

**Time and Date**

2.00 pm on Tuesday, 7th July, 2026

Place

Committee Room 3 - Council House

Public business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes** (Pages 3 - 8)
 - (a) To agree the minutes from the meeting of Cabinet on 9 June, 2026
 - (b) Matters arising
4. **Revenue and Capital Outturn 2025/26** (Pages 9 - 48)

Report of the Director of Finance and Strategic Resources
5. **Pride in Place Programme - Governance, Accountable Body Arrangements and Establishment of Neighbourhood Boards (Willenhall, Tile Hill and Hillfields)** (Pages 49 - 70)

Report of the Director of Strategy and Performance
6. **Acceptance of the Music Hub Revenue Grant for the Strategic Area of Coventry, Warwickshire and Solihull** (Pages 71 - 80)

Report of the Director of Children's and Education Services
7. **Outstanding Issues**

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

Private business

Nil

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

Monday, 29 June 2026

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Caroline Taylor, Governance Services, Email:lara.knight@coventry.gov.uk / caroline.taylor@coventry.gov.uk

Membership: Councillors N Akhtar, L Bigham, R Brown, K Caan, G Duggins (Chair), P Hetherington, AS Khan, L Kelly (Deputy Chair), J McNicholas, M Mutton

Non-Voting Deputy Cabinet Members: Councillors P Akhtar, G Hayre

Non-Voting Opposition Members: Councillors F Beechey, J Blundell, J Gardiner, E M Reeves)

Public Access

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**Lara Knight / Caroline Taylor, Governance Services,
Email:lara.knight@coventry.gov.uk /
caroline.taylor@coventry.gov.uk**

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 9 June 2026

Present:

Members: Councillor G Duggins (Chair)
 Councillor L Kelly (Deputy Chair)

Councillor N Akhtar
Councillor L Bigham
Councillor R Brown
Councillor P Hetherton
Councillor L Kelly
Councillor AS Khan
Councillor J McNicholas
Councillor M Mutton

Non-Voting Deputy
Cabinet Members: Councillor P Akhtar

Non-Voting Opposition
Members: Councillor F Beechey
 Councillor J Blundell
 Councillor J Gardiner
 Councillor E M Reeves

Other Non-Voting
Councillors: Councillor A Hopkins, Chair of Ethics Committee
 Councillor S Jobbar, Chair of the Education and Children's
 Services Scrutiny Board (2)
 Councillor R Singh (Chair of the Scrutiny Co-ordination
 Committee)

Employees (by Service
Area):

Chief Executive: J Nugent

Children's and Education
Services S Sen (Director), R Sugars

Finance and Resources B Hastie (Director), S Kinsell

Law, Governance and
Safer Communities J Newman (Director), S Bennett

Apologies: Councillors K Caan and G Hayre

Public Business

1. **Declarations of Interest**

There were no disclosable pecuniary interests.

2. **Minutes**

The Minutes of the meeting held on 17 March, 2026 were agreed and signed as a true record.

There were no matters arising.

3. **Approval of the Draft Local Special Educational Needs & Disability (SEND) Reform Plan Setting out how Coventry Local Area Partnership will deliver the National SEND Reform**

Cabinet considered a report of the Director of Children's and Education Services which indicated that, since the reforms introduced in 2014, the national SEND system has been under sustained pressure. This has led to overstretched services and unsustainable financial positions. Despite these challenges, it is recognised that many local area partnerships have shown leadership and innovation, improving local services. The government's commitment is to collaborate and scale what works, investing in inclusive and sustainable systems. Each local area must take full responsibility for robust action plans that demonstrate ownership, ambition, and accountability.

The Local SEND Reform Plan is expected to be revised annually as reforms are rolled out over a 3-year period initially. Delivery occurs within the current statutory framework, and no implementation of policies under consultation or awaiting legislative change is required in this first iteration. The Plan must build on existing foundations and lay the groundwork for reform.

The three key components / expectations of the first iteration of the Reform and Local Plan are:

Inclusive Mainstream System: Most children and young people with SEND should thrive in mainstream settings via high-quality teaching, inclusive practice, and targeted support. Multidisciplinary professional support will be commissioned efficiently at a group level.

Specialist Support: Specialist settings continue to serve those requiring individualised approaches or curricula not available in mainstream education.

Efficient Local Delivery: Investment in health, care, and education will support joined-up, place-based provision. This includes delivery of additional support called Experts at Hand. Collaboration with ICBs will commission multi-disciplinary support across all settings, easing pressure on school transport and ensuring children access education closer to home.

The Department for Education (DfE) will evaluate the submitted Local SEND Reform Plans to monitor ongoing performance throughout the reform period. In instances where acute performance concerns exist, officials will apply heightened scrutiny to ensure all available actions are undertaken for effective implementation of reforms. Throughout the development and implementation of these Plans, continuous support and challenge will be provided by government officials, SEND Advisers, and Financial Advisers. Regular progress updates will be required including the potential to revoke the licence to deliver SEND services in cases of persistent failure.

In line with the national position, Coventry has also seen significant demand increase over the last 10 years. The number of children and young people with Education, Health & Care (EHC) Plans has more than doubled and currently there are over 4,000 children and young people with EHC plans.

Coventry's HNB DSG allocation for the 2026/27 financial year is £81.5M and expenditure is projected to be £90.6M. This projected in-year overspend will be funded from the positive DSG reserve balance (which totalled £16.1M as of 31st March 2025).

Despite now facing financial challenge Coventry is well-placed to deliver on the Reforms as a result of well-established partnership working in place across the local area and work that is already in place, which aligns with the government direction of travel (e.g. continued investment in specialist provision across the city – specialist schools and enhanced resource provision, in the 3rd year of a significant SEND whole city workforce strategy, expanded statutory team supported through core budget resource, and a large SEND Support Service).

To accompany the Reforms the DfE have made funding available in 2026/27 - 2028/29 to the wider system including an Inclusive Mainstream Fund that will be allocated directly to schools to facilitate inclusive provision (on average £19k per primary school and £39k per secondary school). The Local Authority will receive a grant of ca. £3M in 2026/27 rising to an estimated £5.2M (2027/28) and £5.9M (2028/29) to deliver on SEND Reform including Experts at Hand, which is intended to be a new route for mainstream schools to access expert advice from education and health professionals. This allocation also includes up to 20% (£600K in 2026/27) to support transformation and administration. The DfE provides High Needs Capital Funding to local authorities to support the creation of inclusion specialist bases in mainstream settings to increase local capacity, and to consider these as a central part of their local sufficiency planning. The funding is intended to increase capacity across the 0–25 age range and can also be used to expand existing special schools and improve facilities for post-16 learners with SEND.

Allocations are made directly to local authorities using a national formula that takes account of factors such as the number of children and young people in the area, population growth, and existing levels of need. Local authorities are responsible for determining how best to use their allocation in line with their SEND sufficiency strategy and local priorities.

In the 2025/26 financial year, Coventry received an allocation of £5.2M; and in the 2026/27 financial year a further allocation of £5.1M. This funding is planned to be utilised to deliver specialist bases at primary and secondary schools and to

support access and suitability within mainstream schools. The One Strategic Plan for Education sets out the capital strategy, including utilising basic need capital allocations to subsidise the High Needs Capital Allocations to deliver the school SEND sufficiency requirements.

Producing and delivering a co-produced Local Area Partnership Plan is a major requirement and involves considerable additional work. This includes providing updated 3-year pupil number forecasts using revised methodology and aligning this with financial forecasts, as well as designing how we will deliver the Expert at Hand offer. This requirement has been exacerbated by short timescales between receiving the Plan and guidance (9th March) and expected submission of the Plan (19th June), and delays to the operational guidance (e.g. Experts at Hand operational guidance is not expected until after submission of the Plan). The DfE have been very clear that despite the deadline date the Plan is iterative and will continue to change over time.

As a result of short timescales, work will continue on the Plan up to the submission date, and there are some areas of the Plan (particularly forecasts) that have not been included as they are still under development. The Plan, included as Appendix A to the report, sets out vision, goals and the direction of travel. Further updates and information can be provided as required.

The SEND Reform Plan has been developed through co-production and is grounded in an established understanding of Coventry's local SEND system. That understanding has been built over time with children and young people, parents and carers, schools and settings, and partners across education, health and care, and is reflected in the local area's SEND Self-Evaluation Framework (SEF) that is refreshed on an annual basis and our SEND Maturity Assessment (Attached as Appendix B to the report).

In addition, direct co-production activity has informed the development of the Reform Plan itself. Two workshops have been held to date, led by the Council and involving representatives from the Parent Carer Forum (PCF), education settings, the ICB, and Coventry and Warwickshire NHS Trust. Early drafts of the plan have also been shared electronically with stakeholders, and feedback has been used to strengthen the plan. Feedback from parents and carers has resulted in a stronger emphasis on co-production as a central theme throughout the plan and a greater focus on support for children who are not attending school full time.

The draft Plan will now be considered through wider partnership arrangements, including the Headteachers' Inclusion Group, the Special School Group and the Specialist Base Group. Further focused workshops are also planned to test and strengthen key elements of the plan, including specific reform models such as Experts at Hand. This work will commence before the plan is finalised but will continue afterwards.

Following a request, it was noted that the final version of the Plan that is submitted to the DfE will be shared with Members.

In accordance with Paragraph 11.3 of Part 3E of the Constitution, Councillor R Singh, Chair of the Scrutiny Co-ordination Committee, attended the meeting for

this item of business and agreed the need for urgency such that call-in arrangements will not apply.

The reason for urgency being the timescales involved, as the Local SEND Reform Plan must be submitted to the Department for Education by 19 June 2026.

Officers were congratulated and thanked for all of the work undertaken in this regard.

RESOLVED that Cabinet:

- 1. Approves the draft Local SEND Reform Plan as attached as Appendix A to the report.**
- 2. Delegates authority to the Director of Children's and Education Services to make amendments to the Plan and submit it ahead of the deadline for submission on the 19th June 2026, following final sign off from the Chief Executive and the Director of Finance and Resources (Section 151 Officer).**

4. Outstanding Issues

There were no outstanding issues.

5. Any Other Items of Urgent Public Business

There were no other items of urgent public business.

(Meeting closed at 2.45pm)

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Cabinet
Audit and Procurement Committee
Council

7th July 2026
27th July 2026
8th September 2026

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:

Revenue and Capital Outturn 2025/26

Is this a key decision?

Yes - The report deals with financial matters in excess of £1.0m including specific new recommendations to allocate resources within the outturn position.

Executive Summary:

This report outlines the final revenue and capital outturn position for 2025/26, and reviews treasury management activity and 2025/26 Prudential Indicators reported under the Prudential Code for Capital Finance.

The overall financial position includes the following headline items:

- An underspend of **£3.2m**, balanced by a contribution to earmarked reserves.
- Capital Programme expenditure of **£154.3m**
- An increase in the level of available Council revenue reserves from £119m to **£145m**

The Council has faced significant pressures within Adults Social Care, 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 underlying revenue position has improved by £4.8m since Quarter 3 where an overspend of £1.6m was being forecast. The majority of the improved position relates to improvements in City Services within both Environmental Services & Highways, as well as an improved position in Property Services and Development following the recognition and removal of the City Centre South demolished properties from the National Non-domestic Rates (NDR) rating list by the Valuation Office, and finally significant improvements realised in demand for Temporary Accommodation. These improvements are set out in section 2.1.4 in the report.

Recommendations:

Cabinet is recommended to approve:

1. The final balanced revenue outturn position after a contribution of £3.2m to reserves.
2. The final capital expenditure and resourcing position (section 2.3 and Appendix 2 of the report), incorporating expenditure of £154.3m against a final budget of £180.8m; £26.5m expenditure rescheduled into 2026/27.
3. The outturn Prudential Indicators position in section 2.4.4 and Appendix 3 of the report.

Cabinet is requested to recommend that Council: -

4. Approves the contribution to reserves of £3.2m for the purposes described in Section 5.1 of the report.

Council is recommended to:

1. Approve the contribution to reserves of £3.2m for the purposes described in Section 5.1 of the report.

Audit and Procurement Committee is recommended to:

1. Consider the contents of the report and determine whether there are any issues which it wants to refer to the Cabinet Member for Strategic Finance and Resources.

List of Appendices included:

Appendix 1	Detailed breakdown of Directorate Revenue Variations
Appendix 2	Capital Programme Changes and Analysis of Rescheduling
Appendix 3	Prudential Indicators

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

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

Yes - Audit and Procurement Committee 27th July 2026

Will this report go to Council?

Yes – 14th July 2026

Report title: Revenue and Capital Outturn 2025/26

1. Context (or background)

- 1.1 This report sets out the Council's revenue and capital outturn position for 2025/26 and performance against its Prudential Indicators for the year. The City Council set a revenue budget for the year of £296.7m and has a revised Capital Programme of £180.8m.
- 1.2 The reported figures show the Council's financial position in relation to management accounts used to monitor performance through the year. The Audit and Procurement Committee will consider separately the Council's statutory Statement of Accounts.

2. Options considered and recommended proposal.

2.1 Revenue Outturn

- 2.1.1 Table 1 below summarises the outturn position for each division and the required contribution to reserves to achieve a balanced position for the Council.

Table 1 Summary Outturn Position

Quarter 3 Forecast Variance		Revised Budget	Final Outturn	Outturn Variance over/(under) spend	Movement from Q3 worse/ (better)
£m		£m	£m	£m	£m
3.8	Adult Services & Housing	145.9	148.0	2.1	(1.7)
(0.7)	Children and Education	123.3	121.8	(1.5)	(0.8)
2.1	City Services	38.9	39.0	0.1	(2.0)
(8.6)	Contingency & Central Budgets	(47.9)	(55.5)	(7.6)	1.0
0.2	Digital Services	0.6	0.5	(0.1)	(0.3)
1.3	Finance & Resources	13.3	14.3	1.0	(0.3)
0.2	Legal & Governance Services	11.5	11.7	0.2	0.0
0.2	People and Organisational Development	3.0	3.9	0.9	0.7
(0.3)	Planning and Performance	7.0	6.5	(0.5)	(0.2)
0.0	Policy and Communication	0.4	0.3	(0.1)	(0.1)
2.2	Property Services and Development	(10.8)	(10.3)	0.5	(1.7)
(0.5)	Public Health	1.4	0.9	(0.5)	0.0
1.7	Regeneration and Economic Development	10.1	12.4	2.3	0.6
1.6	SUBTOTAL	296.7	293.5	(3.2)	(4.8)
	Contribution to reserves			3.2	
1.6	TOTAL	296.7	293.5	0.0	

2.1.2 Explanation of variations

The final outturn position has shifted from a forecast £1.6m overspend at quarter 3 to an underspend of £3.2m at the end of the financial year.

