areas of Coventry will be negatively impacted the most and conversely those who are best off and in the least deprived areas will feel the most benefit”*

Ways to Make Savings

Respondents were asked to rank ways the Council could make savings.

They were asked to rank them with 1 being their most preferred option and 4 their least preferred option. The smaller the number shows the most preferred option.

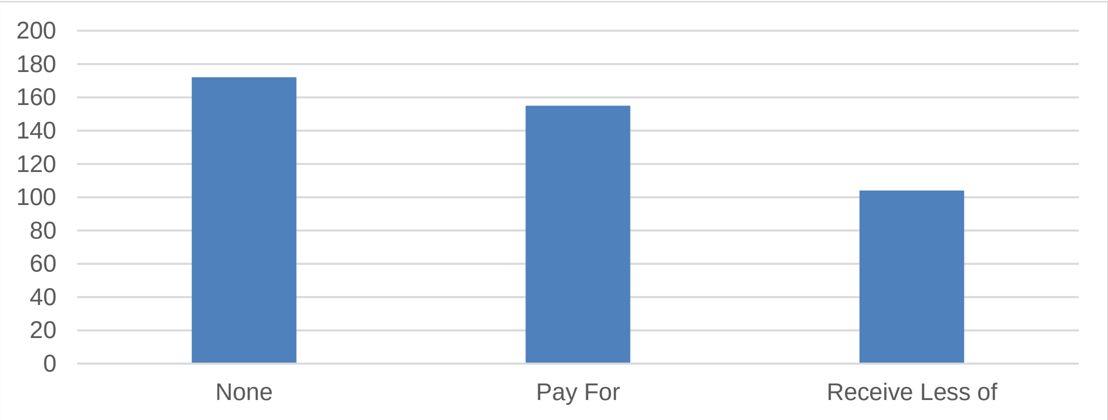


Lobbying the government was the most popular response, followed by charging for services which are free.

The least popular responses were reducing some services or removing parts of them and finally increasing council tax.

Pay for Services

Respondents were asked if there were any Council services that respondents would be willing to pay for/pay more for. All comments have been themed manually. The graph below shows the number of comments by theme.



Most respondents opposed paying for additional services, citing already high Council Tax contributions. Many felt they either did not use the services provided or found them lacking in quality. Others stressed that the cost of living crisis made further payments unaffordable.

Respondents suggested various services they would be willing to pay for, including garden waste collection, tip visits, parking charges, and library services. Some even expressed a willingness to pay higher council tax, provided the funds directly supported services for the most vulnerable.

Services that respondents felt that they could receive less of were reduced bin collections, less Senior Management, less events, Godiva mentioned several times, less spending on non-statutory services including migrant services and less spending on cycleway.

Theme	Comments
None	*"I am not sure what services I actually receive. I pay council tax which is way too high already and if services such as street cleaning is cut will see even less for my money."* *"NO because we pay enough already for the meagre services we do get, this is not value for money."* *"No- this is what we pay our council tax for"* *"More people should be paying council tax. It is not fair that the people who pay council tax are doubly charged. Those who don't pay council tax would probably be also be excused from additional charges."* *"We are already paying lot of council tax with reduced services"* *"We as a family can't afford it due to the cost of living crisis"*
Pay For	*"I am in a fortunate position of having some disposable income, so would pay more if I thought that this would benefit others. Charges for parking, for example."* *"Willing to pay a bit more for garden waste disposal but there would be a point where it would work out cheaper to take the waste to the tip."* *"Road maintenance if the funding was ring fenced and some genuine improvement visible."* *"Happy to pay a small charge for a Tip Visit. & would like to see an increase in Street Parking Fines to cover the cost of more wardens city wide as the problem is not just restricted to the City Centre."* *"Charge for taking out library books etc but remain free for users on benefits. Charge back the cost of removing abandoned vehicles I'd be willing to pay £10 more council tax every month to support some services if I could be sure that's where the money would be spent."* *"I would be willing to pay a nominal membership fee per year (for adults only) to access library services. £10 - £20 per year MAX"*
Receive Less of	*"Sell off council swimming pools, sell off library centres, cut back on bin collection days, stop subsidised activities for groups, just stop spending on non-essentials."* *"Can't name any specifically but the Council shouldn't be funding any services for which there isn't a statutory duty"*

	"We don't need any more high paid Directors. The money to pay for these people is coming from our taxes/from my hard earned pension!" *"Construction of cycleways isn't necessary"* *"Spend less on events, Godiva festival etc"* *"Dont invest in white elephant projects. We need services, not an art/ cultural centre whilst parts of the city centre is in decay."* *"Happy to receive less frequent green bin (standard refuse) collections."* *"Could encourage people to recycle more if these are collected less frequently."*

Prioritisation of Services

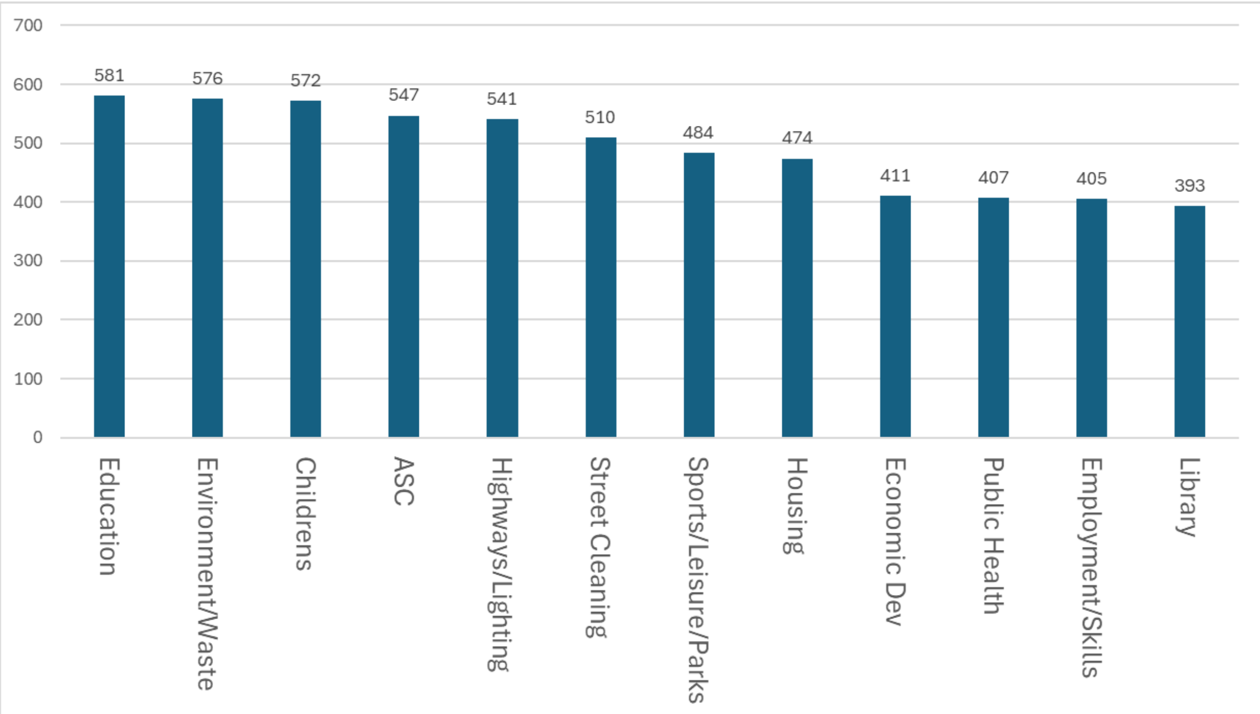
Respondents were asked how important Council services were. This was a change from last year's survey where they were asked to rank the services. The feedback suggested that this was very hard to do.

This survey also had a short description of what services did.

The graph below shows those that rated the services either very important or important.

Education, Environment and Waste and Childrens Services were the top three service areas.

Public health, Employment and Skills and Libraries were rated less important than other services we provide



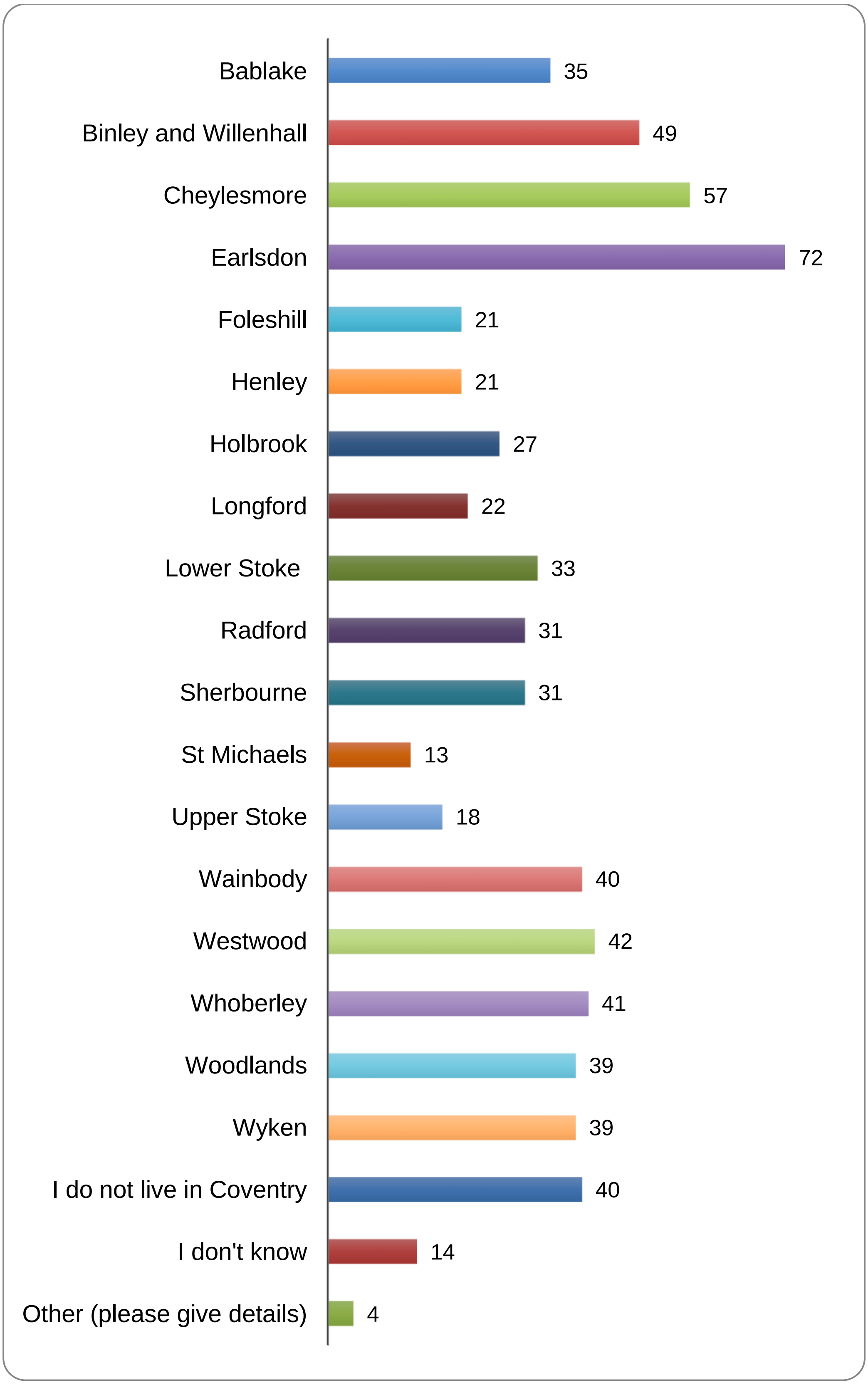
Any other Comments

Many of the comments received reiterated the points already raised within the consultation. The short term nature of a number of the savings from the proposals was highlighted and the need for more efficiency and less duplication.

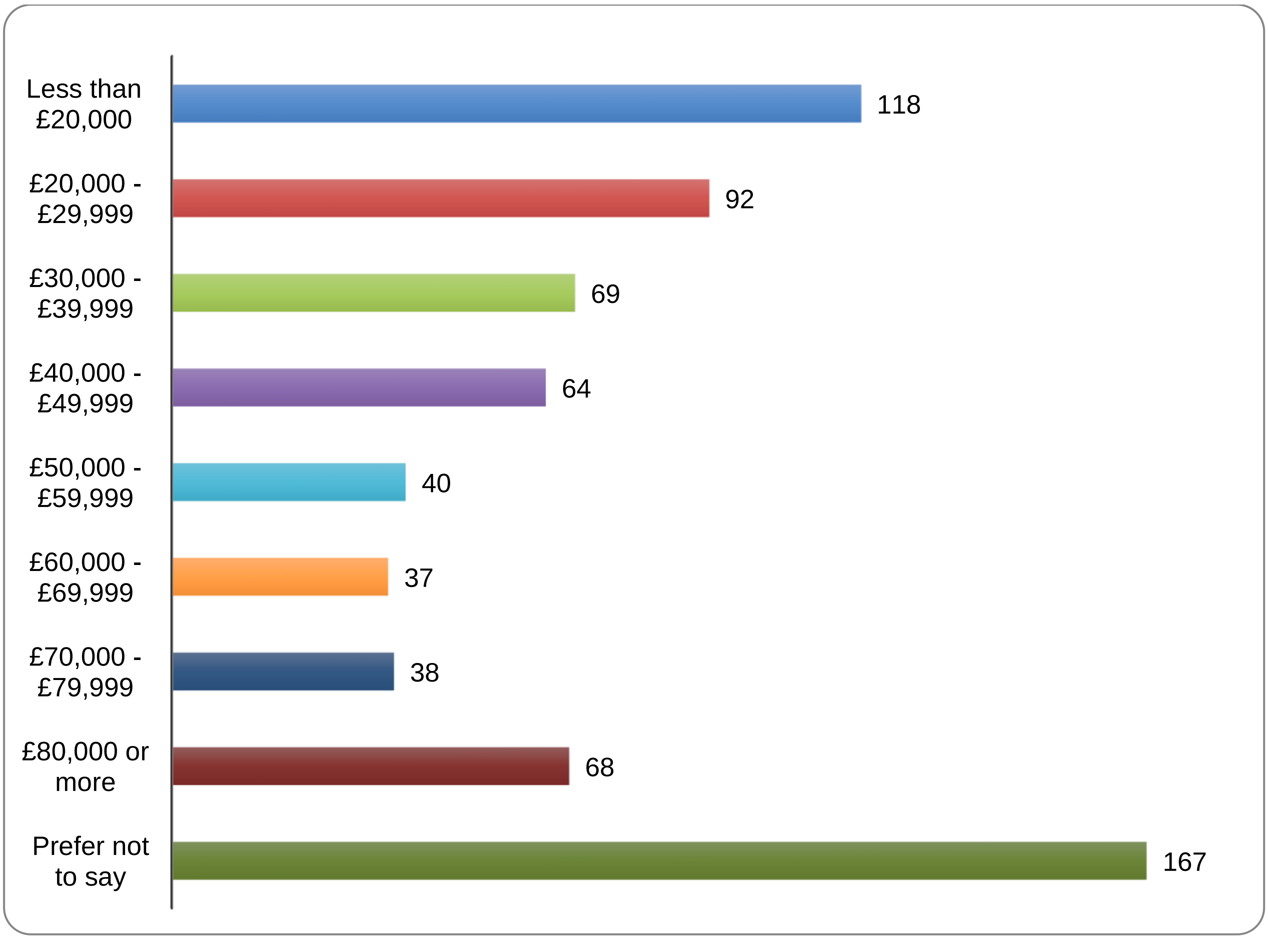
The political landscape was raised throughout the survey, as was the cost of living. The fact that a number of these proposals would have a cumulative impact on the most vulnerable was stressed and so the Council should not implement many of the proposals.

Profile of Survey Respondents

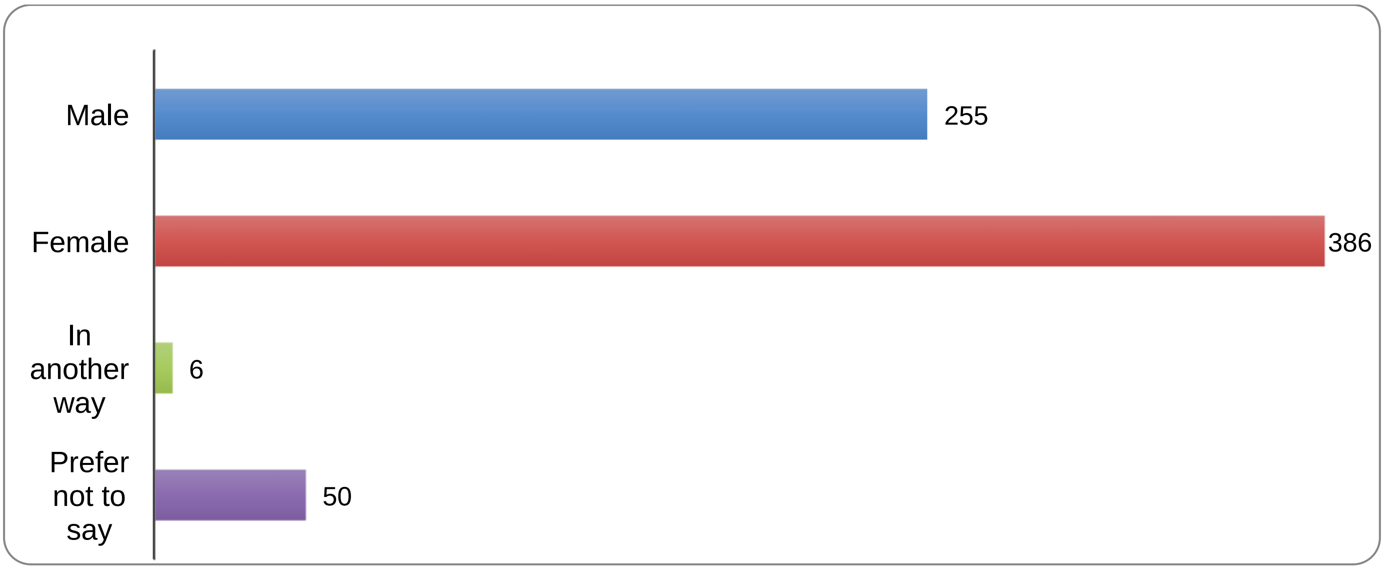
Which area of Coventry are you from?



