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Coventry City Council

Agenda

Cabinet

Time and Date

2.00 pm on Tuesday, 16th December, 2025

Place

Committee Room 3 - Council House, Coventry

Public business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes** (Pages 3 - 10)
 - (a) To agree the minutes from the meeting of Cabinet on 4th November 2025
 - (b) Matters arising
4. **Pre-Budget (Consultation) Report 2026/27** (Pages 11 - 34)
Report of the Director of Finance and Resources
5. **2025/26 Second Quarter Financial Monitoring Report (to September 2025)** (Pages 35 - 60)
Report of the Director of Finance and Resources
6. **Coventry Very Light Rail** (Pages 61 - 88)
Report of the Director of Innovation
7. **Highways Maintenance Contract - 2026** (Pages 89 - 96)
Report of the Interim Director of City Services
8. **Outstanding Issues**
There are no outstanding issues
9. **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, 8 December 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, B Christopher, G Hayre, S Nazir and D Toulson

By invitation:

Councillors J Gardiner, 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

Agenda Item 3

Coventry City Council Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 4 November 2025

Present:

Members:	Councillor G Duggins (Chair) Councillor L Bigham Councillor K Caan Councillor AS Khan (Deputy Chair) Councillor J O'Boyle Councillor P Hetherton Councillor R Brown Councillor K Sandhu
Non-Voting Deputy Cabinet Members:	Councillor S Agboola Councillor P Akhtar Councillor B Christopher Councillor S Nazir Councillor D Toulson
Non-Voting Opposition Members:	Councillor J Gardiner Councillor P Male Councillor E M Reeves Councillor G Ridley
Other Non-Voting Members:	Councillor R Lakha Councillor G Lloyd
Employees (by Directorate):	
Chief Executive	J Nugent (Chief Executive)
Children's and Education Services	S Sen (Director), A Whitrick
Communications	N Hart
Finance and Resources	B Hastie (Director)
Law and Governance	J Newman (Director), O Aremu, S Bennett, G Holmes
Planning and Performance	C Boden-Hatton (Director)
Apologies:	Councillors N Akhtar, G Hayre, L Kelly and P Seaman

Public Business

33. Declarations of Interest

There were no disclosable pecuniary interests.

34. Minutes

The Minutes of the meeting held on 30 September were agreed and signed as a true record.

There were no matters arising.

35. 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 40 below headed 'West Midlands Safe Centre' 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 and business 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.

36. Scrutiny Co-ordination Committee One Coventry Plan Deep Dive Recommendations

Cabinet considered a report of the Chief Executive which provided an update on the outcome of Deep Dive Investigations into the One Coventry Plan.

Following consideration of a report presented to Cabinet on 28 August 2025 (Minutes 18/25 refers), the Scrutiny Co-ordination Committee had undertaken Deep Dive Investigations into the performance reported against the Key Performance Indicators (KPIs) in the One Coventry Plan.

Five sessions were held in which Members of the Committee questioned in detail the Cabinet Members and officers responsible for those areas where performance had not met targets. The details of the deep dive sessions, including the KPIs discussed and recommendations for Cabinet on specific KPIs were set out in Appendix 1 of the report submitted. These included recommendations for relevant Scrutiny Body's in respect of the following areas:

- Hot-Streets Analysis
- Young Justice
- Child Poverty Systemic Approach
- Consider the number of jobs created by sector
- Collection agency performance data on third-party collection agencies, including their success rates
- Ensuring that each Scrutiny Board reviews performance on the relevant KPIs on an annual basis as part of the One Coventry Plan review process:

Cabinet welcomed the work undertaken by the Scrutiny Co-ordination Committee and thanked the Chair of the Committee, Councillor G Lloyd, Members of the Committee and officers for their work in this regard.

RESOLVED that Cabinet approve:

- 1) That all One Coventry Plan Key Performance Indicators (KPI's) are reviewed as part of the reporting process by Cabinet and Scrutiny to ensure relevance as the Council goes through service re-design and change.
- 2) That KPI's are measurable and/or can demonstrate service improvements.
- 3) That KPI's reported in the One Coventry Plan are designated as either being national indicators or locally determined.
- 4) That where data isn't available on an annual basis, the frequency of the data is identified and reported accordingly.
- 5) That consideration be given to the potential discord between targets to protect green and blue spaces and targets to build houses, and whether there are any other targets that could potentially be contradictory.
- 6) That all Council Strategies and One Coventry Plan KPI's are cross-referenced and aligned.
- 7) That each Scrutiny body reviews performance on the Key Performance Indicators (KPI's) related to their remit on an annual basis as part of the One Coventry Plan review process.
- 8) That recognition is given where performance targets have been achieved, and that this is celebrated.
- 9) That the specific KPI's identified in Sections 1-16 of the Appendix to the report are reviewed alongside Scrutiny Co-ordination Committee's comments and suggestions.

37. **West Midlands Safe Centre**

Cabinet considered a report of the Director of Children's and Education Services which set out the progress made so far and sought Cabinet approval to move forward with Coventry City Council being a party to the delivery of the West Midlands Safe Centre project (West Midlands Safe Centre).

A corresponding private report, detailing confidential financial matters, was also submitted for consideration (Minute 40 below refers).

The report indicated that secure children's homes care for some of the most vulnerable young people in society with the most complex needs. They are safe

settings for children whose liberty is legally restricted, where they can be supported through trauma aware and psychologically informed integrated care, health and educational services.

Children are admitted to secure children's homes through one of two pathways: those subject to criminal proceedings for their offending behaviour, but who are usually managed within the youth justice secure estate; and those subject to public law welfare proceedings who are deemed to pose a significant risk to themselves and or others. The facility being planned here is for the latter, welfare cases only.

Children placed in secure children's homes are likely to have experienced a number of placements that have broken down, missed a lot of education, have unmet emotional and physical health needs and have suffered a great deal of trauma in their lives. There is a national shortage of secure placements for these vulnerable children. The West Midlands currently has no dedicated regional provision creating pressure on the existing secure estate.

In recognition of the national shortage the DfE opened up bids to LA's in 2019 to provide funding to develop this resource across the country. 14 West Midlands Local Authorities, including Coventry City Council, came together to enter a bid to develop a West Midlands resource formally called "The Safe Centre". The proposed West Midlands Safe Centre will be the first regionally owned secure children's home in the country, providing 20 secure welfare beds and high-quality care, health and education to local children.

The report indicated that the risks involved in running and investing in the West Midlands Safe Centre were deemed too great for any one local authority to bear individually. Subject to approval through each local authority's governance processes and the proposed Partnership Agreement, a separate legal entity in the form of a Special Purpose Vehicle (SPV) will be created for the West Midlands Safe Centre to operate and manage the secure welfare provision on behalf of the 14 local authorities/Children's Trusts.

The key benefits of the West Midlands Safe Centre project were set out in the private element of this report, and include:

- Ensuring the most vulnerable children are able to access secure care within the West Midlands and reducing delays in this care being available when they need it
- Significant investment in the West Midlands region, including a range of job opportunities
- Reduced risks of high-cost unregulated provision
- Reduce significant oncosts linked to travel and professionals' time
- Support families to engage in reunification and maintain relationships through family time
- Enable a planned transition back to Coventry through 'mobility' and ongoing outreach support once the child has moved on.

Further details on design and build, the project governance arrangements and how the Safe Centre will operate were contained in a Business Case attached as an appendix to the private report.

RESOLVED that Cabinet, (subject to the completion of all necessary due diligence work and following consideration of the additional confidential information contained in the corresponding private report):

- 1) Endorse the development of the West Midlands Safe Centre as set out in the business case that has been submitted to the Department for Education (DfE) and appended at Appendix 1 of the corresponding private report.**
- 2) Endorse the proposed legal formation of a Special Purpose Vehicle (SPV) as set out in this report.**
- 3) Approve the arrangements for Coventry City Council to join the SPV and be part of a formal partnership for governance of the West Midlands Safe Centre with other West Midlands local authorities.**
- 4) Agree that further Cabinet approval would be required for Coventry City Council to continue to participate in the Partnership Agreement at a revised risk / reward share if insufficient local authority members sign up and the share tolerance as set out in the corresponding private report was exceeded.**
- 5) Approve in principle the proposed procurement and property arrangements for the operation of the West Midlands Safe Centre.**
- 6) Delegate authority to the Director of Children's and Education Services, following consultation with the Director of Finance and Resources and the Director of Law & Governance, to undertake the following:**
 - a) Complete the necessary due diligence required including but not limited to legal and tax due diligence arrangements; and**
 - b) Thereafter to complete all necessary documents to give effect to the above recommendations. The delegation shall also include the power to do anything necessary, incidental or ancillary for the carrying into effect the recommendations set out in this report.**

38. Outstanding Issues

There were no outstanding issues.

39. Any Other Items of Urgent Public Business

There were no other items of urgent public business.

40. West Midlands Safe Centre

Further to Minute 37 above, Cabinet considered a private report of the Director of Children's and Education Services which set out the commercially confidential matters relating to the West Midlands Safe Centre.

RESOLVED that (subject to the completion of all necessary due diligence work and following consideration of the corresponding public report) Cabinet:

- 1) Endorse the development of the West Midlands Safe Centre as set out in the business case that has been submitted to the Department for Education (DfE) and appended at Appendix 1 of this report.
- 2) Endorse the proposed legal formation of a Special Purpose Vehicle (SPV) as set out at paragraphs 1.15 to 1.21 of this report.
- 3) Approve the arrangements for Coventry City Council to join the SPV on an equal share basis and be part of a formal partnership for governance of the West Midlands Safe Centre with other West Midlands local authorities.
- 4) Agree that further Cabinet approval would be required for Coventry City Council to continue to participate in the Partnership Agreement at a revised share if insufficient local authority members signed up and the share tolerance as indicated in the report was exceeded, as set out in Annex 8 of Appendix 3 of this report.
- 5) Approve in principle the proposed procurement and property arrangement set out at paragraphs 1.22 to 1.44 of this report for the operation of the West Midlands Safe Centre.
- 6) Delegate authority to the Director of Children's and Education Services, following consultation with the Director of Finance and Resources and the Director of Law & Governance, to undertake the following:
 - a) Complete the necessary due diligence required including but not limited to legal and tax due diligence arrangements; and
 - b) Thereafter to complete all necessary documents to give effect to the above recommendations. The delegation shall also include the power to do anything necessary, incidental or ancillary for the carrying into effect the recommendations set out in this report.

41. Any Other Items of Urgent Private Business

There were no other items of urgent private business.

(Meeting finished at 2.30pm)

Chair _____

Date _____

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Cabinet

16 December 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)

Wards affected:

City-wide

Title:

Pre-Budget Consultation 2026/27

Is this a key decision?

Yes - Cabinet is being recommended to note the situation regarding the Government's funding settlement for 2026/27 and future years following the Fair Funding review, and approve, as a basis for consultation, the potential Council Tax levels for 2026/27 and the policy themes for potential investment in services

Executive Summary:

The Council's financial plans are heavily dependent on the allocation of Government grant resources, Government decisions which dictate councils' tax-based income streams and the significant pressures seen primarily in social care in recent years. Following significant sector lobbying, including ourselves and the wider West Midlands, the Government consulted during 2025 on a set of 'Fair Funding' proposals intended to reform the distribution of resources on a more equitable basis.

The implication of the proposals is expected to be positive for Coventry, however until such time as the provisional settlement is provided, we are not able to accurately estimate the level of additional resources which the Council will benefit from. The Government are urging Council's to wait for the Provisional settlement, which is expected to be published in late December, after the date of this report. Once received, it will provide a stronger indication of the likely position for the year ahead and two subsequent years.

There are no service cost reduction options contained in this report, contrary to the custom of recent years. However, section 2.5 of the report discusses policy priority themes for potential

investment in services to further the achievement of the priorities as set out in the One Coventry Plan. This report seeks approval to formally consult on these themes, the views of stakeholders from which will be reflected in the proposals in the final Budget Report in February 2026.

The report also seeks approval to consult on the potential level of Council Tax and Adult Social Care Precept increases for 2025/26.

A Medium-Term Financial Strategy (MTFS) is intended to be presented alongside the final Budget Report in February 2026. In addition to an updated 3-year funding position, this will include the current financial context facing the Council in relation to a continued impact of a higher than planned inflationary environment, together with the ongoing difficult market conditions faced within both adults and children's social care.

The report also details a minor change to the Council's Council Tax Support scheme with an associated Equality Impact Assessment included at Appendix 1 to the report

Also included is an indication of the Council's prospective Capital Programme for 2026/27 based on current knowledge. This will be updated in the February 2026 Budget Report, reflecting the most up to date programme information available. The draft programme is based overwhelmingly on pre-existing decisions and patterns of expenditure.

Recommendations:

Cabinet is requested to:

- 1) Note the position with regard to the Government's funding settlement.
- 2) Approve the Capital Programme proposals in sections 2.6 to 2.8 of the report.
- 3) Approve as a basis of consultation for a six-week period, the contents of this report as set out in section 1 and 2.
- 4) Approve a six-week public consultation period to commence on 17th December 2025 on proposed (minor) amendments to the council tax support scheme as detailed in the report and Appendix 1 in accordance with The Local Government Finance Act 1992 (as substituted by the 2012 Act).

List of Appendices included:

Appendix 1 – Equality Impact Assessment on proposed changes to the Council Tax Support Scheme

Background papers:

None

Other useful documents

None

Has it been or will it be considered by Scrutiny?

Yes – Finance and Corporate Services Scrutiny Board (1) on 14 January 2026 will consider this as part of the formal consultation process

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

No

Will this report go to Council?

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

Report title: Pre-Budget Consultation 2026/27

1. Context (or background)

- 1.1 The Government's Autumn Statement together with the Chancellors Budget on 26 November 2025 indicate that overall Local Government resources are broadly in line with those announced at the Comprehensive Spending Review (CSR) in June 2025
- 1.2 At the time of writing the Council is still awaiting the 2026/27 Provisional Local Government Finance Settlement which will confirm the funding envelope within which the Council will need to operate next year and the two subsequent years, subject to decisions around Council Tax levels.
- 1.3 The Government have during 2025 consulted stakeholders on a set of proposals (called 'Fair Funding') intended to reform the distribution of government resources on a more equitable (relative) needs basis. Whilst the implication of the proposals is expected to be positive for Coventry, until such time as the provisional settlement is provided, we are not yet able to accurately estimate the level of additional resources which the Council will benefit from.
- 1.4 The Provisional Settlement will be received later this month, followed by a final settlement announcement in late January 2026. The starting point of the 2026/27 Budget process, following setting of the 2025/26 Budget was an initial financial gap for 2026/27 of £3m, rising to c£10m the following year. These figures did reflect assumptions about future resources and expenditure projections at that time.
- 1.5 In the period since February 2025 however, work has been undertaken to update the assumptions that underpin this position to reflect a more up to date position. The absence of a firm Government funding settlement position, however, leaves us with a range of possible outcomes such that an accurate indicative position cannot be presented as normal in time for this pre budget report.
- 1.6 Prior to setting the final Budget in February 2026, the Council will be required by law to establish the Council Tax and Business Rates tax-bases for 2026/27 and declare projected deficits or surpluses from previous years. These will be presented for approval in the final Budget Report following the proposed consultation period.
- 1.7 Fundamental to the Council's overall financial approach is its commitment to protect the most vulnerable citizens and to deliver a range of core services to everyone in the city. This has become increasingly difficult in recent years as a result of lower real term resources which have not reflected rises in demand or demographics since 2010. Coventry, as a growing and relatively deprived City has been disadvantaged by the current (outgoing) system which does not reflect need and has a lower 'core spending power' than the national average of £46 per person, or £17m. (Core spending power is the totality of Government resources together with local taxation raised)
- 1.8 In addition, rising prices and their impact on the cost of living over the past few years has continued to place constraints and pressure on some aspects of Council services. Whilst this has eased in the last 12 months, averaging 3.75% for the last 4 months, it is not reducing as quickly as had been forecast and is still well above the Bank of England's 2% target. As a result, both pay and non-pay inflation will be higher than previously budgeted.