2.1.3 Movement from quarter 3 forecast

Most services have improved or maintained their quarter 3 position. The most significant favourable movement since quarter 3 reporting are in:

City Services (£2.0m improvement)

The Directorate reported a £2.1m overspend at quarter 3, driven by pressures of £2.2m within Environmental Services, partially offset by a £0.1m underspend in Highways. While some of these pressures remain, the Directorate has made significant progress in improving its financial position and is now forecasting a reduced overspend of £0.1m. This represents a substantial achievement.

The improved position has been supported by strong performance within the Highways division, which is now forecasting a £1m underspend. This has been achieved through increased income from car parking, enhanced enforcement activity, improved recovery rates and significant savings in energy costs within the street lighting service.

Environmental Services continues to report a pressure, now forecast at £1m, an improvement since Quarter 3. This reduced pressure reflects lower forecast costs, savings arising from delays in recruitment and reduced running costs, alongside increased uptake of the Garden Waste service.

Property Services and Development (£1.7m improvement)

The residual holding costs for the City Centre South project, forecast at quarter 3 included the costs for void National Non-Domestic rates (NNDR). The Valuation Office have now recognised that properties are either or demolished and have been removed from the rating list the cost reduction over time has now been realised.

Adult Services and Housing (£1.7m improvement)

The directorate reported a forecast a £3.8m overspend at Quarter 3, at outturn this position has improved by £1.7m mainly due to improvements in the Housing and Homelessness division. The previous forecast for Temporary Accommodation (TA) was based on best available data, recognising that demand for TA is subject to several external variables. In previous quarters the numbers of families seeking support for TA had begun to plateau but there was no indication as to whether this could be relied upon as a changed position or if we were to expect a surge in demand as a result. This improved position continued and there has since been a genuine reduction in the number of families requiring support which, alongside some unplanned variation in costs compared with the model for forecasting TA expenditure, has resulted in an overall improvement of £1m. The other main improvement relates to a £0.4m higher level of income in Housing than previously forecast.

2.1.4 Final Outturn Position

An explanation of the major variances contributing to the final outturn position are discussed below:

Regeneration and Economic Development (£2.3m overspend)

Planning Services continues to experience financial pressures circa £1.2m driven by than lower than expected planning fee income against an ambitious income target. Additionally, cultural and commercial operations have underperformed against expectations circa £1.1m overall.

Further contributing to the current overspend are higher-than-anticipated costs associated with the repair and replacement of traffic signal assets, which are essential to maintain safe and reliable operation following incidents. Combined with reduced fee income, these factors have placed additional strain on the division's budget.

Adult Services & Housing (£2.1m overspend)

There is a £6.6m pressure in Adult Social Care (ASC) due to the costs of purchasing packages of care for adults and older people, which is partially offset by increased client fee income of £1.6m. 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 and rising costs of support post annual review, the higher needs and associated costs of cases in Mental Health, growth in residential & nursing care partly due to pressure from individuals exiting other funding arrangements such as Continuing Healthcare, and pressure in Learning Disabilities with a greater number of cases requiring intensive 1:1 support to manage 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.

These ASC pressures are being offset at a directorate level by an underspend in Housing and Homelessness of £2.9m which is mainly due to an increase in grant funding for 25/26 of £1.9m, 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 of £0.8m. There is also an underspend on the costs of delivering Temporary Accommodation of £0.4m following a reduction in the number of families requiring support. Other underspends include staffing and other expenses at £0.9m as well as additional income above the amount budgeted of £0.4m.

Finance and Resources (£1.0m overspend)

The majority of the £1.0m overspend relates to the Revenue and Benefits service where we are experiencing several demand-led pressures including higher transaction fees for receiving card payments, increasing cost of providing support to care leavers and the level of provision made for bad debt. The most significant cost pressure the Revenue and Benefits service relates to the provision of housing benefit for people in supported accommodation – for which the Council is only partly reimbursed by Government.

Childrens and Education (£1.5m underspend)

There is an overspend of £2.8m against homes for children in care. This is attributed to the overall number of children in residential care being lower than our financial

planning assumptions, however a greater proportion were accommodated in more costly external spot placements which offset the benefit of reduced activity. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs was lower than budgeted. There was an overspend of £0.4m against the no recourse to public funds (NRPF) budget due to there being an increased number of families who required support.

These overspends were more than offset by underspends elsewhere across the division. Social work case holding teams underspent by £1m due to reduced levels of agency staff and overall demand. Section 17 budgets underspent by £0.7m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help underspent by £0.9m due to staffing vacancies and utilisation of grant funding where appropriate. The remaining £0.9m balance is a combination of other smaller variances across the service.

Contingency and Central (£7.6m Underspend)

There is a £7.0m surplus forecast on Asset Management Revenue Account. £3.4m of this relates to increases in expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget. Positive cash balances in the final quarter and higher interest rates contributed to reductions in forecast Interest on Borrowing as well increases in Interest Income on cash balances creating a net underspend on Treasury Management activities of £3.6m

Other favourable variances totalling £2.1m in Central Budgets, include contingencies held in lieu of National Insurance impact, inflation on contracts and levies. This is being offset by an adverse variance of £1.5m, which is due to a forecast underachievement of 2025/26 One Coventry Programme.

2.2 Reserves

2.2.1 The Council's revenue reserve balance at the end of 2025/26 is £145m compared with £119m at the end of 2024/25. Adult Social Care resources represent the largest in year increase and a new reserve was set up relating to a change in accounting treatment for funds related to Adopting Highways. Resources set aside to support the Business Rates Income Smoothing Reserve, Housing Enforcement Licencing Fees Reserves, and Childrens Services Contingency Fund and Management of Capital account for the majority of the remaining increase.

2.2.2 The £3.2m relating to the 2025/26 underspend has been transferred into the Financial Risk Contingency to support the council's resilience for future financial shocks, increasing this reserve to £16.8m.

2.2.3 Balances generated from capital receipts and capital grants to fund future capital projects have increased from £48m to £80m. The majority of this increase relates to £23m being held for Education Capital Basic Needs Programme and £28m held in the Capital Programme for City Centre South planned works.

2.2.4 And reserve balances belonging to or earmarked to support schools have reduced from £40m to £38m. The total reserve movement in 2025/26 is summarised in the table below.

Table 3 Summary of Reserve Movements in 2025/26

	1st Apr 2025 £000	(Increase)/ Decrease £000	31st Mar 2026 £000
<u>Council Revenue Reserves</u>			
General Fund Balance	(10,277)	0	(10,277)
Adult Social Care	(14,768)	(7,279)	(22,047)
Financial Risk Contingency	(13,268)	(3,553)	(16,821)
Commercial, Reset & Innovation	(12,204)	9	(12,195)
Business Rates Income Reserve	(9,189)	(2,759)	(11,948)
Early Retirement and Voluntary Redundancy	(7,241)	(1,192)	(8,433)
Management of Capital	(6,365)	(960)	(7,325)
Public Health	(4,557)	(952)	(5,508)
Adopted Highways	0	(4,375)	(4,375)
Refugee Resettlement Programme	(3,618)	(453)	(4,071)
Private Finance Initiatives	(4,137)	85	(4,052)
Enforcement Licence Fees	(908)	(1,011)	(1,919)
Childrens Services Contingency Fund	(444)	(1,116)	(1,561)
Friargate One Lifecycle Costs	(1,594)	115	(1,480)
ICT Replacement Programme	(1,225)	(88)	(1,313)
Insurance Fund	(780)	(468)	(1,248)
CRSTS Revenue Capacity Funding	(432)	(808)	(1,239)
Homes for Ukraine	(1,196)	14	(1,183)
Other Directorate	(18,960)	226	(18,732)
Other Corporate	(8,235)	(755)	(8,990)
Total Council Revenue Reserves	(119,397)	(25,320)	(144,718)
<u>Council Capital Reserves</u>			
Useable Capital Receipts Reserve	(15,167)	10,424	(4,743)
Capital Grant Unapplied Account	(32,607)	(42,186)	(74,793)
Total Council Capital Reserves	(47,774)	(31,762)	(79,536)
<u>Schools & Central DSG Reserves</u>			
Schools (specific to individual schools)	(23,896)	1,718	(22,178)
Central DSG Reserve	(16,130)	190	(15,940)
Total Schools & Central DSG Reserves	(40,026)	1,908	(38,118)
Total Reserves	(207,197)	(55,174)	(262,372)

2.2.5 Adult Social Care resources represent the largest area of balances. These are overwhelmingly funded through ring-fenced grant and health sector resources for the delivery of jointly managed pooled budget arrangements with Health. In addition to these, the revenue reserve balances include £12m set aside as Commercial, Reset & Innovation approved previously, £12m is set aside for the Business Rates Income smoothing reserve, £8m is set aside to fund costs arising from early retirement and redundancy decisions and another £7m is set aside for Management of Capital which represents planned Revenue contribution to the Capital Programme.

2.2.6 A new reserve created for Adopted Highways (£4.3m) relates to a change in the recognised accounting treatment of service funds previously held as creditors. Recent reviews of the agreements surrounding S38 and S278 Highway adoptions has removed the risk that the Council will be required to return these funds and therefore they are required to be recognised as reserves not creditors.

2.2.7 In line with existing practice, analysis of these balances will be undertaken as part of a wider exercise examining the Council’s financial position in 2026/27 and going forward.

2.2.8 The Council’s central dedicated schools grant (DSG) reserve balance at the end of 2025/26 is £15.9m compared with £16.1m at the end of 2024/25. In 2025/26 there was an overspend of £1.2m against the High Needs Block which primarily funds educational provision for children and young people with SEND. There was an underspend of £0.8m against the Early Years Block which funds childcare for children aged 9 months to 4 years. This is primarily because January 2026 activity levels were lower compared to those used by the DfE to calculate our indicative funding allocation. Our 2025/26 allocation will be adjusted retrospectively in July 2026 to account for this, meaning the impact will be felt as a cash reduction in 2026/27. This cash reduction will be applied against our DSG reserve balance.

2.3 Capital Outturn

2.3.1 The capital outturn position for 2025/26 is shown in summary below and in greater detail in Appendix 2 to the report:

Table 4: Capital Outturn Summary

Final Budget £m	Final Spend £m	Net Rescheduling Now Reported £m
180.8	154.3	(26.5)

The quarter 3 monitoring report to Cabinet on 10th February 2026 approved a revised capital budget of £173.9m for 2025/26. Since then, there has been a net programme increase of £6.9m giving a final budget for the year of £180.8m. Since February, a total of £26.5m net rescheduled spending has arisen within the capital programme. A scheme-by-scheme analysis is included in Appendix 2. A summary of key schemes is in the table below.

Table 5: Summary of Rescheduling

Project	(Rescheduling) /Accelerated Spend £m	Explanations
Coventry Very Light Rail (CRSTS Programme)	(5.2)	The rescheduling is largely due to, detailed design programme adjustments, delay to conclusion of installation contract due to design adjustments and revised methodology for the CVLR vehicle programme.
City Centre South	(3.0)	Predominately, the movement on City Centre South reflects some changes to the profile of demolition spend compared to earlier forecasts, slipping spend from 2025/26 to Q1 2026/27. Demolition on the scheme has now almost completed with only a few buildings remaining to be demolished as at 31st March 2026 and the project remains on course to commence the construction phase in early 2026/27.
Highways, Local Network Improvement Plan and Coventry South Transport Packages (CRSTS Programme)	(7.5)	The rescheduling is primarily due to a delay in design and delivery following land negotiations, scheme sequencing challenges and design refinements after public engagement and consultation for the Coventry South transport packages being delivered around London Road. The remaining rescheduling is due to timing and delivery uncertainties and extended public engagement.
Woodlands School (Education Programme)	(2.1)	Woodlands project programme has recently been rescheduled because of changes to phasing and delivery of works. This is mainly due to detailed window and door designs which required additional planning approvals.
Residential Children's Homes Strategy 2023-2026	(0.6)	Despite CCC efforts, there were delays in acquiring land to build the Children with Disabilities 2 home on. When land conversations were picked back up, it was decided to pause on the delivery of the home to allow for a comprehensive review informed by an updated analysis of need. This ensures that future accommodation provision is closely aligned with the current and emerging needs of children and young people in Coventry, which will support a sustainable strategy and help to futureproof both service delivery and the effective use of Council resources.
New Collection Centre - City Centre Cultural Gateway	(5.8)	The City Centre Cultural Gateway is a large and complex regeneration scheme and is now firmly within its main construction phase. While overall progress on site remains positive, the project has encountered several challenges during the financial year, primarily arising from changes to building

		<p>regulations and the need to determine the most appropriate compliance approach.</p> <p>These issues have resulted in some programme delay and have prevented certain planned works from being completed within the original timeframe, leading to the current financial slippage. The Project Team remains confident that efficiencies and programme recovery can be achieved, and that the scheme will be completed by the end of the year.</p>
Family Temporary Accommodation - Local Authority Housing Fund	(0.6)	The reported rescheduling relates to the capital LAHF3 programme for the acquisition of temporary accommodation. This reflects an underspend on the programme and will be reprofiled into 2026/27 and aligned with the next phase of delivery under the LAHF4 programme and for continued investment in temporary accommodation provision.
Other	(1.7)	Smaller schemes combined
TOTAL	(26.5)	

2.3.2 The 2025/26 programme continued to maintain a significant investment in the city's transport and public infrastructure, including schemes demonstrating an increasing engagement with environmental initiatives and a range of other projects showing the Council's desire to make Coventry an attractive place to live, work and do business:

- £27.4m has been spent on transport and highways infrastructure across a range of both major and minor schemes. This has included completion of segregated cycling facilities on London Road, between the junction with Humber Road/Allard Way (the 'ASDA roundabout') and the junction with Abbey Road as part of the CRSTS funded Coventry South Transport packages. The remaining packages of the London Road corridor will be completed in 2026-27. Ongoing infrastructure schemes to improve and maintain the city's highways via the City Region Sustainable Transport Settlement (CRSTS) for Highways Maintenance and our Local Network Improvement Plan continue to be delivered.
- A further £16.6m has been spent on City Centre South, this has predominantly been on demolition, which is now almost complete with only a few buildings remaining to be demolished.
- Further programme spend of £4m has been made in 2025/26 on the fit-out costs of several floors at Two Friargate.
- £6.2m further expenditure of the £21m infrastructure project to prepare the Coventry airport site for development as part of the West Midlands Investment Zone, which will focus on advanced manufacturing.