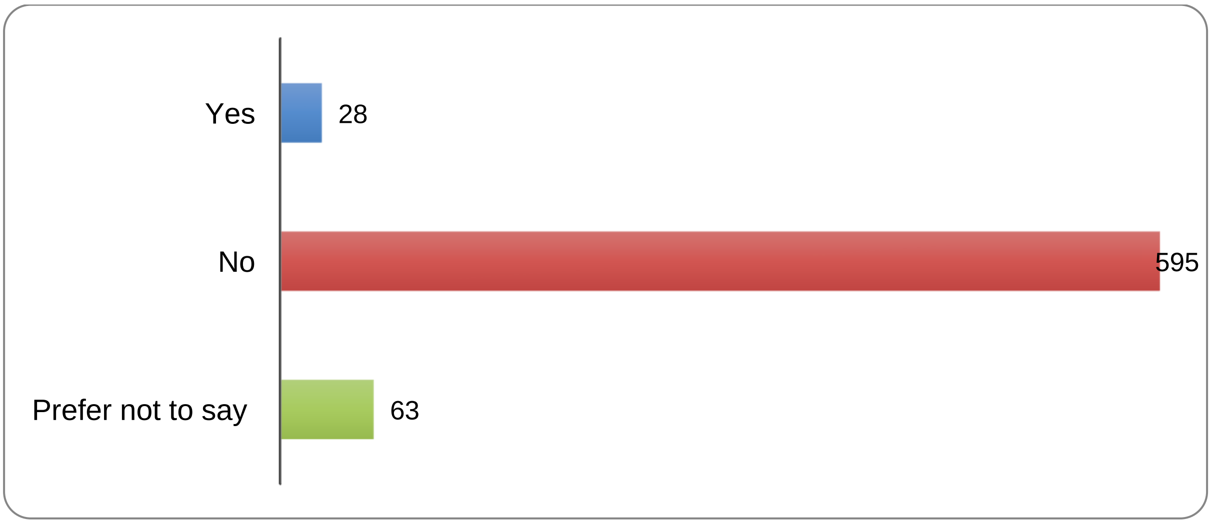
What is your household income?



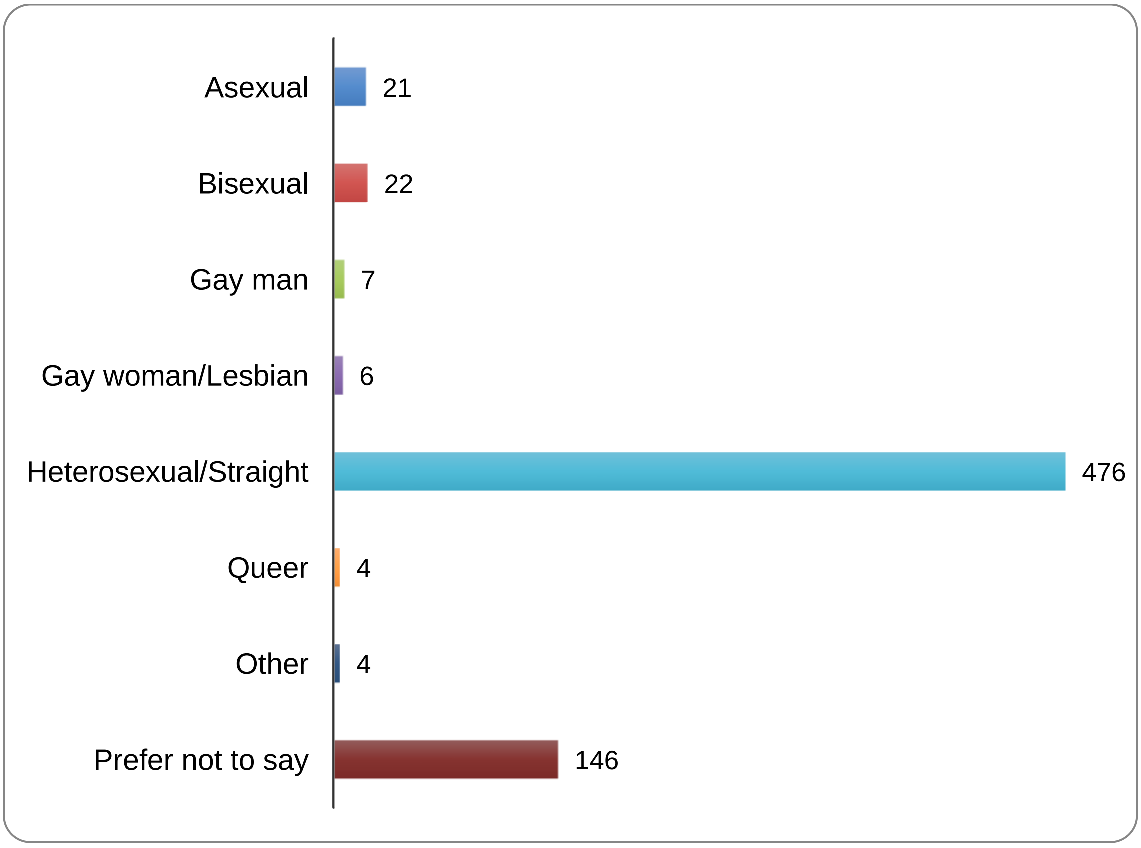
How would you describe yourself?



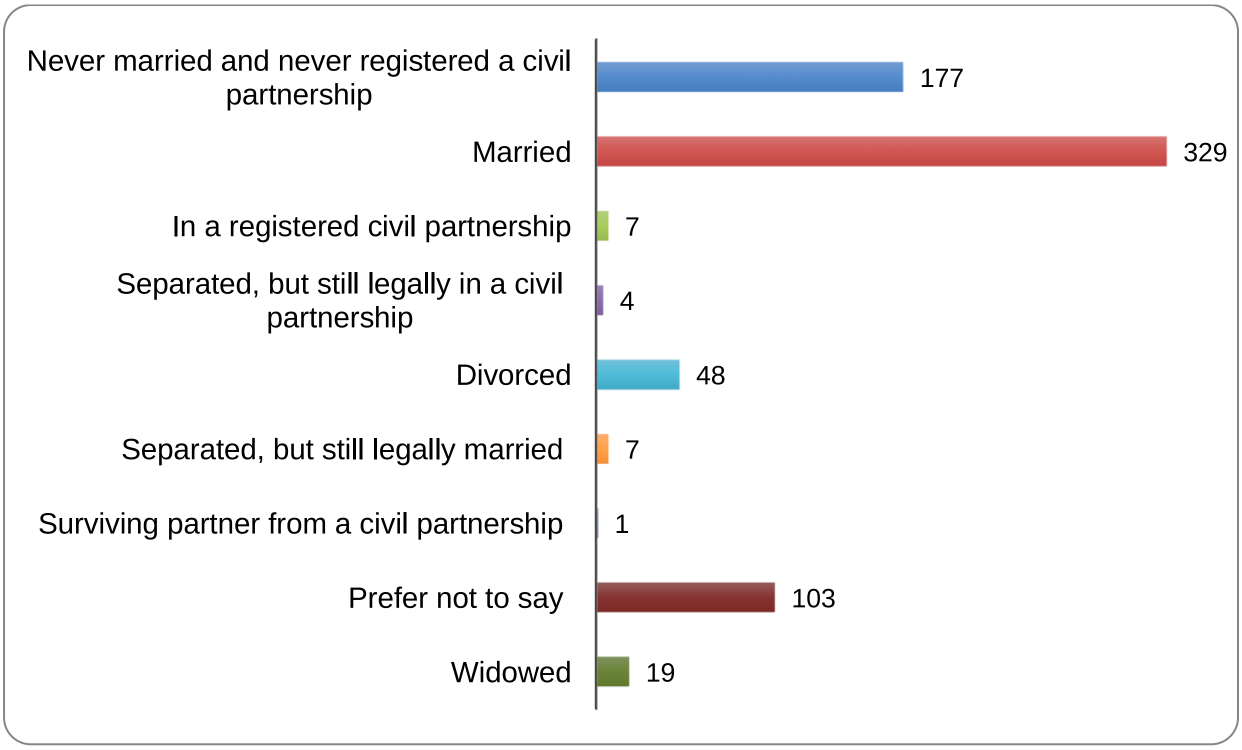
Is your gender different from the gender you were assigned at birth, or do you prefer not to say?



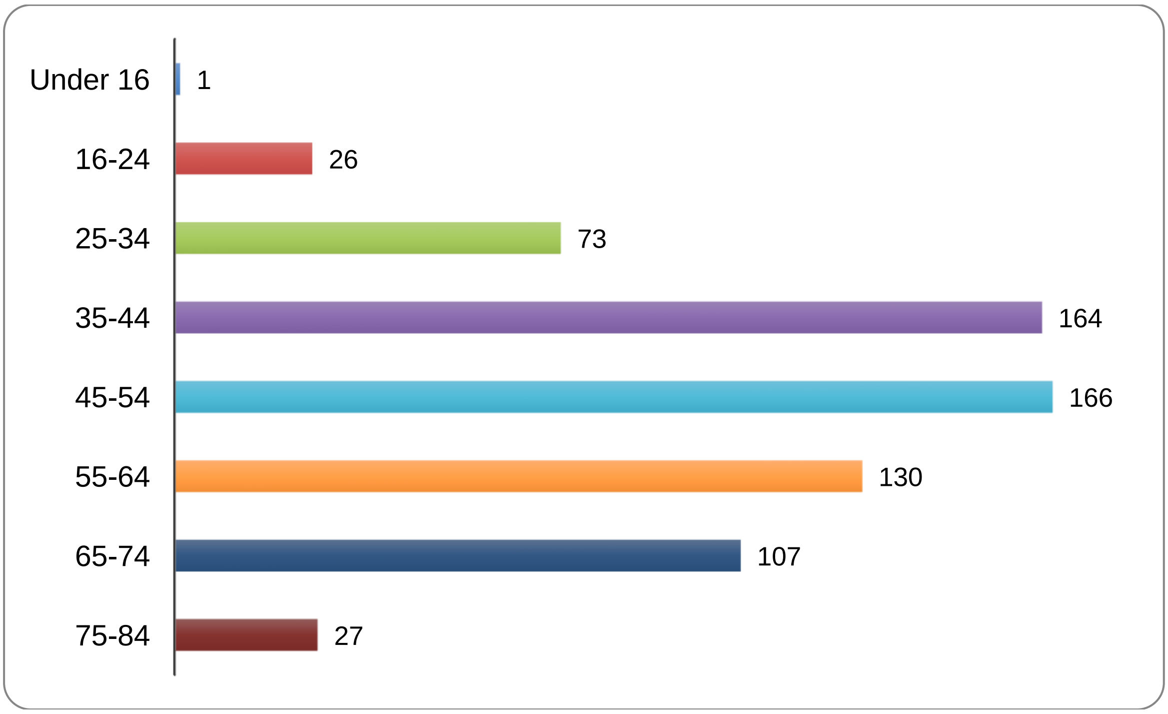
What is your sexuality?



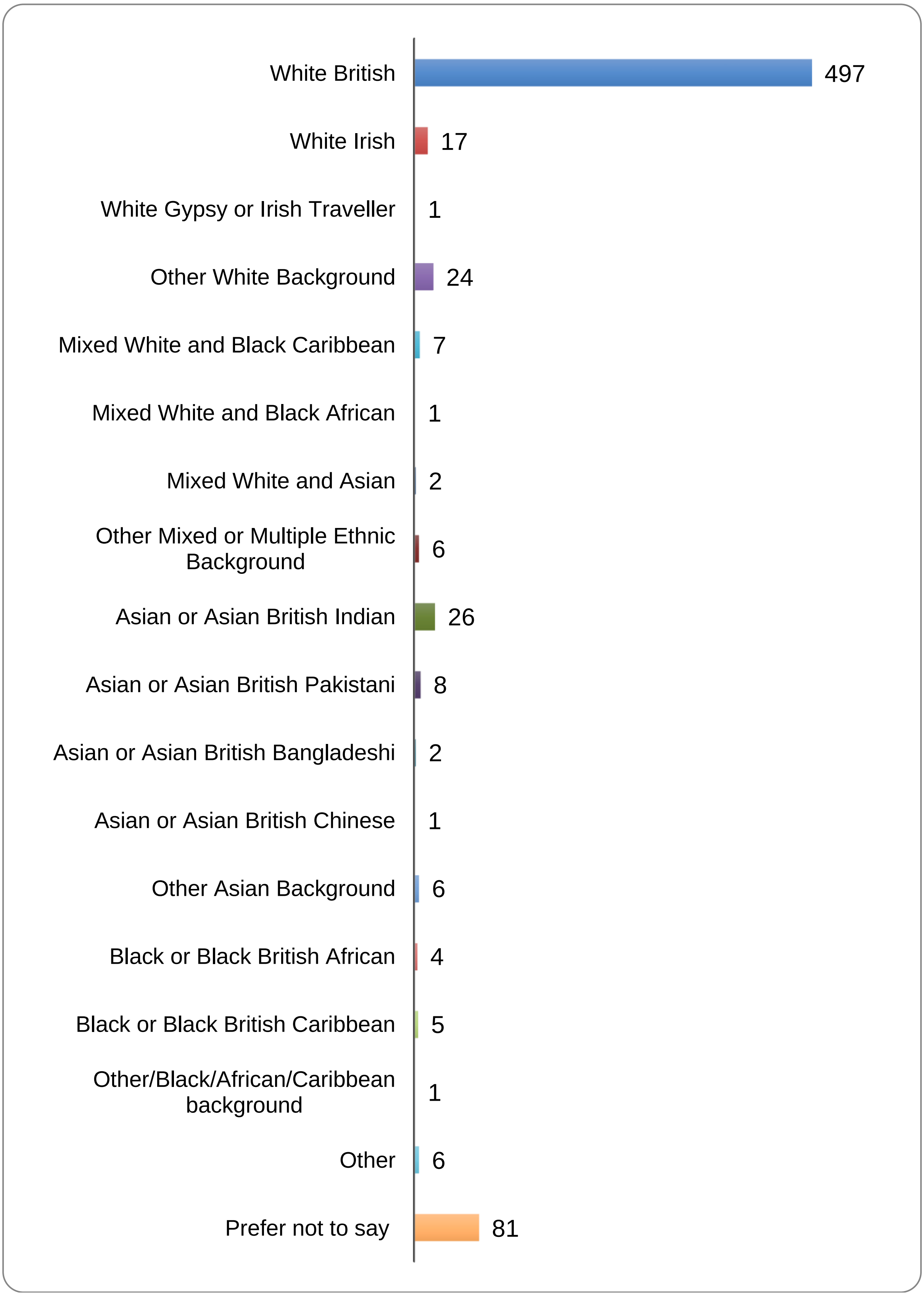
What is your legal marital or civil partnership status?