1.9 At this point, for the 26/27 financial year, there are a number of financial scenarios until such time as there is greater certainty around the impact of the funding reform. This together with all other estimated changes to the previously approved Budget position will be set out in detail for approval in the final budget report in February 2026.

1.10 No new cost reduction options have been sought or therefore included in this pre budget report. Sector intelligence regarding funding reform thus far suggests that there is a likelihood that some policy investment will be possible. Therefore, section 2.5 of the report identifies themes for potential investment based on data derived from both the public engagement on Council priorities and a review of Council Key Performance Indicator performance.

1.12 This report proposes that the consultation is carried out on the basis that the Council will increase Council Tax levels by just under 5%, the maximum amount allowable without triggering a referendum. This is made up of a 2% Adult Social Care Precept and an increase of 3% for other expenditure. It is possible that increases in the Police and Fire precepts could result in a total Council Tax rise above 5%.

1.13 Additionally, stakeholder views are also sought as part of the proposed consultation process on the potential areas for service investment as described in section 2.5 of the report.

1.14 Proposed change to the Council Tax Support scheme also require consultation and this consultation will run in parallel with the wider budget consultation.

2. Options considered and recommended proposal

2.1 The remainder of the report outlines the potential financial implications facing the Council and the policy themes put forward for consultation.

Resources & Technical Savings

2.2 The Council started the 2026/27 Budget process with a shortfall of £3m rising in subsequent years. Overall resources include the Government settlement, amounts in relation to Council Tax and Business Rates and several specific grants. Movements in this category once finalised will include the following:

- Expected benefits to Coventry resulting from the Fair Funding reform of local government funding. It is expected that most Specific Grants previously identified separately in 'Core Spending Power' will be rolled into the new needs-based approach and distributed as a whole
- Additional resources from the proposed combined increase in Council Tax and Adult Social Care precept of 5%
- Extended Producer Responsibility. Sitting outside of Core Spending Power, this reflects resources introduced by the Government from 2025/26 for all waste disposal authorities. This transfers the liability of disposal costs to the manufacturers (producers) of waste to incentivise waste reduction. Waste disposal costs are already factored into the Council's baseline position, so compensation through the EPR scheme has resulted in a saving. We have now received an update from the

scheme administrator informing the Council of the expected compensation in respect of 2026/27.

- There will also be technical service savings, the most significant relating to employers' pension fund contributions. We have recently been informed by the West Midlands Pension Fund of a significant reduction in the Local Government Pension Scheme employers' contribution, reflecting an estimated surplus to be announced as part of the current actuarial triennial review to take effect from April 2026. This reduction is expected to save the Council £7m - £8m per year over the next 3 years and potentially longer.

2.3 Whilst it is expected that the items in section 2.2 above will be positive, a number of expenditure and income pressures continue to provide financial challenges. The most significant of these individual pressures are outlined below:

- Prevailing inflation rates appear to be stubbornly remaining at 3.6%, well above the Bank of England's 2% target. Together with the fact that the Council has faced the impact of extremely high inflation between 2022 and 2024, the impact on both pay and non-pay related costs has been and continues to be material. It also includes the effect of inflation on a range of its externally procured costs and services.
- Children's Services is again seeing significant increases in the average unit cost of placements for looked after children, partly due to pay costs but also due to a lack of sufficiency in the market to meet the complex needs of young people in care. This continues to be a local, regional and national issue.
- Adults Social Care is also experiencing significant increases in expenditure due to growth in the number of care packages across most areas as well as increased complexity. These costs are also directly affected materially by expected increases in the National Living Wage.

2.4 Depending on the settlement announcement and above expenditure pressures, we would expect that a degree of flexibility will exist for members to consider opportunities to invest in some key services to improve outcomes for the City as part of the decisions required for the final budget setting in February 2026. These are discussed further in section 2.5 below.

2.5 Policy Themes

As stated earlier in the report, there are varying financial scenarios dependent on the outcome of the Governments settlement later this month.

An optimistic outcome would provide an opportunity for members to consider and approve some level of policy priority investment. As part of the pre-budget engagement which was carried out in September/October 2025, the household survey, and a review of performance of the Council, the following key themes were deemed to be of the greatest priority and benefit for the Communities in the City:

- Keeping people safe - crime, clean, well lit, city centre improvements
- Anti-social behaviour – fly tipping
- Local environments – deprived neighbourhoods
- Protecting vulnerable people – child poverty

- Good jobs, investment and prosperity – NEET, youth unemployment, education achievement
- Helping people to manage – bills, energy, to help themselves
- Roads and pavements – conditions and safety

The report is recommending approval of these themes for public consultation to inform potential investment.

Capital

2.6 The Council has a draft 5-year capital programme which totals nearly £455 million based on approved decisions and expected resource allocations. Of this, nearly £179m is currently cash-flowed for 2026/27 taking into account an updated position for 2025/26.

2.7 The main components of the Council's provisional programme are set out below with the figures quoted representing the projected sums earmarked currently for 2026/27. The five-year programme and an updated cash-flow position will be included in February's final Budget Report. The Programme includes:

- Continued delivery of Coventry Very Light Rail (CVLR). CVLR has been allocated a further £12.3m from the City Region Sustainable Transport Settlement (CRSTS) programme for Stage Gate 3a, the preparation to construct City Centre Demonstrator (CCD) and full implementation of City Centre Traffic Management Plan (CCTMP).
- A strategic transportation programme in excess of £30m incorporating the CRSTS and Active Travel Integrated Settlement programme, to deliver City Centre Cycleway, Tile Hill Station Park and Ride improvement scheme and Coventry South Sustainable Transport Package.
- Ongoing capital programme to deliver the West Midlands Investment Zone, an advanced manufacturing area to increase the economic prosperity of the city and region.
- City Centre Regeneration investment in excess of £40m continuing to take forward City Centre South plans.
- Continued investment in the region of £30m to deliver the school's capital works including provision for the expansion of secondary places under their One Strategic Plan along with the completion of the new SEND school at Woodlands.
- Continued investment in Adult and Children's Social Care in the form of Disabled Facilities and £5.5m in the completion of the Residential Children's Strategy along with the programme of vehicle replacement and ICT.

2.8 The draft programme will be subject to change between now and February 2026. It is important to be aware that some of the schemes involve a complex mix of funding sources, multi-partner delivery arrangements and challenging planning, technical and approval requirements that do not always lend themselves to smooth project delivery progress and could therefore require reprofiling. In overall terms, given the large amount of externally funded and driven proposals within the Council's Capital Programme, it is very likely that a fair degree of flux will continue to be experienced in its cash-flow over the next few years.

Council Tax Support Scheme - amendments

2.9 It is proposed that the Council's Council Tax Support scheme is amended to provide additional support for recipients who face unavoidable council tax liability for two homes in the following circumstances:

- They have left their original home through fear of violence, or
- Changes for disabled people are being made in their new home, like a wet bathroom or stairlift
- They have moved and have an unavoidable liability to pay council tax for both their original home and new home

This proposal would mean that where a person is liable for council tax at their original home, at the same time as being liable at their new home, in the above circumstances they can claim CTS at both addresses for a temporary period, appropriate to the situation.

Appendix 1 to the report sets out the equalities impact of these proposed changes.

3. Results of consultation undertaken

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

4. Timetable for implementing this decision

4.1 Following a public consultation period, full Council will consider the final budget proposals in February 2026 to be implemented from 1st April 2026.

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

5.1 Financial implications

Following the outcome of the fair funding review set out in the Autumn Statement 2025, the Council's financial circumstances for 2026/27 and beyond will be clarified by the detail that will be set out in the forthcoming Provisional Settlement later this month

It is expected that Coventry will benefit from the redistribution of Funding on a fairer 'needs' basis through the funding reform, however continued strong action is still required in order to ensure financial stability.

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

The Council's Medium Term Financial Strategy (MTFS) will be reported to Cabinet along with the final Budget Report in February 2026. It will provide greater coverage of the Council's approach to financial planning and addressing current issues. These continue to be difficult times for local authorities and although the Council is likely to be able to identify a balanced position for 2026/27, there is a risk in future years. Funding reform will provide a multi-year approach to funding announcements and allocations, such that this will provide greater medium-term clarity.

In the period between now and February 2026, the Council will continually update its forecasts to reflect the Local Government Finance Settlement, service pressures and technical savings.

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

5.2 Legal Implications

Budget Policy Proposals

The proposals in this report are designed to facilitate the Council's statutory obligations in relation to setting a balanced 2026/27 budget by mid-March 2026. This includes the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place. Section 31A of the Local Government Finance Act 1992 and Section 25 of the Local Government Act 2003 refer.

Council Tax Support Scheme

The Local Government Finance Act 1992 as amended includes a requirement for the Council to adopt any revisions to its local Council Tax Support scheme by 11 March of the year in which changes are to be implemented. Failure to do so would result in the Council having to maintain the scheme currently in place.

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

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

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

These items are all included in the proposed revised schemes.

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

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

6. Other implications

6.1 How will this contribute to the One Coventry Plan

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

The Council, in common with all local authorities, will continue to be faced with challenging resource constraints relative to expenditure pressures, although the precise nature and trajectory of this are not yet clear. The Pre-Budget position is presented within the context of the existing Medium Term Financial Strategy, which is aligned with the priorities set out for the City within the One Coventry Plan. In this way Pre-Budget proposals are aligned to existing policy priorities.

6.2 How is risk being managed?

The inability to deliver a balanced budget is one of the Council's key corporate risks. The proposals within this report are aimed directly at trying to mitigate this risk. The new pressures and eventual resourcing position that will be included in the Council's bottom line budget position will be governed robustly to ensure there is no significant risk of non-achievement. Once the impact of the new funding regime has been announced, including the multi-year impact on future years, any indicative budget gaps for future years will be better understood, together with the need to be addressed as part of the future years budget setting processes.

6.3 What is the impact on the organisation?

The opening position from 2026/27 assumes all previously approved savings targets are delivered in full. These will be managed carefully as part of robust governance arrangements as they are implemented, to manage the risk of non-achievement.

6.4 Equalities / EIA

Policy Themes

It has not been possible to measure equalities impact at this pre-budget stage as further information on potential impact on protected groups, from the consultation period, is required. A full cumulative impact report will be produced ahead of the final Budget setting report in early 2026, with more detailed analysis on the likely equalities impact of the final proposals. This will be based on equality impact assessments completed for each of the proposals.

Council Tax Support Scheme

An equality impact assessment (EIA) has been carried out to understand the likely impact of implementing the recommendations relating to the Council Tax Support Scheme. This EIA can be found in Appendix 1 to the report.

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

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

6.6 Implications for partner organisations?

With regard to the Council Tax Support scheme amendments, there are minor implications for major precepting authorities, and the Council has initiated consultation with West Midlands Police, West Midlands Combined Authority and the West Midlands Fire and Civil Defence Authority in this respect

Report author:

Name and job title:

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Head of Finance

Directorate:

Finance and Resources

Email contact:

Phil.helm@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Law and Governance	3/12/25	3/12/25
Sunny Singh Heer	Lead Accountant	Finance and Resources	25/11/25	27/11/25
Barrie Strain	Head of Revenue & Benefits	Finance and Resources	25/11/25	1/12/25
Jaspal Mann	Strategic Lead EDI	Public Health and Wellbeing	25/11/25	27/11/25
Tina Pinks	Corporate Finance Manager	Finance and Resources	3/12/25	3/12/25
Names of approvers for submission: (officers & members)				
Barry Hastie	Director of Finance and Resources (s151 Officer)	-	3/12/25	4/12/25
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	3/12/25	4/12/25
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	5/12/25	8/12/25

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Title of EIA		Council Tax Support Scheme 2026/2027
EIA Author	Name	L Sharma
	Position	Benefits Subsidy and Policy Lead
	Date of completion	December 2025
Head of Service	Name	B Strain
	Position	Head of Revenues and Benefits
Cabinet Member	Name	Cllr R Brown
	Portfolio	Strategic Finance and Resources

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

SECTION 1 – Context & Background

1.1 Please tick one of the following options:

This EIA is being carried out on:

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

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

The Council Tax Support (CTS) scheme for working age households is a means-tested discount that helps households on low incomes pay their council tax bill. The level of support given depends on the income and household circumstances that may affect how much a household can pay.

The proposals would take effect from 1 April 2026.

The customer will not need to claim this additional temporary support through a separate channel, as eligibility will be checked and applied when the customer tells the Benefits Service of their change in circumstance.

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

Proposed change – Council Tax Support temporarily for two homes

COVENTRY CITY COUNCIL - EQUALITY IMPACT ASSESSMENT (EIA) 2025

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

- They have left their original home through fear of violence, or
- Changes for disabled people are being made in their new home, like a wet bathroom or stairlift, or
- They have moved within the last four weeks and have an unavoidable liability to pay council tax for both their original home and new home

This proposal would mean that where a person is liable for council tax at their original home, at the same time as being liable at their new home, in the above circumstances they can claim CTS at both addresses for a temporary period, appropriate to the situation.

Impact:

The impact of the temporary additional support will be that the person is less likely to fall into council tax arrears at one or both of those properties. Eligible customers would receive the additional temporary support and less likely to miss out due to lack of awareness.

The impact on the CTS expenditure would not be an unmanageable cost as the numbers involved are small, approximately less than 100 people per year, based on modelling from a previous year's data.

Public Engagement

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

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

- information through a Let's Talk page on the Council's website
- phone support, if requested
- information in an alternative language, if requested
- feedback through a short survey

This is not an exhaustive list.

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

- Coventry residents
- Benefits Service
- Financial Management
- Legal Services
- Council Tax collection and enforcement teams
- Public Health Insight team
- Advice agencies and third sector organisations
- Social landlords



COVENTRY CITY COUNCIL - EQUALITY IMPACT ASSESSMENT (EIA) 2025

- Precepting authorities
- Policy in Practice
- Airey Consultancy Service Ltd

1.4 Who will be responsible for implementing the findings of this EIA?

B Strain, Head of Revenues and Benefits

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

Data Sources to consider are:

- Previous research - consultation or EIAs carried out
- Customer feedback - including complaints, comments, surveys
- Employee feedback - including surveys, workforce monitoring, trade unions
- Specialist feedback - including focus groups, technical experts, subject specialists
- Feedback from organisations - such as those representing target groups
- National and local statistics –
 - National guidance or legislative requirements
 - Census data
 - Audit information
 - JSNA
 - Public health profiles
 - LG inform
 - Census
 - Office for National Statistics
 - Facts about Coventry
 - Breakdown of Coventry by Protected Characteristic
 - Armed Forces Veteran Data

Where possible, when you are analysing the data please try and break the data down by protected characteristic and additional groups.

2.1 Baseline data and information to include data

APPENDIX 1

COVENTRY CITY COUNCIL - EQUALITY IMPACT ASSESSMENT (EIA) 2025

Please include a summary of data analysis below, using both your own service level management information. Where possible, compare your data to local data using: Facts about Coventry; Census 2021; JSNA etc

In Coventry, Council Tax Support is currently awarded to approximately 17,600 working age households (aged 18 to 65).

Of this, approximately:

18% of customers have identified as being disabled.

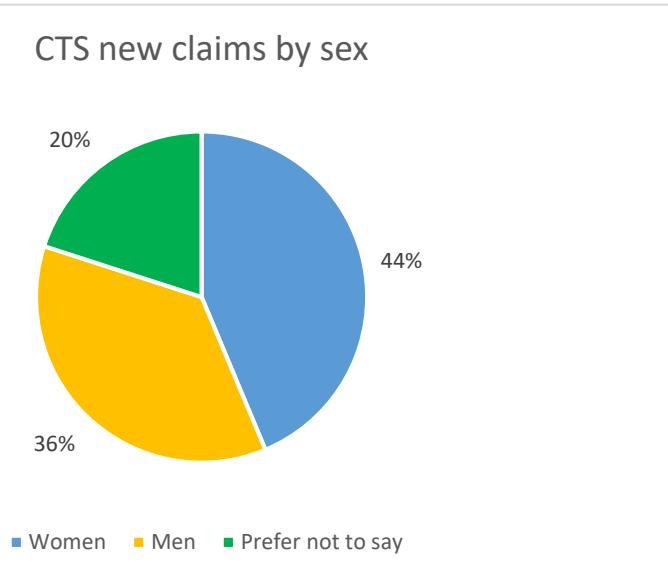
44% of customers are women and 36% are men.