- £6.6m Active Travel spend to support walking, cycling, and sustainable transport infrastructure has included the delivery of Canley Ford cycleway extension along the A45 and the continuation of Binley Cycleway along Clifford Bridge Road that will complete in Quarter 1 of 2026-27.
- There have been works totalling £21.6m across the school's property estate as part of the One Coventry Strategic Plan. There has been an increasing focus now on providing additional capacity in secondary schools across the city to meet the growing numbers amongst the secondary in-take.
- A further £14.6m spend has been incurred on the continued delivery of Woodlands School, the programme is scheduled to complete in 2026-27.
- Continued grant funding investment in Climate Change has resulted in £0.8m Mayoral Renewable funding in delivering Solar PV on Sidney Stringer MAT and Coventry College buildings using the Strategic Energy Partnership (SEP) contract. This process has enabled larger Solar PV schemes to be delivered compared to what each organisation could have delivered independently. Climate change grant investment continues into 2026/27
- The council continues to deliver the Local Authority Housing Programme (LAHF) as it increases the Temporary Accommodation capacity across the city. This year has seen a further £5.4m expenditure in purchasing accommodation.
- The City Centre Cultural Gateway is a large and complex regeneration scheme, and this financial year has progressed to the main construction phase incurring expenditure of £21.1m. The programme will continue into 2026-27.
- A range of smaller scale but not insignificant schemes have advanced including investment in the Councils Information Communication Technology (ICT) and continued investment in Disabled Facilities Grants.

2.3.3 The funding in respect of this capital expenditure of £154.3m is summarised in Table 7 below. Approximately 61% of the programme has been resourced from capital grants.

Table 7: Capital Funding

	Funding the Programme £m	Available Resources £m	Resources Carried Forward £m
Prudential Borrowing	34.9	34.9	0
Grants and Other Contributions	93.7	166.2	(72.5)
Revenue Contributions	2.9	2.9	0
Capital Receipts	16.0	20.7	(4.7)
Management of Capital Reserve	2.3	9.6	(7.3)
IFRS 16 Leases	2.5	2.5	0
Donated Assets	2.0	2.0	0
Total Resourcing	154.3	238.8	(84.5)

2.4 Treasury Management Activity

2.4.1 Global economic factors over the last 18 months have impacted significantly the operating environment for treasury activity. Political uncertainty continued in Qtr. 4 as the war in the Middle East remains unresolved and continues to disrupt energy supply. CPI was 206% in March 2025, moving into 2025/26 saw it rise to its peak in July – September at 3.8%. Since September it had started to fall to 3.2% in November still well above the Bank of England’s 2% target, but since then, we saw an increase to 3.4% in December dropping to 3.0% in January and February seeing it raise again in March to 3.3%

The UK economy expanded by 0.4% in Q4 2025/26. This follows a revised growth of 0.2 in Qtr. 3 (revised by the Office of National Statistics). Services output rose by 0.8%, following a 0.2% increase in Qtr. 3. Services output is estimated to be 1.4% higher compared with the same quarter a year ago. The largest positive contributor to growth was wholesale and retail trade; repair of motor vehicles and motorcycles subsector, which grew by 2.0%. This was driven by growth of 3.1% in wholesale trade, except of motor vehicles and motorcycles, and a growth of 1.6% in retail trade, except of motor vehicles and motorcycles

At the beginning of the financial year the bank base rate was 4.5%, since then there have been 0.25bpts cuts in May (4.25%), August (4.0%) and December (3.75%) where it remained at the year end. However, due to political volatility and disruption in transportation and supply of energy, raising its price and pushing up household’s motor fuel costs bills; with an expectation that utility bills will raise as well, there is an expectation that base rate will raise although the BOE Monetary Policy Committee is keeping a very close eye on this.

2.4.2 **Long Term (Capital) Borrowing**

The Public Works Loan Board (PWLB) is 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 providing twelve

detailed 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 2021/22 approved by Cabinet on 23 February 2021 it was agreed the Council will not buy investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loan Board (PWLB) for 2025/26 have varied within the following ranges:

Table 8: PWLB Interest Rates

PWLB Loan Duration (standard rates)	Minimum Qtr. 4 2025/26	Maximum Qtr. 4 2025/26	Average Qtr. 4 2025/26	As at 31/03/2026 2025/26
5-year	3.59	4.53	3.87	4.33
20-year	4.78	5.44	5.01	5.30
50-year	4.68	5.31	4.88	5.15

Rather than take out any long-term borrowing to cover capital projects it has been more cost effective to use either internal resources (cash balances) or to use short-term borrowing. By doing so, the Council has reduced net borrowing costs (despite foregone investment income) and reduced overall treasury risk, however this is not sustainable on an ongoing basis.

2.4.3 At outturn, the Capital Financing Requirement (CFR), which indicates the Council's underlying need to borrow for capital purposes, has increased by £11.8m from £522.8m at 1st April 2025 to £534.6m at 1st April 2026.

2.4.4 This increase is mainly due to an increased level of capital programme funded from Prudential borrowing (£34.9m of the £37.3m). The remainder is IFRS16 leases and PFI related spend.

Table 9: 2025/26 Capital Financing Requirement (CFR)

	£m
Capital Financing Requirement at 1 st April 2025	522.8
Borrowing required to finance 2025/26 Capital Programme	37.3
PFI & Finance Leases liabilities	(6.2)
Provision to Repay Debt (Minimum Revenue Provision)	(16.9)
Provision to Repay Debt (Capital Receipts Set Aside)	0.0
Repayment of Transferred Debt	(2.4)
Reduction of Provision and other restatements	0.0
Capital Financing Requirement at 1st April 2026	534.6

Table 10: Treasury Management Debt Summary

Source of Borrowing	Balance at 31st March 2025 £m	Repaid in Year £m	Raised in Year £m	Balance at 31st March 2026 £m
Long term borrowing				
- PWLB	180.7	0	0	180.7
- LOBO's	38.0	(10.0)	0	28.0
- West Midlands Combined Authority	18.0	0	0	18.0
- Other	0.4	0	0	0.4
Short term borrowing	20.0	(20.0)	0	0.0
Total borrowing	257.1	(30.0)	0	227.1
Other Local Authority Debt	2.4	(2.4)	0	0
PFI & Finance Leasing Liabilities	63.5	(6.2)	2.5	60.0
Total	323.0	(39.0)	2.5	287.1

This long-term borrowing is repayable over the following periods:

Table 11: Borrowing Maturity Profile (excluding PFI & transferred debt)

Period	Borrowing £m
Under 12 Months	0.4
1 < 2 years	0
2 < 5 years	28.0
5 < 10 years	75.0
> 10 years	123.7
Total	227.1

In line with CIPFA Treasury Management Code requirements, Lenders Option, Borrowers Option Loans (LOBOs) with banks are included in the maturity profile based on the earliest date on which the lender can require repayment. The Council had £38m of such loans, £10m of which the lender can effectively require to be paid at annual intervals, and £28m at 5 yearly intervals. These have been included in the above table as per their next renewal date which was May 2025. In May the lender proposed significant increases in the borrowing rate which was well above the prevailing PWLB rates it was decided that the Council would repay £10m of LOBOs, and there has not been a need to replace this borrowing in 2025/26.

Investments

2.4.5 The 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. During the year, the Council held

short-term investments, as set out in Table 12. The average short-term investment rate of return in 2025/26 was 4.19%.

Table 12: In House Investments at 31st March 2026

	01/04/25 £m	30/06/25 £m	30/09/25 £m	31/12/25 £m	31/03/26 £m
Banks and Building Societies	0.0	0.00	0.0	0.0	0.0
Local Authorities	22.5	41.5	10.8	45.0	0.0
Money Market Funds	18.7	24.6	39.0	6.8	62.9
Corporate Bonds	0.0	0.0	0.0	0.0	0.0
HM Treasury	2.5	0.0	0.0	0.0	0.0
Total	43.7	66.1	49.80	51.80	62.9

Pooled Investments

In addition to the above in-house investments, a mix of Collective Investment Schemes or “pooled funds” are used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. These funds are highly liquid, as cash can be withdrawn within two to four days, and short average duration of the intrinsic investments. These investments include Certificates of Deposits, 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 credit risk these investments are spread across several funds as highlighted in the table below:

Table 13: External, Pooled Investments as at 31st March 2026

	Date Invested	Cost £m	Value £m	Annualised Return from Investment %
CCLA LAMIT Property Fund	Nov 2013	12.0	11.6	4.67%
Threadneedle Strategic Bond Fund	Aug 2018	1.5	1.4	4.49%
M&G Optimal Income Fund	Aug 2018	1.5	1.4	4.87%
M&G Strategic Corporate Bond Fund	Aug 2018	3.0	2.6	5.13%
M&G UK Income Distribution Fund	Aug 2018	3.0	3.1	5.68%
Ninety-One (Investec) Diversified Income Fund	Aug 2018	4.5	4.0	4.87%
Schroder Income Maximiser	Aug 2018	4.5	4.2	7.62%
Total		30.0	28.3	5.26%

Credit risk remains central to local authority investment management and the Council’s risk is managed in line with the Treasury Management Strategy,

approved by Cabinet as part of the budget setting report at the meeting of 24th February 2026. Central to this is the assessment of credit quality based on several factors including credit ratings, credit default swaps (insurance cost) and sovereign support mechanisms. Limits are set to manage exposure to individual institutions or groups. Credit ratings are obtained and monitored by the Council's treasury advisors, MUFG previously Arlingclose.

Pooled funds provided an income return of £1.45m over the year although as at 31st March 2026 the accumulated deficit on their capital value was £1.7m (£2.4m deficit at the end of 2025/26). All seven funds show a deficit in capital value which is reflective of the current property and financial markets. There remains an expectation that the full value 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.

Summary Prudential Indicators

2.4.6 The Local Government Act 2003 and associated CIPFA Prudential and Treasury Management Codes set the framework for the local government capital finance system. Authorities can borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against prudential and treasury 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 explanatory notes and the relevant figures are included in Appendix 3 to the report. This highlights that the 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 31st March 2026 the value is -£102.4m (minus) compared to +£102.7m within the Treasury Management Strategy, reflecting the fact that the Council has significantly 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 31st March 2026 the value is £286.8m compared to £513.6m within the Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

Commercial Investment Strategy

2.4.7 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, is proportionate to the size of the Council. In doing this the strategy includes specific limits for the total cumulative investment through loans and shares.

To manage risk, the Council has limits for investing in shares and service loans, with total limit of £115m in 2025/26.

As at the end of 2025/26, the Council had cumulatively invested £80.1m in shares and service loans with this rising to £0.3m when commitments to make potential payments of £0.2m are taken into account.

	As at 31 st March 2026				
	Limit	Actual	Committed	Total	Variation
	£m	£m	£m	£m	£m
Shares	55.0	52.1	0.0	52.1	(2.9)
Loans	60.0	33.5	0.2	33.7	(26.3)
	115.0	80.1	0.2	80.3	(34.7)

The total of £80.1m is within the limit of £115m set for the 2025/26

The Council's investment in commercial assets is proportionate:

- with commercial income totalling approximately £29.2m in 2025/26 (£27.7m in 2024/25) equivalent to c10.0% of the Council's budgeted net service expenditure of £298.7 in 2025/26
- with commercial assets valued at £484m (23.1% of the Council's total asset base of c£2,099). This is not the amount invested by the Council, for example through past capital programmes, as it includes revaluations over time. In addition, many assets classified by the Council as commercial have significant service dimensions, including economic development aspects, thereby contributing more broadly to the provision of services.
- with a Capital Financing Requirement of £534.6m representing the Council's underlying need to borrow, at 25.5% of the Council's total asset base.

2.5 Commercial Investment Performance

Dividends received from Commercial Investments during 2025/26 are shown in the table below. No dividends have been declared at this point for 2025-26 by

Tom White Waste or Coombe Abbey Park Limited. Additional dividends were received from both Birmingham Airport Holdings Limited (BAH) and The Coventry and Solihull Waste Disposal Company Ltd (CSWDC) in the final quarter.

Company	2025/26 Budgeted Dividend £000	2025/26 Actual Dividend £000	Variance from Budget £000
The Coventry and Solihull Waste Disposal Company Ltd (CSWDC)	7,075	9,167	2,092
Birmingham Airport Holdings Limited (BAH)	1,600	2,913	1,313
Tom White Waste Limited	0	0	0
Coombe Abbey Park Limited	0	0	0
Total Dividends	8,675	12,079	3,404

3. Results of consultation undertaken

None.

4. Timetable for implementing this decision.

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 Governance and Safer Communities

5.1 Financial implications

5.1.1 The final revenue outturn position for 2025/26 has been balanced by a year-end contribution of £3.2m to earmarked reserve balances. This is a significant favourable movement from the Quarter 3 Forecast monitoring position and is mainly attributable to improvements in City Services within both Environmental Services & Highways, as well as an improved position in Property Services and Development following the recognition and removal of the City Centre South demolished properties from the NNDR rating list by the Valuation Office, and finally significant improvements realised in demand for Temporary Accommodation.

5.1.2 Notwithstanding this positive closing position, external factors continue to contribute to underlying pressures including the persistence of inflation continuing to impact cost. There are intractable on-going issues including those relating to children's and adults social care, which are common to many councils across the country whilst the Council also managed local time-limited pressures in the year.

5.1.4 A wide range of service challenges are reported in Appendix 1 which, reflect ongoing financial difficulties, emphasising that despite the positive resourcing

position received from the Local Government Settlement, it is necessary to continue 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 position, following through on management actions to embed efficiencies.

5.1.6 The Council's Leadership Team have worked proactively together to mitigate the underlying pressures, which have been realised within this outturn by:

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

5.1.7 Continued efforts from both officers and portfolio holders are needed in order to minimise the impact of service pressure into 2026/27.

5.1.8 In addition to these operational actions the Council has taken proactive steps previously to maintain a strong balance sheet position, including robust reserve balances, which have enabled it to manage the adverse budget variations encountered in recent years. It will be vital for the Council to continue to ensure that it maintains a prudent approach going forward in order to mitigate against potential future shocks. This, together with the above gives sufficient assurance that the Director of Finance and Resources does not need to take any extraordinary action to respond to the financial position either in respect of 2025/26 or future years.

5.1.9 In setting the Council's budget and corporate objectives for 2026/27, the additional resources identified for Coventry in the Local Government Finance Settlement provided the Council with the opportunity to provide for additional policy investments for key priority areas. It remains imperative that the full programme of savings agreed within the 2024/25 and 2025/26 budget setting processes continue to be closely monitored by the Councils' Leadership Board as well as the impact of the policy investments agreed for 2026/27.