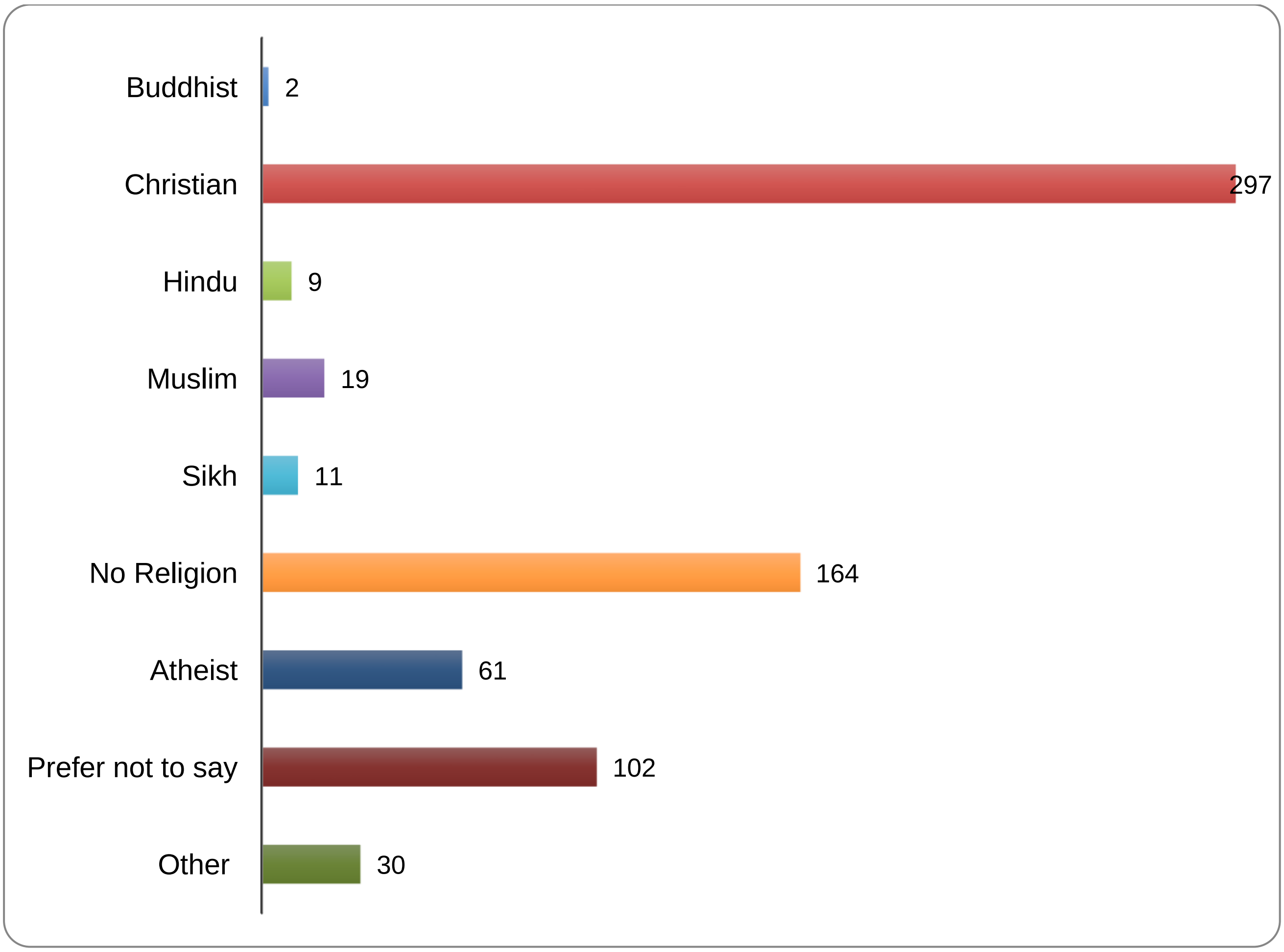
What age group are you in?



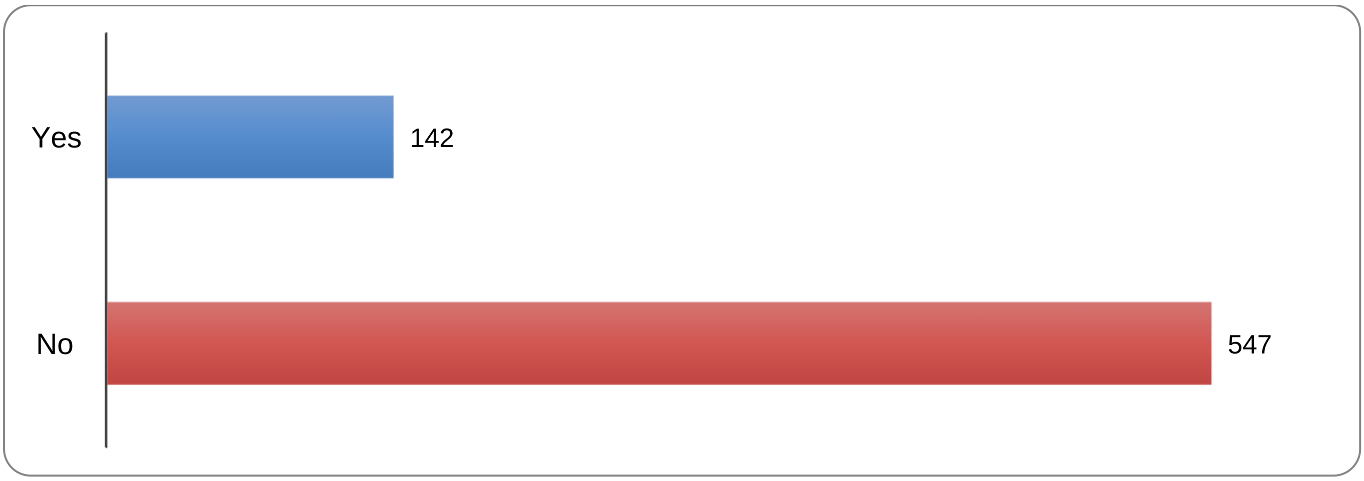
Which of the following best describes your ethnic background?



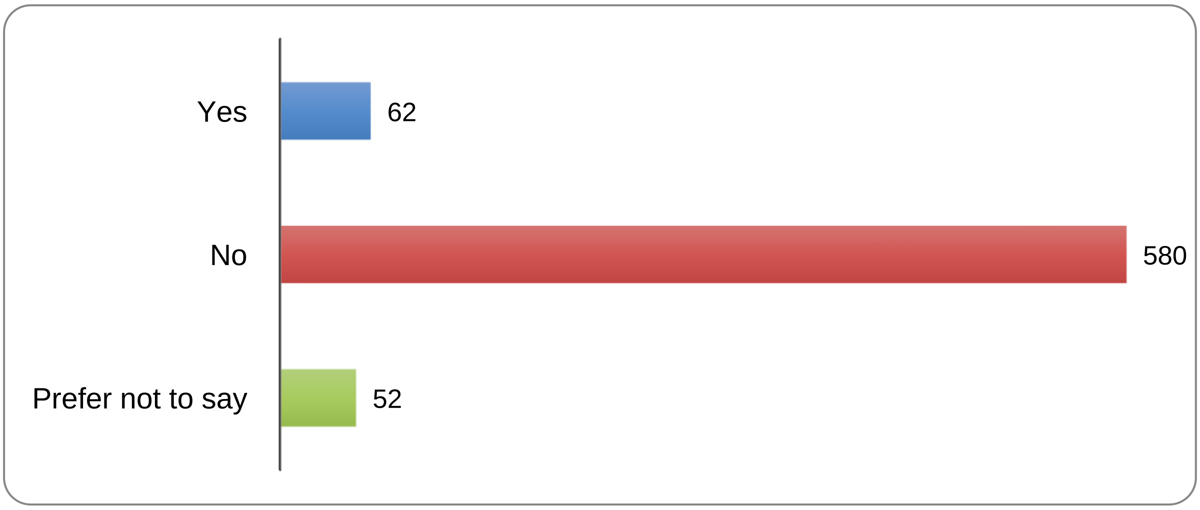
What religion do you consider yourself to be?



Do you consider yourself to be a disabled person?



Do you, or a member of your immediate family, currently serve, or have previously served, in the armed forces?



Email Responses

16 responses were received, the majority of which were relating to the Adult Social Care Voluntary Sector Review.

Coventry TUC opposes Coventry City Council's 2025/26 budget cuts, which reduce funding for services and voluntary organisations while increasing Council Tax by 5%. They argue austerity continues under Labour, with the Chancellor demanding 5% efficiency savings. Key cuts include:

- Adult Social Care: £560,000 in 2025/26 and £1.5m over two years, plus £3m from Learning Disability Services.
- Children's Social Care: £2m in 2025/26 and £8m over two years.
- Council Tax Support: £850,000 cut annually, affecting 15,336 families.
- Community Support Fund: £494,000 cut, impacting vulnerable households.
- Other Cuts: Parks jobs, street cleaning, cultural events, and climate initiatives.

Despite these reductions, the Council faces an £18m deficit in 2026 and £21m in 2027. Coventry TUC urges using reserves (£118m) and borrowing to maintain services and calls for a campaign to demand fair funding from Westminster.

UNISON questions what representations councillors and MPs are making to the Chancellor to secure improved funding for councils in the Spring Spending Review, arguing that better funding is essential for achieving the Government's five key missions. They highlight concerns over the council's claim of prioritising vulnerable citizens while simultaneously cutting services.

UNISON suggests reconsidering mayoral costs and asks how much has been saved due to unfilled vacancies and whether these savings are being factored into proposed cuts. They challenge the Labour council on its stance regarding cuts, questioning if they now feel compelled to implement reductions under a Labour government, as they previously claimed under a Conservative one. Finally, they demand an urgent update from the council following the final Local Government Settlement expected on December 18.

Feedback from Online Consultation Session 15 January 2025

32 members of the public attended the session alongside 7 Council representatives.

Questions asked covered the following areas of concern:

- Impact on Vulnerable Groups: Cuts to preventative support grants could lead to higher demand for Adult Social Care services, especially as the population ages. The risk is that fewer people will receive early intervention, leading to higher costs later due to crisis situations.
- Budget Cuts and Service Reductions: There is concern about cuts to services like Streetpride (street cleaning and fly-tipping removal) and the reduction in funding to voluntary organisations like Grapevine, which provide essential support for individuals with learning disabilities and other needs.
- Preventative Support and Long-Term Costs: Several comments emphasise that cutting preventative services now could result in greater long-term costs due to more people needing crisis intervention. Preventative services, including those provided by the voluntary sector, have been seen as a cost-effective way to reduce the strain on statutory services.
- Public Services and Council Management: Concerns about inefficiencies in local government were raised, such as the number of senior management positions, the overpayment into pension funds, and the potential waste in areas like abandoned signage. Some suggested combining roles and reviewing unnecessary spending.
- Increased Costs and Taxation: The proposed 5% increase in council tax, alongside the cuts, has led to questions about how this impacts residents already facing cost-of-living pressures. Some also questioned whether the council was doing enough to "level up" and ensure equal funding compared to other areas.
- Access to Services: The consultation process itself was criticised for being inaccessible to certain groups, particularly people with learning disabilities and those needing carer support, due to lack of accessible formats and inconvenient timing.
- Public Reaction and Next Steps: Many people expressed concern that these cuts could create more long-term challenges for the council and its residents. They called for more consultation with voluntary organisations and transparency in how responses would inform final decisions.
- Transportation and Accessibility Issues: Specific concerns were raised about the accessibility of car parks, particularly for blue badge holders, and whether there would be adequate provision for those affected by closures like Barratts car park.

Overall, there is a strong feeling that cutting preventative support now could create much bigger problems in the future, potentially leading to higher costs and strain on other services. People are urging the council to reconsider these cuts and explore other ways to reduce spending without impacting vulnerable groups.

Feedback from Face to Face Session 23 January 2025

29 people attended alongside 8 Council representatives.

Questions asked covered the following areas of concern.

The planning application for new flats near Radford fire station has been proposed, with hopes that more housing projects could increase council tax revenue. A push for a local plan consultation is underway, with discussions highlighting concerns over rising living costs and inflation, suggesting a significant council tax increase. There's a debate on whether to release assets or find savings, raising questions on where additional funds would be allocated.

The meeting recognised that council tax affects everyone, though not all residents utilise all services. Concerns were raised about the budget allocation, particularly regarding the protection of financial reserves and whether part of the budget is being used for this purpose.

Some members questioned the council's priorities, especially in light of a recent Labour government election, advocating for more investment in local authorities. Emphasis was placed on the responsibility to support the most vulnerable, with members urging the council to spend money on local community support.

Criticism was directed at council officers, accused of being out of touch with community needs and implementing unpopular changes like one-way systems and LED streetlights. The proposed increase in council tax, calculated based on population and income, was a major point of contention.

The introduction of waste charges for charitable organisations, expected to raise £350,000, was criticised for potentially harming groups supporting vulnerable individuals. Suggestions were made to delay this initiative to better prepare for its impact.

There were warnings that short-term financial savings from service consolidations could lead to higher long-term costs, especially for marginalised groups like the homeless. Concerns were also raised about the potential loss of vital voluntary organisations, which provide cost-effective services compared to council-run programs.

There was a call to redefine statutory services, emphasising the importance of preventative measures over acute interventions. A mother shared her struggles with inadequate support for children with special needs, highlighting the invaluable role of organisations, like Grapevine, which offer essential services for young adults. Her son Robbie, also spoke

DO NOT CUT MY GRAPEVINE – EVERY TIME I GO I ENJOY MYSELF

Frustration was expressed over the council's investments in failing businesses, questioning why funds were diverted from community services to ventures like Tom Whites and Coombe. Attendees also raised concerns about the cleanliness of the city, youth services funding, and the potential reduction of the winter fuel allowance.

In summary there was frustration with the direction of some policies and a call for more consideration of the needs of vulnerable groups and young people in the city. The need for long-term investment in preventative services rather than reactive spending.

Adult Social Care Providers Forum 27 January 2025

A forum was held with adult social care providers to present CCC proposed fee inflation uplifts for 2025/26 (subject to cabinet sign off 2025/26), linked to the pre-budget proposals.

- Residential and nursing care – proposed 5.55% uplift
- Home Support, supported living, day opportunities – proposed 6.14% uplift (£1.31 per hour)

Feedback included:

- There could be consequences for providers and future sustainability, which would impact on people receiving care
- The proposed increase will not cover increasing costs for providers such as, national insurance, energy, building, maintenance, food, staffing, insurance and transport
- Some providers stating they pay above NLW, the proposed increase does not reflect this
- General comments around funding inequality between health and social care (health being on the higher side)
- Possible negative impact on international recruitment and retention of staff

There was also some general reflection on the position of the Council and funding from central government for adult social care and request that the Council should be lobbying central government.

Petitions

On 27 January 2025, the Cabinet Member for Strategic Finance and Resources heard three petitions that had been submitted in relation to the budget setting proposals for2025/56. In line with the Council's Petition Scheme, the Petition Organisers and Councillor Sponsor had been invited to attend the meeting to outline their concerns to the Cabinet Member. The comments and issues raised would be considered as part of the consultation process for the Budget Setting proposals for 2025/26 which would be considered by Cabinet and Council at their meetings on 25 February 2025.

Details of the three petitions and the issues raised are presented within Appendix 9 to the 2025/26 Budget Report.

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Appendix 8

COUNCIL TAX SUPPORT CONSULTATION 25/26

Insight Team

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Methodology

The consultation was carried out between 11th December 2024 and 28th January 2025 for a period of 7 weeks.

The survey was hosted on the Let's Talk Coventry platform. This is the platform where Coventry City Council hosts all its live consultations. Supporting documents were provided on the Let's Talk page as well as a description of the proposed changes to the scheme, including the Consultation Background Document , the Pre Budget-Report Appendix , and the Equalities Impact Assessment.

Also included were Frequently Asked Questions outlining where to gain further support, who pays etc.

Everybody in receipt of Council Tax Support were contacted directly 12,605 electronically, 3,345 of these were undelivered and letters were issued to these customers. There were a further 3,543 letters issued to customers where we held no phone number or email address for them. They were all given details of how to have their say on the proposals. An email address and telephone number were provided for those requiring the survey in a different format

The consultation was promoted across the city through Let's Talk Coventry newsletters through December and January.

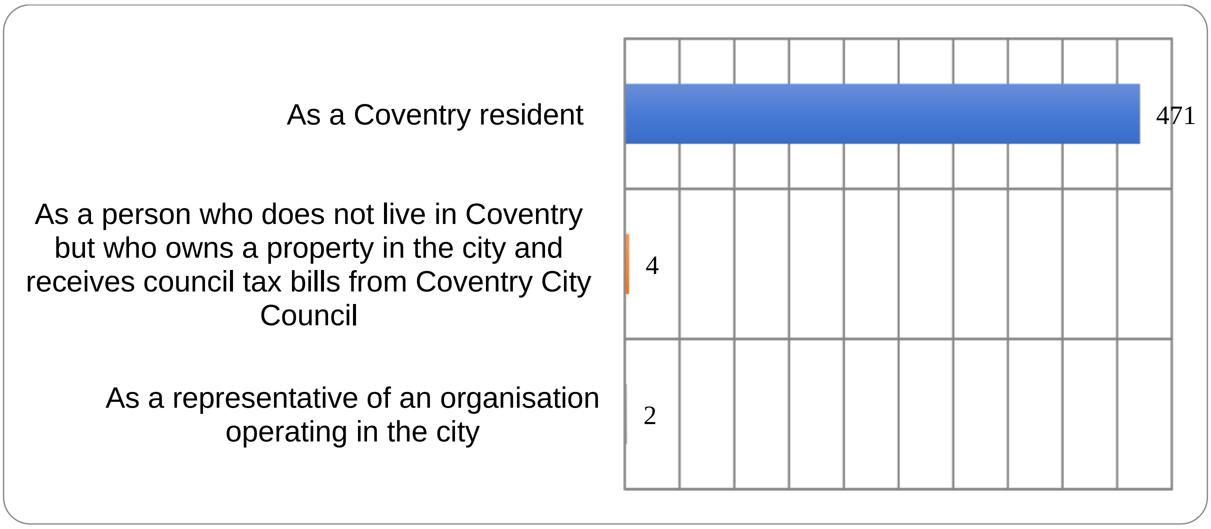
Survey Findings

Have you read the background information about the proposed changes to the Council Tax Support Scheme?

Information read?	Number
Yes, I have read it	454
No, I have not read it	17

96% of respondents stated that they had read the background information before completing the survey.

How are you responding to this survey?



This question was answered by 477 respondents, most respondents (99%) were responding as Coventry residents.

Two responses were received from organisations, Out in Cov and Urban Goodies CIC.

Which of the following statements best describes Council Tax Support for your property in Coventry?

Support Received	Number	%
I live in Coventry and my household receives full Council Tax Support	116	24%
I live in Coventry and my household receives partial Council Tax Support.	248	52%
I live in Coventry and my household receives no Council Tax Support.	89	19%
I do not live in Coventry.	2	
Don’t know	24	5%

More than half of the responses (52%) were from those receiving partial Council Tax Support, while almost a quarter were receiving full Council Tax Support (24%).

