

Appendix 1: 2021/22 Pre-Budget Financial Proposals

Figures from Line 1 onwards show changes to previous approved levels.

		2021/22 £000	2022/23 £000	2023/24 £000	
	Position Carried Forward from 2020/21	19,129	30,816	37,786	
	Resources				
1	Local Government Settlement	(8,904)	(8,904)	(8,904)	The Council's previous published position had assumed continuing increases in tariff payments as part of the overall Local Government Settlement (in effect, a reduction in resources). The position shown here removes that assumption, and replaces it with an assumption of no significant change in 2021/22 - an improved resource position compared with previously. This is a forecast only pending the the Government's Provisional Local Government Settlement announcement.
2	New Homes Bonus	(1,348)	(1,348)	0	The Council's previous published position had assumed reductions in the NHB. The position shown here reverts to the Government's previously indicated pattern of NHB - an improved resource position compared with previously. This is a forecast only pending the the Government's Provisional Local Government Settlement announcement.
3	Council Tax Collection Fund Outturn and Tax-Base	8,691	4,586	6,113	This includes the Council Tax outturn positions for 2019/20 and 2020/21 and the estimated tax-base position for 2021/22 and future years. Includes collection rate estimates of 97.7% (2020/21) and 97.9% (2021/22) compared with the standard estimate over recent years of 98.3%. This reflects greater collection challenges over the period affected by Covid. The tax-base has also been affected by a rise in the number of Local Council Tax Support claimants over the current year and estimated for next year.
4	Business Rates Collection Fund Deficit	4,808	1	946	This includes the Business Rates outturn positions for 2019/20 and 2020/21 and the estimated tax-base position for 2021/22 and future years. It includes collection rate estimates of 91% (2020/21) and 95% (2021/22) compared with the standard estimate over recent years of 99%. This reflects greater collection challenges over the period affected by Covid. The Council continues to maintain an annual provision for downward movements in tax-base (based on historical patterns) of 4.8%. The position shown reflects the proposed regulatory change which will demand that the 2020/21 estimated outturn is spread over three years.
5	Adult Social Care Precept	(4,340)	(4,340)	(4,340)	This shows the effect of a 3% precept added to Council Tax bills to fund the growing costs of Adult Social Care in line with the Government's Spending Review and is the basis for consultation.
6	Adults' and Children's Social Care Grant (2019/20 Local Government Settlement)	(2,650)	(2,650)	(2,650)	This assumes that the level of ASC grants received in 2020/21 is maintained. This will be subject to the 2021/22 Local Government Settlement.
7	New Adults & Children's Social Care Grant (2020/21 Local Government Settlement)	(6,781)	(6,781)	(6,781)	This assumes that the level of ASC grants received in 2020/21 is maintained. This will be subject to the 2021/22 Local Government Settlement.
8	Independent Living Fund	(2,300)	(2,300)	(2,300)	This assumes that the level of ASC grants received in 2020/21 is maintained. This will be subject to the 2021/22 Local Government Settlement.
9	Coventry & Warwickshire Business Rates Pool	(400)	0	0	This anticipates that the Pool will be approved for at least one further year and extends the current budgeted level of pool surplus for that period.
	Total Resources Change	(13,224)	(21,736)	(17,916)	
	Non-Achieved Savings				This section refers to savings approved in previous Budgets. The changes shown here indicate that the expected savings will be delayed or reduced by the amount indicated.
	Adult Social Care				

10	Adult Social Care Digitalisation	150	0	0	Savings in this area have already been part achieved with further elements of digitalisation planned to deliver the balance of savings to a delayed timetable.
Housing and Transformation					
11	Consolidation of ICT Systems	0	250	250	The saving in this proposal is not now considered achievable to this timescale. The service will focus instead on other priorities including those defined within the Digitalisation transformation workstream which will deliver alternative efficiencies and service improvements.
Project Management and Property Services					
12	Operational Property	250	0	0	Plans to deliver future Operational Property savings have been delayed and are now aligned with intended progress on the Council's wider transformation workstreams.
Streetscene and Regulation					
13	Bereavement Services - Funeral Director Service	160	0	0	Plans to diversify into the funeral director service have been temporarily paused and are now planned to deliver this target in 2022/23.
Transportation and Highways					
14	Highways Inspection Digitalisation	0	0	0	Non-availability of a robust IT solution will prevent this saving being delivered in 2021/22.
15	Highways Drainage Design and Advice Service	50	0	0	Advice is now being provided and income generated as part of this service. This should increase as part of the pre-application service and full delivery of the saving is anticipated in future years.
16	Car Park Charges	100	0	0	A review of charges is required as part of the parking strategy and wider consolidation of the parking estate following Covid will not be delivered in time for 2021/22.
17	Residents Parking Charging	300	400	400	The original scale of the savings in this proposal are not now considered achievable and revised plans will be brought back for consultation and approval to achieve a lower level of saving assumed at £100k pa at this stage.
Total Non-Achieved Savings		1,010	650	650	
Expenditure Pressures					
Adult Social Care					
18	Adult Social Care Market	1,639	764	764	This updates the medium term Adult Social Care financial model and incorporates latest forecasts of changes in the ASC market, local demography and inflationary pressures including the National Living Wage.
Children's Services					
19	Looked After Children (LAC) Activity Levels	812	812	0	This includes 50% of the cost implied by the current trajectory of placement numbers. It assumes that Looked After Children (LAC) numbers return to a level of normality (700) in 2023/24 and that Covid levels are not the new normal. The remaining 50% of costs will be monitored via a Covid watch-list of at-risk areas.
20	Looked After Children Placement Unit Costs	1,300	1,300	1,300	This reflects additional unit costs pressure linked to market prices of external fostering (identified in May 2020). Additional potential costs of £1.5m will be monitored via a Covid watch-list of at-risk areas.
21	Workforce Caseloads - Covid Activity	1,841	437	220	Workforce pressures due to increase in activity (e.g. 35% increase in Child Protection Plans and 11% increase in LAC). The establishment increase reduces in 2022/23 based on expected reductions in referral and LAC numbers, post Covid. There is a small amount of ongoing pressure linked to statutory duty change and short term expansion of the academy to support staff turnover.
Education and Inclusion					
22	SEND Transport	100	100	100	Reflects further demand pressures relating to the full year impact of September 2020 increased activity alongside projected increased activity from September 2021.