5.1.11 Several areas within corporate budgets including dividends, investment interest, superannuation and the Coventry and Warwickshire Business Rates Pool yield, can be subject to volatility and were budgeted for on a prudent basis in 2025/26. The outturn position on these items was favourable against the range of reasonable expected outcomes, and this has enabled the Council to absorb overspent budgets elsewhere within the bottom line. Several of these favourable financial outturns have occurred in areas that have been subject to affirmative Council decisions in recent years such as dividends and investment income.

5.1.12 The local government sector has witnessed risks materialise in recent years within other local authorities, in the form of some high-profile financial failures often linked to ambitious local plans with scope to deliver financial returns. The Council is itself involved in a range of commercial ventures, company structures and external loan financing arrangements and is committed to ensuring that it maintains a high degree of self-awareness of its position. High

standards of due diligence, good governance and monitoring arrangements and the maintenance of a broad mix of activities to guard against a concentration of risk are all vital factors to protect the Council's financial position. The Council continues to be bold with its aspirations for the city and maintains a measured appetite for risk to achieve this. It is important for the Council to maintain contingency balances to protect against the risk of financial failure in one or more key areas.

5.1.13 With the exception of the Council's General Fund balance all reserves have been set aside to deliver specific projects or risks. Given the size of the Council's ambitions defined by its Capital Programme, its transformation programme and its financial involvements that extend beyond traditional local authority service provision it is entirely appropriate for the Council to support this in the form of balances to pump prime such areas and provide some financial risk mitigation. Nevertheless, the Council has a 'mid-table' position in the CIPFA Resilience Index in relation to the level of its reserve balances. This has enabled the Council to place itself in a strong financial position as well as providing the best basis for the Council to improve services for residents and invest in the city and its communities.

5.1.14 The level of expenditure across a broad number and type of capital schemes has once again demonstrated the Council's appetite to embark on ambitious and innovative projects and its success in attracting grant funding to do this, with 61% funded from external grant. The programme's coverage of projects includes the city centre south, enhancing transport infrastructure, improving the profile of the city, and providing support to local economic development, and a range of projects dealing with the issues of housing.

5.1.15 The Council undertook some short-term borrowing at the end of 2024/25, this was undertaken on a short-term basis, taking advantage of relatively low interest rates available and was repaid in full in May 2025. In other areas the Council continues to undertake prudent treasury activity and pursue commercial activity that is ambitious but proportionate to the size of its asset base and overall budget.

5.2 Legal implications

5.2.1 Section 151 of the Local Government Act 1972 requires the Council to make such arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.

5.2.2 Section 25 of the Local Government Act 2003 requires the Council's Chief Financial Officer to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. This is included throughout the report.

5.2.3 The Cabinet also has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.

5.2.4 The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan?

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

This report provides an account of the overall financial performance of the Council compared with its original Budget. The Council also monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the One Coventry Plan.

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. Budgetary control and monitoring processes are paramount to managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

The revenue and capital outturn position reported here demonstrates that the Council continues to undertake sound overall financial management. This will continue to be important in the light of the current budgetary risks and the continued uncertainty with regard to the level of funding available to local government.

6.4 Equalities / EIA

No specific impact.

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

None.

6.6 Implications for partner organisations?

None.

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Names of approvers for submission: (Officers and Members)				
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This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix 1 - Revenue Variations

Appendix 1 details directorate forecast variances.

Budget variations have been analysed between those that are subject to a centralised forecast and those that are managed at service level (termed “Budget Holder Forecasts” 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 must work within the existing establishment structure, and salary budgets are controlled centrally rather than at this local level. The centralised forecast underspend shown below is principally the effect of unfilled vacancies.

	Revised Budget	Actual Spend	Centralised Variance	Budget Holder Variance	Total Over/ (Under) Spend
	£m	£m	£m	£m	£m
Adult Services and Housing	145.9	148.0	(2.1)	4.2	2.1
Children and Education	123.3	121.8	(3.3)	1.8	(1.5)
City Services	38.9	39.0	(1.7)	1.8	0.1
Contingency and Central Budgets	(47.9)	(55.5)	0.0	(7.6)	(7.6)
Digital Services	0.6	0.5	0.1	(0.2)	(0.1)
Finance and Resources	13.3	14.3	(0.3)	1.3	1.0
Legal & Governance Services	11.5	11.7	(0.6)	0.8	0.2
People and Organisation Development	3.0	3.9	(0.1)	1.0	0.9
Planning and Performance	7.0	6.5	(0.3)	(0.2)	(0.5)
Policy and Communication	0.4	0.3	(0.1)	0.0	(0.1)
Property Services and Development	(10.8)	(10.3)	(0.4)	0.9	0.5
Public Health	1.4	0.9	0.0	(0.5)	(0.5)
Regeneration and Economy and Development	10.1	12.4	0.4	1.9	2.3
TOTAL	296.7	293.5	(8.4)	5.2	(3.2)

n.b. The figures in this table may be subject to small rounding differences to the main report and the rest of the appendix

Centralised Variance Explanation	£m
These are underspends against a combination of salary budgets and turnover savings target. They result from vacancies across Council services. Turnover has remained consistent across the Council, however areas such as Adults & Childrens Services remain high, due to the national and regional Social Worker retention issues. Some of these vacancies will be covered by agency and overtime to ensure services can be maintained. These costs are included within the service positions described below.	(8.4)
Total Centralised Variance	(8.4)

Service Area Variances

Service Area	Reporting Area	Explanation	£m
Adult Social Care	Strategic Commissioning (Adults)	This underspend is predominantly due to additional Private Finance Initiative client fee income above budget £0.9m, also reduced transport costs £0.2m	(1.1)
Adult Social Care	Internally Provided Services	This variance is primarily due to an over-achievement of social care fee income and salary underspends arising from vacancies, partially offset by overspends on overtime, agency, and casual staffing costs.	(0.4)
Adult Social Care	Localities and Social Care Operational	The underspend is due to savings arising from staffing vacancies £0.9m which are partially offset by agency and professional fee costs £0.7m	(0.2)
Adult Social Care	Community Purchasing Mental Health and Other	<p>The overall care package outturn was a £6.6m overspend against budget, with Mental Health accounting for £4.7m and Community Purchasing Other £1.9m. Throughout this year, Adult Social Care has faced persistent and evolving pressures across several areas of care provision, echoing challenges seen in previous quarters. The most significant driver continues to be the rising costs of new care packages, as those commissioned have generally been more expensive than those concluded, leading to increased expenditure.</p> <p>In Mental Health, the complexity and intensity of support required by individuals both in the community and following discharge from long-stay hospital or secure units have contributed to ongoing financial pressures, rather than an increase in the number of people supported.</p> <p>Supported living arrangements for individuals with learning disabilities have also seen heightened demand, with a greater number of cases necessitating intensive one-to-one support. This essential provision, while vital for safe community management, has resulted in higher costs. Additionally, growth in residential and nursing care placements has exceeded expectations this year. This is partly due to individuals moving</p>	6.6

		<p>out of other funding arrangements, which has a downstream impact on Adult Social Care budgets.</p> <p>Another notable factor has been the increased costs associated with post-annual review support and improved review performance has led to higher costs. Budget pressures have been minimised through scrutinising all areas of authorisation to ensure we deliver value for money while upholding appropriate standards of care and safeguarding.</p>	
Adult Social Care	Mental Health Operational	Overheads charged on the S75 agreement amounting to £145k is the underlying reason for this underspend but is partly reduced by overspends arising from agency staff, casual pay and other smaller non-pay budgets totalling £37k.	(0.1)
Adult Social Care	Housing and Homelessness	The underspend is mainly due to a £1.9m 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. There is also a £0.4M underspend on the costs of delivering Temporary Accommodation following a reduction in the number of families requiring support. Other underspends include staffing and other expenses of £0.8M as well as £0.4M additional income above the amount budgeted.	(2.7)
TOTAL Adult Services & Housing			2.1
Children's Services	Children's Services Management Team	This underspend is primarily due to the cost of social worker recruitment and retention initiatives being lower than anticipated when the budget was set.	(0.1)

Children's Services	Corporate Parenting and Sufficiency	There was a overspend on homes for children in care. The overall number of children in residential care was lower than our financial planning assumptions, however a greater proportion were accommodated in more costly external spot placements which offset the benefit of reduced activity. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs was lower than budgeted.	2.6
Children's Services	Help & Protection	Social work case holding teams underspent by £1m due to reduced levels of agency staff and overall demand. Section 17 budgets underspent by £0.7m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help underspent by £0.9m due to staffing vacancies and utilisation of grant funding where appropriate. These were offset in part by a £0.4m overspend against the No Recourse to Public Funds (NRPF) budget due to there being an increased number of families who required support. The remainder of £0.3m is a combination of underspends across other parts of the service.	(2.5)
Children's Services	Children in Care, Children with Disabilities & Care Leavers	The Care Leavers budget underspent by £0.4m, this is in line with last year and is an area of budget that has been reviewed moving forwards. In addition, there were underspends of £0.5m, primarily due to staffing, across the Children in Care and Through Care services. The Children's Disability budget underspent by £0.3m. This is because of lower than anticipated costs on short breaks and more internal and external financial contributions towards the cost of short breaks than budgeted. The balance of £0.2m reflects underspends across various other parts of the service.	(1.4)
Children's Services	Safeguarding Practice and Workforce	There was an overspend of £0.2m primarily linked to safeguarding training income which was below the budgeted target and agency costs relating to the Local Authority Designated Officer (LADO) function.	0.2

Education Services	SEND & Specialist Services	This is a combination of small underspends across the service, primarily against home to school transport.	(0.1)
Education Services	Education Improvement & Standards	An underspend of circa £0.3m across historic pension costs and the data team was partly offset by an overspend of £0.1m across Schools Trade Union. Historic pension costs expenditure will continue to reduce over time as there are no new commitments against this. The overspend position on Schools Trade Union is linked to inflation and lower amounts of de-delegated funding.	(0.2)
TOTAL Childrens and Education			(1.5)
Highways	Parking	This represents an over-recovery of income mostly due to additional car park income particularly in the last quarter of the year.	(0.5)
Highways	Traffic	There has been a reduction in the cost of energy as well as a decrease in the use of energy following the commencement of LED Street Lighting and Traffic Signal equipment upgrades.	(1.1)
Highways	Highways	This is a combination of under recovery of income/non achievement of historic savings targets (Surface Water Management) and a net loss of income due to vacancies in the Direct Labour Organisation (DLO).	0.6
Environmental Services	Street pride & Parks	The reduction in the death rate coupled with the cost-of-living crisis has had an impact on the level of income achievable by Bereavement Services. Activity levels have also fallen across the Parks and income (including car parks) has reduced as a result.	1.1
TOTAL City Services			0.1
Contingency & Central Budgets	Contingency & Central Budgets	Favourable variances totalling £2.1m in Central Budgets, include contingencies held in lieu of National Insurance impact, inflation on contracts and levies. This is being offset by an adverse variance of £1.5m, which is due to a forecast underachievement of 2025/26 One Coventry Programme.	(0.6)
Contingency & Central Budgets	Treasury Management	The Asset Management Revenue Account (AMRA) delivered a £7.0m surplus. £3.4m of this relates to increases in expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and	(7.0)

		Birmingham Airport dividend income, above that assumed in the base budget. Positive cash balances in the final quarter and higher interest rates contributed to reductions in forecast Interest on Borrowing as well increases in Interest Income on cash balances creating a net underspend on Treasury Management activities of £3.6m	
TOTAL Contingency & Central Budgets			(7.6)
Digital Services	Other Variances Less than 100K		(0.1)
TOTAL Digital Services			(0.1)
Finance & Resources	Revenues and Benefits	In addition to 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 the provision for bad debt, uncontrollable increased costs of partially subsidised accommodation have caused further budget pressures within the housing benefits subsidy service.	1.2
Finance & Resources	Other Variances Less than 100K		(0.2)
TOTAL FINANCE & Resources			1.0
Legal and Governance Services	Legal Services	Legal Services agency staff costs reduced to £292k in 25-26 compared to previous year were fully funded by vacancy savings. However, the Service has a vacancy target of £350k and this has resulted in the overall adverse variance.	0.1
Legal and Governance Services	Elections	A one-off household mailing exercise costing c.£100k was undertaken to inform residents of boundary changes and updated voting arrangements, alongside an additional £25k of postage costs to contact electors about expiring postal votes, send reminders and issue cancellations. These costs reflect legislative changes and proactive steps to support voter awareness ahead of the May local elections. The remaining £75k reflects a few smaller overspends across the service.	0.2
Legal and Governance Services	Procurement	Prompt payment rebates have increased and outperformed targets in 25-26. Vacancies in the area were being held whilst the service undergoes a structure review to maximise these opportunities.	(0.1)

TOTAL Legal and Governance Services			0.2
People and Organisation Development	HR and Workforce Development Management	During the financial year, the Council invested in an organisational culture change programme for leaders and managers from Directors to grade 8s, so some 500 plus staff, to enhance skills and improve performance. The programme costs have used more than the training budget because of the extent of the numbers needing to attend to generate change.	0.3
People and Organisation Development	Employment Services	To implement the payroll restructure vacancies have been held in posts that were at risk, resulting in an underspend during the financial year. The vacant posts are being actively recruited.	(0.1)
People and Organisation Development	Employment Policy & Practice	The unfunded Council Job Evaluation team continues to drive the overspend in the People Directorate.	0.1
People and Organisation Development	Facilities & Property Services	Facilities Management is experiencing budgetary pressure due to increased income and savings targets set for the financial year, alongside a reduction in the planned maintenance budget. Additional cost pressures continue to arise from maintaining the vacant Coventry Sports and Leisure Centre on Fairfax Street. At One Friargate, periods of vacant floor space have also negatively impacted rental income and although these areas are now occupied, any untenanted periods create a dual financial pressure through both lost rental income and increased Council liabilities for business rates and service charges.	0.6
TOTAL People and Organisation Development			0.9
Planning and Performance	Customer and Business Services	The wider service has continued to actively manage vacancies of £0.5m while future staffing models are determined. Alongside this, within the Digital Print and Mail service, postal use has seen a reduction and income collection rates have increased of £0.2m	(0.7)
Planning and Performance	Libraries, Advice, Health & Information Services	Libraries overspend relates principally to under delivery of staffing management of vacancy targets £0.1m and anticipated income across Public Libraries and the	0.2