Followed by 19% of respondents who do not receive any Council Tax Support.

Proposals were outlined within the consultation document, there were 2 outlined changes, these proposed changes come under the headings of reduction in maximum support, and give additional support where a resident is made liable for council tax for 2 homes

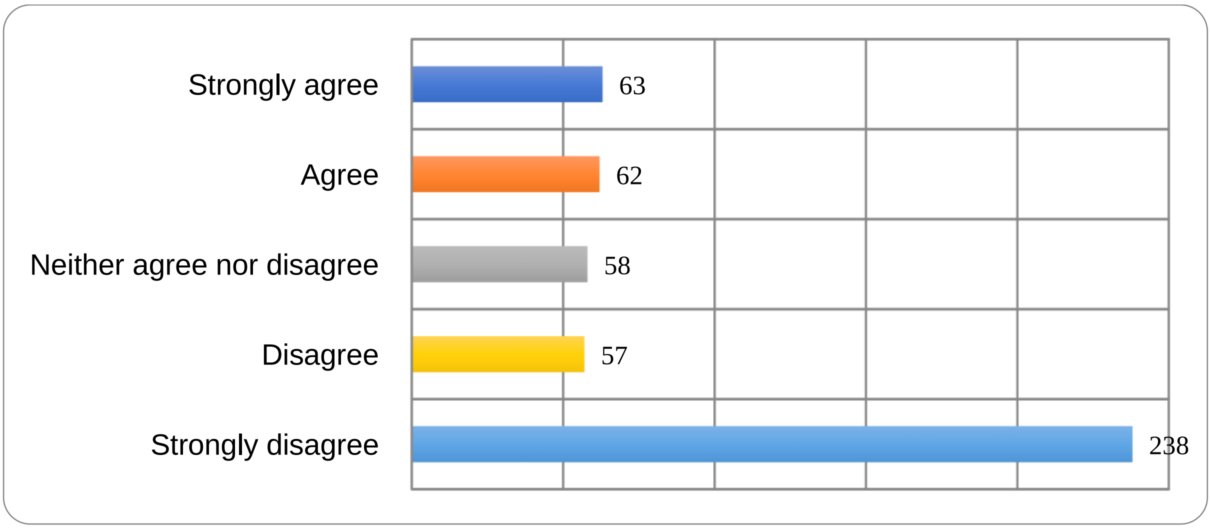
Respondents were asked their opinions about the proposed changes.

Do you agree with the proposed reduction in maximum support to the Council Tax Support scheme?

How much agreement	Number	%
Strongly agree	63	13%
Agree	62	13%
Neither agree nor disagree	58	12%
Disagree	57	12%
Strongly disagree	238	50%

Half of the respondents disagreed strongly with the proposal, 50% and a further 12% disagreed.

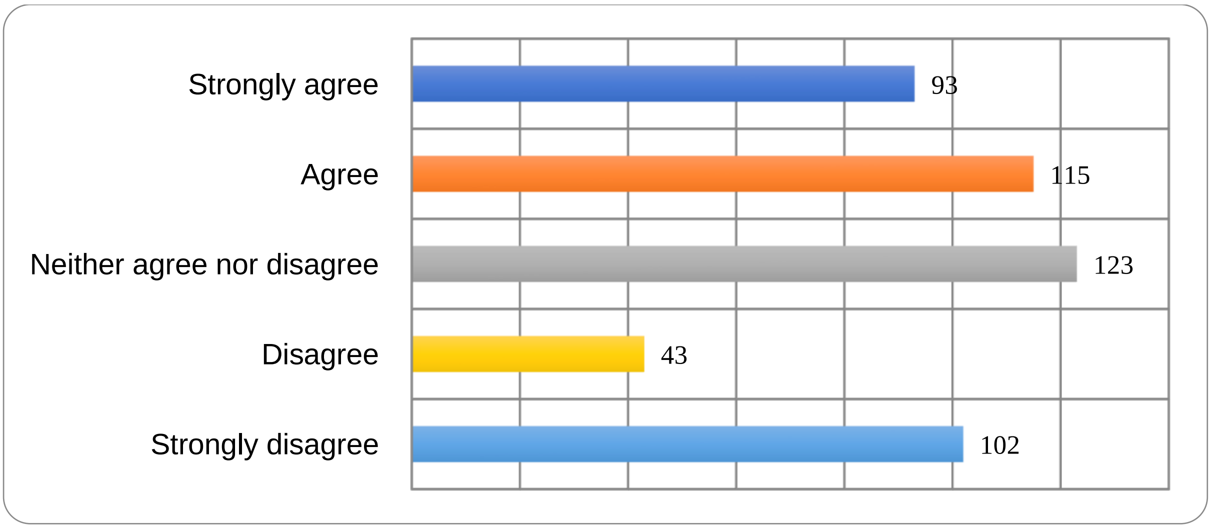
Therefore, more than 2/3 of respondents are in disagreement.



Do you agree with the proposed additional support where a resident is made liable for Council Tax for two homes in the specific situations stated.?

How much agreement	Number	%
Strongly agree	93	20%
Agree	115	24%
Neither agree nor disagree	123	26%
Disagree	43	9%
Strongly disagree	102	21%

Of the 476 people who responded to this question more agree than disagree with the proposal – 44% either strongly agree or agree compared to 30% who either strongly disagree or disagree.



What impact (positive/negative) do you think the proposal could have for different groups of people? (please consider age, disability, gender reassignment, pregnancy and maternity, race/ethnicity, religion and belief, sex/gender, and sexual orientation)

Theme	Number
Will cause financial hardship	250
Negative impact on the most vulnerable	116
Agree with proposal / feel these groups of people shouldn't be treated differently	33
Poor decision making by the Council / Wasting money	18

Of the 479 customers who completed the survey, 375 provided responses to this question.

The majority of comments received were in relation to the financial hardship the proposal would cause to vulnerable groups generally. Many were along the lines of the examples below:

- *I think that it would just be another financial worry for people who are already struggling.*

- *I think I would have an incredibly negative impact on the poorer households which are struggling with a higher bills as it is and will put more people into poverty and debt which will in turn lead to more mental health issues for fear of losing their house or having County Court judgements against them, which would cause it incredibly hard for them to gain any kind of credit in the future*

- *They would cause people to struggle even more than they do now I know I will. Since Covid and the cost-of-living crisis people don't have the spare cash available. Some weeks I have to borrow money to get my food shopping for that week.*

Many comments mentioned the impact the proposal would have on specific groups of people:

- *The proposal to reduce council tax support would have a horrendous effect on young people with disabilities, especially if they are unemployed or underemployed and on a low income.*

- *If CTS is reduced, it might have a negative impact in the lives of disabled people because of not being able to get adequate care.*

- *Reduction in CTS for low income working households will plunge more children into poverty. Householders may also fall into debt, fall behind with rent/mortgage and become homeless.*

Some respondents did however agree with the proposal, and / or voiced opinion that everyone should be treated equally.

- *The reduction in council tax support should not have a huge impact on eligible residents.*

- *We all have to pay something, I am 64 next year, I'm on universal credit and pip, my doctor won't let me work so the help I get from the council is invaluable.*

- *It's tough times so tough decisions need to be made. Strongly agree to this cut.*

Some respondents felt that this was poor decision making by the Council, or that money was being wasted in other areas.

- *Council pays the councillors too much, we have 2 directors, and the council gains profit from waste and other services. This reduced tax aid payments will put people like me in poverty. I'm trying to make ends meet, but the council provides nothing more as a resident. Coventry council does a poor job on arts & culture, education and social economics. This is a poor city that looks very sad compared to our neighbouring towns and cities. Taxing our residents more is not the answer.*

- *People who are unable to work due to ill-health old age etc, are the ones most struggling in this city. Trying to make ends meet is near impossible as it is. Higher energy prices, food prices through the roof. Minimal benefit increase next year, and now you want to hit us with reducing the council tax support you give - shameful. Yet you'll spend money on a ferris wheel and Christmas lights - the priority's are all wrong!*

If you have any other comments on the current proposal and/or would like to make alternative suggestions.

Theme	Number
Council should raise money by other means	89
Poor decision making by the Council / Wasting money	47
Proposal will affect the most vulnerable	38
Will cause Financial Hardship	35
Agree / partially agree with the proposal	12

Of the 479 customers who completed the survey, 213 provided responses to this question.

Many of the respondents suggested that the Council should raise money by other means. Some acknowledged that savings needed to be made but felt that the money should be found elsewhere:

- *An alternative would be to freeze rates for at least 3 years to plateau spending and look elsewhere where the council has mis- managed funds. You can charge more for council tax or reduce the amount of help people do need and then charge for brown bin collections for example. How much is spent on the roads network and bicycle lanes to little or no effect!*

- *This deficit could be narrowed by implementing council tax for properties that only have students reside whom do not pay council tax! Tax the property owners!*
  Raise the council tax rates, the highest band 5% lowest band 1% again the cost here being mainly put onto those that can afford it!
  The current proposal is basically an increase of 25% to the bills being paid by the poorest residents of the city, this clearly is not the correct way to reduce a deficit or to raise funds!

- *I don't agree that our council tax should increase so we cover the costs created by refugees being housed in hotels in Coventry and associated costs incurred by refugees.*

A number of respondents felt that the Council made poor decisions and wasted money on "vanity projects"

- *stop wasting money by putting in cycle lanes when there are far more important issues to be tackled*

- *it is a shame for the Council to seek additional money in the sector it neglects the most. Look at this city - everywhere is dirty and full of rubbish, because you do not know how to manage your expenses well. The mere fact of reducing rubbish collection a few years ago should give appropriate savings. You spend money on nonsense that the city does not need. I have the impression that the Council cannot cope with its duties. If the costs of rubbish collection are too expensive, find another contractor. Keeping the city clean is one of the Council's duties. Maybe it is also worth looking at how other cities, not necessarily in England, solve this problem. Impose fines on shops that do not take care of cleanliness, on properties that turn their gardens into rubbish dumps, the system of penalties and rewards has always mobilized society to act.*

Concerns over the proposal affecting the most vulnerable were raised.

- *Already majority of people are struggling, and this will have a big impact on them. many people do not understand such as me. I also have mental health issues. Council tax is already too high.*

- *The minimum support needs to be either kept the same as it is now or increased to 85% - 90% for the poorest households as well as additional support for people with disabilities - such as looking at making it easier to get work that they can do (if applicable), as well as additional support in households with people with disabilities and their carers. This is required so that Coventry can help those who are most at need, which is a key part of this city's traditions.*

- *The cost of living is growing higher on daily basis. The CTS for disabled people should be increased not reduced at this time*.

Similarly, respondents tended to comment on the proposal bringing about general financial hardship.

- *Taking yet more from an already low income is not going to work. We are in poverty already!*

- *Coventry is an area where there's lots of poverty and families struggling to make ends meet. It would have an enormous impact on daily lives.*

- *I for one couldn't afford to pay a more, as it stands if food bills raise and household bills raise, I will struggle and must choose if I can heat my house or feed myself. These are difficult times for everyone specially pensioners and people on benefits.*

A small number of respondents were in favour of all or parts of the proposal

- *I understand that cuts need to be made somewhere. Even though I may be negatively affected by the cuts I understand that it is difficult for the council to function on its current budget, and when further cuts to the budget are implemented, things will be even more difficult.*

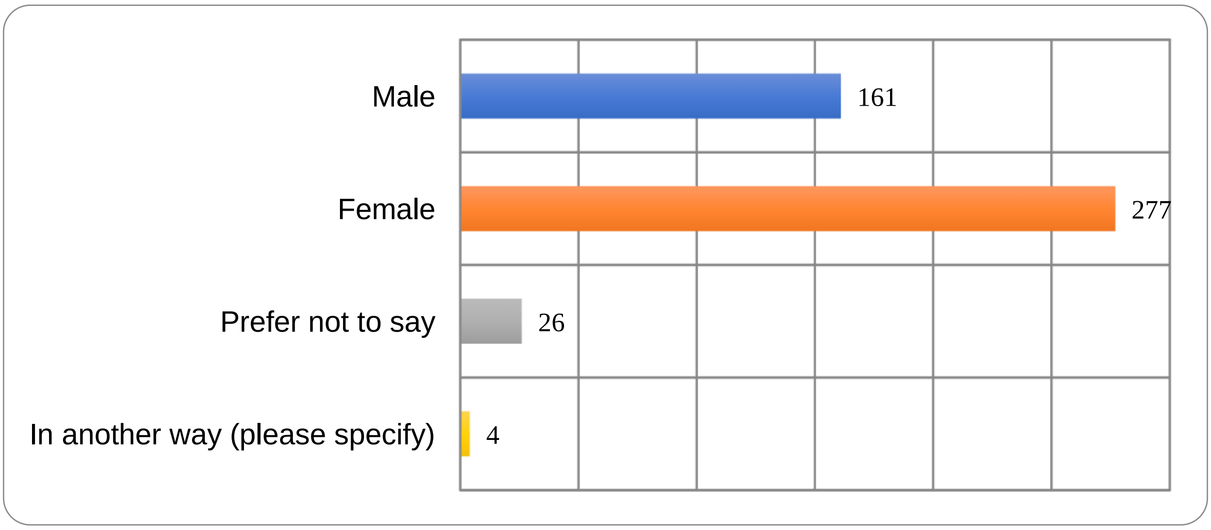
- *I think you have to make choice to get back on track but it still seem unfair sorry i have no alternative suggestions*

Profile of Respondents

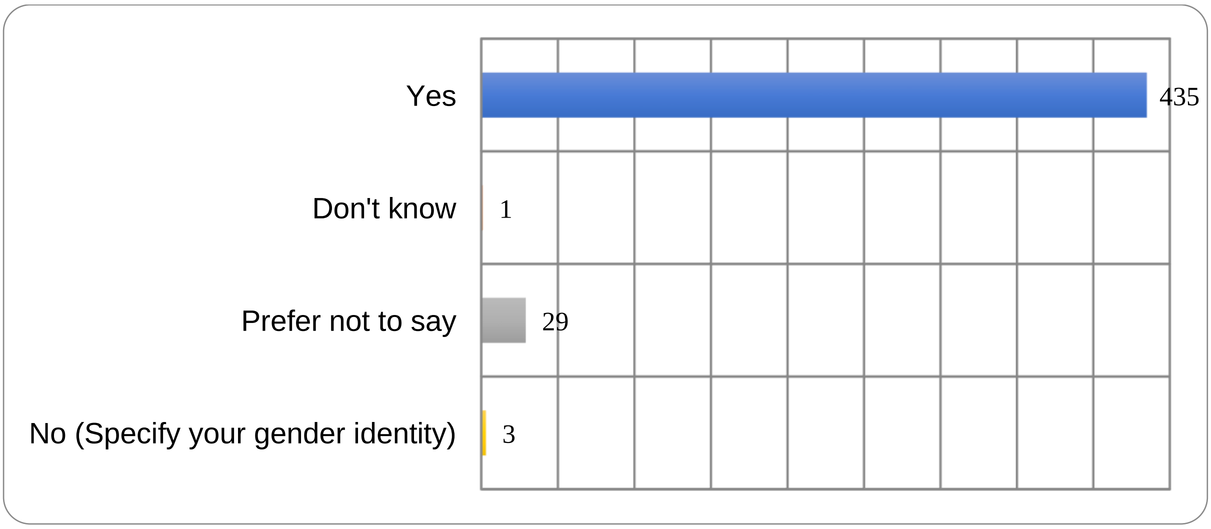
What is the postcode for your property in Coventry?

Ward	Number of responses
Bablake	23
Binley and Willenhall	34
Cheylesmore	26
Earlsdon	11
Foleshill	34
Henley	29
Holbrook	28
Longford	31
Lower Stoke	23
Radford	22
Sherbourne	10
St Michael's	36
Upper Stoke	21
Wainbody	6
Westwood	36
Whoberley	21
Woodlands	10
Wyken	15

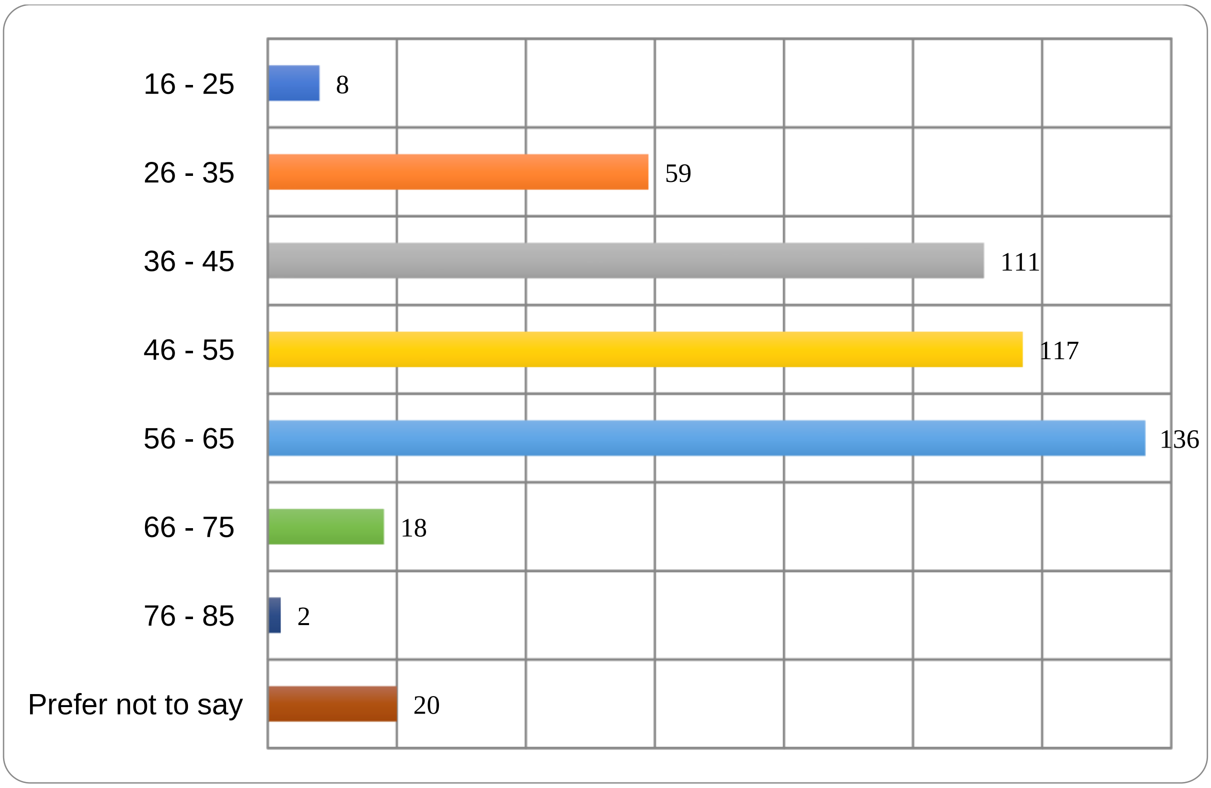
How would you best describe yourself?