Over 2/3rd of CTS new claims, are received from working age people

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

- Marriage and Civil Partnership
- Pregnancy or maternity
- Religion and Belief
- Sexual orientation

CTS new claims by sex



The proposed change would positively impact both women and men because they can temporarily be awarded Council Tax Support on two homes, if they meet any of the qualifying criteria.

Although, in respect of CTS on two homes for people who have left their original home through fear of violence, this is more prevalent among women. For example, a government report published this year, focussed on violence against women and girls in 2025. It shows that in the year ending March 2024, over 1.2 million women and over 550,000 men between the ages of 16 and 59 are estimated to have been victims of domestic abuse.



COVENTRY CITY COUNCIL - EQUALITY IMPACT ASSESSMENT (EIA) 2025

Estimated number of domestic abuse victims between the ages of 16 and 59

England and Wales, millions



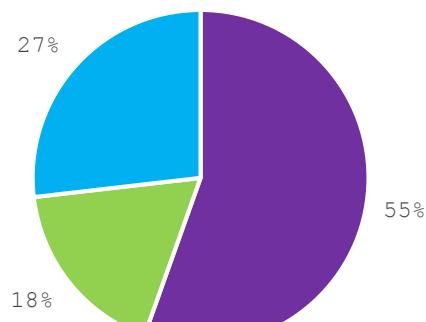
Source: UK Parliament Insight, 27 May 2025, Violence against women and girls in 2025.

Available at: <https://commonslibrary.parliament.uk/violence-against-women-and-girls-in-2025/>
(Accessed: 1 December 2025)

Therefore, women are more likely to be positively impacted by this change, but it does not preclude men from being positively impacted too, if they meet the qualifying criteria.

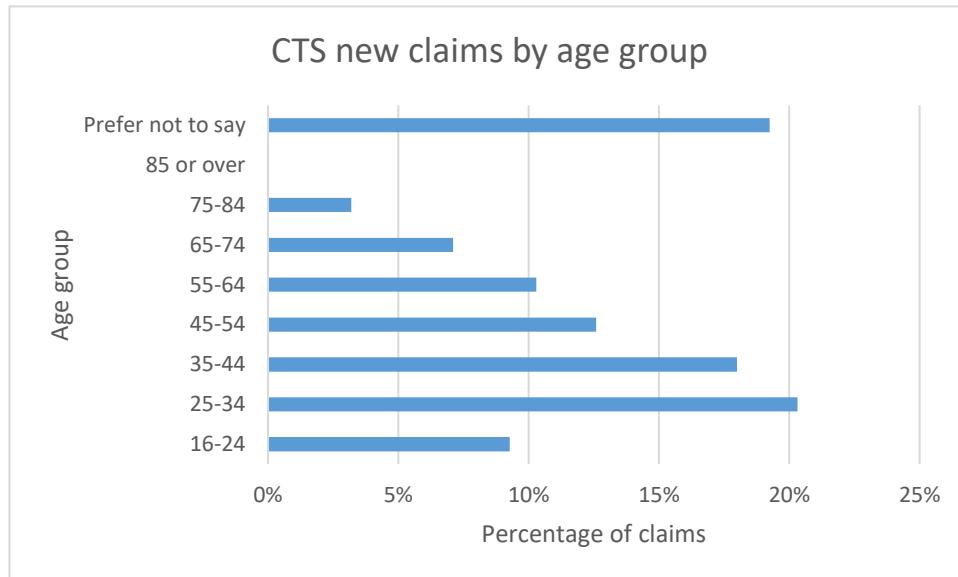
CTS new claims by disability

CTS new claims by disability



■ Not disabled ■ Disabled ■ Prefer not to say

18% of new Council Tax Support claims are received from people who identify as being disabled. The proposed change would positively impact a disabled customer because they can temporarily be awarded Council Tax Support on two homes, if they meet the qualifying criteria.

CTS new claims by age

Over 2/3rd of new Council Tax Support claims, are received from working age people. The proposed change would positively impact a working age person because they can temporarily be awarded Council Tax Support on two homes, if they meet the qualifying criteria, such as for unavoidable liability.

2.2 Please highlight which Marmot Principles this EIA supports

1. Give every child the best start in life
2. Enable all children, young people and adults to maximise their capabilities and have control over their lives
3. Ensure a healthy standard of living for all
4. Create fair employment and good work for all
5. Create and develop healthy and sustainable places and communities
6. Strengthen the role and impact of ill health prevention
7. Tackle racism, discrimination and their outcomes
8. Pursue environmental sustainability and health equity

SECTION 3 – Protected Groups and Additional Groups

3.1 Based on section 2, complete the table below to show what the potential impact is for each of the protected groups.

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



Please include considerations of health and digital inequality as part of your analysis below.

Protected Characteristic	Impact type P, N, PN, NI	Nature of impact and any mitigations required
Age 0-17	NI	<p>There is no direct impact for this group.</p> <p>CTS households have dependant members in this age group. There would be an indirect positive impact for this group if their parent meets the qualifying criteria for the proposal.</p>
Age 18-65	P	<p>Working age CTS customers are typically aged between 18 and 65, so this group will be positively impacted by the proposed changes, if they meet the qualifying criteria for the proposal.</p> <p>Otherwise, there will be no impact for this group.</p>
Age 66 and over	NI	<p>Pension age customers are currently those aged 66 or over. The rules governing CTS for people of pension age households are prescribed nationally by the Government, so will not be affected by the proposed change to the CTS scheme.</p>
Disability	P	<p>This group will be positively impacted by the proposed changes, if they meet the qualifying criteria for the proposal.</p> <p>Otherwise, there will be no impact for this group.</p>
Gender reassignment	NI	<p>The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.</p> <p>However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.</p>
Marriage and Civil Partnership	NI	<p>The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.</p> <p>However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.</p>

APPENDIX 1

COVENTRY CITY COUNCIL - EQUALITY IMPACT ASSESSMENT (EIA) 2025

Pregnancy and maternity	NI	<p>The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.</p> <p>However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.</p>
Race (Including: colour, nationality, citizenship ethnic or national origins)	NI	<p>The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.</p> <p>However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.</p>
Religion and belief	NI	<p>The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.</p> <p>However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.</p>
Sex	P	<p>Research evidence regarding gender and poverty indicates females are more likely to be living in financial hardship than males. This is supported by receipt of more new CTS claims from women than men.</p> <p>People who leave their original home through fear of violence are more likely to be women and there is dedicated support through specific support centres, such as Women's Refuge.</p> <p>Therefore, women are more likely to be positively impacted by this change, but it does not preclude men from being positively impacted too by the proposed changes, if they meet the qualifying criteria for the proposal.</p> <p>Otherwise, there will be no impact for this group.</p>
Sexual orientation	NI	<p>The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.</p> <p>However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.</p>

3.2 Based on section 2, complete the table below to show what the potential impact is for each of the additional groups.

Group	Impact type P, N, PN, NI	Nature of impact and any mitigations required
Care Experienced	NI	The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.



COVENTRY CITY COUNCIL - EQUALITY IMPACT ASSESSMENT (EIA) 2025

		However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.
Armed Forces	NI	<p>The proposed changes are not based on this protected characteristic, so there is no direct impact for this group.</p> <p>However, there would be an indirect positive impact if they meet the qualifying criteria for the proposal.</p>
Social Economic Groups	P	<p>Data for vulnerability, low income, mental health is not routinely collected for CTS purposes. However, this group will be positively impacted by the proposed changes, if they meet the qualifying criteria for the proposal. By awarding CTS on two homes, this will mean the customer is less likely to experience financial disadvantage from being liable for council tax at two properties at the same time.</p> <p>The customer will not need to claim this additional temporary support through a separate channel, as eligibility will be checked and applied when the customer tells the Benefits Service of their change in circumstance.</p> <p>Otherwise, there will be no impact for this group.</p>

SECTION 4 – Next steps

Planned Action	Owner	Timescale
System testing to ensure possible to awards through CTS	A Maudlin	January 2026
User notes for system processing	R Hartopp	March 2026

4.2 How will you monitor and evaluate the effect of this work?

- Monitor groups requesting council tax section 13a 1 c (hardship fund) policy.
- Historically, the two homes awards could only be processed through hardship support to support those in the greatest need. But with implementation through CTS awards, these requests will no longer need to be processed through section 13a 1 c (hardship fund) policy. Therefore, the request will be monitored as there should no longer be section 13a 1 c (hardship fund) policy requests for the purpose of two homes.
- Monitor CTS on two homes awards
- Run reports through system processing to ensure these claims are being awarded as proposed

SECTION 5 – Impact on Council Staff**5.1 Will this area of work potentially have an impact on Council staff? No****If yes****Nature of impact and any mitigation required**

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

5.2 Please provide headcounts for the below.

If you think by completing this section's headcounts, employees will become identifiable please email equality@coventry.gov.uk for advice on data protection implications

Impact on Council staff - Sex**Female****Male****Impact on Council staff - Disability****Disabled****Not disabled****Prefer not to state****Unknown****Impact on Council staff - Ethnicity****White****Black, Asian, Minority ethnic****Prefer not to state****Unknown**

Impact on Council staff – Sexual orientation

Heterosexual

LGBT+

Prefer not to state

Unknown

Impact on Council staff – Age

16-24

25-34

35-44

45-54

55-64

65+

Impact on Council staff – Religion

Any other

Buddhist

Christian

Hindu

Jewish

Muslim

COVENTRY CITY COUNCIL - EQUALITY IMPACT ASSESSMENT (EIA) 2025

No religion

Sikh

Prefer not to state

Unknown

SECTION 6 – Completion Statement

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

No impact has been identified for one or more protected groups

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

Before you submit this form - please save your progress and forward the email you receive with any questions to equality@coventry.gov.uk. The team will review your Equality Impact Assessment and provide you with feedback.

SECTION 7 - Approval

Name of Head of Service: B Strain	Date approved by Head of Service: 3 December 2025
Name of Director: B Hastie	Date sent to Director: 3 December 2025
Name of Lead Elected Member: R Brown	Date sent to Councillor: 3 December 2025





Cabinet
Audit and Procurement Committee

16th December 2025
2nd 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:

2025/26 Second Quarter Financial Monitoring Report (to September 2025)

Is this a key decision?

No

Executive Summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2025. The net revenue forecast position after management action is for spend in 2025/26 of **£3.3m over budget**. Whilst not a wholly comparable position, at the same point in 2024/25, there was also a projected overspend of £10.2m.

The Council continues to face budget pressures within Adults Social Care, Property Services & Development, City Services and Regeneration & Economic Development. These financial pressures are being caused by a combination of continued service demand, complexity & market conditions in social care, legacy inflation impacts, and income shortfalls due largely to the economic climate.

The Council's capital spending is projected to be £184m and includes 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 look to be stabilising, legacy inflationary pressures continue to affect capital projects. We will continue to monitor this position and ensure projects are delivered within available resources.

Recommendations:

The Cabinet is requested to:

- 1) Approve the Council's second quarter revenue monitoring position.
- 2) Approve the revised forecast capital outturn position for the year of £184m incorporating: £1.4m net increase in spending relating to approved/technical changes and £5m of net programme rescheduling of expenditure to future years.

Audit and Procurement Committee is requested to:

- 1) Consider the proposals in the report and forward any recommendations to Cabinet.

List of Appendices included:

Appendix 1 - Revenue Position: Detailed Service breakdown of forecast outturn position

Appendix 2 - Capital Programme: Analysis of Budget/Technical Changes

Appendix 3 - Capital Programme: Analysis of Programme Acceleration/(Rescheduling)

Appendix 4 - Prudential Indicators

Background papers:

None

Other useful documents

None

Has it been or will it be considered by Scrutiny?

No

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

Yes - Audit and Procurement Committee, 2nd February 2026

Will this report go to Council?

No

Report title:

2025/26 Second Quarter Financial Monitoring Report (to September 2025)

1. Context (or background)

- 1.1 Cabinet approved the City Council's revenue budget of £296.7m on 25th February 2025 and a Capital Programme of £171.6m. This is the second quarterly monitoring report for 2025/26. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure, recommending any action required, and to also report on the Council's treasury management activity.
- 1.2 The current 2025/26 revenue forecast is for net expenditure to be **£3.3m over budget** (after management action). The reported forecast at the same point in 2024/25 was an overspend of £10.2m which reflected pressures relating primarily to social care activity and price. Capital spend in 2025/26 is projected to be £184m.
- 1.3 Whilst it is not unusual to experience a forecast overspend at this point, it is essential that the Council maintains strict financial discipline to operate within approved budgets.

2. Options considered and recommended proposal.

- 2.1 This is a budget monitoring report and as such there are no options.

Table1 Revenue Position - The revenue budgets and forecast positions are shown below analysed by service area.

<i>Total Over / (Under) spend at Q1</i> <i>£m</i>	<i>Service Area</i>	<i>Revised Net Budget</i> <i>£m</i>	<i>Total Forecast Spend</i> <i>£m</i>	<i>Total Over/ (Under) Spend at Q2</i> <i>£m</i>	<i>Swing from Q1 to Q2</i> <i>£m</i>
				<i>£m</i>	
2.1	Adult Services and Housing	144.2	146.4	2.2	0.1
(0.3)	Childrens and Education	123.1	123.5	0.4	0.7
0.8	City Services	39.0	40.5	1.5	0.7
(4.1)	Contingency & Central Budgets	(43.8)	(48.3)	(4.5)	(0.4)
0.4	Digital Services	0.1	0.6	0.5	0.1
0.0	Finance and Resources	13.3	14.0	0.7	0.7
0.5	Legal and Governance Services	11.5	11.6	0.0	(0.5)
0.2	People and Organisation Development	3.0	3.2	0.3	0.1
(0.5)	Planning and Performance	7.7	7.2	(0.5)	(0.0)
0.0	Policy and Communication	0.4	0.3	(0.1)	(0.1)
1.5	Property Services and Development	(10.7)	(8.9)	1.9	0.4
0.0	Public Health	(1.3)	(1.7)	(0.4)	(0.4)
1.0	Regeneration and Economy Development	10.3	11.6	1.3	0.3
1.6	Total	296.7	300.0	3.3	1.7

2.2 The overspend position has worsened by £1.7m since the first quarter report. An explanation of the major forecast variances and reason for this swing are provided below. Further details are provided in **Appendix 1** to the report.

Directorate

Adult Services & Housing: £2.2m overspend

This overspend is mainly due to the costs of purchasing packages of care for adults and older people of £4.1m, which is partially offset by increased client fee income of £0.7m. Growth in costs for packages of care reflects sustained and emerging pressures across several areas. Primary drivers are the higher costs of new packages of care, the complexity and associated costs of cases in Mental Health, growth in residential & nursing care, and pressure in Learning Disabilities with a greater number of cases requiring intensive 1:1 support to manage complex needs safely within community settings. The service continues to scrutinise all areas of authorisation to ensure value for money while maintaining safe and effective care for those with the most complex needs.

These pressures are being offset at a directorate level by an underspend in Housing and Homelessness of £0.9m which is mainly due to an increase in grant funding for 2025/26 although this has been partly eroded by a pressure against the target for delivering additional temporary accommodation provision due to delays in opening some projects.