		School Library Service of £0.05m. Additionally, an unexpected £0.07m ICT equipment replacement cost 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.	
TOTAL Planning and Performance			(0.5)
Policy and Communication	Corporate Communications	During the 2025–26 financial year the Corporate Communications service underwent a significant organisational restructure, and this resulted in several established posts being vacant for part of the year. Recruitment to these roles is ongoing. The temporary vacancies reduced staffing expenditure during the period and were a key contributory factor to the service's overall underspend for the year.	(0.1)
TOTAL Policy and Communication			(0.1)
Property Services and Development	Commercial Property and Development	The variance is caused by ongoing revenue and cost pressures from Coventry Market and void properties in challenging sectors (such as suburban office locations).	0.3
Property Services and Development	PSD Management & Support	Variance relates to unachievable income target for this year, but service plan demonstrates an improved position from next year.	0.2
TOTAL Property Services and Development			0.5
Public Health	Public Health - Migration	This represents an underspend on Our Coventry Programme contract and overheads due to utilisation of other grant funding.	(0.5)
TOTAL Public Health			(0.5)
Regeneration and Economy Development	Culture, Sports & Events	The deficit principally arises from a shortfall in commercial income for 2025/26. However, this was partially mitigated by external grant funding being secured.	0.7
Regeneration and Economy Development	Economic Development service (EDS)	EDS (Economic Development service) has generated surplus by maximisation of grant income to the service and earnings from delivery of contract programmes to external partners.	(0.2)

Regeneration and Economy Development	Regeneration & Economy Management Support	Variance predominantly relates to a shortfall against the income target for sponsorship and commercial activity. £98k was achieved against a target of £375k, leaving a shortfall of £277k.	0.3
Regeneration and Economy Development	Green Futures	The main source of pressure is costs attributed to Brandon Wood Golf Course, which includes business rates, maintenance and security costs. Work is ongoing to develop the project, including investment plan for generating income from biodiversity net gain.	0.1
Transport Policy and Innovation	Transport Policy	The forecast variance reflects higher energy costs for operating traffic signals and Urban Traffic Management and Control (UTMC) systems, unplanned expenditure on urgent repairs following road traffic collisions, and lower-than-expected income from external works and development-related activities. Alternative funding options and internal resource adjustments have been explored to reduce the overall impact.	0.2
Development Management Services	Planning Services	Majority of the deficit is due to the ambitious income target not realised as planning applications have fallen. The reduction in the number of applications is broadly in line with national trends. Also, part of the deficit relates to the local plan examination. There is a national requirement to keep plans up to date and regularly reviewed. There is no national funding for this. A mitigation plan is in place to address the issues in future years.	1.2
TOTAL Regeneration and Economy Development			2.3
Total Outturn Variances			(4.1)

Appendix 2 - Capital Programme Change and Analysis of Rescheduling

SCHEME AND EXPLANATION	APPROVED CHANGES £m	(RESCHEDULING) / ACCELERATED SPEND £m
<p><u>A46 Link Road</u></p> <p>Feasibility study and modelling work for the A46 Link Road is currently paused pending progression of the South Warwickshire Local Plan review through the issues and options phase – this will identify any potential land use changes that will need to be considered when identifying modelling scenarios and Link Road options.</p>		-0.4
<p><u>Coventry Very Light Rail</u></p> <p>The rescheduling is largely due to:</p> <ol style="list-style-type: none"> 1. Detailed Design Programme adjustments 2. Delay to conclusion of Installation contract further to point 3. Revised methodology for the CVLR vehicle programme. 		-5.2
<p><u>City Centre Regeneration</u></p> <p>Predominately, the movement on City Centre South reflects some changes to the profile of demolition spend compared to earlier forecasts, slipping spend from 2025/26 to Q1 2026/27. Demolition on the scheme has now almost completed with only a few buildings remaining to be demolished as at 31st March 2026 and the project remains on course to commence the construction phase in early 2026/27.</p>		-3.0
<p><u>Friargate</u></p> <p>It was previously anticipated that additional fit out costs of a further floor at Two Friargate would be required towards the end of the financial year. This is now expected to take place during 2026/27, and forecast spend has slipped into this financial year accordingly.</p>		-0.7
<p><u>Highways Maintenance & Investment (Citizen Housing Programme)</u></p> <p>Works to support the Citizen Housing programme around St Michael's are currently still in design phase and awaiting the contractor to programme the work, this will be delivered in the 2026/27 programme.</p>		-0.7
<p><u>Local Network Improvement Plan</u></p> <p>The rescheduling reflects the reprofiling of funding at quarter 3 to support accelerated programme delivery. Due to timing and delivery uncertainties, including extended public engagement, not all schemes progressed as forecast. The remaining £0.4m will be</p>		-0.4

carried forward to the next financial year to support continued delivery of planned improvements.		
<u>London Road (Gigafactory) – CRSTS</u>		
The rescheduling is primarily due to a delays in design and delivery following land negotiations, scheme sequencing challenges and design refinements after public engagement and consultation.		-6.0
<u>Vehicle & Plant Replacement</u>		
Some vehicles that were on the schedule to be replaced in 2025/26 were revaluated and will be replaced in 2026/27 instead		-0.7
<u>Education Programme - Basic Need</u>		
Appointment of design team and development of project has progressed quicker than anticipated at three secondary school expansion projects – the three schools being Westwood, Cardinal Wiseman and President Kennedy Secondary school.		0.5
<u>Education Programme - Woodlands School</u>		
Woodlands project programme has recently been rescheduled because of changes to phasing and delivery of works. This is mainly due to detailed window/door designs which required additional planning approvals.		-2.1
<u>Residential Children’s Homes Strategy 2023-2026</u>		
Despite CCC efforts, there were delays in acquiring land to build the Children with Disabilities 2 home on. When land conversations were picked back up, it was decided to pause on the delivery of the home to allow for a comprehensive review informed by an updated analysis of need. This ensures that future accommodation provision is closely aligned with the current and emerging needs of children and young people in Coventry, which will support a sustainable strategy and help to futureproof both service delivery and the effective use of Council resources.		-0.6
<u>Disabled Facilities Grant</u>		
Forecasted spend for Citizen lower than expected as unable to meet commitment of work planned within the financial year. Reduced spend on main DFG attributed to both vacancies in the team and the reintroduction of financial mean testing.		-0.4
<u>New Collection Centre - City Centre Cultural Gateway</u>		
The City Centre Cultural Gateway is a large and complex regeneration scheme and is now firmly within its main construction phase. While overall progress on site remains positive, the project has encountered several challenges during the financial year,		-5.8

<p>primarily arising from changes to building regulations and the need to determine the most appropriate compliance approach.</p> <p>These issues have resulted in some programme delay and have prevented certain planned works from being completed within the original timeframe, leading to the current financial slippage. The Project Team remains confident that efficiencies and programme recovery can be achieved, and that the scheme will be completed by the end of the year.</p>		
<p><u>Provision of Temporary Accommodation for Families - LAHF Phase 3</u></p> <p>The reported rescheduling relates to the capital LAHF3 programme for the acquisition of temporary accommodation. This reflects an underspend on the programme and will be reprofiled into 2026/27 and aligned with the next phase of delivery under the LAHF4 programme and for continued investment in temporary accommodation provision.</p>		-0.6
<p><u>Air Quality</u></p> <p>Demolition of the buildings on the ex-Godiva Carpets site on Spon End. The site was bought by CCC as part of the 'Air Quality' project to improve traffic flows in that area. The vacant site is now required for either reuse or the construction of a car park associated with the scheme.</p>	0.3	
<p><u>Radford Community Centre</u></p> <p>Capital works required ahead of the 25 year lease agreement by Radford Community Association Ltd for Jubilee Crescent Community Centre.</p>	0.8	
<p><u>Interest Capitalisation</u></p> <p>This is in respect to the accounting policy referring to the prudential borrowing costs associated with the New Collection Centre scheme. Borrowing costs, in the form of interest expenses, are capitalised where the asset in question is a qualifying asset and takes a substantial period to bring into operation. Borrowing costs will only be capitalised on schemes for which expenditure is incurred over a period or more than 12 months, until the asset is operationally complete, and where a material level of capital expenditure is resourced by borrowing.</p>	0.7	
<p><u>Donated Assets</u></p> <p>Technical capital adjustment: donated assets (PFI streetlighting and heritage assets) are funded by donated asset income as required by the Code.</p>	2.1	

<p><u>IFRS 16 Leases</u></p> <p>The implementation of the accounting standard IFRS 16 from the 1st April 2024 requires the recognition of right of use (ROU) assets on the balance sheet for leased assets. The standard also impacts on the balance sheet entries for Private Finance Initiative (PFI) schemes.</p> <p>ROU assets are recognised through the Council’s capital programme, but this has no impact on resourcing and, as such, was not included in the capital programme at the start of the year.</p>	2.5	
Schemes below £250k threshold	0.5	-0.4
TOTALS	6.9	-26.5

Appendix 3

<u>Summary Prudential Indicators</u>	Per Treasury Management Strategy	Actual
	25/26 £000's	25/26 £000's
1 Ratio of financing costs to net revenue stream:		
(a) General Fund financing costs	41,182	41,560
(b) General Fund net revenue stream	289,741	288,741
General Fund Percentage	14.21%	14.34%
2 Gross Debt & Forecast Capital Financing Requirement		
Gross debt including PFI liabilities	322,406	287,129
Capital Financing Requirement (forecast end of 25/26)	571,519	534,641
Gross Debt to Net Debt:		
Gross debt including PFI liabilities	322,406	287,129
less investments	-50,000	-78,956
less transferred debt reimbursed by others	-2,437	0
Net Debt	269,969	208,174
3 Capital Expenditure (Note this excludes leasing)		
General Fund	171,587	154,279
4 Capital Financing Requirement (CFR)		
Capital Financing Requirement	571,519	534,641
Capital Financing Requirement excluding transferred debt	569,082	534,641
5 Authorised limit for external debt		
Authorised limit for borrowing	513,550	513,550
+ authorised limit for other long-term liabilities	77,968	77,968
= authorised limit for debt	591,519	591,519
6 Operational boundary for external debt		
Operational boundary for borrowing	493,550	493,550
+ Operational boundary for other long-term liabilities	77,988	77,988
= Operational boundary for external debt	571,519	571,519

7 Actual external debt (prior year)

actual borrowing at 31 March 2025	257,070
+ PFI & Finance Leasing liabilities at 31 March 2025	63,484
+ transferred debt liabilities at 31 March 2025	2,437
= actual gross external debt at 31 March 2025	322,990

8 Adoption of the CIPFA Treasury Management Code of Practice

Adopted	Adopted
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9 Interest rate exposures

Upper Limit for Fixed Rate Exposures	513,550	286,778
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Variable Rate

Upper Limit for Variable Rate Exposures	102,710	-102,407
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10 Maturity structure of borrowing - limits

	Upper Limit	
under 12 months	50%	0%
12 months to within 24 months	20%	0%
24 months to within 5 years	30%	0%
5 years to within 10 years	30%	24%
10 years & above	100%	76%

11 Investments longer than 364 days: upper limit

30,000	0
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Prudential Indicators

The CIPFA Code imposes on the Council clear governance procedures for setting and revising of prudential indicators and describes the matters to which a Council will 'have regard' when doing so. This is designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

The Prudential Indicators required by the CIPFA Code are designed to support and record local decision making and not as comparative performance indicators.

There are eleven indicators shown on the previous page, and these are outlined below:

Revenue Related Prudential Indicators

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

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, excluding investment income.

Capital and Treasury Management Related Prudential Indicators

Gross Debt and Capital Financing Requirement (Indicator 2):

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

Capital Expenditure (Indicator 3):

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

Capital Financing Requirement (Indicator 4):

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

Authorised Limit for External Debt (Indicator 5):

This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short term but is not sustainable. The Authorised limit has been set on the

estimated debt with sufficient headroom over and above this to allow for unexpected cash movements.

Operational Boundary for External Debt (Indicator 6):

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

Actual External Debt (Indicator 7):

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

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

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

Interest Rate Exposures for Borrowing (Indicator 9):

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position.

Maturity Structure of Borrowing – Limits (Indicator 10):

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks.

The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

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

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

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



Public report
Cabinet

Cabinet
Council

7 July 2026
8 September 2026

Name of Cabinet Members:

Cabinet Member for Housing and Communities - Councillor N Akhtar

Director approving submission of the report:

Director of Strategy and Performance

Ward(s) affected:

Binley and Willenhall, St Michael's, Tile Hill and Canley

Title:

Pride in Place Programme – Governance, Accountable Body Arrangements and Establishment of Neighbourhood Boards (Willenhall, Tile Hill and Hillfields)

Is this a key decision?

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

Executive summary:

The Government's Pride in Place Programme, led by the Ministry of Housing, Communities and Local Government (MHCLG), is a long-term investment and capacity-building programme designed to strengthen social and civic infrastructure and support renewal in disadvantaged neighbourhoods.

Each neighbourhood will receive up to £20 million over 10 years, with funding split 63% capital and 37% revenue in line with Government requirements.

MHCLG guidance requires the programme to be community-led, with local priorities set through Neighbourhood Boards, while the City Council acts as Accountable Body for public funds and compliance.

Coventry has been selected for the programme in three neighbourhoods:

- Willenhall (Phase 2, announced in September 2025)
- Tile Hill (Phase 2 extension, announced in March 2026)
- Hillfields (Phase 2 extension, announced in March 2026)

Neighbourhood boundaries are defined by MHCLG using Middle Layer Super Output Area geographies and are set out in Appendix 1.

This report seeks Cabinet approval for:

- The Council to act as Accountable Body for Pride in Place across Willenhall, Tile Hill and Hillfields;
- The governance framework and delegations required by MHCLG guidance;
- The establishment of a Neighbourhood Board for each area and the appointment of an independent Chair for each Board, working with the relevant MPs and the Council; and
- The use of revenue funding to support governance, programme planning, engagement, communications, plan development, monitoring and evaluation.