Is the gender you identify with the same as your sex registered at birth?

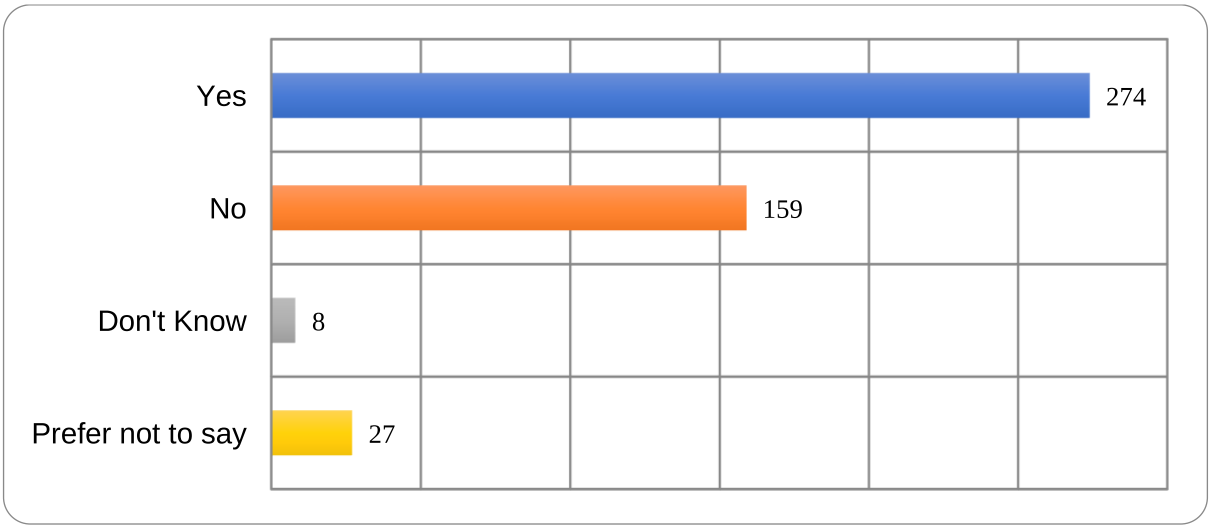


What is your age?

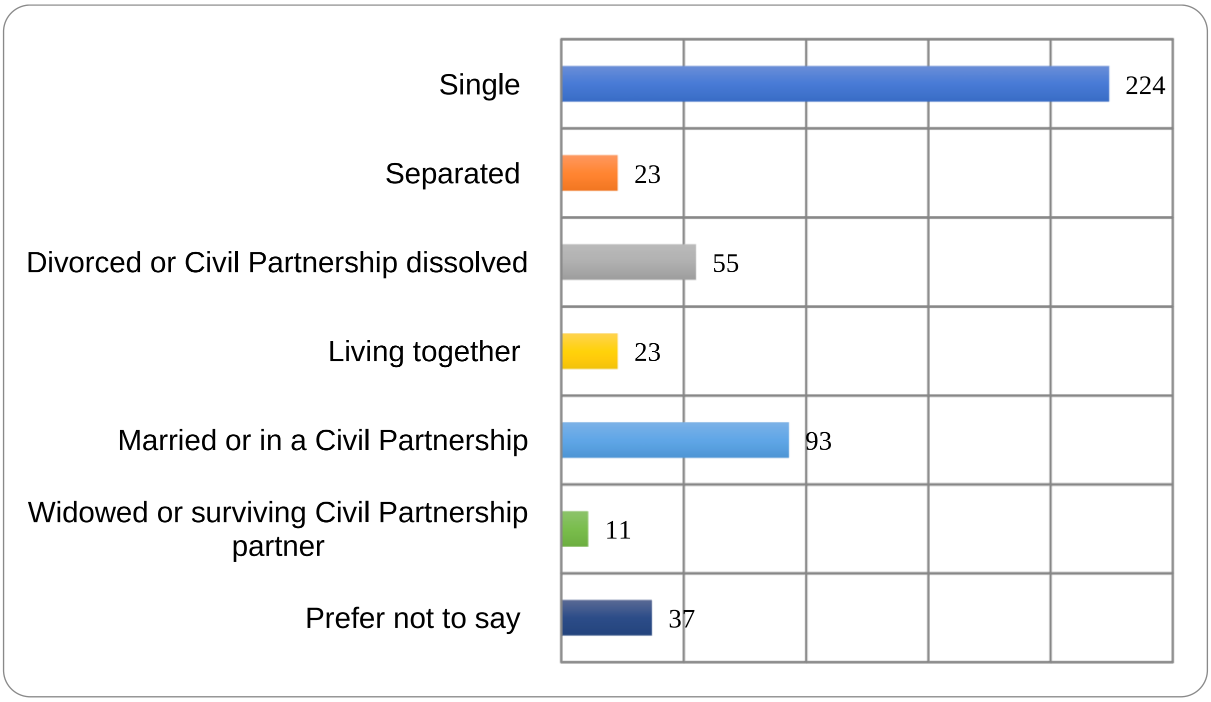


Do you consider yourself to have a disability?

The Disability Discrimination Act defines a disabled person as someone who has a physical or mental impairment that has a substantial and long-term adverse effect on a person's ability to carry out normal day-to-day activities.



What is your legal marital or Civil Partnership status?



How would you describe your ethnic background?

Ethnic Background	Number of respondents
White - English/Welsh/Scottish/Northern Irish/British	317
White Irish	5
White Other	30
Mixed - White and Black African	2
Mixed - White and Black Caribbean	4
Mixed – other	6
Asian/ Asian British - Indian	20
Asian/ Asian British – Pakistani	4
Asian/ Asian British – Bangladeshi	2
Asian/ Asian British – Other	3
Black/Black British – African	18
Black/ Black British - Caribbean	4
Black/ Black British – Other	2
Arab	3
Prefer Not to say	43
Other	5

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Appendix 9

Petitions Relating to the Budget Setting Proposals 2024/25

On 27 January, 2025, the Cabinet Member for Strategic Finance and Resources considered three petitions that had been submitted in relation to the budget setting proposals for 2025/26 to 2027/28. In line with the Council's Petition Scheme, the petition organisers and sponsors had been invited to attend the meeting to outline their concerns to the Cabinet Member.

At the meeting it was noted that the comments and issues raised would be considered as part of the consultation process for the Budget Setting proposals for 2025/26 to 2027/28, which would be considered by Cabinet and Council at their meeting on 25 February, 2025.

The first petition submitted was headed 'Cancel proposed increased car parking charges at the War Memorial Park', bearing 1442 signatures, and related to the proposal to remove the current 3 hours free parking at the War Memorial Park and standardise parking charges with those at Coombe Country Park, as follows:

Up to 1 hour - £1
1-2 hours - £3
2-4 hours £3.50

The issues raised at the meeting can be summarised as follows:-

- War Memorial Park plays a vital delivery role in the health and wellbeing of Coventry.
- Comparisons couldn't be made between the park and Coombe Abbey as that operates mainly as a hotel and country park – the War Memorial Park is at its core a memorial to lost loved ones.

The second petition submitted was headed 'Stop the proposed cuts to tackling Fly-tipping in our City", bearing 203 signatures, and related to the proposal to a £690k reduction in the Streetpride (cleansing) service, impacting the City Centre and priority neighbourhoods.

The issues raised at the meeting can be summarised as follows:-

- Cutting funding to fly-tipping was a counterproductive step that will accrue more costs in the future.
- The similarities between cleaning fly-tipping and graffiti – not dealing with these will lead to increased uncleanliness of Coventry's streets.
- The proposed cuts would undermine local initiatives where fly-tipped areas are cleared on a regular basis.
- Cleaning streets prevents vermin infested rubbish near schools and school routes.
- The impact of CCTV and deterrents in the city to prevent fly-tipping.
- The cleaner the city, the potential for more money to be generated.
- Citizen's right to a clean city.

The third petition submitted was headed ‘Council Cuts to Grapevine Preventative Support’, bearing 920 signatures, and related to the proposed Adult Social Care - Voluntary Sector Review.

The issues raised at the meeting can be summarised as follows:-

- Government studies evidencing the benefit of early help initiatives to reduce costs in the long-term and help those in vital need.
- Ignoring service users at the early help stage until they become a statutory burden to the Council.
- The 41,000 Coventry residents with learning disabilities without statutory care, reliant on voluntary initiatives, who without them could go into crisis.
- The huge public support that the appeal to stop the cuts to Grapevine has gathered across the City.
- Possible costs incurred from litigation as those kept away from statutory support - as a result of Grapevine’s closure - assert their legal rights.
- The increased costs, pressures, and overall deterioration of disabled people’s rights and needs as a result of the loss of funding.

Note: As at 17 February, 2025 the total number of signatures received in to relation to each petitions are as follows:

Car Parking Charges – War Memorial Park – 1561 signatures
Reduction to Flytipping Budget – 208 signatures
Cuts to Grapevine Preventative Support – 1449 signatures received as at 17th February 2025

Appendix 10 - FINAL CUMULATIVE EQUALITY IMPACT ASSESSMENT

2025/2026 BUDGET-SETTING

Introduction

1.1. This report provides an assessment of the overall equalities implications of the 2025/26 final budget proposals, based on equality impact assessments carried out for each individual policy savings proposals included in the final budget report.

1.2. This report summarises the key cumulative equalities implications for the 2025/26 budget and provides more detail on the potential impact of the specific proposals. It seeks to show that we understand the likely equalities impact of the proposals, ensuring we comply with the Public Sector Equality Duty and are not disproportionally disadvantaging groups who share protected characteristics.

1.3. Through examining the likely cumulative impact of the various proposals, the Council can be better assured that any changes involved in the proposals are planned with due regard to our duties under the Equality Act to eliminate discrimination, advance equality of opportunity, and foster good community relations.

1.4. The equality impact assessments on the budget proposals have also been reviewed and updated following the conclusion of the consultation on the budget proposals.

2. Background

2.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between people who share protected characteristics and those who do not.
- Foster good relations between people who share protected characteristics and those who do not.

2.2. The equality duty covers the nine protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council also needs to have due regard to the need to eliminate unlawful discrimination against someone because of their marriage or civil partnership status. This means that the first aim of the duty applies to this characteristic but that the other aims (advancing equality and fostering good relations) do not apply.

2.3. Equality implications are assessed by reviewing the potential impact on those with protected characteristics as defined in the Equality Act 2010 and then given a score of either no equalities impact, positive impact, negative impact, both positive and negative impact and unknown impact

2.4. No equalities impact indicates the proposal has no impact at all (either advantageous or adverse) on those who share protected characteristics.

2.5. A positive impact means the proposal is likely to benefit groups who share protected characteristics, leading to better outcomes for some or all these groups, helping to foster good relations between different groups and/or supporting equality of opportunity.

2.6. A negative impact means the proposal is likely to have an adverse impact on groups who share protected characteristics, potentially leading to worse outcomes or undermining good relations. In cases where a negative impact is anticipated, services should consider what actions can be taken to reduce or mitigate this impact.

2.7. Both positive and negative impact indicates that a proposal might potentially have both types of these impacts i.e. positive and negative impacts.

2.8 Unknown impact means that at this stage, the potential equalities impact of the proposal is unknown and will be confirmed as the proposals are further developed, whereupon the likely equalities impact (and the EIAs) will be reviewed taking into consideration any changes made or additional information that has come to light.

3. Key findings

3.1 There are 11 policy proposals in the 2025/26 budget report that have had individual equality impact assessments (EIAs) carried out. More detail about the substance of each proposal is included in the budget report. EIAs undertaken by service areas for these proposals suggest a range of different impacts for those with protected characteristics. The table below outlines the assessment of each proposal and some analysis to support the outcome of the EIAs.

3.2 Of the 11 proposals, 2 proposals are anticipated to have a positive impact, 3 proposals a negative impact, 3 proposals both positive and negative impact and there are 3 proposals where the impact is unknown at this stage.

3.3 The 2 proposals that have indicated a **positive impact** are:

- Children's – Maximisation of payment by results grant opportunities through Supporting Families programme
- Children's – Strengthened processes around children coming into care, placement decisions and funding

3.4 The 3 proposals that have indicated a **negative impact** include:

- Adults – Market Management
- Children's – Planned withdrawal from services upon cessation of grant funded projects with drawn up exit plans

- Bereavement Services

3.5 The 3 proposals that have indicated **both positive and negative impact** include:

- Children's – Opportunities to streamline early help and prevention services but also focus on intervention in families' lives being at the lowest possible levels
- Senior Management capacity
- Adults – Service changes, improvement and staffing efficiencies

3.6 The 3 proposals which have indicated that the equalities **impact is unknown at this stage** are:

- Children's – the redesign and restructure of the service to reduce cost through rationalisation of senior managers
- Children's – Continued challenge of partners to provide equitable contributions including for care packages
- Children's – Seek to maximise digital opportunities

3.7 Overall, the anticipated impact (on service users with protected characteristics) of all the budget policy proposals taken together, can be seen to range across all types of impact.

4. Next Steps

4.1 If the savings proposals contained in the final budget setting report are approved, then the equality impact assessments will continue to be reviewed by services as work begins to implement the proposals operationally.

Equalities Impact Analysis by proposal

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

- positive
- negative
- both positive and negative
- no impact
- impact unknown (to be confirmed)

Division	Proposal	Assessment	Analysis
Adults	Market Management	Negative	There will be a negative impact of this proposal which relates to: • Excluding general inflation from the fee rate award to providers of social care. • Some working age adults with disabilities who rely on adult social care provision; and • Older people and people with disabilities who rely on adult care provision with some providers at risk of failure/quality issues
	Service changes, improvement and staffing efficiency	Both positive and negative impact	The impact of this proposal has been assessed as potentially both positive and negative as follows; • Potential impact on working age adults, older people and people with disabilities

Division	Proposal	Assessment	Analysis
			which is mitigated through involving people with care and support needs and unpaid carers in changes that affect them • Change, in itself, has an impact which needs to be further understood • The work progressing under this area include increased use of technology and in particular using technology instead of other forms of care and support where possible. This has positive and negative benefits as it can both support people to remain at home and reduce the volume of 'hands on' care required but can also reduce the level of human contact for people who may live alone. The equality impact assessment will be revised once the specific workstreams under the proposal are developed.
Childrens	Redesign and restructure of service to reduce cost through rationalisation of senior managers	Impact unknown at this stage	The impact of this proposal is unknown at this stage and will be confirmed once a wider review of the Children and Education service is undertaken after the ILACS Ofsted Inspection later this year. The Council will work to ensure that any potential impacts on protected groups within the workforce are mitigated to ensure the best use of resources to remove any duplication of services and join up services across the Council.

Division	Proposal	Assessment	Analysis
Childrens	Opportunities to streamline early help and prevention services but also focus on intervention in families' lives being at lowest possible levels	Both positive and negative impact	Positive impact through more children and families benefitting from the right support at the right time, with interventions being delivered in a timely way to improve their outcomes. However, some children and families needing more than a low level of support may be impacted.
	Planned withdrawal from services upon the cessation of grant funded projects with drawn up exit plans	Negative	There will be a negative impact of this proposal on children and families who are no longer able to receive support through grant funded projects. The withdrawal of grant funded projects will be reviewed further to manage the impact of services/ service users in a planned way, though there may be a negative impact on those children and families who are no longer able to receive support through funded projects.
	Strengthened processes around children coming into care, placement decisions and funding	Positive	The continuity of care and support through this proposal will positively impact children coming in to care and their transition into adulthood. There are also anticipated to be benefits to children with some protected characteristics within the cohort.
	Continued challenge of partners to provide equitable contributions including for care packages	Impact unknown at this stage	The impact of this proposal is unknown at this stage and is dependent on partners accepting the outcomes of an independent review of multi-agency working practices, eligibility criteria and funding contributions. The EIA will be reviewed once further information is available – and the

Division	Proposal	Assessment	Analysis
			Council will aim to ensure that any impacts identified are mitigated against.
	Seek to maximise digital opportunities	Impact unknown at this stage	The impact of this proposal is unknown at this stage and whilst it is recognised that maximising digital opportunities will have a positive impact on service users, the full impact of the proposal will not be known until full details are developed further and implemented, both corporately and specifically within the service.
Children	Maximisation of payment by results grant opportunities through Supporting Families programme	Positive	Positive impacts from more children and families receiving support to services funded through funding streams
Corporate	Senior Management capacity	Both positive and negative impact	This proposal could impact both positively and negatively on the cohort of employees subject to any restructures, dependent on individual outcomes of the process. Mitigation measures will include support to those potentially and then subsequently actually impacted by the organisational design process. Consideration of anti-discrimination during the design so no unintended consequences and during the subsequent change process. Reasonable adjustment where appropriate, decisions made with inclusivity in mind. Dignity at all times in the process.