Property Services and Development: £1.9m overspend

The increase is primarily due to residual holding costs for the City Centre South project, especially void NNDR costs at a forecast of £1.3m. Demolition is progressing, and it's anticipated that the Valuation Office will remove the properties of the rating list acknowledging the lack of beneficial occupation, leading to cost reduction over the year. Other costs include the management of the deteriorating commercial property assets such as the market and void levels within the portfolio. Operationally the Commercial property team continues to actively manage its portfolio to mitigate this impact.

City Services: £1.5m overspend

Environmental Services & Environmental: £1.1m overspend

The forecast reports both a decline in mortality rates and the purchase of memorialisation items alongside a shift to cremation services rather than burials impacting our income against budget to a value of circa £0.8m. Additional pressures in our Parks and Open spaces for works on mandatory tree surveys; reduced activities in parks that also impact on car park income and the Travellers Inclusion work concluding to stay with existing provision has meant some existing targets will not be met due to the commercial viability of new proposals.

Waste Disposal: £0.9m overspend

This relates to costs associated with non-recyclable waste being put into recycling bins, leading to contamination charges. We are engaging with our residents through social media campaigns to improve recycling behaviours. Other costs within Waste are associated with the costs of transport and management fees at the Civic Amenity

sites and the partial non-achievement of Food Waste Savings which is partly offset by additional Garden Waste income.

Highways 0.5m underspend

This relates to reduced income being forecast against both penalty charge notices and residents parking scheme income of £0.5m which is more than offset by energy price reductions of £1m.

Regeneration and Economic Development (£1.3m overspend)

Pressures continue in our Planning Services division where we see a reduction in planning activities resulting in reduced fee income, as well as underperformance in our cultural commercial activities.

Corporate

Underspends supporting the overspend position are primarily within Contingency and Central Budgets:

Contingency and Central: £4.5m underspend

There is a £3.8m surplus forecast on Asset Management Revenue Account, relating to increased expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget.

Other favourable variances (£3.1m), include contingencies held in lieu of inflation on contracts. This is being offset by an adverse variance of £2.4m, which is due to a forecast underachievement of 2025/26 savings targets relating to the One Coventry Programme and Senior Management savings targets.

2.3 Capital

The quarter 2 2025/26 capital outturn forecast is £184m compared with the first quarterly outturn of £187.6m. Table 3 below updates the budget at quarter 2 to take account of £1.4m of new approved/technical changes and £5m of programme rescheduling into future years.

The resources available section of Table 3 explains how the Capital Programme will be funded in 2025/26. It shows 60.9% of the programme is funded by external grant monies, whilst 28.4% is funded from borrowing. The programme also includes funding from capital receipts of £18.4m.

Table 3 – Movement in the Capital Budget

CAPITAL BUDGET 2025/26 MOVEMENT	Qtr 2 Reporting £m
Revised Programme (Reported at Q2)	187.6
Approved / Technical Changes (see Appendix 2)	1.4
“Net” (Rescheduling) into future years (See Appendix 3)	(5.0)
Revised Estimated Outturn 2025-26	184.0

RESOURCES AVAILABLE:	Qtr 2 Reporting £m
Prudential Borrowing (Specific & Gap Funding)	52.2
Grants and Contributions	112.1
Capital Receipts	18.4
Revenue Contributions and Capital Reserve	1.3
Total Resources Available	184.0

The inflationary pressures affecting the Council's revenue budget are also present within capital schemes although the pattern with which this takes affect can be different due to the way in which expenditure is incurred. All existing and future schemes are required to be delivered within existing agreed contractual sums and will continue to be monitored and managed within the available resources.

2.4 Treasury Management

External Context

The first quarter of the year was dominated by the fallout of the US trade tariffs and their impact on financial markets. Equity markets declined sharply which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. The second quarter is still rife with uncertainty, equity markets made gains and a divergence in US and UK government bond yields started to occur, which had been moving relatively closely together. From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer-term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down 0.2% from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

Having started the financial year at 4.5%, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to cut Bank Rate by 25bps to 4.0% in September, with the 2 members preferring to cut the rate by 50bps to 3.75%. As predicted at quarter 1 the committee continue with a dovish approach to reducing rates although another reduction is expected there is now uncertainty whether that will be in quarter 3 or early in quarter 4 with some thinking it may not reduce until April 2026.

Long Term (Capital) Borrowing

The net long-term borrowing requirement for the 2025/26 Capital Programme is £34.5m, considering borrowing set out in Section 2.3 above (total £51.7m), less

amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£17.2). In the current interest rate climate, the Council has no immediate plans to take any further new long-term borrowing although this will continue to be kept under review.

The Public Works Loan Board (PWLB) remains the main source of loan finance for funding local authority capital investment. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more details and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Under the Treasury Management Strategy 2025/26 approved by Cabinet on 25 February 2025 it was agreed the Council will not purchase investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loans Board (PWLB) between 1st April and 30 September 2025 have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2025/26 to Q2	Maximum 2025/26 to Q2	As at the end of Q2
5 year	4.86	5.17	5.15%
20 year	6.02	6.50	6.34%
50 year	5.85	6.34	6.18%

The PWLB allows qualifying authorities, including the City Council, to borrow at 0.2% below the standard rates set out above. This “certainty rate” initiative provides a small reduction in the cost of future borrowing.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually outweigh any potential savings.

During quarter 2, the Council have not had a need to take out any new borrowing and have not made any further capital repayments since the repaying £10m of LOBO loans during the first quarter. Towards the end of quarter 3 it may be necessary to take-out some borrowing. Arlingclose advise to borrow short term as long term rates have been at their highest for a long time, this is being closely monitored to ensure the timely drawdown of any funds required.

Short Term (Temporary) Borrowing and Investments

The Council’s Treasury Management Team acts daily to manage the City Council’s day-to-day cash-flow, by borrowing or investing for short periods. By holding short term investments, such as money in call accounts, authorities help ensure that they have an adequate source of liquid funds.

Returns provided by the Council’s short-term investments yielded an average interest rate of 4.5% in the second quarter. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of

Deposits, other Local Authorities, Registered Providers, and companies in the form of corporate bonds.

Although the level of investments varies from day to day with movements in the Council's cash-flow, investments held by the City Council identified as a snapshot at the reporting stages were: -

	As at 31st Mar 2025 £m	As at 30 th Jun 2025 £m	As at 30 th Sept 2025 £m
Banks and Building Societies	0.0	0.0	0.0
Local Authorities	22.5	41.5	10.8
Money Market Funds	18.7	24.6	39.0
Corporate Bonds	0.0	0.0	0.0
HM Treasury	2.5	0.0	0.0
Total	43.7	66.1	49.8

External Investments

In addition to the above in-house investments, a mix of Collective Investment Schemes or "pooled funds" is used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. The pooled funds are generally AAA rated; are highly liquid, as cash can be withdrawn within two to four days; and have a short average duration. These investments include Certificates of Deposit, Commercial Paper, Corporate Bonds, Floating Rate Notes, Call Account Deposits, Property and Equities. However, they are designed to be held for longer durations allowing any short-term fluctuations in return due to volatility to be smoothed out. To manage risk these investments are spread across several funds (CCLA, Schroders, Ninety-One Investec, Columbia Threadneedle and M&G Investments).

Returns provided by the Council's pooled funds yielded an average interest rate of 5.39% over the last 12 months. At 30th September 2025 the pooled funds had a capital value of £28.2m (£27.6m at 31 March 2025), against an original investment of £30m (a deficit of £1.8m). All seven pooled funds show a deficit value but returns remain strong. Although the world economy has shown volatility over the last 9 months, the value of the funds is recovering. The property market still hasn't bottomed out, but the CCLA fund is being actively managed to provide good returns. There remains an expectation that the full value for each pooled fund will be recovered over the medium term - the period over which this type of investment should always be managed. Current accounting rules allow any 'losses' to be held on the Council's balance sheet and not counted as a revenue loss. These investments will continue to be monitored closely.

Prudential Indicators and the Prudential Code

Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that

borrowing for capital purposes is affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 30 September 2025 are included in **Appendix 4** to the report. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2025/26. Specific points to note on the ratios are:

- The Upper Limit on Variable Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at variable interest rates. At 30 September 2025 the value is -£40.7m (minus) compared to £102.7m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.
- The Upper Limit on Fixed Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 30 September 2025 the value is £227.0m compared to £513.6m within the Treasury Management Strategy, reflecting both the level of actual borrowing and that a significant proportion of the Council's investment balance is at a fixed interest rate.

2.5 Commercial Investment Strategy – Loans and Shares

The Council's Commercial Investment Strategy is designed to ensure there are strong risk management arrangements and that the level of commercial investments held in the form of shares, commercial property and loans to external organisations, are proportionate to the size of the Council. In doing this the Strategy includes specific limits for the total cumulative investment through loans and shares. The total combined limit for 2025/26 is £115m, against which there are £86.7m of existing commitments: -

	Limit	Actual 30 th September 2025	Committed and Planned 2025/26	Total	Headroom
	£m	£m	£m	£m	£m
Shares	55.0	52.1	0.0	52.1	2.9
Loans	60.0	34.4	0.2	34.6	25.4
	115.0	86.5	0.2	86.7	28.3

The committed or planned total of £0.2m is predominantly for the balance of loan facility to Coombe Abbey Park Ltd which may not necessarily be taken up, although the Council is committed to provide the loan funds if requested.

The increase in headroom since budget setting is mainly due to the change in accounting treatment relating to the £18m to UKBIC which was previously treated as a loan (and was included in the limit) but is now accounted for as a lease and no

longer shown within this table. We would expect the loans limit to be reduced to reflect this change in the next budget setting cycle.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision.

4.1 There is no implementation timetable as this is a financial monitoring report.

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

5.1 Financial implications

Revenue

The net quarter 2 forecast is a **£3.3m revenue overspend**. Although not wholly comparable, this is a significant improvement of the position this time last year which was a £10.2m overspend (quarter 2, 2024/25) and is in part a reflection of the decisions made during budget setting to support areas with intractable ongoing issues.

Continuing difficulties in the external markets for adult's social care are well documented around issues including the cost of highly complex cases and higher than planned levels of inflationary increases in placement costs, which have persisted to apply pressure to the budgetary provision included within the Council's budget.

Although the Council had budgeted for significant levels of inflation based on current information, the 2025/26 pay offer accepted earlier in the year, is above the budgeted figure and will need to be managed out of contingency budgets.

Management Action

The difficult position seen in recent years has required the Council to balance its financial outturn position using reserves. This was avoided in 2024/25 and although such a solution would be the Council's backstop position for 2025/26, it is one that the Council should be anxious to avoid. The Council holds limited reserve balances and recognises that such an approach is not sustainable in the medium term. It is therefore imperative to identify and adopt approaches that help the Council to manage its short-term pressures, whilst at the same time supporting the outlook for 2026/27 and medium-term financial pressures.

The Council's Leadership Team will proactively work together to mitigate the underlying pressures that have been recognised within this forecast by:

- Robust challenge and review of forecasts
- Continuation of Recruitment controls
- Alternative funding opportunities from grants

The above gives sufficient assurance that the Director of Finance and Resources does not currently need to take any extra-ordinary action to respond to the financial position either in respect of 2025/26 or future years.

Capital

The Council's Capital Programme includes a range of strategically important schemes across the city. This continues to be a large and mostly grant funded programme continuing the trend of recent years. The Programme includes major scheme expenditure on secondary schools' expansion, Very Light Rail, disabled facilities grant (DfG), construction of Woodlands School, City Centre South and delivery of the City Centre Cultural Gateway development.

Legal implications

There are no legal implications arising at this stage.

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables Cabinet to remain aware of issues and understand the actions being taken to maintain a balanced budget.

6. Other implications

6.1 How will this contribute to the One Coventry Plan

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

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the One Coventry Plan. As far as possible it will try to deliver better value for money and maintain services in line with its corporate priorities balanced against the need to manage with fewer resources.

6.2 How is risk being managed?

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Good financial discipline through budgetary monitoring continues to be paramount in managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

It remains important for the Council to ensure that strict budget management continues to the year-end. Any resources available at year-end will be managed to ensure the Council's financial resilience or used to fund future spending priorities.

6.4 Equalities / EIA

No current policy changes have been proposed but the possibility remains that the Council may need to consider changes to existing services through the year. If this is the case, the Council's equality impact process will be used to evaluate the potential equalities impact of any proposed changes.

6.5 Implications for (or impact on) Climate Change and the environment

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

6.6 Implications for partner organisations?

No impact.

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This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix 1

Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

Table 1 below shows budget variations analysed between those that are subject to a centralised forecast variance and those that are managed at service level (termed “Budget Holder Variance” for the purposes of this report). The Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend of £8m shown below is principally the effect of unfilled vacancies, often offset by agency staff costs shown within the budget holder variance.

Table 1

Service Area	Revised Net Budget	Forecast Spend	Centralised Variance	Budget Holder Variance	Total Variance Over / (under)
	£m	£m	£m	£m	£m
Adult Services and Housing	144.2	146.4	(2.0)	4.2	2.2
Childrens and Education	123.1	123.5	(2.4)	2.8	0.4
City Services	39.0	40.5	(2.0)	3.5	1.5
Digital Services	0.1	0.6	(0.1)	0.6	0.5
Finance and Resources	13.3	14.0	(0.3)	1.0	0.7
Legal and Governance Services	11.5	11.6	(0.5)	0.5	0.0
People and Organisation Development	3.0	3.2	(0.0)	0.3	0.3
Planning and Performance	7.7	7.2	(0.3)	(0.2)	(0.5)
Policy and Communication	0.4	0.3	(0.1)	0.0	(0.1)
Property Services and Development	(10.7)	(8.9)	(0.4)	2.2	1.9
Public Health	(1.3)	(1.7)	(0.0)	(0.4)	(0.4)
Regeneration and Economy	10.3	11.6	0.1	1.2	1.3
Development					
Contingency & Central Budgets	(43.8)	(48.3)	0.0	(4.5)	(4.5)
Total	296.7	300.0	(8.0)	11.3	3.3

Table 2:

Service Area	Reporting Area	Explanation	£m
Adult Social Care	Strategic Commissioning (Adults)	The underspend is due to New Homes for Old Private Finance Initiative additional client fee income above budget £0.7m and reduced transport costs £0.1m.	(0.8)
Adult Social Care	Internally Provided Services	There are salary underspends arising from vacancies of £0.4m off-set by overspends against overtime, agency, & casual pay of £0.7m. Contributing to the underspend is an over-achievement of social care fee income of £0.5m.	(0.2)