Recommendations:

Cabinet is recommended to:

1. Approve the Council's participation as Accountable Body in the Pride in Place Programme for each of the three neighbourhoods and to accept funding of up to £2.5 million pounds per neighbourhood. This approval includes (but not limited to) the Council undertaking the roles and responsibilities allocated to it by MHCLG as Accountable Body and the adoption of the Pride in Place Programme governance arrangements, receiving the geographical boundary for the Pride in Place Programme as determined and delegation of authority to the Director of Strategy and Performance following consultation with the Director of Law, Governance and Safer Communities, Cabinet Member for Housing and Communities, appropriate MP and Chair of the Board to make any necessary representation to Government to amend the boundary following consultation with the newly established Neighbourhood Boards;
2. Note that in 2025/26, the following actions have been undertaken by the Council (working with the relevant MP):
 - a. Receipt of £585,000 of revenue funding across the three neighbourhoods, with further payments of both capital and revenue funding to be received in subsequent years over a ten-year period in line with the Pride in Place funding profile and timelines, set out in the MHCLG Prospectus.
 - b. Acceptance of the sum of £285,000 in relation to Willenhall neighbourhood under delegated authority afforded to officers under Paragraph 4.5 of Part 3F (finance Procedure Rules) of the Council's Constitution

- c. Appointment of the Neighbourhood Chair for the Willenhall Neighbourhood Board with ongoing engagement to appoint members of the Neighbourhood Board
- d. Advertisement for two Change Manager posts that will focus on ensuring that the Council can successfully fulfil its responsibilities as Accountable Body for each of the three areas.
- e. Commencement of the advertisement campaign for the appointment of the Neighbourhood Chair for the Tile Hill Neighbourhood Board and the Hillfields Neighbourhood Board. The Council Representatives for the interview panel in relation to the appointment of the Neighbourhood Chair shall be as follows:

Tile Hill: Cabinet Member for Housing and Communities
 Hillfields: Leader of the Council

- 3. Delegates authority to the Director of Strategy and Performance following consultation with the Director of Law, Governance and Safer Communities (Monitoring Officer), the Director of Finance and Resources and the Cabinet Member for Housing and Communities, to review and formally accept the subsequent Pride in Place offer / grant conditions from Government (for Willenhall, Tile Hill and Hillfields).
- 4. Delegates authority to the Director of Strategy and Performance, following consultation with the Director of Law, Governance and Safer Communities (Monitoring Officer), the Director of Finance and Resources and the Cabinet Member for Housing and Communities to assist in establishing three Pride in Place Neighbourhood Boards (one for each of the neighbourhoods of Willenhall, Tile Hill and Hillfields) through assisting with the necessary selection processes to make appointments to the Board and Independent Chair position.
- 5. Delegates authority to the Director of Strategy and Performance following consultation with Director of Director of Law, Governance and Safer Communities (Monitoring Officer), the Director of Finance and Resources, the appropriate MP and the Chair of the Neighbourhood Boards (once appointed) to finalise the Pride in Place Neighbourhood Board Terms of Reference and Board Membership and to make any changes to respond to Government guidance or requirements. This delegation of authority shall include making arrangements for the reasonable expenses of Board members to be covered in accordance with Government guidance and requirements (including but not limited to the Pride in Place Programme prospectus and guidance).
- 6. Delegates authority to the to the newly appointed Neighbourhood Boards; once constituted, to develop a Pride in Place Plan (which shall include public consultation with the residents of the three Neighbourhoods) to submit to Government (subject to Section 151 Officer authorisation).
- 7. Delegates authority to the Director of Strategy and Performance following consultation with Director of Director of Law, Governance and Safer Communities (Monitoring Officer) and the Director of Finance and Resources to authorise spend

of any Pride in Place Programme funding for the purposes of establishing the Neighbourhood Board, developing the Pride in Place Plan, programme management, technical expertise for project development and other activities in accordance with government guidance (including but not limited to the Pride in Place Programme).

Cabinet is asked to recommend that Council:

1. Approve the acceptance of the subsequent Pride in Place Programme grant funding of up to £20 million pounds per neighbourhood (being a total of up to £60 million pounds).

Council is recommended to

1. Approve the acceptance of the subsequent Pride in Place Programme grant funding of up to £20 million pounds per neighbourhood (being a total of up to £60 million pounds).

List of Appendices included:

Appendix 1: Pride in Place Programme Proposed Geographical Boundaries

Background papers:

Pride in Place Programme Prospectus: <https://www.gov.uk/government/publications/pride-in-place-programme-prospectus/pride-in-place-programme-prospectus>

[Pride in Place Programme: funding profiles and timelines - GOV.UK](#)

[Pride in Place Programme: governance and boundary guidance - GOV.UK](#)

[Pride in Place Programme: monitoring guidance - GOV.UK](#)

Pride in Place Strategy: <https://www.gov.uk/government/publications/pride-in-place-strategy/pride-in-place-strategy>

Pride in Place Programme FAQ: <https://www.gov.uk/government/publications/pride-in-place-programme-faq/pride-in-place-programme-faq>

Other useful documents

None.

Has it or will it be considered by Scrutiny?

No

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

No.

Will this report go to Council?

Yes. 14 July 2026.

Pride in Place Programme – Governance, Accountable Body Arrangements and Establishment of Neighbourhood Boards (Willenhall, Tile Hill and Hillfields)

1. Context (or background)

Background to the Pride in Place Programme

- 1.1 The Pride in Place Programme is a flagship government initiative aimed at delivering long-term neighbourhood renewal, by reviving areas that have been traditionally overlooked and to create stronger communities and thriving places. A key enabler of the programme is to transfer influence and control to communities, rather than prescribing projects centrally.
- 1.2 For each area to achieve this, MHCLG's guidance requires:
- The creation of a Neighbourhood Board for each neighbourhood
 - An independent Chair, jointly approved by the local authority and MP
 - A 10-year vision supported by a phased investment plan
 - Local authorities to act as Accountable Bodies, particularly in the early years of the programme.
- 1.3 While Neighbourhood Boards set local priorities, legal accountability for the use of public funds remains with the local authority, in particular for:
- Financial propriety and value for money
 - Compliance with the Equality Act 2010 and Public Sector Equality Duty
 - The Procurement Act 2023 and the Subsidy Control Act 2022
 - Managing Public Money principles and Nolan Principles of Public Life.
- 1.4 This long-term funding is intended to give communities greater influence over the future of their neighbourhoods. Each area will be led by a Neighbourhood Board, with community engagement and participation expected throughout. The Pride in Place Programme is designed to be:
- Community-led
 - Flexible
 - Long-term
 - Supportive
- 1.5 MHCLG has identified a set of indicative interventions to guide Boards on the types of activity they may choose to deliver, while allowing flexibility to respond to local need. These cover: regeneration, high streets and heritage; housing; work, productivity and skills; cohesion; community power; health and wellbeing; transport; safety and security; and education and opportunity.

Coventry's Proposed Governance Model

- 1.6 Coventry will adopt a place-based but consistent governance approach, establishing:
- Three distinct Neighbourhood Boards (one per area)
 - A common Terms of Reference template aligned with MHCLG guidance
 - A single Accountable Body assurance framework within the Council.
- 1.7 Each Neighbourhood Board will:
- Be **community-led**, with a majority of members living or working in the neighbourhood (minimum 51%)
 - Include the relevant MP and at least one ward councillor
 - Represent a broad mix of residents, community groups, faith groups, businesses, youth and anchor institutions.
 - Have at least eight voting members plus Police, Housing, NHS and appropriate representatives having non-voting Board place.
- 1.8 Board membership should bring together residents, local businesses, grassroots campaigners, workplace representatives, faith groups and community leaders with strong local connections. The final membership must be approved by the local authority and the local MP.
- 1.9 The new prospectus sets out an expectation that each Board must transition towards a community-led model of delivery by year three of the programme.
- 1.10 Appropriate governance arrangements and technical support for the Board will need to be put in place, including documented decision-making processes, meeting papers and minutes, and a code of conduct based on the Nolan Principles.
- 1.11 In line with MHCLG expectations and best practice elsewhere:
- Board members will not be remunerated
 - Chairs may be paid a nominal amount to enable them to undertake the role where income would be a barrier
 - Reasonable expenses will be met
 - Conflicts of interest and code of conduct transparency requirements will mirror Council standards.

Role of the Council as Accountable Body

- 1.12 Neighbourhood Boards will lead decisions on priorities, with the Council acting as the Accountable Body for the funding. The Council will:
- Ensure that funds are distributed fairly and effectively
 - Ensure funds are managed in line with the Nolan Principles, the Equality Act 2010, Public Sector Equality Duty, and Managing Public Money principles,
 - Hold and manage Pride in Place funding
 - Put in place appropriate governance, assurance and audit arrangements
 - Ensure compliance with the Subsidy Control Act 2022, Procurement Act 2023 and any other applicable financial regulations as applicable
 - Provide 6 monthly updates and annual assurance to MHCLG via the Section 151 Officer.
- 1.13 The Council's role is enabling rather than directive. It will support Neighbourhood Boards with governance advice, community engagement expertise, communications, programme planning, data and insights, and technical support, while ensuring that decision-making remains genuinely community-led.
- 1.14 The prospectus indicates that, from year 3, some areas may move towards community-led delivery models, depending on local circumstances. Unless otherwise agreed by MHCLG, the Council will remain the Accountable Body and may delegate delivery responsibility, where appropriate, to community organisations.
- 1.15 Appointment of Independent Chairs**
- 1.16 The Chairs must be independent, not be an elected representative (MP or Cllr), have standing, credibility or leadership within the local community, be appointed jointly by the Council and the MP, be approved by Government as part of governance assurance, and lead the Board and act as public face of the programme.
- 1.17 There is expected to be an appointment process, which should be open, require expressions of interest to be made, and that a joint shortlisting and selection process takes place between Council and MP. As stated in the report, the appointment process for the Willenhall Neighbourhood Chair has already been undertaken with an appointment already in place. The appointment for the Neighbourhood Chair for Tile Hill and Hillfields is currently ongoing and the Council Representatives on the interview panel will be as follows:

Tile Hill: Cabinet Member for Housing and Communities
Hillfields: Leader of the Council

- 1.18 We're expected to conduct the necessary due diligence, determine/record any possible conflicts of interest, ensure political impartiality, and ensure community credibility.
- 1.19 The Chair of each area is responsible for proposing the initial Board membership to the Council and MP for approval. Where agreement isn't possible, Government will be expected to intervene.

Management of Funds

- 1.20 The Council should:
- Work closely with their place's Neighbourhood Board and local MP to develop and embed appropriate processes and controls for funding
 - Develop mechanisms that will empower the Neighbourhood Board in realising their role and driving forward a community-led vision for change
 - Facilitate the development of a place's Plan and its delivery while recognising the role of the Neighbourhood Board as the decision-making forum
- 1.21 This may include providing advice and support on legal duties (for example, impact assessments), supporting meaningful community engagement, or helping Board members navigate those requirements with which they may be less familiar, in the spirit of true partnership working. Together the Neighbourhood Board, local MP and local authority should ensure that:
- The appropriate capacity and capability are in place throughout the programme period to ensure that funds are distributed effectively in the local area
 - Residents, businesses, and grassroots organisations are actively involved in programme design and decision-making to ensure delivery reflects the priorities of local people and helps build capacity within the community
 - Monitoring and evaluation are undertaken according to published guidance.

Funding and Support

- 1.22 The programme provides up to £20 million per neighbourhood over 10 years, split between two funding streams: 63% capital and 37% revenue. Capital funding will support physical assets and infrastructure, such as estate improvements and the refurbishment of community spaces. Revenue funding will support delivery, including capacity building, staffing and community engagement.

Changes to Boundaries

1.23 The prospectus allows Boards to 'define the neighbourhood' by proposing changes to their boundaries, subject to MHCLG agreement. Any changes must remain consistent with the aims of the programme and be supported by evidence of community backing. Proposals to amend the default boundary must be submitted to MHCLG by the following dates:

- Willenhall 17 July 2026
- Tile Hill 28 August 2026
- Willenhall 28 August 2026.

1.24 Examples of instances where this may be appropriate include where a key community asset sits just outside of the default boundary, or it might exclude a key street which is understood by local communities as being part of the same neighbourhood. Including these assets would be an appropriate rationale for amending the boundary. Boards should not submit requests to remove areas from the boundary unless they can evidence a clear error in its inclusion.

Reporting and Accountability

1.25 As the accountable body, the Council is responsible for providing updates to MHCLG and maintaining public transparency. 6-monthly updates must be provided to MHCLG and made publicly available. These include:

- Each pre-delivery activity completed to date (e.g., capacity building, engagement) and a high-level breakdown of cost.
- Each new pre-delivery activity planned for the next 6-month period and its projected cost.
- Each programme project and activity completed, including a description, targeted interventions, and costs broken down by capital and revenue.
- Each new programme being undertaken in the next 6-month period and project costs.
- Any changes to Neighbourhood Board membership.

1.26 A full 12-monthly return is required detailing total programme delivery and pre delivery spend for the financial year, broken down by capital and revenue and progress metrics, such as jobs created or green space improved.

2 Options considered and recommended proposal

2.1 There are three options available to the Council, which are to not engage with the Pride in Place Programme, to participate but without having the Accountable Body role, or to participate as Accountable Body which is the role government instructs Local Authorities to play in the Programme Prospectus.

2.2 Not engaging in the Pride in Place programme

This option would not be realistic or beneficial for the Council or for local communities in Willenhall, Tile Hill and Hillfields. It would be likely to delay, and could jeopardise, each area's access to its £20 million allocation, given the Council's role in supporting Board recruitment, the development of Pride in Place Plans and associated Investment Plans, and the establishment of the financial planning and governance arrangements required for a publicly funded programme of this scale. It would also affect the development of projects capable of meeting government requirements. This option is therefore not recommended.

2.3 Participate in the Pride in Place programme but without having the Accountable Body role

The MHCLG Programme Prospectus makes clear that local authorities are expected to act as Accountable Body at the start of the programme in each area. Although the programme is expected to move towards community-led delivery from year 3, local authority capacity will be critical in the early stages, particularly in establishing Neighbourhood Boards, supporting the development of compliant Pride in Place Plans, and putting in place the necessary financial and legal oversight. The Council also has a strong track record of acting as Accountable Body for major publicly funded economic, social development and regeneration programmes. This option is therefore not recommended.

2.4 Participate in the Pride in Place programme as Accountable Body

This is the recommended option because it aligns with the expectations set out in the Pride in Place Programme Prospectus. It will enable the three communities to access the available funding, ensure that Neighbourhood Boards are established and Pride in Place Plans are submitted within the Government's deadlines, and provide the political, strategic and governance oversight needed to keep delivery on track. It will also ensure that spend and activity comply with programme requirements.

3 Results of consultation undertaken

3.1 The Pride in Place Programme is a UK government initiative and areas for the Programme were selected by government using a methodology detailed within the Programme Prospectus. There was no consultation or engagement with the Council or local residents prior to the announcement of Willenhall, Tile Hill and Hillfields being included in the Programme.

3.2 Community engagement and consultation to inform the focus of the Pride in Place Plans and where the funding should be directed is a core requirement of the Pride in Place Programme in each area. Although the Prospectus indicates

that it is the Neighbourhood Chair and Board's responsibility to drive such activities in each area, the Local Authority is responsible for supporting them to do this effectively. The delegations recommended in this paper will allow the Council to perform this function, working closely with the three Local MPs.