Division	Proposal	Assessment	Analysis
City Services	Bereavement Services	Negative	This proposal to increase bereavement costs will have potentially negative impacts for many groups with protected characteristics wishing to utilise the service.

BUDGET SETTING 2025-26
EQUALITY IMPACT ASSESSMENT (EIA)

Title of EIA – Policy Proposal		Market Management in Adult Social Care Inflation Proposal
EIA Author	Name	**Jon Reading**
	Position	**Head of Commissioning and Quality**
	Date of completion	**20th November 2024** **Updated 3rd February 2025**
Director	Name	**Pete Fahy**
	Position	**Director of Adult Services and housing**
Cabinet Member	Name	**Cllr Linda Bigham**
	Portfolio	**Adult Services**

PLEASE REFER TO EIA GUIDANCE FOR ADVICE ON COMPLETING THIS FORM

SECTION 1 – Context & Background

1.1 In summary, what is the background to this proposal?

The autumn Budget introduced two proposals that have an inflationary impact on providers of adult social care.

- An increase of 6.7% in National Living Wage for people aged twenty-one and over from £11.44 to £12.21 per hour. An increase of 77p per hour
- Companies to pay NI at 15% on salaries above £5,000 from April, up from 13.8% on salaries above £9,100 a year.

These costs pressures are compounded by general inflation which is currently running at 3.2% (CPIH)

Providers may expect full compensation for these additional costs, however, our proposals, due to the current financial position of the Council are to **exclude general inflation from our fee rate award**. Equally our award is not able to recognise any wage increases to maintain pay differentials for various levels of staff. We know, for example, that some senior carers in the independent sector are paid just 50p per hour more than basic grade carers.

Inability to support providers to reach a cost neutral position could result in the following:

- Not filling vacant posts
- Redundancies (International recruits may be more affected due to higher costs of employment)
- An increase in zero-hour contracts
- Possible service closures/contract hand backs
- Reduced investment in staff development and training

As we tender for services as contracts expire there is also the potential for decreased interest in bidding for work with the City Council.

SECTION 2 – Consideration of Impact

BUDGET SETTING 2025-26
EQUALITY IMPACT ASSESSMENT (EIA)

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

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

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

2.1 Baseline data and information

Approximately 150 organisations are contracted to provide services to the City Council who will be affected by this proposal. Services are provided to adults aged eighteen and over with an eligible social care need.

2024/25 average fee rates by main Service Type

Home support – £21.14 per hour
OP residential homes - £813.20 per week
OP Nursing – £936.47 per week (excludes funded nursing care)
Younger adults nursing homes £1195 (excludes funded nursing acre)
Younger adults residential - £1537
Supported Living £21.15 per hour.
Housing with Care £20.19

2.2 On the basis of evidence, complete the table below to show what the potential impact is for each of the protected groups of <u>residents/service users.</u>

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

Protected Characteristic	**Impact type** P, N, PN, NI, UI	**Nature of impact and any mitigations required.**
Age 0-18	**Not applicable**	Not applicable
Age 19-64	**N**	This proposal is likely to have a negative impact on some working age adults with disabilities/mental ill health who rely on adult social care provision with some providers at risk of failure/quality issues .
Age 65+	**N**	This proposal is likely to have a negative impact on older people who rely on adult care provision with some providers at risk of

		failure/quality issues It is not yet known what the impact of this proposal will be.
Disability	**N**	This proposal is likely to have a negative impact on adults with disabilities who rely on adult care provision with some providers at risk of failure/quality issues
Gender reassignment	**UI**	It is not yet known what the impact of this proposal will be.
Pregnancy and maternity	**UI**	It is not yet known what the impact of this proposal will be.
Race (Including: colour, nationality, citizenship ethnic or national origins)	**UI**	It is not yet known what the impact of this proposal will be.
Religion and belief	**UI**	It is not yet known what the impact of this proposal will be.
Sex	**UI**	It is not yet known what the impact of this proposal will be.
Sexual orientation	**UI**	It is not yet known what the impact of this proposal will be.
Care-Experienced	**N**	This proposal is likely to have a negative impact on quality of care experienced by some people who rely on adult social care

2.3 Will there be any potential impacts in relation to health and/or digital inequalities? ***Please think about issues such as socio-economic groups, areas of deprivation etc***

Potential impacts could include:

- Potential indirect impact on carers pay and working conditions, including factors such as finance and health of paid carers.
- Increased health inequalities for carers and service users should level of support be reduced.
- As non-pay related expenditure is likely to be most affected this impacts could be experienced in areas including food and drink, utilities, training and general maintenance. All of these areas have a potential impact on health and wellbeing
- Service closures/contract hand backs have significant impact on health outcomes. This risk is especially relevant for home support providers who already operate on very small margins.
- Providers cut back on technological support as a way of reducing costs thus impacting on service users with protected characteristics.
- Reduced quality of services as providers seek to reduce costs. Providers seek to recover costs through third party contributions (top-ups) which passes an increased cost onto family members and/or relatives which has an in turn knock on effect to these parties

3.0 Will there be any potential impacts on Council staff from protected groups? If yes complete the table below: NOT APPLICABLE

Protected Characteristic	Number of Employees impacted	Impact type P, N, PN, NI, UI	Nature of impact and any mitigations required.
Age16 -18	N/A		
Age 19-64	N/A		
Age 65+	N/A		
Disability	N/A		
Gender reassignment	N/A		
Pregnancy and maternity	N/A		
Race (Including: colour, nationality, citizenship ethnic or national origins)	N/A		
Religion and belief	N/A		
Sex	N/A		
Sexual orientation	N/A		

4.0 How could you monitor and evaluate the effect of this proposal?

Feedback from the Care Market. Increase in representations for review through our Fee Rates panel.
Closures and contract hand backs.
Reductions in quality monitored through Quality Assurance processes.

5.0 Action Planning

Issue Identified	Planned Actions	Timeframe
To be identified during consultation based on feedback	Fee rate panel to consider specific representations from providers	In place
	Monitor potential closures/ contract hand backs providing support where appropriate and/or following provider failure process	Ongoing

	Monitor quality of provision to detect any reductions in quality attributable to financial challenges	Ongoing
	Monitor level of interest in tender opportunities	31st March 2026

6.0 Completion Statement

The potential equality impact of this proposal is as follows:

No impact has been identified for one or more protected groups ☐
Positive impact has been identified for one or more protected groups ☐
Negative impact has been identified for one or more protected groups ☒
Both positive and negative impact has been identified for one or more protected groups ☐
The potential impact of this proposal on protected groups is not yet known ☐

7.0 Approval

Name of Director: Pete Fahy	**Date: 20/11/24** **Post-consultation approval: 06/02/25**
Name of Lead Elected Member: Cllr Linda Bigham	**Date sent to Councillor: 02/12/24** **Post-consultation approval: 06/02/25**

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BUDGET SETTING 2025-26
EQUALITY IMPACT ASSESSMENT (EIA)

Title of EIA – Policy Proposal		Service change, improvement and staffing efficiency
EIA Author	Name	**Pete Fahy**
	Position	**Director of Adult Services and Housing**
	Date of completion	**20 November 2024** **Updated -3/02/25**
Director	Name	**Pete Fahy**
	Position	**Director of Adult Services and Housing**
Cabinet Member	Name	**Linda Bigham**
	Portfolio	**Adult Social Care**

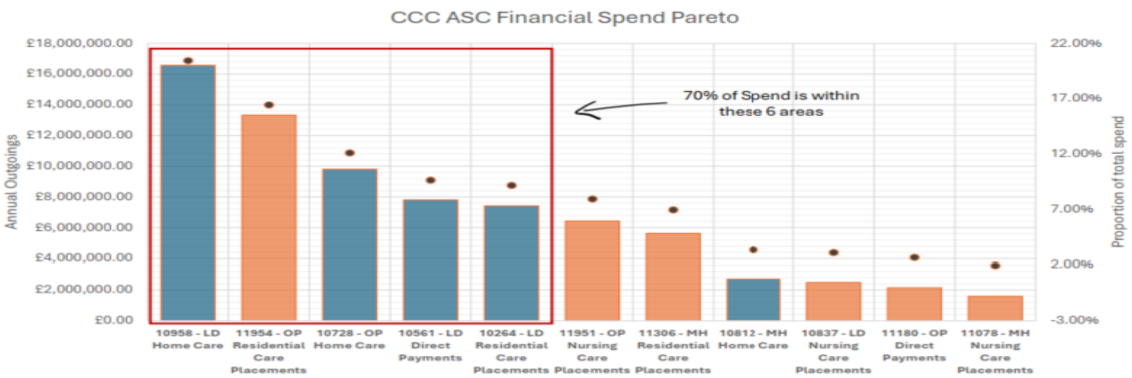
PLEASE REFER TO EIA GUIDANCE FOR ADVICE ON COMPLETING THIS FORM

SECTION 1 – Context & Background

1.1 In summary, what is the background to this proposal?

A similar methodology to change as deployed to deliver savings through the Improving Lives programme will be applied to other areas of high spend that could realise savings including Learning Disability Services home support and residential care. This includes trialling new ways of working with staff groups to ensure deployment to areas of highest impact.

This will be targeted at areas of highest spend as shown in the graph below:



SECTION 2 – Consideration of Impact

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

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

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

2.1 Baseline data and information

Not available – will be developed as specific workstreams under this proposal are developed

Workstreams to include, but not exclusive to:

- Learning disability home support
- Extending the use of technology
- Internal Services efficiencies
- Maximising benefits through Improving Lives programme

2.2 On the basis of evidence, complete the table below to show what the potential impact is for each of the protected groups of <u>residents/service users</u>

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

Protected Characteristic	**Impact type** P, N, PN, NI, UI	**Nature of impact and any mitigations required**
Age 0-18	**NI**	N/A (as work will relate to Adults aged over 18)
Age 19-64	**PN**	PN – experience of care and support may change but mitigated through involving people with care and support needs and unpaid carers in changes that affect them
Age 65+	**PN**	PN - experience of care and support may change but mitigated through involving people with care and support needs and unpaid carers in changes that affect them
Disability	**PN**	PN - experience of care and support may change but mitigated through involving people with care and support needs and unpaid carers in changes that affect them
Gender reassignment	**UI**	UI

Pregnancy and maternity	**UI**	UI
Race (Including: colour, nationality, citizenship ethnic or national origins)	**UI**	UI
Religion and belief	**UI**	UI
Sex	**UI**	UI
Sexual orientation	**UI**	UI
Care-Experienced	**UI**	UI

2.3 **Will there be any potential impacts in relation to health and/or digital inequalities?**
Please think about issues such as socio-economic groups, areas of deprivation etc

The work progressing under this area include increased use of technology and in particular using technology instead of other forms of care and support where possible. This has positive and negative benefits as it can both support people to remain at home and reduce the volume of 'hands on' care required but can also reduce the level of human contact for people who may live alone.

3.0 Will there be any potential impacts on Council staff from protected groups? If yes complete the table below:

Protected Characteristic	**Number of Employees impacted**	**Impact type** P, N, PN, NI, UI	**Nature of impact and any mitigations required**
Age16 -18			Not yet identified
Age 19-64			Not yet identified
Age 65+			Not yet identified
Disability			Not yet identified
Gender reassignment			Not yet identified
Pregnancy and maternity			Not yet identified
Race (Including: colour, nationality, citizenship ethnic or national origins)			Not yet identified
Religion and belief			Not yet identified

Sex			Not yet identified
Sexual orientation			Not yet identified

4.0 How could you monitor and evaluate the effect of this proposal?

As proposals are delivered under each of the areas identified in 2.1, then during implementation, and post implementation. Equality impact assessments will be conducted as required.

5.0	**Action Planning**	
Issue Identified	**Planned Actions**	**Timeframe**
Noting at this point		

6.0 Completion Statement

The potential equality impact of this proposal is as follows:

No impact has been identified for one or more protected groups ☐
Positive impact has been identified for one or more protected groups ☐
Negative impact has been identified for one or more protected groups ☐
Both positive and negative impact has been identified for one or more protected groups ☐ X
The potential impact of this proposal on protected groups is not yet known ☐

7.0 Approval

Name of Director: **Pete Fahy**	**Date:** **20 November 2024** **Post-consultation approval:** **06/02/25**
Name of Lead Elected Member: **Linda Bigham**	**Date sent to Councillor:** **02/12/24** **Post-consultation approval: 06/02/25**

BUDGET SETTING 2025-26
EQUALITY IMPACT ASSESSMENT (EIA)

Title of EIA – Policy Proposal		**Children's Services Resources and Efficiency Review**
EIA Author	Name	**Sonia Watson on behalf of Sukriti Sen**
	Position	**Children and Education Improvement/ Services Programme Delivery Manager**
	Date of completion	**25 November 2024** **updated 5 February 2025**
Director	Name	**Sukriti Sen**
	Position	**Director of Children and Education Services**
Cabinet Member	Name	**Councillor Pat Seaman**
	Portfolio	**Lead Cabinet Member for Children and Young people**

PLEASE REFER TO EIA GUIDANCE FOR ADVICE ON COMPLETING THIS FORM

SECTION 1 – Context & Background

1.1 In summary, what is the background to this proposal?

A Children's Services Resources and Efficiency LGA Peer challenge was undertaken in October 2024. The Local Government Association (LGA) team was invited by the Council to review how Children and Education Services work and provide services, to children and young people to suggest improvements and to help determine potential opportunities to control and reduce costs, ensure efficiencies and maximise positive outcomes. The Peer challenge focus included:

- Cost of placements
- Structure, capacity and opportunities through integration
- Understanding and analysing costs and incorporating best practice
- Use of organisational capacity, resources and support

The LGA peer challenge team identified six recommendations to focus on, creating efficiencies and potentially reducing costs:

- Support a strengthened culture between children's and corporate services
- Consider an organisational review of children and education services to ensure joined-up approach and any efficiencies
- Have a member endorsed Transformation Plan approved annually at the time of the MTFS approval
- Unplanned entrants to care to be made by a strategic lead to promote accountability and ensure consistency of threshold
- Improve budget oversight
- Consider social work practice opportunities

The final report from the LGA was received at the end of November 2024, the Areas recommended for further consideration that could potentially reduce cost include:

1. An organisational review of children's and education services to ensure a joined-up approach and identification of financial efficiencies through rationalisation of senior managers.

2. Opportunities to focus targeted early help and intervention services to manage demand and enable intervention in families lives at the lowest levels possible.

3. **Maximisation of payment by results grant opportunities through Supporting Families programme.**

4. Planned withdrawal from services upon the cessation of grant funded projects with drawn up exit plans

5. Strengthened processes around children coming into care, placement decisions and funding

6. Continued challenge of partners to provide equitable contributions including for care packages

7. Seek to maximise digital opportunities

Update 5th February 2025
An Action plan has been developed and worked up with senior leaders to respond to the LGA report. The plan provides further details and timescales for implementation.

SECTION 2 – Consideration of Impact

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

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

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

2.1 Baseline data and information

1. **An organisational review of children's and education services to ensure a joined-up approach and identification of financial efficiencies through rationalisation of senior managers.**

Children's and Education Services integrated on the 1st of April 2024. A key driver for integrating was to build on the significant improvements which have already occurred within both Children's and Education Services. A new Director (Sukriti Sen) joined in August 2024, providing the opportunity to review services. It will identify areas of duplication to reduce costs and provide efficiencies, strengthening our work with partners further to provide better outcomes for children and families.

Update 5th February 2025
Specific service reviews have been completed or are in progress. A review of the Education management structure has been finalised which has re-aligned the areas of responsibility under the right management level. This was implemented from the beginning of February 2025. Staff are currently being consulted on the review of the new Emergency Duty Team (EDT) to be implemented in June 2025. IMPOWER, an External project team commenced in February 2025, to focus on children in care and deliver a number of interventions which improve outcomes for children and young people with the expectations that it will enhance outcomes for children and deliver savings and reduce costs. The project will be completed within six months.

Children and Education Services integrated workforce equates to 1,500 employees. Through the One Coventry Operating Model the service will review and ensure the best use of resources to remove any duplication of services and join up services across the Council. A review of job roles that are similar within services is also being undertaken to improve efficiencies and develop an integrated approach. A wider review of the Children and Education service will be undertaken after the ILACS Ofsted Inspection which is due this year.

Further details of specific impact on service users – children and young people and families and the workforce is unknown at this stage.

2. **Opportunities to focus targeted early help and intervention services to manage demand and enable intervention in families lives at the lowest levels possible.** (baseline data from Early Help review EIA August 2023)

Early Help Services in Coventry are delivered through a collaborative effort involving various agencies, organisations, and teams with the early help system, overseen by the Early Help Partnership.