Adult Social Care	Partnerships and Social Care Operational	The overspend relates to additional agency costs of £0.3m due to vacancies which is only partly offset by underspends due to staff vacancies of £0.2m. Recruitment processes are in place and not delivering prevention activity increases spend on long-term services.	0.1
Adult Social Care	Community Purchasing Mental Health	<p>We continue to face sustained and emerging pressures across multiple areas of care provision. The main factors contributing to the Q2 overspend are largely consistent with those observed previously.</p> <p>1. higher cost of new packages: During this period new care packages commissioned have on average, been more expensive than those concluded, leading to increased expenditure.</p> <p>2. complexity and cost in mental health: There has been a marked rise in both the complexity of cases and the associated costs. These pressures are tied to the higher needs of individuals supported in the community, and complex long stay hospital or secure unit discharges, rather than an increase in volume.</p> <p>3. learning disabilities supported living and 1:1 hour: We've experienced strain in supported living arrangements for individuals with learning disabilities. An increased number of cases require intensive 1:1 support to manage complex needs safely within community settings, resulting in higher costs.</p> <p>4. growth in residential / nursing care: Numbers above anticipated predicted growth for this year. We remain committed to scrutinising all areas of authorisation to ensure value for money while maintaining the highest standards of care and safeguarding.</p>	4.1
Housing	Housing and Homelessness	The underspend is mainly due to a £1.6m increase in Homeless Prevention Grant from the Ministry of Housing, Communities and Local Government to reflect the increased demand on homeless services nationally that is reflected in Coventry. This has been partially offset by delays in projects opening costing £0.8m including Ribbon Court and the Single Homelessness Accommodation Programme (SHAP project) which are both being progressed by external housing providers and the £0.6m continuing increase in temporary Accommodation cost. Staffing and other cost underspends total £0.7m.	(0.9)
TOTAL Adult Services & Housing			2.2
Children's Services	Corporate Parenting and Sufficiency	There is a £3.0m forecast overspend on homes for children in care. The overall number of children in residential care is lower than our financial planning assumptions, however a greater proportion are currently accommodated in more costly external spot placements which is	2.9

		offsetting the benefit of reduced activity. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs is forecast to be lower than budgeted.	
Children's Services	Help & Protection	Social work case holding teams are forecast to underspend by £1m due to reduced levels of agency staff and overall case numbers. Section 17 budgets are forecasting to underspend by £0.5m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help are forecasting to underspend by £0.6m due to staffing vacancies and utilisation of grant funding where appropriate. These are being offset in part by a £0.5m overspend against the no recourse to public funds (NRPF) budget due to there being an increased number of families who require support. The remainder is a combination of smaller underspends across other parts of the service.	(2.0)
Children's Services	Children in Care, Children with Disabilities & Care Leavers	The Care Leavers budget is forecast to underspend by £0.3m, this in line with last year and is an area of budget which is being reviewed moving forwards. In addition, there are forecast staffing underspends of £0.1m in both the Children in Care and Edge of Care services.	(0.5)
Ringfenced Funding – Dedicated Schools Grant (DSG)	SEND	As is being seen nationally the number of children in Coventry with an Education, Health and Care Plan (EHCP) continues to increase. When setting the 2025/26 High Needs budget the Council was forecasting an in-year deficit (or overspend) of £2m. At Q2 budgetary control the forecast in-year deficit has increased to £2.4m. Expenditure against Special Schools, Other Local Authority Schools (OLA's), Independent Specialist Placements (ISP's) and Further Education is forecast to be £1.7m higher than budgeted. This is being offset in part by an underspend of £0.2m against Enhanced Resource Provisions (ERP's), due to the reprofiling of opening dates for new settings. There is also a forecast underspend of £0.7m across SEND Support Services, Personal Budgets, Education Other Than at School (EOTAS) and Speech & Language Therapy. The overall position is being supported by supplementary grant funding announced by the government to support with the cost of pay awards and national insurance contributions for	2.4

		centrally employed teachers which was unbudgeted.	
Ringfenced Funding – Dedicated Schools Grant (DSG)	Schools	There is a £0.6m forecast overspend against the Early Years block which is primarily due to clawback of funding received in financial year 2024/25 based on headcount data (the number of children accessing government funded childcare) as of January 2025. This is offset by a forecast £0.1m underspend against the Growth Fund and a forecast £0.1m underspend against the maintained school's maternity de-delegation budget.	0.4
Ringfenced Funding – Dedicated Schools Grant (DSG)	Financial Strategy	Technical adjustment to remove total Dedicated Schools Grant (DSG) variance from the General Fund position. The overspend will be funded from the DSG reserve.	(2.6)
Ringfenced Funding – Dedicated Schools Grant (DSG)		Variance below £100k	(0.2)
TOTAL Childrens and Education			0.4
Highways	Parking	This pressure is based on us not realising the predicted value of Penalty Charge Notice's, which has shown a financial underachievement, plus not realising the forecast number of residents' parking scheme applications. These figures have been partly offset by additional car park income	0.5
Highways	Traffic	This is primarily due to reduced energy costs on the Street Lighting PFI.	(1.0)
Transport Policy & Innovation	Transport Policy	Overspend mainly relates to overspend against energy budget and operation cost associated with operation of traffic signal and camera technology systems in operation across network.	0.2
Environmental Services	Street pride & Parks	Due to lower death rates (locally and nationally) and families choosing to cremate (rather than bury) along with fewer purchasing memorialisation items, income is reduced in Bereavement Services by c£589k. (This also includes the non-achievement of an historic MTFS target of £160k.) There are also pressures in Parks & Open Spaces: Mandatory Tree Surveys c£200k, reduced car park income	1.0

		c£169k, reduced income from activities c£162k and non-achievement of a savings target relating to Traveller Incursions of £150k which are being partly offset by Misc over/underspends.	
Environmental Services	Waste & Fleet Services	Pressures in this area include £720k relating to Waste Disposal. We have incurred charges for contamination within our recycling and are working with residents to understand what can be recycled to prevent this from re-occurring. There has also been an increase in the Civic Amenities site Management fees. There are also pressures in Domestic Refuse & Recycling: £185k relating to additional transport costs at the Waste Transfer Station; non-achievement of the savings re: Food Waste £362k; partly offset by additional garden waste income (£344k).	1.0
City Services		Variances below £100k	(0.2)
TOTAL City Services			1.5
Finance & Resources	Revenues and Benefits	In addition to the Q1 pressures related to an increase in the cost of card payment fees incurred when the Council receives payments, an increase in the cost of providing support to care leavers and an increase in our provision for bad debt, at Q2 uncontrollable increased costs of partially subsidised accommodation have caused further budget pressures within the housing benefits subsidy service.	1.0
Finance & Resources	Financial Mgt	Ongoing vacancies in the service area are under active recruitment but result in a forecasted Q2 underspend.	(0.1)
Finance & Resources		Variances below £100k	(0.2)
TOTAL FINANCE & Resources			0.7
Digital and Customer Services	ICT & Digital	The ICT overspend relates to an ongoing pressure arising from under-recovery of schools and academies income from our traded services. Work continues to have plans to try to improve the position, but this remains an area of challenge	0.5
TOTAL Digital Services			0.5
Legal and Governance Services	Legal Services	Legal Services forecasted agency staff costs has reduced from £680k in 24-25 to £308k in 25-26 and is fully funded by vacancy savings. However, the Service has a vacancy savings target of £350k and this is driving the overall adverse forecast variance.	0.1

Legal and Governance Services	Coroner & Register Office	25-26 forecasted one off costs of the extraordinary coroner's enquiry.	0.3
Legal and Governance Services	Procurement	Prompt payment rebates have increased and are expected to outperform targets in 25-26. Vacancies in the area are being held whilst the service undergoes a structure review to maximise these opportunities.	(0.2)
Legal and Governance Services	Regulatory Services	Service areas have undergone significant restructures in recent months and vacancies are actively being recruited the underspend reflects the timing to fill roles	(0.2)
TOTAL Legal and Governance Services			0.0
People and Organisation Development	Employment Services	To implement the payroll restructure vacancies have been held in posts that were considered to be at risk. The service will be looking to recruit to the agreed new structure throughout the year which will likely see a reduction in this forecasted underspend.	(0.1)
People and Organisation Development	Employment Policy & Practice	The unfunded Council Job Evaluation team continues to drive the overspend in the People Directorate.	0.2
People and Organisation Development	Facilities & Property Services	Facilities Management have had increases in income & savings targets whilst also receiving a reduction in the maintenance budget therefore currently forecasting an overspend of circa £150K. Management action is taking place to attempt to reduce this further	0.1
People and Organisation Development		Variance below £100k	0.1
TOTAL People and Organisation Development			0.3
Planning & Performance	Customer and Business Services	Staffing underspends of £0.6m due to the wider service actively managing vacancies which align to corporate change initiatives while future staffing models are determined.	(0.7)
Planning & Performance	Libraries, Advice, Health & Information Services	Libraries budget overspend relates principally to under delivery of anticipated income across Public Libraries and School Library Service. The variation from Q1 forecast relates to an unexpected accelerated £70k ICT commitment this financial year because of worldwide support for Windows 10 ending. We expect to deliver related underspends on ICT for the next two financial years creating a longer-term balanced budget position.	0.1

		Income Generation and Staff Turnover Savings Targets will continue to be monitored in Quarters 3 and 4 with a view to reduce the overspend.	
TOTAL Planning and Performance			(0.5)
Policy & Communication		Variance below £100k	(0.1)
TOTAL Policy and Communication			(0.1)
Property Services and Development	Commercial Property and Development	Variance relates to holding costs being charged to the service for example Business Rates and utilities associated with City Centre South properties awaiting demolition (demolition is now underway) and costs and foregone income from vacant commercial properties, including ever increasing costs associated with deteriorating property assets such as Coventry Market and older industrial estates	1.8
Property Services and Development		Variance below £100k	0.1
TOTAL Property Services and Development			1.9
Public Health	Migration	This represents an underspend on Our Coventry Programme contract due to utilisation of other grant funding	(0.4)
TOTAL Public Health			(0.4)
Regeneration and Economy Development	Culture, Sports & Events	We are currently forecasting a £542,000 deficit arising from a shortfall in commercial income for 2025/26. While some smaller positive adjustments have helped mitigate the position at the end of Quarter 2, further action will be needed in Quarters 3 and 4 to reduce the projected deficit and improve overall performance.	0.6
Regeneration and Economic Development	Economic Development service (EDS)	EDS (Economic Development service) has generated more surplus by maximisation of grant income to the service and earnings from delivery of contract programmes to external partners.	(0.2)
Regeneration and Economic Development	Regen & Ecy Mgt Support	Most of the variance relates to a shortfall against the income target for sponsorship and commercial activity. £154k is forecasted to be achieved by the end of 25/26 against a target of £375k leaving a shortfall of £221k. Opportunities for new income are being realised through partnership working with external organisations though this can mean delays can occur beyond the control of the City Council, for example, with external capital investment planning or design	0.2

		and installation works. Other opportunities are in the pipeline to be fulfilled during the year	
Transport Policy & Innovation	Transport Policy	Overspend mainly relates to overspend against energy budget and operation cost associated with operation of traffic signal and camera technology systems in operation across network.	0.2
Development Management	Planning Services	The income target for planning application fees in 2025/26 reflects an increase from 2024/25, in line with government changes to planning fees. However, the level of development interest—and therefore application volumes—is influenced by wider macroeconomic factors beyond the Council's control. The current forecast is based on extrapolating actual income received to date. Overall, planning application activity in Coventry remains broadly consistent with regional and national trends. Despite these challenges, the service is committed to maximizing income and working proactively with applicants to support delivery and achieve the target. In addition to income pressures, the service is required to deliver a Local Plan, and the associated costs contribute to the £531k overspend.	0.5
TOTAL Regeneration and Economy Development			1.3
Contingency & Central Budgets	Contingency & Central Budgets	Favourable variances (£3.1m), include contingencies held in lieu of contract inflation announcements. This is being offset by an adverse variance (£2.4m) which is due to a forecast underachievement of 2025/26 savings targets relating to the One Coventry programme and Senior Management savings targets.	(0.7)
Contingency & Central Budgets	Treasury Management	This surplus forecast on Asset Management Revenue Account, relates to increased expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget.	(3.8)
TOTAL Contingency & Central Budgets			(4.5)
Total Outturn Variances			3.3

Appendix 2

Capital Programme Approved / Technical Changes

SCHEME	EXPLANATION	£m
Business Energy Advice Service	<p>The Department of Energy Security and Net Zero (DESNZ) and the Department for Levelling Up Housing and Communities (DLUHC) are providing capital grant to support businesses in the West Midlands Region in mitigating the impact of energy cost rises and support their transition to net zero.</p> <p>The Business Energy Advice Service (BEAS) grant programme piloting is being extended until 31st March 2026. This is a £11m nationally funded grant programme to be delivered in the West Midlands region, administered by Birmingham City Council, with a view to expanding nationally.</p> <p>A report taken to Cabinet 13th February 2024 approves the acceptance of a further maximum up to £2.5m of capital grant for Business Energy Advice Service, of which we have been awarded £1.3m for 2025-26.</p>	1.3
Miscellaneous	Schemes below £250k reporting threshold	0.1
TOTAL APPROVED / TECHNICAL CHANGES		1.4

Appendix 3

Capital Programme: Analysis of Programme Acceleration/(Rescheduling)

SCHEME	EXPLANATION	£m
Coventry Very Light Rail	The Investment Delivery Portfolio Committee (IPDC) at the Department for Transport have formally approved £12.24m for Stage Gate 3a. This capital grant funding is for the preparation to construct City Centre Demonstrator (CCD) and full implementation of City Centre Traffic Management Plan (CCTMP).	7.9
West Midlands Investment Zone	The forecasted spend for 2025/26 has been revised following detailed discussions with key suppliers regarding the anticipated scope of works and their programme, with some spend slipping into 2026/27. Project end date remains unaffected.	(2.3)
City Centre Regeneration - City Centre South	Now the scheme is in contract and demolition works have commenced, the developer has been able to more accurately profile spend. While we still expect construction works to start during 2025/26 these will be at an early stage, therefore some spend has slipped into 2026/27.	(5.2)
Friargate Masterplan	This reflects spend incurred on fit out costs for Two Friargate necessary for the occupation of floors that were previously built to shell and core standard only. This is funded from the £17m existing budget that was profiled in future years as part of budget setting.	4.2
Schools - Basic Need	The majority of the £1.8m rescheduling is due to the project at Howes Primary School not going ahead now which was estimated at £1.2m, we also had £1m in the programme as a contribution to the Condition Programme of £600k has been rescheduled into 26/27.	(1.8)
Woodlands School	Woodland's project was delayed from the original programme/cost plan due to complications related to the building listing status and planning consents. The agreed internal configuration and layout have required minor amendments which due to the above has required more approvals than previously anticipated. The impact of this has meant works have been rescheduled to ensure the council is compliant of planning and building regulations.	(3.5)
Residential Childrens Homes Strategy 2023-2026	"Children's with Disability Home 2 is currently in the feasibility stage. Despite CCC's efforts, there have been delays in acquiring land to build the home on. Conversations around land purchase are currently ongoing and it is programmed for the home to be completed and handed over by 2026/27.	(4.3)
TOTAL RESCHEDULING		(5.0)

Appendix 4

Prudential Indicators

Indicator	per Treasury Management Strategy 2025/26	As at 30 September 2025
Ratio of Financing Costs to Net Revenue Stream (Indicator 1) , 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.	14.21%	14.32%
Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31st March 2025 plus the estimates of any additional CFR in the next 3 years (Indicator 2) , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme and is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.	Estimate / limit of £571.5m	£332.1m Gross borrowing within the limit.
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.	£591.5m	£332.1m is less than the authorised limit.
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.	£571.5m	£332.1m is less than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (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.	£513.6m	£227.0m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9) , as above highlighting interest rate exposure risk.	£102.7m	-£40.7m
Maturity Structure 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.		
< 12 months	0% to 50%	13%
12 months – 24 months	0% to 20%	0%
24 months – 5 years	0% to 30%	0%
5 years – 10 years	0% to 30%	22%
10 years +	40% to 100%	65%
Investments Longer than 364 Days (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.	£30m	£0.0m

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Public report
Cabinet

Cabinet
Council

16 December 2025
13 January 2026

Name of Cabinet Member:

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

Director approving submission of the report:

Director of Innovation

Ward(s) affected:

All

Title: Coventry Very Light Rail

Is this a key decision?

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

Executive summary:

The Coventry Very Light Rail (CVLR) demonstration in the city centre during Summer 2025 was a major success. Our mission is to create a tram system that can be installed quickly and at less than half the cost of conventional tram systems: our ground-breaking track was installed in just over eight weeks and proved that we are on target to achieve our target installation cost of circa £10m/km.