4 Timetable for implementing this decision

4.1 The three areas have all been awarded £20 million of Pride in Place funding over a ten-year period up to 2035/36.

4.2 In the Pride in Place Programme Prospectus, MHCLG has stipulated a series of deadlines that all neighbourhoods awarded Pride in Place Programme funds need to achieve such as:

- Neighbourhood Board membership to be confirmed and submission of any requests to adjust their default area boundaries by 17th July 2026 for Willenhall and 28th August 2026 for Tile Hill and Hillfields. The Independent Chairs need to be appointed before these dates, as it is their responsibility to lead on recruiting and appointing the other Board members.
- Pride in Place Plans need to be submitted by 30th November 2026 for Willenhall and 27th February 2027 for Tile Hill and Hillfields. MHCLG will then issue a Memorandum of Understanding to the Accountable Body once each Plan has been approved by Government. There is an expectation from Government that these Plans will be informed and shaped by engagement and consultation with the local community, and this will need to take place prior to development and submission of the Plans.

4.3 The Programme will also be broken down into three Investment Periods for each area, which will inform financial planning:

- Investment Period 1 (4 years): 2026/2027 – 2029/2030 financial years
- Investment Period 2 (3 years): 2030/2031 – 2032/2033 financial years
- Investment Period 3 (3 years): 2033/2034 – 2035/2036 financial years

5 Comments from the Director of Finance and Resources and the Director of Law, Governance and Safer Communities

5.1 Financial Implications

5.1.1 The report seeks authority to accept the Council to be Accountable Body of up to £60 million of Pride in Place Programme funding for Willenhall, Tile Hill and Hillfields for the purposes set out in section 1 of the report. In each case, it constitutes the allocation for these neighbourhoods from a national allocation for the Pride in Place Programme, which is profiled annually in the MHCLG

Prospectus funding is split 63% c£12.4m towards Capital and 37% c£7.2m of revenue expenditure

- 5.1.2 As part of revenue funding within this £60 million, some of the funding can be used for Councils to undertake work to meet their Accountable Body duties, support community-led development, facilitate the necessary range of community engagement activities that are stipulated in the Prospectus, develop Pride in Place Plans for each area that are compliant with MHCLG requirements, and to provide the necessary technical expertise for project development and other activities in accordance with government guidance. The Council as Accountable Body will work with the MP and neighbourhood board to ensure expenditure complies with appropriate accounting standards, including the correct application of capital revenue funding classifications.
- 5.1.3 As part of this, there will also be a need for ongoing officer time commitments relating to governance, assurance and monitoring and reporting, and given the need to support three Neighbourhood Boards simultaneously (which will include but not limited to the work of the two new Change Manager posts), we will need to ensure that such time commitments are sustainable and proportionate. The Council will therefore work with the three Neighbourhood Boards to determine the level of Council Officer input that will be required to undertake these activities, and therefore the quantum of Pride in Place revenue funding that the Council will require to cover the costs of these activities.

5.2 Legal Implications

- 5.2.1 The information in this report aligns to the government guidance in the government's Pride in Place prospectus, funding guidance and the governance and boundary guidance. This includes guidance on appointment of the Chair of the Neighbourhood Board and the make-up and recruitment of the Board.
- 5.2.2 Whilst the Council does not have a statutory duty or responsibility to support or deliver the Pride in Place Programme, section 1 of the Localism Act 2011 gives local authorities a general power of competence to do anything which an individual may do for the benefit of the authority, its area or persons resident or present in their area.
- 5.2.3 The Council will also wish to note those parts of the guidance which emphasize the key importance of the Council's role as accountable body. The [guidance](#) states that "*the relevant local authority in each place will act as the accountable body for the funds with responsibility for ensuring that public funds are distributed fairly and effectively, and that funds have been managed in line with the [Nolan Principles](#) and [Managing Public Money](#) principles*". This guidance goes on to state that "*accountable bodies may need to recover funding from project deliverers where subsidy control or state aid law has not*

been complied with" and "work closely with their place's Neighbourhood Board to develop and embed appropriate processes and controls for funding".

- 5.2.4 The role of an Accountable Body for the Pride in Place Programme will require the Council to (and ensure that the Boards) comply with existing legal duties to:
- Administer public funds lawfully
 - Ensure the Boards' compliance with the Subsidy Control Act 2022 and the Procurement Act 2023 (and related subsidy control and procurement laws and regulations).
 - Uphold equality and human rights duties
 - Maintain transparent decision-making and audit trails.
- 5.2.5 Where any grant funding are to be spent on supplies, works or services, the Council will need to ensure such commissioning activity is in accordance with its Contract Procedure Rules and any relevant national procurement legislation. In the award of any grant or the passporting of grant funding, it will be for the Council to consider the Subsidy Control regime and to comply with relevant provisions. The guidance expressly notes the risk that grant awards may amount to a subsidy under the Subsidy Control Act 2022, and where external advice is considered likely to be needed to support this, this will be obtained to protect the Council's interest.
- 5.2.6 In all of this, it will be incumbent on the Council to discharge its responsibilities in accordance with the obligations imposed on it by the MCHLG in the grant arrangements it specifies. The Council will be required to meet the objectives, terms and conditions and milestones of the funding imposed by the funding authority. This includes any requirement to keep any necessary records and file any necessary returns.
- 5.2.7 As work progresses on the Pride in Place project, the information governance team will be informed to ensure that we are complying with data protection rules.
- 5.2.8 Delegations in this report are designed to ensure compliance with MHCLG guidance while enabling timely delivery.

6 Other implications

6.1 How will this contribute to the One Coventry Plan?

- 6.1.1 The City Council acting as Accountable Body for the Pride in Place Programmes in Willenhall, Tile Hill and Hillfields will help to deliver the objectives of the One Coventry Plan. The overarching ambition is to improve local areas which will support addressing inequalities- they key tennent of the One Coventry Plan.

- 6.1.2 **Improving Outcomes and Tackling Inequalities Within our Communities.** The Pride in Place Programme has been targeted at areas characterised by high levels of deprivation that are facing significant economic and social challenges, many of which have been overlooked by previous regeneration funds. As such, the tackling inequalities is integral to the ethos of the programme.
- 6.1.3 **Increasing the Economic Prosperity of the City and Region.** One of the core objectives of the Pride in Place Programme is to create thriving places. This could be in the form of physical improvements that would make the areas more attractive to do business or boost footfall, or to deliver projects that create more opportunities to connect local residents with jobs or training. Pride in Place activities could therefore act as a catalyst for improving economic prosperity of residents within the three target neighbourhoods.
- 6.1.4 **Tackle the Causes and Consequences of Climate Change.** The list of activities that could be covered through Pride in Place funding include those that are pertinent to energy, the environment, green and blue space, and nature. The City Council will support the three Neighbourhood Boards to ensure that the Pride in Place Plans and Investment Plans have a positive impact on improving sustainability within the three target neighbourhoods.
- 6.1.5 **Continued Financial Sustainability of the Council.** As well as our expectation that some of the revenue funding will enable the City Council to deliver the Accountable Body function, the Pride in Place Programme has potential to finance the delivery of enhanced services in the three target neighbourhoods (although this will be influenced by the focus of the Pride in Place Plans produced by the three Neighbourhood Boards).
- 6.1.6 **Council's Role as a Partner, Leader and Enabler.** The City Council undertaking the role of Accountable Body for the Pride in Place Programme in Willenhall, Tile Hill and Hillfields will showcase the Council's role as a leader, facilitator and enabler, not least in how it will support the three Neighbourhood Boards in engaging with the local communities and draw in the input of key stakeholder bodies to populate the Pride in Place Plans. By supporting the Neighbourhood Boards with legal and financial compliance, it will also showcase the Council's role as a leader.

6.2 How is risk being managed?

- 6.2.1 Coventry City Council has a long track record of co-ordinating and delivering publicly funded economic and social development and regeneration programmes, and the risks associated with acting as the Accountable Body for this type of work are well understood. For example, there is a need for robust financial monitoring and management, and to ensure that all programme spend, outcomes and impacts are captured and fully evidenced, in line with audit

requirements. Risks of this kind are mitigated by ensuring that sufficient programme management resource is available to enforce adherence to the funder's rules, and to support the Neighbourhood Board and Project Leads to ensure they are delivering eligible spend and producing outcomes on time and to budget.

6.2.2 As Accountable Body, the Council shall be responsible for ensuring that the Boards comply with the Nolan Principles, Equality Act 2010, the Public Sector Equity Duty, Managing Public Money Principles, and legal responsibilities in relation to subsidy control and procurement.

6.2.2.1 Subsidy Control.

Failure to comply with subsidy control requirements, shall be the responsibility of the Council. For example, if funding is passed on in a non-compliant manner, the Council may need to recover funding from project deliverers.

6.2.2.2 Public procurement regulations.

The Council will be responsible for ensuring that all funding is managed in accordance with relevant procurement legislations and regulations.

6.2.3 In order to mitigate any associated risks, the Council shall work closely with Boards to develop and embed appropriate processes and controls for the use and passporting of funding in compliance with the appropriate legislative requirements.

6.2.4 There is a risk of time, given government's clear deadlines for having Neighbourhood Boards in place and Pride in Place Plans submitted. We will therefore ensure that sufficient programme co-ordination capacity is in place, as well as capacity and expertise to support community engagement activities, and thematic expertise to support project development.

6.2.5 There will also be a need to ensure that expectations within target communities are managed, as well as key political stakeholders such as the MPs and local Councillors. We will therefore use the full range of expertise across relevant service areas to effectively engage the community, support the Neighbourhood Board and local community to develop fundable proposals, support the Neighbourhood Board to communicate Programme progress and impacts to the local community, and ensure that the expectations set out in the MHCLG Prospectus are being complied with during both the programme design and delivery stages.

6.3 What is the impact on the organisation?

The principal impact on the organisation will be that we expect some capacity funding to cover posts within the Council for Programme Co-ordination activities (including both delivering the Accountable Body function and supporting the Neighbourhood Board with community engagement. Successfully bidding for UKSPF funding for these programmes will provide funding crucial to retaining highly skilled staff currently working on projects which are due to come an end later this year. There are no impacts on ICT or accommodation. Given that 63% of the funding is capital, we do expect some spend to focus on creating or improving physical assets or infrastructure, but it would only become clear in developing the Neighbourhood Plans on whether Council assets could be impacted, and if this were the case, we would engage appropriate legal and (depending on the nature of the project) other thematic expertise.

6.4 Equalities / EIA

6.4.1 We will develop Equalities Impact Assessments (EIA) for all three Pride in Place Plans as part of the submissions to government to ensure that the focus of the Plans and key investments are impacting positively on the full range of the local community. The City Council will support the three Neighbourhood Boards to ensure that Pride in Place activities will be compliant with regard to the Public Sector Equality Duty.

6.4.2 To help ensure that equality, diversity and inclusion is entrenched in the Pride in Place Programme in all three areas from the outset, the City Council will support the Local MPs and Neighbourhood Board Chairs to ensure that Board Member recruitment will be inclusive and designed to reflect the diversity of the communities in Willenhall, Tile Hill and Hillfields, and that community consultation and engagement activities secure participation from the full range of the local communities.

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

6.5.1 The Pride in Place Programme can support interventions across a wide range of thematic areas, which include energy, the environment, green and blue spaces, and nature. As a cross-cutting principle, the City Council will support the three Neighbourhood Boards to ensure Pride in Place Programme activities have a positive impact on sustainability and tackling the causes of climate change. Where the Neighbourhood Boards and local communities wish to develop specific projects in these thematic areas, the City Council will provide specialist officer support to ensure that they have the strongest possible impact.

6.6 Implications for partner organisations?

6.6.1 Because the ethos of the Pride in Place Programme is to be community-led, we would expect multiple local public sector partners and community and voluntary organisations that are actively working in these areas and have worked in

partnership with the City Council to be involved in community engagement activities in actively shaping the three Pride in Place Plans. Depending on the thematic focus of activities within the three Plans, we would also expect some of these partners to be actively leading projects and potentially receiving Pride in Places funds to deliver the required activities.

Report author(s):

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Enquiries should be directed to the above persons

Contributor/ approver name (officers and members)	Title	Service Area	Date doc sent out	Date response received or approved
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Maxine Shakespeare	Change Manager	Transformation	7/4/2026	29/5/2026
Helen Williamson	Finance Manager	Finance	20/5/2026	4/6/2026
Christian Hunt	Corporate and Commercial Lawyer	Law, Governance and Safer Communities	20/5/2026	10/6/2026
Suzanne Bennett	Governance Services Co- ordinator	Law, Governance and Safer Communities	10/6/2026	10/6/2026
Approvers:				
Oluremi Aremu	Head of Legal and Procurement Services	Law, Governance and Safer Communities	10/6/2026	11/6/2026
Barry Hastie	Director of Finance and Resources (S151 Officer)	Finance	11/6/2026	12/6/2026
Clare Boden-Hatton	Director of Strategy and Performance	Strategy and Performance	11/6/2026	12/6/2026
Councillor N Akhtar	Cabinet Member for Housing and Communities	-	12/6/2026	26/6/2026