In October 2023, a review of the early help services, led to the implementation of a new management and workforce structure. The Early Help Offer, is a city-wide system/network of services, agencies and teams supporting children, young people and their families (0-19 years and up to aged 24 if young adult has SEN). Support for those children and families identified in need of early help is provided via a single agency (RHRT2 – Right Help Right Time level 2)) or by means of targeted multiagency early help (RHRT3 – Right Help Right Time Level 3), mostly led by the Early Help practitioners based in Family Hub teams.

Working with families more intensively, utilising relational restorative practice approach, greater performance with sustained outcomes for more children and families can be achieved and in doing so reduce the number of children and families escalating into statutory intervention.
Update 5th February 2025
The new Children's Wellbeing and School Bill was published on 18 December 2024 and aims to change the law to better protect children and raise standards in education. Changes will ensure children can remain with their families by shifting the focus of the children's social care system to early support, support more children to live with kinship carers or in fostering families and fix the care market to tackle excessive profiting: putting children 's needs first. Key aspects of the reforms are the transitioning to a family help service and the introduction of Multi-Disciplinary Child Protection Teams. The reforms set out to rebalance the children's social care system to improve outcomes for children in care, care leavers and families. The changes will be implemented at pace, the service is working with the Department for Education to scope and understand this further.

The new threshold document 'Effective Support for Children and Families in Coventry' is being finalised with partners and will launch in April 2025.

3. **Maximisation of payment by results grant opportunities through Supporting Families programme.**

The target for Supporting Families claims is set each year. The recent government announcement stated that they have paused the payment by results for this year, to consider the future of the supported families programme. Therefore, Coventry was given the remaining allocation of the money 12th December 2024 for the period 2024/25. The service will still be required to evidence claims against targets for meeting the need of our most vulnerable children and families.

Formal notification of plans for 2025/26 are unknown at this stage, although it is anticipated that the funding will continue. If there is a cessation of the grant, then this will have a huge impact upon our early targeted intervention and our strategy to intervene in the lives of families at the lowest levels.

4. **Planned withdrawal from services upon the cessation of grant funded projects with drawn up exit plans**

There is a recognition that when applications for grant funding are made to the DfE which are time bound, there needs to be an exit strategy once the grant ends. These will form part of the consideration with regards to the viability of a bid before the applications are submitted.

The withdrawal of grant funded projects will be reviewed further to manage the impact of services/ service users in a planned way, though there may be a negative impact on those children and families who are no longer able to receive support through funded projects.

5. **Strengthened processes around children coming into care, placement decisions and funding**

The service will strengthen processes around children coming into care so that Strategic Leads will be the only ones responsible for making such an important decision. Strategic Leads will also have the oversight of panel processes and the follow through of decisions made.

A dip sample of new admissions to care was completed in the summer 2024. The purpose of the dip sample activity was to review the circumstances and decision making regarding new admissions to care due to a significant increase in the number of children and young people entering care during the period 1 May 2024 to 31 July 2024.

Children's Services performance data confirmed that between 1 May 2024 and 31 July 2024, 88 children and young people entered the care of the local authority, resulting in an average of 29.4 children or young people entering care each month. The report has identified recommendations to strengthen practice and processes but what was concluded is that the majority of those children and young people reviewed in the dip sample, most of them were appropriate.

Our plans to increase the number of Children's Residential homes will also support children and young people staying in Coventry, especially for our challenging young people. The proposed new homes will help to strengthen processes for children entering care, reducing the costs of placements in the future.

6. **Continued challenge of partners to provide equitable contributions including for care packages**

Children and Education Services will review and explore opportunities where it believes partners should be contributing more. Below are a few examples where we are pursuing this.

Historically Coventry Safeguarding Children's Partnership and Adult Board has been funded by the Local Authority, Police and the Integrated Care Board in disproportionate amounts. The LA paid 73% of the costs in 2023/24, ICB 19% and Police 8%. The service is working with partners to agree additional contributions from partners to ensure more equitable – requesting a three-way split to ensure children and young people receive the right help and support needed across the partnership.

In partnership with the ICB & Warwickshire County Council, the service has commissioned an independent review of existing joint policies and procedures, alongside the review of a number of children where there have been differing views of eligibility for Continuing Health Care. The aim is to improve joint working practices, agree eligibility criteria for assessments and to ensure a holistic response to meeting individual's needs. It is considered that this will result in the Council being able to access more funding for children with disabilities and complex needs from health on an ongoing basis.

Discussions have been held with the ICB and the Transformation Lead for Children and Young People's Mental Health Services, under Rise- managed by Coventry and Warwickshire Partnership Trust (CWPT), regarding an integrated model to support children and young people at risk of admission to tier 4, or A&E due to mental health and emotional wellbeing concerns. Representatives from the ICB & Warwickshire have visited the HOPE service based in Surrey, with the view to replicate a similar service in our area.

A pilot of the day/ crisis element of the service commenced in July 2024 and will run for 9 months, whilst further discussions continue to explore the use of Doe Bank Lane Childrens Home, to emulate the extended service run by HOPE.

Increased funding from the ICB via the independent review relies on the ICB accepting the outcome of the review and participating in further work to address the issues highlighted in the report, to ensure children and young people receive a consistent decision on eligibility and are not disadvantaged.

7. <u>Seek to maximise digital opportunities</u>

Coventry is continuing to experience challenging times which has changed the way services are provided and delivered. This has resulted in a greater need for creativity, commercialisation and working with partners to develop shared outcomes to deliver the Council's priorities through the One Coventry Plan and Coventry Transformation Plan which will transform delivery to improve the efficiency and effectiveness of services working differently to embrace new approaches and technology and encourage diversity at all levels.

There is a continuous drive to consider 'smarter ways of working' which will also ensure best value and the best outcomes for children and their families. Maximizing digital opportunities will have a positive impact on service users – to support children and young people and families access services more efficiently.

The full impact of the above proposals will not be known until full details are developed further and implemented.

2.2 On the basis of evidence, complete the table below to show what the potential impact is for each of the protected groups of <u>residents/service users</u>

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

Protected Characteristic	**Impact type** P, N, PN, NI, UI	**Nature of impact and any mitigations required**
Age 0-18	1. UI 2. PN 3. P 4. N 5. P 6. UI 7. UI	1. Unknown impact. 2. More children and families will benefit from the right support at the right time and interventions will be delivered in a timely way to improve their outcomes. For some children and families will need more than a low level of support. 3. More children and families receive support to services funded through funding streams. 4. Negative impact on families receiving services through funded grant where this is removed and offer not provided. 5. Children in care aged 10 –18, who have been identified as having emotional, behavioural difficulties, will be able to live in Coventry near to their families, friends and communities and received continuity of care and services. 6. Unknown Impact. 7. Unknown Impact.
Age 19-64	1. UI 2. PN 3. P 4. PN 5. P 6. P **7.**UI	1. Unknown impact. 2. More children and families will benefit from the right support at the right time and interventions will be delivered in a timely way to improve their outcomes. For some children and families will need more than a low level of support. 3. More children and families receive support to services funded through funding streams. 4. Positive impact for families receiving services through funded grant, negative impact on families where this is removed and offer not provided 5. Through the work of the Staying Close Project, care leavers will receive continuity of care and support from the same carers who looked after them until the age of 18. This supports a better transition into adult services. Additional jobs will be created within the city, recruiting carers that reflect the diversity of the children we care for and in the communities, they live in. 6. Unknown Impact. 7. Unknown Impact.
Age 65+	1. UI 2. NI 3. NI 4. NI 5. NI 6. NI **7. NI**	1. Unknown Impact. 2. No Impact. 3. No impact. 4. No impact. 5. No impact. 6. No impact. 7. No impact.
Disability	1. UI 2. UI 3. P 4. PN 5. P	1. Unknown Impact. 2. Unknow impact. 3. More children and families receive support to services funded through funding streams.

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	6. UI **7. UI**	4. Positive impact for families receiving services through funded grant, negative impact on families where this is removed and offer not provided 5. Children in care with a disability will have the opportunity to reside in Coventry close to family, friends, communities and support services. This ensures a continuity of care and support. 6. Unknown Impact. 7. Unknown Impact.
Gender reassignment	1. UI 2. UI 3. UI 4. UI 5. P 6. UI 7. UI	1. Unknown Impact. 2. Unknown Impact. 3. Unknown Impact. 4. Unknown Impact. 5. Those who wish to go through, or are going through gender reassignment, will be fully supported to do so. Remaining in Coventry City may reduce any disruption to services that can support with gender reassignment. 6. Unknown Impact. 7. Unknown Impact.
Pregnancy and maternity	1. UI 2. UI 3. UI 4. UI 5. NI 6. UI 7. UI	1. Unknown Impact 2. Unknown Impact 3. Unknown Impact 4. Unknown Impact 5. Unknown Impact 6. Unknown Impact 7. Unknown Impact
Race (Including: colour, nationality, citizenship ethnic or national origins)	1. UI 2. UI 3. UI 4. UI 5. P 6. UI 7. UI	1. Unknown Impact 2. Unknown Impact 3. Unknown Impact 4. Unknown Impact 5. Children from ethnically, racially and culturally diverse backgrounds will be able to stay connected to their families, friends and communities and will be able to continue to access places of worship, groups and support services. 6. Unknown Impact. 7. Unknown impact.
Religion and belief	1. UI 2. UI 3. UI 4. UI 5. P 6. UI 7. UI	1. Unknown Impact. 2. Unknown Impact. 3. Unknown Impact. 4. Unknown Impact. 5. Children are supported to practice the religion of their choice if they wish to do so. Carers support children to explore belief systems and understand the advantages and disadvantages to these. 6. Unknown Impact. 7. Unknown Impact.
Sex	1. UI 2. UI	1. Unknown Impact. 2. Unknown Impact.

	3. UI 4. UI 5. P 6. UI 7. UI	3. Unknown Impact. 4. Unknown Impact. 5. Homes are of mixed gender and children will be supported in relation to gender identity. 6. Unknown Impact. 7. Unknown Impact.
Sexual orientation	1. UI 2. UI 3. UI 4. UI 5. P 6. UN 7. UI	1. Unknown Impact 2. Unknown Impact 3. Unknown Impact 4. Unknown Impact 5. Carers support children to explore their sexual orientation if they wish to do so and they are supported in whatever choices they make in this respect. 6. Unknown Impact. 7. Unknown Impact.
Care-Experienced	1. UI 2. UI 3. UI 4. UI 5. P 6. UI 7. UI	1. Unknown Impact. 2. Unknown Impact. 3. Unknown Impact. 4. Unknown Impact. 5. Children in care will benefit from this proposal for strengthened processes around children coming into care, placement decisions and funding. 6. Unknown Impact. 7. Unknown Impact.

2.3 **Will there be any potential impacts in relation to health and/or digital inequalities?**
Please think about issues such as socio-economic groups, areas of deprivation etc

The council works with statutory partners including health, police and wider partners in the voluntary, community and social enterprise sector (VCSE) to provide to improve heath equity for children, young people and their families.

The council works in partnership with other services to promote sustainability of services.

Positive impacts

These proposals aim to utilise a proportionate universalism resource allocation. This approach enables the services to support families and give every child the best start in life to achieve their potential, providing support at the right time, which may also reduce future costly interventions. The proposals will enable the council to continue to provide cost effective and evidence-based interventions, to protect services and improve heath equity.

There is a bank of evidence which highlights the benefits and impact of early intervention across the system including social care, early years, education, health and employment outcomes. This is further evidenced from the research commissioned by the Association of Directors of Childrens Services Phase 9 of the Safeguarding Pressures published at the beginning of January 2025.

Children in care and children in care with a disability are a group that are known to be more likely to experience health inequalities. This proposal will:

- provide opportunities for children with disabilities and complex needs to have more access to homes to meet their needs and ensure continuity of care and support, improving health equity.
- provide the opportunity for person centred local care by providing local capacity for this cohort of children to reside in Coventry close to their family, social networks and community, and access local amenities, improving heath equity.

Negative impacts

A potential negative direct impact on potential staff job roles that are directly impacted by an organisational review, this also may potentially impact employees financially and may also impact their mental health and wellbeing.

A potential negative indirect impact on ceasing grant funded programmes once ended may lead to the ending of an intervention for children, young people and their families which supports the Marmot principles, impact groups of people more significantly who are known to face the biggest health inequalities, and experience barriers to accessing services. This potential unintended outcome may widen the gap if services are likely to end and the activities are no longer available.

Some or our children and young people may experience financial and skill barriers to accessing digital devices and data. Consideration should be given how we can ensure that we take action to prevent young people and families that do not access front line services and how they can access suitable digital resources (devices and data) in an equitable and culturally sensitive way to prevent potentially widening gaps.

Children and families, the service support may experience digital inequalities as they may not have access to digital technology, which could have an impact in relation to how they access support services.

3.0 Will there be any potential impacts on Council staff from protected groups? If yes complete the table below.
The below is Children's and Education Services workforce data.

Protected Characteristic	**Number of Employees impacted in percentage**	**Impact type** P, N, PN, NI, UI	**Nature of impact and any mitigations required**
Age16 -18	2.8%	**UI**	Impact not known.
Age 19-64	94.5%	**UI**	Impact not known.
Age 65+	2.7%	**UI**	Impact not known.
Disability	5.8%	**UI**	Impact not known.

Gender reassignment	Not known.	**UI**	Impact not known.
Pregnancy and maternity	Not known.	**UI**	Impact not known.
Race (Including: colour, nationality, citizenship ethnic or national origins)	White Eng/Welsh/Scot/Nr Irish/British: 57.9% Unknown: 9.4% Asian/Indian: 7.4% Black/African: 6.7% Other white background: 3.8% Black Caribbean: 1.9% Asian Pakistani: 1.9% Mixed white/Black Caribbean: 1.3% Mixed white Asian: 1.1% Asian Bangladeshi: 1.1% White Irish: 0.9% Other black background: Asian Chinese: 0.8% Other mixed background: 0.7% Arab: Less than 10 employees Mixed White/Black African: Less than 10 employees Other Ethnic Background: Less than 10 employees	**UI**	Impact not known.
Religion and belief	Christian: 34.4% No religion: 26.4% Unknown: 21.7% Muslim: 6.8% Prefer not to state: 3.9% Sikh: 3.1% Hindu: 1.9% Any other: 1.5% Buddhist: Less than 10 employees Jewish: Less than 10 employees	**UI**	Impact not known.
Sex	Female: 84.3% Male: 15.7%	**UI**	Impact not known.
Sexual orientation	Straight/Heterosexual: 69% Unknown: 23.6% Prefer not to say: 4.6% Gay or Lesbian: 1.5% Bisexual: 1.3% Prefer to self-describe: Less than 10 employees	**UI**	Impact not known.

4.0 How could you monitor and evaluate the effect of this proposal?

Each of 7 proposals above are in the early stage of development, more detailed EIA will be developed further at implementation stage. This will ensure the service examines potential impact of service users in a rigorous way. Separate EIA's will be completed for specific reviews within Children's and Education services.

5.0	**Action Planning**	
Issue Identified	**Planned Actions**	**Timeframe**
	An Action Plan has been developed and worked up to respond to the LGA peer challenge recommendations – actions and timeframes are being finalised.	Timeframes will be stated for each action – within the plan.
	A number of projects are in progress – with saving targets identified for 2024/25 – these are monitored through One Coventry Transformation Board monthly – as part of the MTFS proposals.	As per Transformation Board plan – all highlight reports – include target dates.

6.0 Completion Statement

The potential equality impact of this proposal is as follows:

No impact has been identified for one or more protected groups ☐
Positive impact has been identified for one or more protected groups ☐
Negative impact has been identified for one or more protected groups ☐
Both positive and negative impact has been identified for one or more protected groups ☐
The potential impact of all proposals 1-7 this proposal on protected groups is not yet known x☐

The potential impact of the proposals below remains unchanged following the consultation.