The purpose of this report is to seek approval for the construction of an 800m twin track City Centre Demonstrator (CCD) that will operate in a live traffic environment from Coventry railway station to Coventry University Technology Park (see Appendix 1 to the report for the route plan). This demonstration phase builds on everything learned in the summer and will help to lay the foundations for the first commercial route by:

1. Operating the CVLR vehicle with live traffic – including the installation of an autonomous ready vehicle control system integrated with the city’s traffic signal control system.
2. Providing rides for the public and stakeholders to demonstrate how the vehicle has evolved since the On Road Test (ORT) in June 2025 and to take feedback on the system
3. Demonstrating at scale, using the learnings from the ORT, the speed of installation and affordability of the CVLR track
4. Expediting the design and delivery process

5. Utilising learning to inform the business case and design of Coventry's first commercial route and, more widely, to continue to stimulate national and global commercial interest

The 800m route is intended to form part of the proposed first commercial route (subject to business case approval) running from the railway station to the West Midlands Investment Zone (Greenpower Park), with potential to extend northwards from the railway station through the city centre to connect to Pool Meadow, University Hospital Coventry & Warwickshire (UHCW) and to a Park and Ride at Ansty Park. The 800 m demonstrator section will be delivered using allocated grant funding from the City Region Sustainable Transport Funding (CRSTS) and is scheduled to be constructed by March 2027. Further funding will be sought from the Transport for City Region (TCR) fund, which replaces CRSTS from 1 April 2027.

As an added benefit in October 2027 the Intelligent Transport Systems (ITS) World Congress is being staged at the NEC. This provides an excellent opportunity to showcase, to a global audience the benefits of CVLR using it to carry delegates to the National Transport Design Centre (on the Technology Park) to showcase Coventry's ground-breaking transport innovations.

Recommendations:

Cabinet is requested to recommend that the Council approve:

- 1) The installation of the CVLR slab track and a short period of operation, of the City Centre Demonstrator (CCD) from Coventry Railway Station to Coventry University Technology Park in a live traffic environment will follow the release of the next phase of approved funding by the DfT.
- 2) Delegated authority to the Director of Innovation, following consultation with the Director of Law and Governance, the Director of Finance and Resources, the Director of Regeneration and Economy, and Cabinet Member for Jobs, Regeneration and Climate Change, to operate CVLR in a live traffic environment subject to risks being appropriately mitigated.
- 3) Delegated authority to the Director of Innovation to secure the necessary Statutory approvals to construct CCD.
- 4) Delegated authority to the Director of Innovation, following consultation with the Director of Law and Governance, the Director of Finance and Resources, the Director of Regeneration and Economy, and Cabinet Member for Jobs, Regeneration and Climate Change, to enter into all necessary legal agreements for the CCD.
- 5) Delegated authority to the Director of Innovation, following consultation with the Director of Law and Governance, the Director of Finance and Resources, Director of Regeneration and Economy and Cabinet Member for Jobs, Regeneration and Climate Change, to agree the award of contract(s) and for the Council to enter into all necessary contracts, including but not limited to constructing and operating the CCD.

- 6) Delegated authority to the Director of Innovation, following consultation with the Director of Law and Governance, the Director of Finance and Resources, the Director of Regeneration and Economy, and Cabinet Member for Jobs, Regeneration and Climate Change, to enter into the appropriate lease agreements for associated infrastructure required to deliver a modified, enhanced CVLR system and its potential to facilitate the construction of conventional tramways to prove out the advanced slab track capabilities.
- 7) Delegated authority to the Director of Innovation, following consultation with the Director of Law and Governance, the Director of Finance and Resources, the Director of Regeneration and Economy, and Cabinet Member for Jobs, Regeneration and Climate Change, to, subject to the necessary funding being secured, initiate the business case work for a commercial route in Coventry.

Council is requested to approve:

- 1) The installation of the CVLR slab track and a short period of operation, of the City Centre Demonstrator (CCD) from Coventry Railway Station to Coventry University Technology Park in a live traffic environment will follow the release of the next phase of approved funding by the DfT.
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- 7) Delegated authority to the Director of Innovation, following consultation with the Director of Law and Governance, the Director of Finance and Resources, the Director of Regeneration and Economy, and Cabinet Member for Jobs, Regeneration and Climate Change, to, subject to the necessary funding being secured, initiate the business case work for a commercial route in Coventry.

List of Appendices included:

The following appendices are attached to the report:

Appendix 1 – City Centre Demonstrator (CCD) Route

Appendix 2 - Equalities Impact Assessment

Background papers:

None

Other useful documents

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

Cabinet: City Centre South 24th January 2017

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

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

Cabinet: Coventry Very Light Rail, 12th October 2021

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

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

Cabinet: Coventry Very Light Rail, 7th January 2025

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

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

Has it or will it be considered by Scrutiny?

No

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

No

Will this report go to Council?

Yes - 13th January 2026

Report title: Coventry Very Light Rail

1. Context (or background)

- 1.1 Coventry Very Light Rail (CVLR) is a pioneering research and development project, supported by the West Midlands Combined Authority (WMCA) and the Department for Transport (DfT) with a £40.5m funding allocation as part of the City Region Sustainable Transport Settlement (CRSTS). Previous Cabinet reports document the context and reasons for delivering the programme.
- 1.2 The project is now gaining widespread attention due to its innovative and cost effective unique trackform and prototype vehicle, which has successfully completed an on-road test in a live, controlled, city centre environment. Around 3,000 people travelled on the vehicle on a short section of track built over a two-month period on Queen Victoria Road and Greyfriars Road, with the vehicle operating on this track over a four-week period.
- 1.3 Prior to the on road test, the vehicle had accumulated over 1000km under test at the Very Light Rail National Innovation Centre (VLRNIC) in Dudley and the track had also been robustly tested at the Council's own depot in Whitley, where a section of track had been laid on an access road used by the Council's refuse vehicles on a daily basis with over two million tonnes passing over it to date. With the data from both test sites, and now from the ORT, we have more certainty about the track and vehicle capabilities. The test tracks have outperformed expectations, and this success has led to the development of an advanced CVLR slab track, known as 'universal track,' which could have applications for conventional Light Rail schemes as well as CVLR.
- 1.4 We are now at the point where the next step for Coventry will be to construct a twin-track, longer demonstration section using the CVLR track and operate a modified new CVLR vehicle. The key aim will be to demonstrate that the track can be installed in a more complex environment at speed and within the cost envelope anticipated and that the vehicle can operate in live traffic.
- 1.5 The specific purpose of the City Centre Demonstrator is to:
 1. Operate the CVLR vehicle in live traffic – including the installation of an autonomous ready vehicle control system integrated with the city's traffic signal control system.
 2. Provide rides for the public, key stakeholders and visitors to the ITS World Congress to obtain further feedback on the system
 3. Demonstrate at scale, using the learnings from the ORT, the speed of installation and affordability of the CVLR track.
 4. Expedite the design and delivery process.
 5. Use the resulting evidence and data to inform the business case and design of Coventry's first commercial route and, more widely, to stimulate national and global commercial interest.
- 1.6 The CVLR vehicle is currently undergoing performance analysis following ORT. In order for the vehicle to achieve the required Case for Safety to permit running in live traffic a new vehicle will be built. This follows an analysis of the costs of modifying the existing vehicle, which showed it is more cost effective to build a new vehicle. There

is sufficient funding within the allocation to do this. This will enable feedback and learning to be incorporated in the new vehicle whilst the original vehicle can continue to be used to trial further innovations. Discussions with local manufacturers have confirmed that delivery of the new vehicle can be achieved in time for the demonstration runs in Autumn 2027.

- 1.7 Stabling, with basic maintenance facilities for the vehicle, will be provided on Coventry University land (as indicated in Appendix 1 to the report) to maintain vehicle performance and protect the vehicle from damage overnight. This will be the subject of a planning application.
- 1.8 During delivery, opportunities will be taken to improve pedestrian and cycle routes, especially in the vicinity of Junction 5 on the ring road, as the CCD route will pass through the southern side of the junction.
- 1.9 In the process of delivering CCD, we will be working closely with utilities companies with a view to leaving the majority of their equipment in situ and providing ducting where appropriate. The successful utility trials that were undertaken as part of the ORT demonstrated that access to equipment under the track can be gained in most cases without having to lift the track.
- 1.10 The CCD route will also potentially form the first section of the wider CVLR network that is in development, with a planned mass transit route connecting the city centre to Greenpower Park and the wider Investment Zone already under investigation as part of the regional VLR programme funded through CRSTS.
- 1.11 As well as offering a solution for Coventry, CVLR could benefit many towns and cities world-wide in the drive to combat climate change. Evidence suggests that rail based public transport systems stimulate modal shift, more than other forms of public transport, thanks to their permanence and quality of service. An integrated transport network, providing appropriate sustainable alternatives for individual journeys, is necessary to drive modal shift. Furthermore, this Coventry innovation offers the potential to create a new manufacturing sector, creating new jobs and skills in the city and wider region.
- 1.12 In parallel to delivering the 800m city centre demonstrator, the CVLR team will collaborate with TfWM and industry experts to further develop Universal Track (as mentioned in paragraph 1.3 of the report). The universal track could be game changing for the industry, as it will mean that standard trams could operate on it, due to the shallow depth and high weight bearing qualities of the slab. This will potentially offer enhanced performance and will benefit other cities as it will be cheaper and quicker to install than traditional light rail track, meaning less disruption to residents, visitors and businesses. To test this development, the team is working with Midland Metro and other tram operators to identify opportunities to trial universal track.
- 1.13 The project is generating world-wide interest, with approaches from interested parties who are keen to see the CVLR system demonstrated to prove the concept. Universal track will open more markets looking to capitalise on the cost savings from not having to re-locate utilities due to the shallow depth and high weight bearing qualities of the slab. The time savings from CVLR track installation are also appealing to other cities

that are keen to minimise disruption to the public and businesses during construction. CCC hold the patents for the technology and are therefore in prime position to exploit the commercial opportunities.

1.14 To increase the commercial opportunity, the next step will build upon ORT to now demonstrate how the whole system technology can integrate into a live City transport network.

1.15 As CVLR continues to be considered a research and development project, there is independent scrutiny of the test results, and an independent review panel (IRP) is in place. The IRP, comprising a number of industry experts, is assessing the outputs/ technical compliance of the ORT and the recommendations from the IRP will be known prior to DfT releasing the funding for construction.

2. Options considered and recommended proposal

Option 1 - Recommended – Approve the installation and operation of 800m of twin-track CCD.

2.1. The purpose of CCD is tabled in paragraph 1.5 of the report, but in addition CCD will enable us to:

- Develop the whole system, particularly the vehicle, to integrate into live traffic.
- Showcase the CVLR technology and system to a global audience during the ITS Congress in October 2027, and with accessibility groups, politicians, funders, stakeholders and future investors.
- Further collect technical data to enable the CVLR system to be commercialised.
- Provide greater certainty over capital costs for future business case submissions to secure funding for commercial routes in Coventry and beyond.
- To demonstrate the potential for CVLR to operate autonomously and thereby reducing costs.

2.2. It is intended that the vehicle will be operational for a limited period, at set times during the day. It will offer opportunities for residents and visitors to the ITS congress, as well as partners and possible future investors the chance to experience the system via escorted rides.

2.3. CCC will procure a competent operator who will hold the relevant licences to operate the system. The intention is to procure an operator that will be responsible for the operation of the CVLR system under contract to Coventry City Council and will be the duty holder undertaking both the Infrastructure Manager and Transport Undertaking roles under ROGS 2006. As such they will be responsible for ensuring the safe operation of CVLR during the period of operation and provide the necessary contractual protections for the Council.

2.4. The cost of the CCD will be funded from the current approved CRSTS budget. A change control for the initial section (Stage Gate 3A) to cover the 'prepare to construct' element was approved by DfT on 19 May 2025.

- 2.5. As with any new and innovative project, there are a number of associated risks. The programme risk register is regularly monitored and updated with oversight from Finance, Legal and Procurement.
- 2.6. To mitigate these risks, and to ensure the system operates safely, we are working closely with the Independent Review Panel (IRP) and the Office of Road and Rail (ORR) through our appointed Independent Competent Person (ICP). Stage gate 3B funding cannot be released without agreement from the IRP, who will assess all technical evidence, the case for safety, project costs and risk, with recommendations being presented to the DfT's Roads Investment Committee for approval. We cannot operate without the above and a letter of 'no objection' from the ICP. (Risk is also covered in Section 5 of this report). In addition, CVLR will also be subject to road safety audits (RSA) as is the case for all highway schemes.

Option 2 – Not Recommended – not to proceed with CCD.

- 2.7. This is discounted due to the positive outcomes from the ORT, the need to develop the commercial potential of the CVLR system, the support from WMCA and DfT for continuing with the CVLR programme, and the long-term benefits for Coventry's transport network, along with the potential to create local jobs and economic growth that will be realised through progressing with the development of the CVLR system.
- 2.8. As this is a research and development project, we must collect accurate data and provide the necessary evidence to utility companies, to give them confidence that their apparatus can be left in situ in most cases. Making sure the utility companies are on board is an essential part of the business case for CVLR and its wider adoption. Utilities companies are fully engaged with the project and attended sessions during the On Road Test in June and in August 2025 to provide further confidence in the ability to leave utilities equipment in situ wherever possible.
- 2.9. Installation of CCD also means that we are preparing the city for a first commercial route that would ultimately connect the Investment Zone to the Railway Station and onwards to Pool Meadow and UHCW.
- 2.10. Not proceeding will compromise the benefits of the grant funded investment already made to get the project to this stage. To date the CVLR programme has reaped positive results from the monitoring of both track and vehicle from the test sites, positive reactions from both public and industry sources to the ORT and has received continued support from both DfT and the WMCA to proceed with the second CCD.
- 2.11. CCD is essential to provide further data to feed into the business case work related to a future CVLR network for the city, building on existing mass transit studies (funded through TfWM) that are underway.

3. Results of consultation undertaken

- 3.1. Engagement with the Friargate Resident Liaison Group was held at the Council House 10 July 2025 with delegations from the Council and Stoney Road Area Residents (STAR) to review CVLR to date and discuss the future for the CCD. Several questions

regarding the reasons for the route were asked and responses provided from the Director of Innovation.

- 3.2. A letter and leaflet, explaining the City Centre Demonstrator plans were delivered to all nearby residents and businesses during week commencing 28 July 2025.
- 3.3. During ORT qualitative surveys were undertaken with visitors. The ORT was well-received by the public, with 85% of people surveyed agreeing they would like to use CVLR regularly.
- 3.4. During November 2025 drop-ins were offered to Park Road businesses and residents and the feedback gathered will be taken into consideration as we design and install the 800m of track.
- 3.5. Further engagement on CCD will take place over the coming months.

4. Timetable for implementing this decision

- 4.1. The CRSTS funding is a 5-year programme from 1 April 2022 – 31 March 2027. Funding has been released to enable CCD design and the procurement of long lead items. Colas Rail Ltd are engaged through their existing contract with CCC. Once funding approval is obtained, the contract for construction can be let, an operator will be procured, and delivery will begin as soon as is practically possible. Construction of the route will take place in 2026/2027 with the CCD operational for public rides in Autumn 2027.

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

5.1. Financial Implications

- 5.2. The WMCA is the accountable body for the CRSTS funding and grant agreements are put in place between the WMCA and the Council to agree outputs for each stage, the stage gates have been agreed with DfT and WMCA. The CRSTS allocation for CVLR is £40.5m, the Grant Aid agreement for which requires a local (match) contribution of £3.2m. This has previously been approved by Cabinet on 12 October 2021. The Table below illustrates the Stage Gate funding released to date and the expected outcomes for each stage. The team have now finalised Stage Gate 2 outcomes and have initiated Stage Gate 3A deliverables.