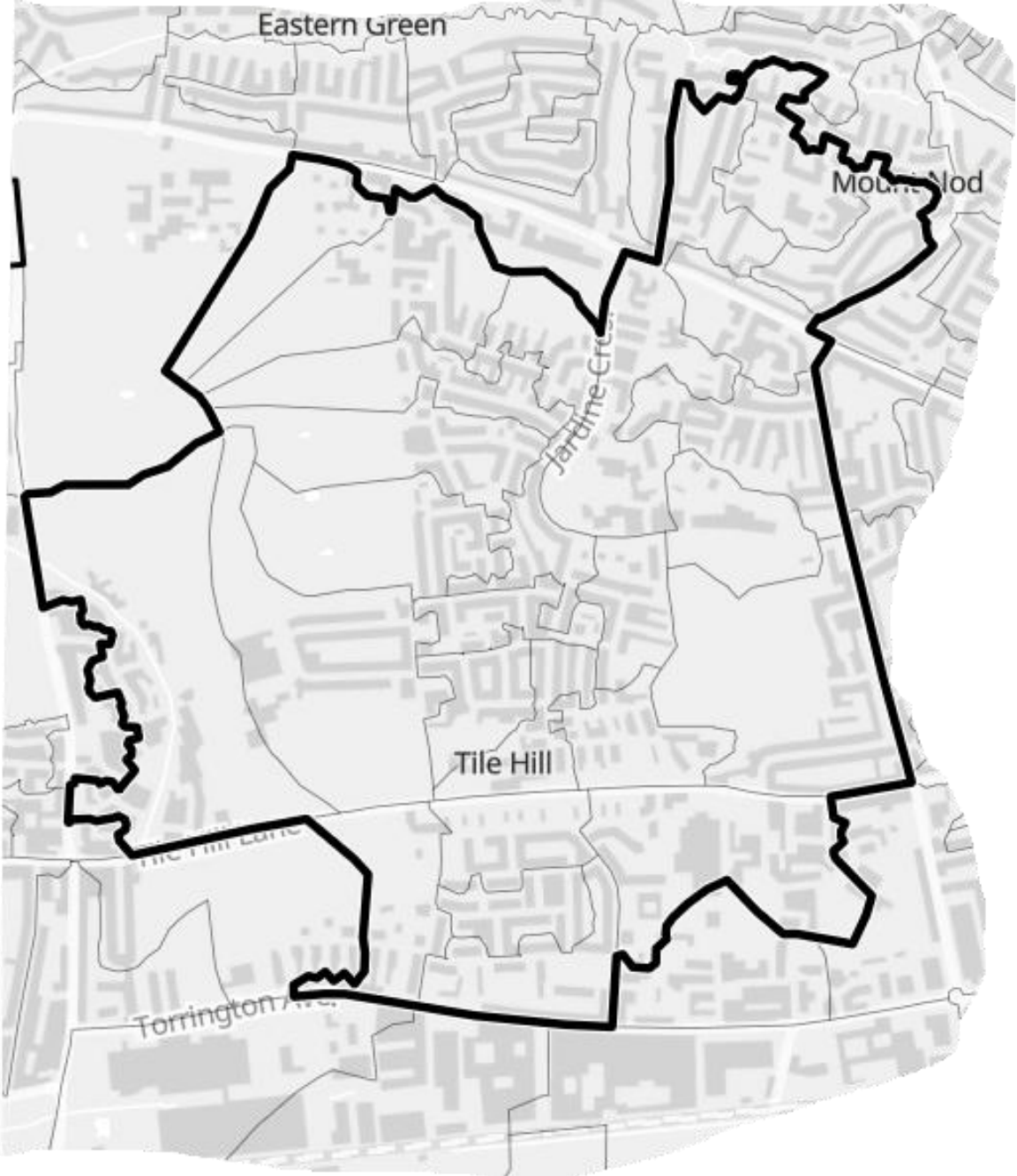
This report is published on the council's website: www.coventry.gov.uk/meetings

Pride in Place Programme Proposed Geographical Boundaries

Willenhall



Tile Hill





Public report
Cabinet

Cabinet

7th July 2026

Name of Cabinet Member:

Cabinet Member for Education, Skills and Equalities - Councillor AS Khan

Director approving submission of the report:

Director of Children's and Education Services

Ward(s) affected:

All

Title: Acceptance of the Music Hub Revenue Grant for the Strategic Area of Coventry, Warwickshire and Solihull

Is this a key decision?

Yes – The financial implications are over £1 Million and affect more than two electoral wards.

Executive summary:

On 25 June 2022 the Departments for Education and for Digital, Culture, Media, and Sport published a refreshed National Plan for Music Education: The power of music to change lives, setting out government's priorities until 2030 for music education. Subsequently the Music Hubs programme changed from hosting 119 Hubs to 43 larger more strategic Hubs in place for September 2024, managed by Arts Council England (ACE).

From September 2024 Coventry City Council has acted as the Hub Lead Organisation, as part of a consortium for the region of Coventry, Solihull and Warwickshire, including 3 Local Authority Music Services and 30 additional Music Hub member organisations.

The arrangements are continuing for the 2026/27 academic year and the revenue grant for the Hub is estimated to be £1,708,871. The grant includes ringfenced funding for each Local Authority, with Coventry City Council's allocation estimated to be £549,373. The figures in this report are currently estimates, as ACE has provided indicative figures but, at the time of writing this report, has not yet formally confirmed the grant allocation for

2026/27. Historically funding levels vary only marginally year on year. This report seeks approval to accept the grant for the 2026/27 academic year.

Recommendations:

Cabinet is requested to:

- (1) Approve acceptance of the revenue grant for academic year 2026/27 from ACE of up to £2,000,000 (estimated to be £1,708,871) and by way of such, acceptance that Coventry City Council will continue as the Music Hub Lead for the Coventry, Solihull and Warwickshire region.
- (2) Approve the allocation of the necessary grant funds (derived from recommendation 1) to Solihull Metropolitan Borough Council and Warwickshire County Council together with such further allocations to other Hub member organisations as determined by the Music Hub Independent Board, provided that the total aggregate allocation shall not exceed the sum approved under Recommendation 1, and with allocations currently estimated to be £355,704 for Solihull Metropolitan Borough Council and £803,795 for Warwickshire County Council.
- (3) Approve entering into the necessary grant arrangements and other required legal documentation with ACE and Coventry City Council's delivery partners to deliver upon the requirements of recommendations 1 and 2.
- (4) Delegate authority to the Director of Children's and Education Services, following consultation with the Director of Law, Governance and Safer Communities, to enter into such contractual arrangements to give effect to the above recommendations.

List of Appendices included:

None

Background papers:

None

Other useful documents

- The power of music to change lives: a national plan for music education <https://www.gov.uk/government/publications/the-power-of-music-to-change-lives-a-national-plan-for-music-education>
- Music Hub Funding Allocations and Conditions 2026/27 <https://www.artscouncil.org.uk/MusicHubs/Guidance>
- Music Hubs Data Dashboard - [Music Hubs: Survey and Data | Arts Council England](#)
- Department for Education Vision for Music Hubs <https://www.artscouncil.org.uk/our-open-funds/music-hub-investment/music-hub-investment-programme-geographies-future-music-hubs>
- New Music Hubs National Map <https://datawrapper.dwcdn.net/u50cw/9/>

- Coventry Music – Tuesday night music groups <https://youtu.be/v77afAcoibl>
- Heart of England Music – Digital Music Festival
<https://www.heartofenglandmusic.com/news/article/12/digital-live-music-festival-watch-the-videos-now>

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: Acceptance of the Music Education Revenue Grant for the Strategic Area of Coventry, Warwickshire and Solihull

1. Context (or background)

- 1.1. On 25 June 2022 the Departments for Education and for Digital, Culture, Media, and Sport published a refreshed National Plan for Music Education: the power of music to change lives, setting out government's priorities until 2030 for music education. Subsequently the Music Hubs programme was announced as changing from 119 Hubs to 43 larger more strategic Hubs to be in place for September 2024.
- 1.2. Since 2012 Coventry City Council has been the lead organisation for the single Local Authority Music Hub, with independent local governance and a collection of delivery and strategic partners. Coventry City Council's allocation of the Music Hub grant has been used to support both the Music Service and partners during this period.
- 1.3. In 2024 following consultation with partners Coventry City Council submitted a bid to be the Hub Lead Organisation in a consortium for the region of Coventry, Solihull and Warwickshire. Coventry City Council subsequently became the lead organisation for 'Heart of England Music' the Music Hub for Coventry, Solihull and Warwickshire, managing the revenue and capital grants on behalf of the 3 Local Authorities.

2. Options considered and recommended proposal.

- 2.1. During the 2024/25 and 2025/26 academic year the 3 Local Authority Music Services have worked within the remits of an agreed Memorandum of Understanding (MOU) and the Arts Council England (ACE) grant conditions to deliver the Hubs programme. The MOU will be updated for 2026/27 academic year to mirror the changes to the funding formula, any Music Hub Partners commissioned delivery, and any changes required due to updated grant terms and conditions for 2026/27.
- 2.2. The regional funding amount is estimated to be £1,708,871 for the 2026/27 academic year with an estimated £549,373 specifically allocated for Coventry. Coventry City Council will retain a £27k management fee from the overall grant allocation for management and reporting responsibilities. This is an increase from £8K in 2024/25 and £25k in 2025/26 (following a review of expectations during the first year of the new Hub programme and an inflationary rise for 2026/27). The ACE grant for Music Hubs is confirmed until August 2027. The national grant is allocated via a formula based on 90% per child in LA areas and 10% based on a free school meals calculation.
- 2.3. Music Hubs, as part of the grant conditions, must demonstrate an ability to generate additional match funding exceeding the grant amount. This can include income from partners of the Music Hub, which is recorded by ACE but does not go through the Music Hub's accounts. This condition is met as the total Music Hub traded income already exceeds the grant allocation. Options to develop the partnership model will continue to be explored to grow the service's income, expand the reach for Children and Young People, and explore efficiencies where appropriate.

- 2.4. To fulfil the conditions of the grant a board of stakeholders and partners has been established to provide external governance, including, but not limited to, Early Years settings, schools (including specialist), Further Education, Higher Education establishments and industry partners. The Board oversees the setting of SMART objectives for the regional music hub, monitors performance against educational targets, as well as overseeing fundraising, income and the financial management of partners.

3. Options considered and recommended proposal.

Decline the Award of the Grant Funding

- 3.1. Coventry City Council decide not to accept the grant. Without the financial resources the programme would cease across the Hub area and all assets bought through the Capital Grant would be returned to Arts Council England (ACE). Programmes delivered in schools and for families would increase in cost with the removal of the subsidy. This is not the recommended option.

Acceptance of the Grant Funding

- 3.2. Coventry City Council accept the grant and continue to co-ordinate the Hub programme, delivering music programmes in the City via Coventry Music and partners. Funding would continue to be awarded via the grant agreement to consortium partners and other Hub members to provide a varied, diverse and exciting music programme through the Music Hub. This is the recommended option.

4. Results of consultation undertaken

- 4.1. Prior to September 2024 consultation took place with the then Hub lead organisations and wider partnerships, who all agreed to support the Coventry City Council led consortium application for the region. The 1 year extension to the programme means an extension of the current Hub model and memorandum of understanding with the existing 3 Local Authority Consortium Partners and 30 additional member organisations to the Music Hub.

5. Timetable for implementing this decision.

- 5.1. The revenue grant will be accepted once approved to ensure a smooth programme of activity for the 2026/27 academic year.
- 5.2. A Memorandum of Understanding, Back-to-Back Grant Agreements and Asset Purchase and Management Agreements are already in place with the three Local Authorities and these will be updated when the new grant period starts as described earlier in the report.

6. Comments from the Director of Finance and Resources and the Director of Law, Governance and Safer Communities

6.1. Financial Implications

This grant award represents a continuation of the existing arrangements in which Coventry City Council is the lead organisation and accountable body for Heart of England Music Hub covering the geographical areas of Coventry, Warwickshire and Solihull. Coventry City Council will therefore be responsible for financial reporting to the Arts Council on behalf of Coventry City Council, Solihull Metropolitan Borough Council (MBC) and Warwickshire County Council. Funding will still be allocated for local authority areas by Arts Council England but will be managed by Coventry City Council with an independent board providing scrutiny and oversight. Coventry City Council will passport funding to Solihull MBC and Warwickshire County Council as appropriate.

A Memorandum of Understanding (MOU) has been agreed between the three organisations, confirming how the Music Hub will operate. This will be reviewed and updated as appropriate for the new academic year. The MOU ensures any financial risk for Coventry City Council, as a consequence of acting as accountable body, will be transferred to Solihull MBC and Warwickshire County Council and includes details of reporting requirements so Coventry City Council can complete returns to Arts Council England within the timescales set out in the grant conditions.

Coventry City Council will not incur any additional costs to fulfil the requirements of being the accountable body.

Solihull Metropolitan Borough Council and Warwickshire County Council will continue to run music services in their areas, as per current practice. Therefore, there are no additional liabilities for Coventry City Council because of this grant award.

6.2. Legal Implications

S1 Localism Act 2011 gives the Council a general power of competence and as such the Council has the power to receive grant funding and enter into a grant arrangement.

Legal Services will perform all necessary review of the contractual agreements required to be entered into with Arts Council England (ACE) and draft the necessary grant agreements to Solihull Metropolitan Borough Council, Warwickshire County Council and Coventry City Council delivery partners.

The Council has considered subsidy control implications in respect of both the receipt of grant funding and the onward provision of grant funding to Solihull Metropolitan Borough Council and Warwickshire County Council and other Hub member organisations and is satisfied that both are compliant with the Subsidy Control Act 2022.

7. Other implications

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

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

Working together to improve our city and the lives of those who live, work and study here” The three delivery priorities: Improving outcomes and tackling inequalities within our communities; Improving the economic prosperity of the city and regions; Tackling the causes and consequences of climate change. The two enabling priorities: Continued financial sustainability of the Council; Council’s role as a partner, enabler and leader

By continuing to lead the new Music Hub for the region we will continue to support all of the above priorities through the following:

- Enabling children and young people from across the whole city access and opportunities through music education.
- Developing funding opportunities for individual music tutors and small/large arts and cultural organisations to deliver music programmes and grow as sustainable businesses.
- Develop programmes and ways of working that tackle climate change – through innovation in use of technology, reuse of instruments and programmes using music and creativity to enable young people to share and highlight concerns.
- Continue to be a service area fully funded by grant and traded income.
- Support the wider cultural and education sectors in the city through our leadership role within the Music Hub and Cultural Education Partnership networks.

7.2. How is risk being managed?

The capital assets of the Hub Programme are owned by the Hub Lead Organisation including all musical equipment and resources. Should Coventry City Council cease being the lead organisation these would be returned to the Arts Council England (ACE) or an alternative lead organisation (if applicable). The Department for Education and ACE will be reviewing and keeping track of these assets via an Asset Register. ACE Relationship and Development Managers oversee the Hubs programme alongside an independent board for each Hub to ensure financial and other risks are managed.

7.3. What is the impact on the organisation?

No additional impact to the organisation as we currently manage the Hub Grant for the Music Hub, so no change to current working arrangements.

7.4. Equalities / EIA

An Equality Impact Assessment (EIA) has been undertaken, demonstrating that Coventry Music Service reaches a pupil group that is broadly representative of the city's school population. Participation rates across ethnicity, SEND, and Pupil Premium are closely aligned, with variances of no more than 2% compared to the overall school population.

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

Arts Council England (ACE) have conditions around sustainability within the grant. We will therefore begin to explore creative ways to work and develop music education through programmes that support a Greener Future, aligned with Coventry City Council policies and Let's Create (ACE's 10-year strategy)

7.6. Implications for partner organisations?

Coventry Music currently supports, via cash funding or in-kind equipment/staffing, many local community arts organisations and 80%+ schools in the city, with over 7500 children and young people enjoying weekly music lessons. By ensuring that we maintain this grant we will be able to continue to support the Music Education Ecosystem in the city.

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