Division	Proposal	Initial Assessment	Initial Analysis
Children's	**An organisational review of children's and education services to ensure a joined-up approach and identification of potential financial efficiencies through rationalisation of senior managers.**	Impact unknown at this stage	The impact of this proposal is not yet known and will be revisited once the service has been reviewed, and further details are available to inform the potential impact on the workforce in Children's.
	Opportunities to focus targeted early help and intervention services to manage demand and enable intervention in families lives at the lowest levels possible.	Both positive and negative impact	More children and families will benefit from the right support at the right time, with interventions will be delivered in a timely way to improve their outcomes. However, vulnerable children and families needing targeted intervention that cannot

			be diverted to lower levels or universal services may be impacted.
	Maximisation of payment by results grant opportunities through Supporting Families Programme.	Positive	The service is not required to meet the 60% and above claims target this year in relation to the Supporting Families programme. This is positive for children and families as the support currently received will not be impacted.
	Planned withdrawal from services upon the cessation of grant funded projects with drawn up exit plans.	Negative	There may be a negative impact of this proposal on children and families who are no longer able to receive support through grant funded projects.
	Strengthened processes around children coming into care, placement decisions and funding.	Positive	The continuity of care and support through this proposal will positively impact children coming in to care and their transition into adulthood. There are also anticipated to be benefits to children with some protected characteristics within the cohort.
	Continued challenge of partners to provide equitable contributions including for care packages.	Impact unknown at this stage	The impact of this proposal is unknown at this stage and is dependent on partners accepting the outcomes of an independent review of multi-agency working practices, eligibility criteria and funding contributions
	Seek to maximise digital opportunities.	Impact unknown at this stage	The impact of this proposal is unknown at this stage until work is further developed on the use of digital technology, both corporately and specifically within the service

7.0 Approval

Name of Director: **Sukriti Sen**	**Date: 25.11.24** **Updated 5.2.25**
Name of Lead Elected Member: **Councillor Patricia Seaman**	**Date sent to Councillor: 02/12/24** **Post-consultation – 10/02/25**

BUDGET SETTING 2025-26
EQUALITY IMPACT ASSESSMENT (EIA)

Title of EIA – Policy Proposal		Organisational Design – Senior Management capacity
EIA Author	Name	Susanna Chilton
	Position	Director of People
	Date of completion	20th November 2024 UPDATED 03.02.25
Director	Name	Susanna Chilton
	Position	Director of People
Cabinet Member	Name	Cllr Richard Brown
	Portfolio	Resources

PLEASE REFER TO EIA GUIDANCE FOR ADVICE ON COMPLETING THIS FORM

SECTION 1 – Context & Background

1.1 In summary, what is the background to this proposal?

Work is being undertaken to introduce clear organisational design principles for the organisational structure so there is a logic and purpose. Starting with the introduction of standardised job titles, reviewing job descriptions as a consequence so these too are assimilated into an agreed format with common roles/similarities challenged,
this will impact on the wider hierarchical structure.
Specific Elements of the project are;
Engagement

- Co-design and inclusion
- Challenging status quo

Organisational Design

- Spans and Layers
- Grade rules
- Levels of authority
- Cost

Consistency and optimisation

- Job title consistency
- Optimisation of job descriptions
- Process mapping, including technological input.

Workforce planning

- Performance and Reward
- Team dynamic/succession planning
- Merging complementary teams
- Making structural adjustment/changes

This review will also consider where services are co-located to maximise the best outcomes and resident experience and combined with the need to generate savings will mean a reduction in senior manager roles.

SECTION 2 – Consideration of Impact

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

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

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

2.1 Baseline data and information

The employee data for the senior manager (including directors) below, shows that the male/female split is even, which is unusual for the council is female dominated.

In line with the wider authority most employees are aged 45 plus, but this also reflects Coventry's long service, average is 14 years.

Finally, 14% are from the global majority, this needs to be considered in the process, not end up being disproportionate in terms of a negative outcome, it is a priority area to increase the numbers of global majority employees in senior roles.

D&I Analysis Senior Managers (D1, D2, AD1, AD2, SM1, SM2, SM3)

Age Band	% Emps
16-24	0.00%
25-34	3.31%
35-44	27.27%
45-54	38.02%
55-64	28.93%
65+	2.48%

Disability	% Emps
No	83.47%
Prefer not to say	2.48%
Unknown	9.09%
Yes	4.96%

Ethnicity	% Emps
Minority Ethnic	14.05%
Prefer not to say	0.83%
Unknown	8.26%
White	76.86%

Legal Sex	% Emps
Female	49.59%
Male	50.41%

Religion	% Emps
Any other	0.83%
Buddhist	0.83%
Christian (all denominations)	43.80%
Hindu	0.83%
Jewish	0.83%
Muslim	0.83%
No Religion	25.62%
Prefer no to say	8.26%
Sikh	3.31%
Unknown	14.88%

Sexual Orientation	% Emps
LGBT+	1.65%
Prefer no to say	6.61%
Straight/Heterosexual	76.86%
Unknown	14.88%

Line management responsibilities and senior management posts.

As of 25 November 2024, there are 116* senior management posts (headcount) (Grades SM and above and excluding casual posts) with a total cost x.

The table below shows the historical trend (at 3 points in time) of the number of senior manager roles within the organisation.

	Oct-14	Oct-17	Aug-24
Senior Manager FTE (grades SM upwards)	77.4	59.8	111.7
Non Senior FTE	4,475.0	3,707.1	4,060.2
Proportion of Senior Mgt Grades to Non Senior Mgt	1.7%	1.6%	2.8%

The breakdown by senior management

Senior Management Breakdown

CX1	**1.0**	**1.0**	**1.0**
D1	**3.0**	**2.0**	**1.0**
D2	**0.0**	**3.0**	**8.6**
AD1	**2.0**	**1.0**	**2.0**
AD2	**14.0**	**9.0**	**13.0**
SM1	**12.0**	**9.0**	**22.5**
SM2	**35.4**	**26.0**	**49.8**
SM3	**10.0**	**8.8**	**13.8**
Total	**77.4**	**59.8**	**111.7**

The table above shows that the biggest increase has been in the number of SM1 and SM2 Posts.

2.2 On the basis of evidence, complete the table below to show what the potential impact is for each of the protected groups of <u>residents/service users</u>

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

Protected Characteristic	**Impact type** P, N, PN, NI, UI	**Nature of impact and any mitigations required**
Age 0-18		
Age 19-64		
Age 65+		
Disability		
Gender reassignment		
Pregnancy and maternity		
Race (Including: colour, nationality, citizenship ethnic or national origins)		
Religion and belief		
Sex		
Sexual orientation		

Care-Experienced		

2.3 Will there be any potential impacts in relation to health and/or digital inequalities? *Please think about issues such as socio-economic groups, areas of deprivation etc*

Health Inequalities Ensure a healthy living standard for all. This reorganisation is about ensuring there is a sustainable structure going forward, therefore enabling Coventry to continue being a good employer - still one of the largest in the city, plus approximately 70% of the council employees live in the city. The new sustainable structure that this will enable the council to continue to provide high-quality services to our residents that are value for money aligned to the council's strategic priorities Digital Inclusion yes - as the city council is their employer provides access to digital equipment and systems

3.0 Will there be any potential impacts on Council staff from protected groups? If yes complete the table below:

Protected Characteristic	**Number of Employees impacted**	**Impact type** P, N, PN, NI, UI	**Nature of impact and any mitigations required**
Age16 -18			
Age 19-64		**PN**	Both positive and negative impacts - The positive impact could be a positive for those who view the restructure as an opportunity to work in a different way/area/exit but the negative could be loss of organisational knowledge/skills. Potential to decrease the average age of the workforce. Consideration will need to be given for the organisational skill mix going forward, plan for knowledge handover, support for those moving or changing roles to give the greatest chance of success, enabling exit with grace. Mitigation: Support to those potentially and then subsequently actually impacted by the organisational design process. Consideration to anti-discrimination during the design so no unintended consequences and during the subsequent change process. Reasonable adjustment where appropriate, decisions made with inclusivity in mind. Dignity at all times in the process.

Age 65+		**PN**	Both positive and negative impacts - There are small numbers in this category, so consideration needs to be given to ensuring there is not a disproportional impact, reasonable adjustments are provided during a process and in a new role/function. Effective use of occupational health, personal adjustment passport should be used as appropriate. Employees with a disability are under reported within the council and this needs to be considered within the restructure process, many employees have not declared this data. Mitigation: Support to those potentially and then subsequently actually impacted by the organisational design process. Consideration to anti-discrimination during the design so no unintended consequences and during the subsequent change process. Reasonable adjustment where appropriate, decisions made with inclusivity in mind. Dignity at all times in the process.
Disability		**PN**	Both positive and negative impacts - There are small numbers in this category, so consideration needs to be given to ensuring there is not a disproportional impact, reasonable adjustments are provided during an process and in a new role/function. Effective use of occupational health, personal adjustment passport should be used as appropriate. Employees with a disability are under reported within the council and this needs to be considered within the restructure process, many employees have not declared this data Mitigation: Support to those potentially and then subsequently actually impacted by the organisational design process. Consideration to anti-discrimination during the design so no unintended consequences and during the subsequent change process. Reasonable adjustment where appropriate, decisions made with inclusivity in mind. Dignity at all times in the process.
Gender reassignment		**NI**	No impact - N/A
Pregnancy and maternity		**NI**	No impact - Under employment law, any pregnant employee or on maternity leave are protected within the process of change.
Race (Including: colour, nationality, citizenship ethnic or national origins)		**PN**	Both positive and negative impacts - The lack of diversity of the organisation at senior levels is an area of concern, so the issue of disproportional impact on this group needs to be considered, it may also be an opportunity to increase numbers. The change

			process must consider this aspect and ensure application is anti-discriminatory. Mitigation: Support to those potentially and then subsequently actually impacted by the organisational design process. Consideration to anti-discrimination during the design so no unintended consequences and during the subsequent change process. Reasonable adjustment where appropriate, decisions made with inclusivity in mind. Dignity at all times in the process.
Religion and belief		**NI**	No impact - Again the issue of disproportional impact on this group needs to be considered, the change process must consider this aspect and ensure application is anti-discriminatory.
Sex		**PN**	Both positive and negative impacts - The balance of male/female is even, important the process/consideration is gender neutral as research shows that men - white men are significantly overrepresented at a senior level. Mitigation: Support to those potentially and then subsequently actually impacted by the organisational design process. Consideration to anti-discrimination during the design so no unintended consequences and during the subsequent change process. Reasonable adjustment where appropriate, decisions made with inclusivity in mind. Dignity at all times in the process.
Sexual orientation		**PN**	Both positive and negative impacts - Again the issue of disproportional impact on this group needs to be considered, the change process must consider this aspect and ensure application is anti-discriminatory. Mitigation: Support to those potentially and then subsequently actually impacted by the organisational design process. Consideration to anti-discrimination during the design so no unintended consequences and during the subsequent change process. Reasonable adjustment where appropriate, decisions made with inclusivity in mind. Dignity at all times in the process.

4.0 How could you monitor and evaluate the effect of this proposal?

The EIA will need to be continually reviewed during the course of the process for accuracy, relevancy and to reflect any changed or new risks

5.0	**Action Planning**	
Issue Identified	**Planned Actions**	**Timeframe**

6.0 Completion Statement

The potential equality impact of this proposal is as follows:

No impact has been identified for one or more protected groups ☐
Positive impact has been identified for one or more protected groups ☐
Negative impact has been identified for one or more protected groups ☐
Both positive and negative impact has been identified for one or more protected groups ☐
The potential impact of this proposal on protected groups is not yet known ☐

7.0 Approval

Name of Director: **Susanna Chilton**	**Date: 21/11/2024 – reviewed 3/2/25**
Name of Lead Elected Member: **Richard Brown**	**Date sent to Councillor:** **02.12.24 / 10.02.25**

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BUDGET SETTING 2025-26
EQUALITY IMPACT ASSESSMENT (EIA)

Appendix 15

Title of EIA – Policy Proposal		**Increase in Bereavement Costs**
EIA Author	Name	**Sarah Elliott**
	Position	**Strategic Lead for Environmental Services**
	Date of completion	**22/11/2024** **Post-consultation update 04/02/2025**
Director	Name	**Andrew Walster**
	Position	**Director for City Services**
Cabinet Member	Name	**Patricia Hetherton**
	Portfolio	**City Services**

PLEASE REFER TO EIA GUIDANCE FOR ADVICE ON COMPLETING THIS FORM

SECTION 1 – Context & Background

1.1 In summary, what is the background to this proposal?

This proposal relates to a 5% increase to bereavement costs. By implementing this proposal Coventry City Council could generate up to £350,000 per year.

SECTION 2 – Consideration of Impact

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

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

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

2.1 Baseline data and information

After benchmarking completed for 2024/5 the November increase places us currently at top of the benchmarking group regards our cremation fees (this includes Birmingham, Wolverhampton and Solihull). Benchmarking is no longer a viable process regards our fees and charges as we are no longer comparable.

Nationally we are the most expensive Local Authority crematorium in the Country. (There are only 4 Crematoria with a higher cost than our which are all privately owned).

In the surrounding areas there are crematoria located in Yardley, Solihull, Rugby Nuneaton and work to build a crematorium is underway in Hinckley.

We carry out approx. 2600 cremations per year covering all denominations and religions including Hindu, Sikh, Christian, and non-religious services.

Bereavement Services currently supply approx. 50 Public Health Funerals for the provision of burial or cremation for deceased with no family or for those families who are unable to cover the costs of a funeral due to low income or being in poverty.

The data shows the increase applied for post cremation memorials (10% for the last 2 years) has resulted in a loss of income for 2 years running due to a reduction in memorial uptake.
The drop in income for memorialsation for 2023/24 & 24/25 is lower than pre pandemic times 2018/19 & 2019/20.

Impact

Bereavement Services increase fees and charges on an annual basis in November as per the industry norm. To apply a 2nd increase after 6 month of applying one on 1st Nov 2024 is unprecedented and will bring immediate negative response from our main stakeholders - Funeral Directors, bereaved families and ministers etc. Complaints may be generated at a local level by the Coventry Funeral Directors Guild. Given the City's position already in the pricing fro cremations there is a chance that this will also attract the attention of the National Association of Funeral Directors, providing a national profile for any negative reputational risk.

Negative comments and complaints regards our fees and charges have the potential to spread via social media, news features and local tv and radio as 'funeral poverty is a national topic at present and within the last five years the competition and markets authority have nationally investigated funeral costs. Coventry was required to be part of this enquiry.

Bereaved families / Funeral Directors and other stakeholders could raise the lack of choice and options for the availability of cremation within Coventry City stating the local authority has an unfair monopoly on the provision of cremation.

Funeral Directors and bereaved family could consider utilising neighbouring Authority crematoria as the potential to pay 'extra mileage costs' will be cheaper than the difference in the cost of cremation re the provision of Canley compared to B'Ham or Rugy crems etc. This will have a direct impact on income generated by the crematorium and also indirectly for the post cremation memorials budget.

If cremation services reduce as a result of families taking their loved ones to neighbouring Authority facilities as they are seen as more cost affective we will see a reduction in the number of ashes scattered in the Gardens which will have a negative impact on our income generated for the crematorium budget as well as we will see a reduction in the number of burial of ashes in the cemeteries which will reduce income generated for the cemeteries budget.

Analysis of the consultation feedback has shown that overall, respondents expressed concern about the increased financial pressures on bereaved families if this proposal is implemented. The assessment of potential equality impact has therefore remained as negative for this proposal.

Within the last two years the City Council has opened an in-house funeral director service to assist with the provision of funeral to everyone within the City, but with specific emphasis on helping to tackle funeral poverty. This service will be able to help residents that could be adversely affected by this proposal.

2.2 On the basis of evidence, complete the table below to show what the potential impact is for each of the protected groups of residents/service users

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

Protected Characteristic	Impact type P, N, PN, NI, UI	Nature of impact and any mitigations required
Age 0-18	**NI**	Childrens funerals and cremations remain free of charge for Coventry residents in these proposals.
Age 19-64	**N**	May be affected if increases in charges proves difficult to afford.
Age 65+	**N**	May be affected if increases in charges proves difficult to afford.
Disability	**UI**	
Gender reassignment	**UI**	
Pregnancy and maternity	**UI**	
Race (Including: colour, nationality, citizenship ethnic or national origins)	**UI**	
Religion and belief	**UI**	
Sex	**UI**	
Sexual orientation	**UI**	
Care-Experienced	**UI**	

2.3 **Will there be any potential impacts in relation to health and/or digital inequalities?**
Please think about issues such as socio-economic groups, areas of deprivation etc

Heath inequalities.
The data from the SunLife Cost of Dying Report 2024 highlights the impact on the wide of health for families paying for a loved one's funeral.

The cost-of-living crisis and the impact of paying for a funeral on our wellbeing

- Over 4 in 10 (44%) people say the cost-of-living crisis impacted how they organised and/or paid for the funeral.
- And for 1 in 4 (24%), paying for a funeral affects standard of living. 6% struggle to pay essential bills or rent, and 1 in 10 (10%) have to cut back on essential items such as food.

- Of those who experience notable financial difficulties when paying for the funeral, over 3 in 4 (76%) people say it impacted their mental health. And 67% say it impacted their physical health.

The data above highlights the direct impact on people and families paying for a funeral. This impact will be significant for households and families who are more likely to experience health inequalities, who are more likely to be receiving a low income, who could be impacted by price increases and be unable to meet the costs of burial/cremation, impact their health and wellbeing.

3.0 Will there be any potential impacts on Council staff from protected groups? If yes complete the table below:

Protected Characteristic	Number of Employees impacted	Impact type P, N, PN, NI, UI	Nature of impact and any mitigations required
Age16 -18		**NI**	
Age 19-64		**NI**	
Age 65+		**NI**	
Disability		**NI**	
Gender reassignment		**NI**	
Pregnancy and maternity		**NI**	
Race (Including: colour, nationality, citizenship ethnic or national origins)		**NI**	
Religion and belief		**NI**	
Sex		**NI**	
Sexual orientation		**NI**	

4.0 How could you monitor and evaluate the effect of this proposal?

The way the impact of this proposal will be monitored is through complaints and comments received during both the consultation exercise and if/once the change is implemented (if adopted).

5.0	**Action Planning**	
Issue Identified	**Planned Actions**	**Timeframe**

6.0 Completion Statement

The potential equality impact of this proposal is as follows:

No impact has been identified for one or more protected groups ☐
Positive impact has been identified for one or more protected groups ☐
Negative impact has been identified for one or more protected groups ☒
Both positive and negative impact has been identified for one or more protected groups ☐
The potential impact of this proposal on protected groups is not yet known ☐

7.0 Approval

Name of Director: Andrew Walster	**Date: 23rd November 2024** **Post-consultation approval: 11/02/25**
Name of Lead Elected Member: **Cllr P Hetherton**	**Date sent to Councillor:02/12/24** **Post-consultation approval: 11/02/25**

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