Stage Gate	Key Outcomes	Status
1 – R&D Vehicle & Track	Performance tested vehicle with an appropriate safety case that demonstrates how the vehicle can be operated 3 Track Test Sites with data that demonstrates that the track is performing as, or better than, expected	Spent

2 – On Road Test (ORT) Construction and Demonstration Rides	CVLR Track installed for an On Road Test (ORT) of 220m section in Coventry City Centre with vehicle operation in a controlled environment. Approved Case for Safety Partial implementation of City Centre Traffic Management.	Spent 90% and remaining 10% committed
3A – Preparation for Construction of City Centre Demonstrator (CCD)	Vehicle performance and component analysis to develop the Gen 2 specification. Commercial strategy analysis and development. Statutory occupier engagement and process development. Slab track development for standard light rail applications and engineering complexities. Route design for CCD route. Systems integration and lessons learnt.	Released by DfT 19 th May Spend initiated
3B – Construction of CCD	Construction of the ITS route – which is 800m between Coventry Rail Station and Coventry University Technology Park. Modified new Gen1 vehicle. Lessons learnt documentation	To be released (subject to Independent Review Panel of Stage Gate 2 and DfT approval – targeting Jan 26 for release)
CRSTS CVLR Funding		40,500,000
CCC Match Contribution¹		3,200,000
Total		43,700,000

- 5.3. To date, CVLR research and development has been delivered within the budgets set aside, with contingency included in cost estimates for any potential cost overruns.
- 5.4. The IRP assessed the financial forecasts for scheme implementation before Stage Gate 2 funding was released to construct the showcase. The ORT provided reassurance that the forecast costs are realistic and therefore there is confidence that the CCD can be delivered within the construction budget available.
- 5.5. The construction budget will be released subject to DfT approval following IRP analysis of the technical, commercial and case for safety evidence from Stage Gate 2 and partial evidence from Stage Gate 3A.
- 5.6. Within the CRSTS Grant Agreements there is a 10% tolerance on cost and programme. Any spend or programme slippage more than the 10% tolerance will be dealt with through Change Control.
- 5.7. Funding release for each stage gate is dependent on fulfilment of the agreed deliverables (or key objectives) of the preceding stage gates, therefore grant clawback is not a risk for this project.

- 5.8. At present there is a low financial risk that agreements with utility companies will result in the Council being required to give an unlimited indemnity in the event of any damage to their utilities. It should be noted that the risk of damaging a utility asset is low as utilities equipment should be located a minimum of 450mm beneath the road surface (CVLR dig depth is 300m). Furthermore, the CVLR track offers greater protection to underground assets as evidenced by the Council's data collection from trials undertaken to date.
- 5.9. There is provision within the allocated CVLR budget (with no impact on Highways budgets) in the unlikely event such incidents materialise, but it should be noted that the CVLR system is covered by appropriate insurance obtained and held by the Council as was the case during the ORT.
- 5.10. It is envisaged that the tracks would be retained in situ for data collection and as part of the first commercial corridor and funding from the above allocation has been committed to maintain and monitor the tracks.
- 5.11. An allocation of £1m has been agreed as a commuted sum for track and highway maintenance. The amount was calculated using robust specialist market data and ensures future proofing of the route.

5.12. Legal Implications

- 5.13. Certain legal implications associated with installing and operating the CCD have been considered. The key points from the legal analysis are summarised below.

Consenting

- 5.14. The Council as promoter of the City Centre Demonstrator should not assume that it can use its powers as highway authority, street authority, etc, as of right but instead should act as a third party would and apply for the relevant consents from itself as highway authority / street authority (i.e. using ethical walls, etc). This will provide greater transparency / resistance to legal challenge.
- 5.15. Planning permission is not required for the installation of CCD in adopted highway as it is permitted development but planning permission will be required for the vehicle stabling, platforms and any track which is not in adopted highway. The area subject to planning permission is shown in Appendix 1 to the report.
- 5.16. A Transport and Works Act Order (“**TWAO**”) would provide the most certain form of authorisation for the CCD but is not deliverable in the necessary timeframe. A careful use of powers under the Highways Act 1980, street works licences and traffic regulation orders provides sufficient authority and consents to place the necessary works for the road test in the highway, mainly because there are no land requirements to deliver the CCD. However, it should be noted that a TWAO would be required to operate a fare paying passenger service and CCC intends to apply for a TWAO once a commercial route has been funded/ agreed.

5.17. As with conventional construction works, the Health and Safety Executive (“**HSE**”) would largely be the health and safety enforcing authority in respect of the construction of new tramways and extensions to existing systems. The Office of Road and Rail (“**ORR**”) has delegated powers from HSE to look at the implications for operational safety at the time of design and construction of such projects.

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

Key Risks

The top five risks and mitigations are highlighted below:

Technical issues arise with the vehicle, track or infrastructure systems	All aspects of vehicle, track and infrastructure systems are scrutinised and documented at each phase with input from external companies with expertise in track and rolling stock, as well as the IRP (1.15). This process feeds to an appointed Independent Competent Person who signs off each element of the process, implementing the safety verification scheme for the project and ensuring that relevant industry standards are met.
Delays to vehicle build programme for live traffic operation	The vehicle will require some modifications during the new vehicle build to enable operation in live traffic. The team are working with industry experts to achieve Case for Safety sign off ahead of operation in Autumn 2027.
Statutory Occupiers (Utility companies) may not consent to leaving assets in existing positions on the route.	Considerable consultation and collaboration have been undertaken and will continue between CCC and the Statutory Occupiers following the On-Road Test (ORT). Methods of access to assets have been trialled with positive results.
CCC may be liable for personal injury or Third-Party property damage	All road schemes undergo a Stage 1 and 2 Road Safety Audit (RSA) and it will be the same for CVLR. A Stage 3 RSA will be completed prior to operation. Any RSA recommendations made will be assessed, considered and responded to.
Delays to the procurement of an operator	CCC is currently engaging with the market to ensure an operator is procured.

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

5.20. There is a detailed live programme risk register which is updated regularly, with the key implementation and operational risks and mitigations relating to the scheme.

5.21. All aspects of vehicle, track and infrastructure system safety are scrutinised and documented at each phase by a safety specialist, who provides advice and produces detailed cases for safety. This process then feeds to an appointed Independent Competent Person (ICP) as required under ROGS 2006 (Railways and Other Guided Transport Systems Safety Regulations 2006).

5.22. The ICP meets regularly with the CVLR teams alongside the safety specialist, and signs off each element of the process, implementing the safety verification scheme for

the project and ensuring that relevant industry standards are met where appropriate. The system only runs with a letter of no objection from the ICP.

5.23. Any risks associated with appointing an operator for the CDD have been mitigated by soft market testing, and confirmation that the operator appointed for the ORT would be prepared to operate the CVLR vehicle in live traffic subject to a letter of no objection from the ICP.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

[\(https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan\)](https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)

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

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

6.2. How is risk being managed?

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

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

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

As mentioned earlier in this report, risk is also scrutinised by the Independent Review Panel and the Independent Competent Person.

6.3. What is the impact on the organisation?

The CVLR programme will be delivered using existing resources where possible, utilising professional services where necessary via the appropriate frameworks. Works will be tendered to external contractors as appropriate.

6.4. Equalities / EIA?

An Equalities Impact Assessment (EIA) has been developed to consider any impacts on protected characteristic groups of the city centre demonstration route and any mitigation required. The EIA will be regularly reviewed and updated where necessary. It is acknowledged that by introducing the track onto the existing carriageway that there may be implications for people with disabilities, older people and those using bikes and pushchairs. We will be working with representatives of these groups to understand the best way to mitigate any issues. This may include audio and visual warnings, signage, lighting and anti-slip materials.

We will also investigate similar schemes in other towns and cities to make sure that we can understand and use any examples of best practice.

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

There are many positives for passengers from protected characteristic groups of CVLR and the feedback from ORT was invaluable in helping the team plan for the next generation of CVLR vehicle. Other positives in future will include accessible vehicles and stops, access to employment, healthcare and social activities, improved air quality and links to active travel.

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

Accessibility groups will be invited to experience the CCD as part of the trial, and their feedback will be incorporated into the next stages of the project. Further EIA work will be undertaken for the first commercial route.

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

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

6.6. Implications for partner organisations?

Coventry City Council will work closely with Transport for West Midlands, and West Midlands Combined Authority through scheme development and delivery. The programme has a robust governance process in place with a regional Programme Board with Department for Transport representatives involved. Coventry will also work with appropriate research and development partners, procured through the R&D framework, at appropriate stages during scheme development and delivery. Coventry is working with relevant supply chain organisations and is working closely with the

appointed contractor Colas Rail Ltd, who come with a breadth of knowledge and experience from delivering traditional light rail schemes nationally and globally. A detailed stakeholder analysis has been developed and will help us understand how we best work with partner organisations.

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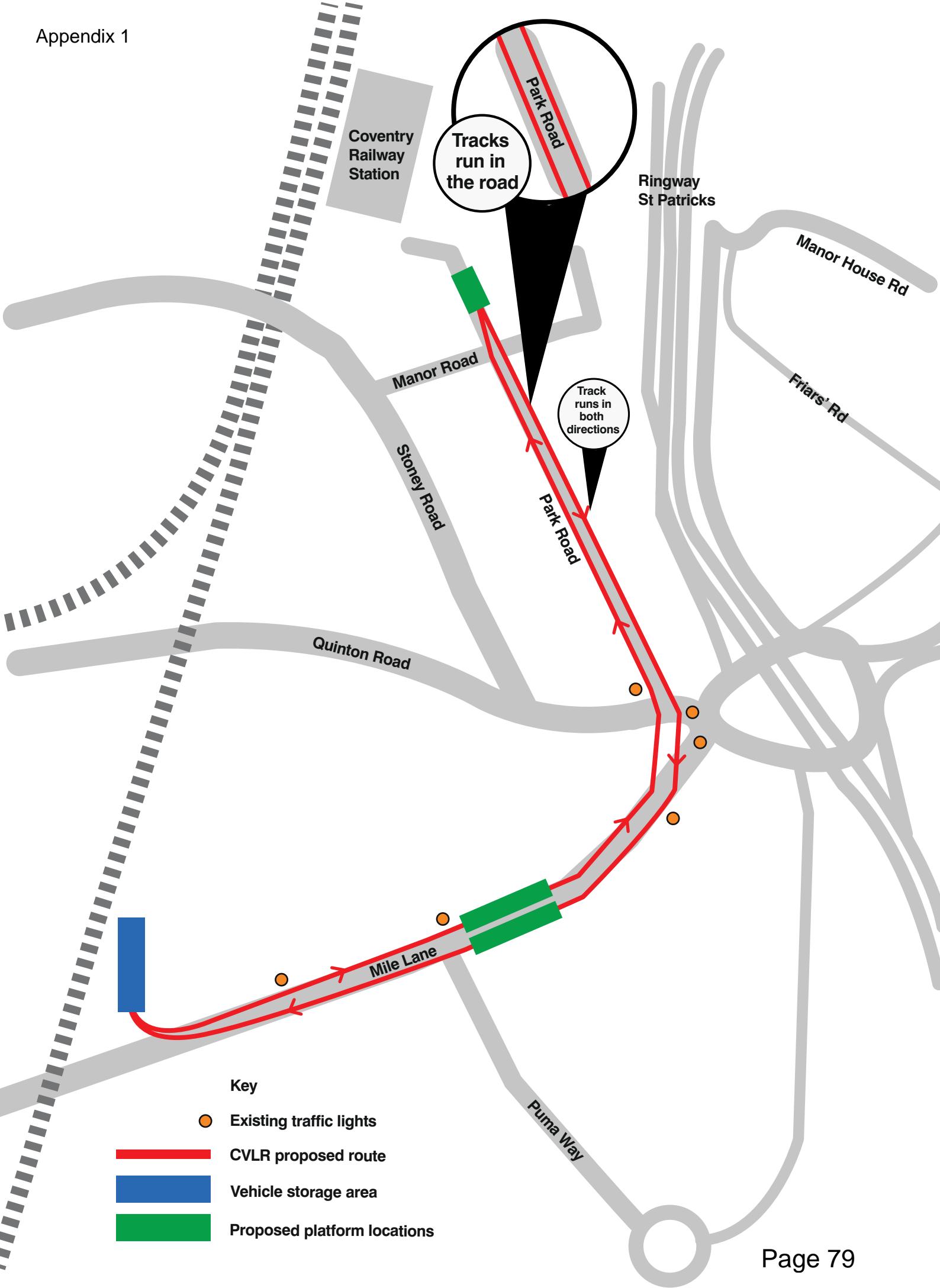
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Equality Impact Assessment

EIA-737608810 - Coventry Very Light Rail - City Centre Demonstrator

Details

Title	Coventry Very Light Rail - City Centre Demonstrator
Author	Simon Colclough (Strategic Commercial Lead)
Head of Service	John Seddon (Strategic Lead - Policy and Innovation)
Cabinet Member	Jim O'Boyle (Jobs, Regeneration and Climate Change)
Director	Colin Knight (Finance and Resources)

Context and background

EIA carried out on	New service
Background	<p>Coventry Very Light Rail is now moving to a new phase whereby we will be installing a new track and utilising the CVLR vehicle in a live, unsegregated city environment. The new 800m twin-track will run from the Coventry rail station to the Coventry University Technology Park. The target demonstration dates are October 2027.</p>
	<p>Blue light services CCC Highways CCC Network Management CCC Planning CCC Streetscene and Greenspace Department for Business, Energy and Industrial Strategy Department for Transport Elected members - particularly the Leader, Cabinet Members and Ward Councillors Emergency Planning Friargate Joint Venture Landowners affected by the scheme Office of Rail and Road Transport for West Midlands West Midlands Combined Authority</p>

	Access Department Group Bus / Coach operators Coventry University Designing Out Crime / British Transport Police Disability Groups including National Federation for the Blind, Guide Dogs Association, Coventry Wheelchair users Friargate Resident Liaison Group Stoney Road Area Residents Historic Coventry Trust Local / National environmental bodies Local Business owners Residents associations Schools, shops and small businesses on / adjacent to the route
Stakeholders	Student accommodation Taxi drivers Avanti Trains Bus passengers Community transport groups, e.g. school services, Shopmobility, Meals on Wheels Coventry BID Coventry Society ITS World Congress associates Childrens champion Cross Country Trains Delivery and courier services Federation of Small Businesses National Highways Network Rail Railway Industry Association Residents Royal Mail Special Interest / community groups West Midlands Trains Canal and River Trust Coventry and Warwickshire champions Coventry Rail Action Group Cycling organisations Heart of England Community Partnership Local Media / specialist press Statutory / Community involvement stakeholders including Culture West Mids, DEFRA, Equal Opps Commission, Gypsy Council, National Trust Tourists / visitors
Responsibility	Think Tanks The CVLR Project Team

The City Centre Demonstrator route will provide us with further opportunity to engage with representative groups ahead of any first route in the city.

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

Of the 2382 people who responded to our post-ride questionnaire, 42 had accessibility issues, and 173 were of the age group 70+.

Accessibility groups will be invited to ride on the vehicle and their feedback will be incorporated into any future development.

Coventry demographic information:

Sex and gender

In 2021, the population of Coventry was estimated to be 345,324. This was split approximately 50.1% female and 49.9% male. This is comparable with the estimates for the West Midlands, with 50.8% being female and 49.2% female. These percentages are also in line with national averages.

Age

In 2021, Coventry had a slightly younger population on average than England and Wales combined. The percentage of people aged 20-24 years in Coventry was 8.69%, compared with 5.89% for England and Wales. Furthermore, Coventry had a slightly lower percentage of people in all age groups between 45 and 90 years, compared with England and Wales. This is highlighted in the 70-74 years group. In Coventry, 3.78% of people belong to this group where the national percentage is 5.09%.

Disability

In 2021, the percentage of people in Coventry who self-reported living with health issues that meant day to day activities were limited a lot was 7.4%. This is slightly lower but broadly in line with the national percentage of 7.6%

Sight loss is an impairment that can impact on the affected population's daily activities, for example being able to drive or take the train. The percentage of people living with some level of sight loss in Coventry was estimated to be 2.4% in 2021. This is lower than the average for England at the time, which was 3.3%

Hearing loss can also impact on the population's ability to use public transport. In the UK, there are 12 million adults living with hearing

information loss of greater than 25dBHL. This is equivalent to 1 in 5 people. In Coventry, there are an estimated 230 people who use sign language or other forms of communication as their main language.

