

**Agenda Item 8
Recommendation from Cabinet
17th June 2015**

Coventry City Council

Minutes of the Meeting of Cabinet held at 2.00 pm on Wednesday, 17 June 2015

Present:

Cabinet Members: Councillor Mrs Lucas (Chair)
Councillor Townshend (Deputy Chair)
Councillor Abbott
Councillor Caan
Councillor Gannon
Councillor Kershaw
Councillor A. Khan
Councillor Lancaster
Councillor Maton
Councillor Ruane

Deputy Cabinet Members: Councillor Dr R Auluck
Councillor Brown
Councillor McNicholas
Councillor Thomas

Non-voting Opposition Members: Councillor Blundell
Councillor Crookes

Other Members: Councillor Bains
Councillor Lakha
Councillor J Mutton
Councillor M Mutton

Employees (by Directorate):

Chief Executive's: M Reeves (Chief Executive), N Brook,
F Collingham, H Kelly, J Moore, J Venn

Place: N Clews

People: J Applegarth, D Watts,

Resources: C West (Executive Director), P Jennings,
L Knight, J Newman

Apologies: Councillors Andrews and Clifford

RECOMMENDATION

7. Revenue and Capital Outturn 2014/2015

The Cabinet considered a report of the Executive Director for Resources, which set out the final revenue and capital outturn position for 2014/15, reviewed the treasury management activity during the year and set out the final 2014/15 Prudential Indicators reported under the Prudential Code for Capital Finance.

The Cabinet noted that the report was also to be considered by the Audit and Procurement Committee and the Finance and Corporate Services Scrutiny Board (1).

The revenue outturn reported an overspend of £2.2m, which was offset by a planned contribution from the General Fund Balance. It was noted that at quarter 3, a projected underspend of £0.6m had been reported and that the underlying movements between quarter 3 and outturn were as a result of overspends in People Directorate (£2.9m) and Contingency and Central (£1.5m) and underspends within the Place and Resources Directorates (£0.4m and £1.2m respectively).

This resulted in an overall underlying adverse movement of £2.8 in the final quarter and an overall overspend of £2.2m. The Cabinet noted that the Contingency and Central Budget position incorporated additional contributions of £5.2m to fund redundancy and early retirement costs that were not in the original budget but had been the result of subsequent decisions made by Cabinet during the year when considering budgetary control reports.

The period 8 monitoring report to Cabinet on 10th February 2015 approved a revised capital budget of £124.2m for 2014/15. Since then there had been a net programme reduction of £0.355m giving a final budget for the year of £123.9m. Since February, a total of £21.8m net rescheduled spending had arisen on directorate capital programmes. A scheme by scheme analysis was included in Appendix 2 of the report submitted.

The Local Government Act 2003 and associated CIPFA Prudential and Treasury Management Codes set the framework for the local government capital finance system. Authorities are able to borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. The framework required that authorities set and monitor against a number of prudential and treasury indicators relating to capital, treasury management and revenue issues. These indicators were designed to ensure that borrowing entered into for capital purposes was affordable, sustainable and prudent. The purpose of the indicators was to support decision making and financial management, rather than illustrate comparative performance.

Within Appendix 3 of the report, the Ratio of Financing costs to Net Revenue Stream highlighted the revenue impact of the capital programme. This showed that the revenue costs of financing capital expenditure as a proportion of income from government grant and Council Tax. The actual is 13.25%, against 14.24% as forecast in the Treasury Management Strategy. This reflected a lower level of

borrowing than anticipated to fund the Capital Programme and higher levels of investment balances.

RESOLVED that:-

1. The Cabinet approve:-

- a) The final revenue outturn position of a £2.2m overspend, balanced to nil by a £2.2m contribution from the General Fund Balance.**
- b) The final capital expenditure and resourcing position, incorporating expenditure of £101m against a final budget of £124m, borrowing to fund the programme of £0.3m and £22m expenditure rescheduled into 2015/16.**
- c) The outturn Prudential Indicators position in section 2.4.4 and Appendix 3.**

2. Recommend to Council that it approves £3m in-year funding of redundancy and retirement costs.

(Meeting closed at 3.40 pm)