Race

In 2021, Coventry was estimated to have a smaller percentage (65.5%) of people who identify as White, than in England overall (81%). The groups with the largest difference to the national average were Asian/Asian British. In Coventry, 18.5% of people identified as being part of these groups. This was higher than England where the percentage was 9.6%

In 2021, the numbers of people in Coventry who do not have English or Welsh as their first language is generally higher than the national average. The percentage of households in Coventry which have no people with English as their first language is 10.6%. This is higher than the percentage for England which is 5%.

Unemployment and deprivation

In 2021, the proportion of people who are unemployed in Coventry (5.6%) is slightly higher than the British average (3.8%). Out of people in full time work, the average weekly pay is slightly lower in Coventry (£630.60) than it is in Britain (£642.20) as a whole. People (aged 16 years and over) are defined as being economically active if they are; in employment, unemployed but looking for work and could start within 2 weeks, or unemployed with an accepted job offer. 28 out of Coventry's 195 neighbourhoods, (14%) are amongst the most deprived 10% in England. Coventry has an IMD rank of 81 out of 317 local authorities nationally, where rank is the most deprived.

Background reports

The CVLR project has been through a number of approvals and the relevant reports are linked below:

Cabinet report - Connecting Coventry, Strategic Transport Investment Programme

24 January 2017

<https://edemocracy.coventry.gov.uk/documents/s32649/Connecting%20Coventry%20-%20Strategic%20Investment%20Programme.pdf>

Cabinet Report - Very Light Rail

18 December 2019

<https://edemocracy.coventry.gov.uk/documents/s51349/Coventry%20Very%20Light%20Rail.pdf>

Coventry Draft Transport Strategy

July 2022

<https://www.coventry.gov.uk/transport-strategy-2/transport-strategy>

Marmot Principles

3. Ensure a healthy standard of living for all
5. Create and develop healthy and sustainable places and communities
6. Strengthen the role and impact of ill health provision
8. Pursue environmental sustainability and health equity

Protected groups - Impact on Coventry Residents and Visitors

Age 0-18 Positive impact - Research has indicated that children, older people and people with disabilities are also more likely to be negatively impacted by air pollution. In the long term, CVLR will help to reduce air pollution by reducing reliance on the car.

As with the On-Road Test (ORT), children and young people will be invited to ride the vehicle and give feedback.

Age 19-64 Positive impact - There are businesses, residential properties, and the University of Coventry along the CCD route. We will need to ensure communication is clear and obtain feedback from all affected.

	<p>Both positive and negative impacts - This is both positive and negative as there will be some pedestrian diversions in place while the construction works take place. There will be clear delineation between the public and the operations during construction, which may include diversion routes. The tracks will remain in the ground after the test and will eventually form part of the first route to the Investment Zone.</p> <p>Age 65+</p> <p>Best practice measures will be used throughout to minimise impacts on air quality and the associated health impacts. These will be addressed through the implementation of a Construction Environmental Management Plan (CEMP).</p> <p>Longer term the improvement to transport may benefit older people by reducing isolation. Opportunities to access social activities would be increased by improving transport links.</p> <p>Accessible seating is available on the vehicle and measures will be made to aid the requirements for its use when the demonstration is in progress.</p>
	<p>Both positive and negative impacts - There may be some pedestrian diversions during the construction phase. We will work with the disability groups and the Independent Travel Team to ensure these are suitable for people with disabilities.</p> <p>Disability</p> <p>Accessibility groups will be invited to ride on the vehicle as part of the demonstration event and their feedback will be incorporated in the future developments.</p> <p>Best practice measures will be followed during construction will the implementation of a CEMP.</p> <p>Access and egress onto the vehicle and platforms will be designed in accordance with Inclusivity Mobility guidance.</p> <p>Good lighting will be used to adhere to mobility guidance.</p>
	<p>Gender reassignment</p> <p>No impact -</p>
	<p>Pregnancy and maternity</p> <p>Positive impact - The CVLR vehicle and platforms can accommodate pushchairs as necessary. Rides will be pre-booked to ensure arrangements are made for these requirements.</p> <p>Longer term CVLR will help improve air quality in the area. Pregnant women who are exposed to high levels of pollution are at risk of giving birth to low birthweight baby and low birthweight can lead to an increased risk of children developing chronic diseases.</p>

Race	Positive impact - We will ensure that all communication is accessible and clear for those who have English as an additional language.
Religion and belief	No impact -
Sex	No impact -
Sexual orientation	No impact -

Additional groups

Care experienced	No impact -
Armed forces	No impact -
Socio economic groups	<p>Positive impact - Once the trial phase concludes and the Coventry Very Light Rail (CVLR) is integrated into the city's public transport network, both the vehicles and track systems—designed for local production—will be manufactured in Coventry, boosting local industry and generating employment.</p> <p>The CVLR will supplement Coventry's existing electric bus routes, with planned extensions to strategic locations such as the Coventry Gigafactory and the University of Warwick. These routes are expected to stimulate economic growth in key business zones and enhance connectivity across the city.</p> <p>CVLR will offer a reliable and affordable option for those without access to cars, helping reduce transport inequality. The Battery-powered vehicles eliminate the need for overhead wires and reduce air pollution, contributing to better air quality.</p>

Next steps

Inequality	Action	Owner	Timescale

Monitor and evaluation

Feedback has been obtained from the ORT phase and is being evaluated for implementation into the CCD phase. Furthermore, Coventry University has been engaged to analyse the feedback which will inform decisions on the future development of CVLR. This feedback loop will continue throughout CCD.

Impact on Council staff**Will there be an impact?** No**Completion statement****Potential equality impact** Both positive and negative impact has been identified for one or more protected groups



Cabinet

16 December 2025

Name of Cabinet Member:

Cabinet Member for City Services – Councillor P Hetherton

Director approving submission of the report:

Interim Director of City Services

Ward(s) affected:

All

Title:

Highways Maintenance Contract - 2026

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses two or more electoral wards in the City.

Executive summary:

Coventry City Council currently utilises the Highways Maintenance Contract 2016 (HMC16) collaborative contract between Warwickshire County Council (WCC), Solihull Metropolitan Borough Council (SMBC) and Coventry City Council (CCC) for specialist highways treatments and significant carriageway resurfacing projects. The HMC16 contract ends on 05 May 2026.

As a result, WCC have carried out a tender process for a future highways contract to meet all their highways needs. The Council can be a party to this for elements of its Highways work which provides a legally compliant procurement framework where delivery of works is to be undertaken outside the use of the Highways Direct Labour Organisation (DLO) team.

As the spend on specialist items of work via this contract would be more than £1million per annum, Cabinet is being asked to approve Coventry's use of this contract going forwards.

Recommendation:

Cabinet is recommended to:

- 1) Subject to Procurement Board approval, approve the Council's use of Warwickshire County Council's Highways Maintenance Contract 2026 for the contract period (7-year core term plus potential extensions up to a further 6 years) from 05 May 2026 for the works outlined in this report.
- 2) Delegate authority to the Interim Director of City Services, undertake all necessary due diligence to enter into the contract, including but not limited to:
 - Finalising the terms of Coventry City Council's participation in the Highways Maintenance Contract 2026; and
 - entry into the contract on behalf of the Council.

List of Appendices included:

None

Background papers:

None

Other useful documents

Further information on WCC – Highways Maintenance Contract Tender: <https://www.find-tender.service.gov.uk/Notice/037598-2025>

Has it or will it be considered by Scrutiny?

No

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

No

Will this report go to Council?

No

Report title: Highways Maintenance Contract - 2026

1. Context (or background)

- 1.1. Coventry City Council has a highways maintenance budget of £11.8 million in the current year. Approximately £3.5million is delivered through HMC16 and up to £8.3million per year is delivered by the Council's DLO. The DLO is unable to carry out some of the specialist treatments which are used on the City's roads and since 2011 these specialist items have been purchased via the WCC Highways Maintenance Contract (HMC 2011 and HMC 2016). These treatments are road surface treatments and road recycling processes which tend to be carried out by national contractors. Surface treatments are an essential part of good maintenance practices and in future years it is likely capital grant funding allocations will be withdrawn from Local Authorities who do not undertake them.
- 1.2. In 2011 and 2016, the Council joined a collaborative procurement process with WCC. The Council entered into a contract (known as the Highways Maintenance Contract 2016 or HMC16) with Balfour Beatty in 2016 following a full competitive tender exercise. HMC16 had an initial term of 7 years, with an additional three annual extensions permitted under the contract terms. Balfour Beatty have been awarded all three extensions, taking the term to ten years and HMC16 is due to expire in May 2026.
- 1.3. In preparation for procurement of a replacement contract (HMC26), the specification has been reviewed, and this has identified a number of improvements to the existing arrangements which will be incorporated into the procurement exercise in order to better meet the Council's current and likely future needs.
- 1.4. The procurement exercise will be undertaken so as to preserve continuity of service until HMC26 commences and will allow the Council to select the contractor who can offer the most appropriate balance of quality and price. Should there be a change of provider the current contract terms and the timetable for the procurement will allow for mobilisation to new arrangements whilst maintaining service levels and build in processes for the management of such a change.
- 1.5. The procurement will follow the requirements of procurement legislation in force at commencement of the procurement exercise. Warwickshire County Council are re-procuring the Contract using a Competitive flexible procedure. This includes 4 stages:
 - Stage 1: Initial submissions
 - Stage 2: Bid Optimisation/Dialogue/Pre-tender Negotiation
 - Stage 3: Invitation to Submit Final Tenders (ITSFT)
 - Stage 4: Post Tender Negotiation/Preferred Supplier

Evaluation of tenders will take place in December, and award is planned in January 2026.

2. Options considered and recommended proposal

- 2.1. CCC use the Highways Maintenance Contract for the following treatments:
 - Surface Dressing
 - High Friction Surfacing
 - Retread
 - Asphalt rejuvenators and preservatives
 - Micro Asphalt
 - Slurry Seal
- 2.2. CCC has considered the option of delivering this work via its DLO, but this is not viable due to the specialist nature and the capital investment cost associated with the plant which would be required. Capital investment in the specialist equipment would run into the millions. This would not be recovered in the foreseeable future, as the nature of this work means that the equipment would stand idle for most of the year. As an example, Coventry's surface dressing programme typically last two weeks in each year.
- 2.3. CCC has also considered the option of tendering for these specialist areas of work as individual contracts. The value and quantities of the joint contract with WCC and SMBC offers economies of scale which would not be achievable on individual contracts for these specialist works.
- 2.4. Continuation of the use of the collaborative Highways Maintenance Contract is recommended. The proposed approach will enable the Council to seek value for money and innovative approaches to delivery and to balance the need for quality in service delivery with cost effectiveness.
- 2.5. It is recommended to approve the Council's use of Warwickshire County Council's Highways Maintenance Contract 2026 for the contract period (7-year core term plus potential extensions up to a further 6 years) from 05 May 2026 for the works outlined in this report.

3. Results of consultation undertaken

- 3.1. None

4. Timetable for implementing this decision

- 4.1. Contract award will take place in December 2025 / January 2026 based on finalised evaluation between CCC, WCC and SMBC.
- 4.2. Mobilisation for WCC and SMBC will take place upon contract award and CCC mobilisation will come on stream if the recommendations within this report are agreed.
- 4.3. Contract start will be 05 May 2026, following the end of the existing contract.

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

5.1. Financial Implications

5.1.1. There is no commitment on annual or contract spend in HMC16 and HMC26 will operate on the same basis. All works undertaken will be covered by budgets set for the relevant year and works will be managed and monitored to ensure that they remain within the approved budget envelope and in line with government grant levels or the approved capital programme. The Council will be seeking social value commitments and added value from bidders for HMC26 with a clear commitment to value for money across the whole life of the contract.

5.2. Legal Implications

5.2.1. Highway authorities have a legal duty to maintain the highway under section 41 of the Highways Act 1980, as amended. Further, there are standards of repair that they must follow. For local highway authorities these are set out in Well-maintained Highways: Code of Practice for Highway Maintenance Management, published in 2016 by the UK Roads Liaison Group (UKRLG).

Whilst the parties are participating in a collaborative procurement exercise WCC is the 'lead authority' and the 'Contracting Authority' for the purposes of The Procurement Act 2023. WCC is responsible for ensuring the procurement exercise undertaken is compliant with the Act.

Coventry City Council Legal and Procurement Services will work with service area colleagues to ensure that the procurement exercise being undertaken by WCC provides a legally compliant contract which Coventry City Council can access for the delivery of works required to discharge its duty where such work cannot be undertaken by the Council's Direct Labour Organisation (DLO).

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

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

The Highways Maintenance Contract 2026 directly supports delivery of the One Coventry Plan by improving infrastructure, promoting sustainability, and enabling partnership working across the region.

- **Increasing Economic Prosperity:** A well-maintained transport network underpins economic growth, inward investment, and job creation. The collaborative procurement with Warwickshire and Solihull delivers value for money, strengthens regional infrastructure, and embeds social value through apprenticeships, local supply chains, and carbon-reduction commitments.
- **Improving Outcomes and Tackling Inequalities:** Enhanced road surfaces, cycleways, and footpaths support safer, more accessible travel for all residents.

This encourages active travel, improves health and wellbeing, and helps reduce inequalities by connecting communities with jobs, education, and services.

- **Tackling Climate Change:** The contract includes clear requirements for sustainable materials, waste minimisation, and alignment with the Council's climate change ambitions. Innovative surface treatments and greener construction practices will help reduce emissions and improve air quality.
- **Financial Sustainability and Partnership Working:** Joint procurement maximises efficiency, avoids duplication, and ensures responsible use of public funds. The approach reflects the Council's commitment to collaboration, prudent financial management, and long-term sustainability.

6.2. How is risk being managed?

The Contract form for delivery of these works is under NEC4 which clearly sets out how contracts should be managed and how issues should be escalated. WCC is the Employer under this Contract with rights carved out for both Coventry City Council and Solihull Metropolitan Borough Council. There are 3 levels of Officer groups under this Contract with specific decision-making powers. The processes will be covered under an operational back-to-back agreement between CCC and WCC and SMBC, which have been agreed between the parties. KPI's will be monitored closely and are part of the basis for any extensions which may be offered under the Contract.

6.3. What is the impact on the organisation?

Joining HMC2026 will enable the Council to maintain continuity of essential highways services while achieving better value for money through joint procurement and economies of scale. The contract reduces administrative and financial pressures, ensures access to specialist treatments the Council's Direct Labour Organisation cannot deliver, and supports improved service quality through performance monitoring and innovation. It also aligns with the One Coventry Plan by promoting sustainable infrastructure, regional collaboration, and environmental responsibility.

6.4. Equalities / EIA?

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, requires the Authority, when exercising its functions its functions to have "due regard" to:

- the need to eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- the need to advance equality of opportunity between persons who share protected characteristics and persons who do not; and
- Foster good relations between those who have protected characteristics and those who do not.

The Authority is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Authority is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socioeconomics and health determinants. The Council seeks to ensure equality, inclusion, and dignity for all in all situations. There are no equalities and social inclusion implications and risks associated with this decision.

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

By its nature the work undertaken under HMC26 will have an environmental impact given the need for aggregates and other construction materials and the need for specialist machinery to deliver the programme and projects needed once procured and instructed. However, the Council will secure clear commitments from the successful bidder in respect of environmental mitigations and their commitment to Net Zero and sustainability, and any works under HMC26 will be required to comply with environmental legislation.

The Contract will include robust performance and contract management measures which will include measures around sustainability and reduction in any negative environmental impacts related to construction activities.

6.6. Implications for partner organisations?

Joint procurement maximises efficiency, avoids duplication, and ensures responsible use of public funds. The approach reflects the Council's commitment to collaboration, prudent financial management, and long-term sustainability.

The contract enables the Council to deliver innovation and collaboration initiatives with Transport for West Midlands (TfWM) and the West Midlands Combined Authority (WMCA). These organisations will benefit from improved reliability of transport corridors, supported integrated transport services and strategic planning, strengthened regional collaboration and alignment with sustainability and infrastructure objectives.

Collectively, HMC26 will support economic growth, connectivity, and the delivery of high-quality, sustainable infrastructure across the region.

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