23	Bus Passes	150	150	150	Increase in the number of pupils eligible for Bus Passes plus anticipated changes to future pricing structure following changes in the supplier market.
	Finance				
24	Insurance	790	790	790	This reflects the increasing costs of insurance over recent years, updated prices from the 2020 tender and the loss of schools business to the national Risk Protection Arrangements. An underlying overspend has been subsidised via an insurance reserve balance in recent years but this has now been fully used up.
25	Housing Benefit Subsidy Recovery - Supported Accommodation	700	1,400	1,400	The Council is unable to fully recover Housing Benefit Subsidy for elements of the cost of supported accommodation.
	Housing and Transformation				
26	ICT	719	392	392	New ways of working and extension of people accessing ICT service are creating additional costs of IT hardware and licences as well as the level of staffing required to meet customer demands including for out of hours support.
	Legal and Governance				
27	Coroners	100	0	0	The costs of the service have risen significantly including for the coroner's salary (shared with Warwickshire County Council) and the mortuary contract with University Hospital Coventry and Warwickshire. Work is ongoing to consider the impact in future years.
	Project Management and Property Services				
28	Fairfax Street	300	0	0	The temporary cost of managing the Fairfax Street site pending decisions on its future use.
29	Commercial Rents Income Target	1,500	2,000	2,000	Removal of the income target for commercial rents generated from the acquisition of new assets. This is the outcome of a change to rules about the Council's ability to borrow from the Public Works Loans Board (in effect the Government). The Council cannot borrow from this source for the next three year period if it purchases assets for commercial yield and therefore needs to review its strategy.
	Streetscene and Regulation				
30	Christmas Refuse Collection continuity	150	0	0	The cost of maintaining Christmas collections in line with recent years.
31	Additional Refuse Rounds	325	650	650	Additional refuse rounds required to reflect the growth in the number of houses and bin collections needed across the city.
	Total Expenditure Pressures	10,426	8,795	7,766	
	Income Pressures				
	Corporate				
32	Dividends	2,445	2,836	700	It is likely that several of the companies in which the Council has a financial interest will not be able to match the level of dividends budgeted for previously by the Council, as the result mostly of the Covid pandemic. The planning forecast at this stage is that this will continue for a period of a further two years and will then begin to improve in 2023/24.
	Legal and Governance				
33	Records and Land Charges	100	100	100	Income levels have dropped significantly since a court ruling on Environmental Information Regulations requests means that the Council has to provide more information for free and solicitors can undertake more searches themselves.
	Project Management and Property Services				
34	Commercial Property Rent	300	200	150	Reflects modest levels of lost income expected within the portfolio but does not include any provision for any significant medium term fall-out from Covid.
	Transportation and Highways				
35	Parking Income	900	900	900	This represents the likely ongoing impact on parking income following Covid. This is being reviewed in conjunction with projects and opportunities to consolidate sites and reduce service costs.

36	Bus Lane Enforcement Income	760	760	760	A significant reduction in the volume of Penalty Charge Notices is being experienced which is expected is likely to reflect a permanent change in offending patterns.
Total Income Pressures		4,505	4,796	2,610	
Directorate and Technical Savings					
37	Housing and Homelessness	(1,500)	(1,250)	(1,250)	The increased cost of of housing and homelessness solutions resulted in increased budget allocations approved in recent years. The reduction now being forecast reflects a number of initiatives to provide less expensive and more suitable temporary accommodation which is resulting in a reduction in the number of households in temporary accommodation. lower unit costs and the prevention of more homelessness.
38	Inflation Contingencies	(500)	(750)	(1,000)	This reflects flexibility in corporate inflation contingency budgets. This is likely to be updated in the final Budget proposals following the Spending Review announcement on public sector pay including the overall pay freeze, increases in the National Living Wage and pay awards for workers paid below £24,000.
39	Superannuation	(2,318)	(3,586)	(5,878)	This proposal removes all budget flexibility in second and third year of current triennial period (2021/22 and 2022/23) then assumes that contributions continue at existing levels into the following valuation period (from 2023/24) compared with a previous assumption that they would increase. This includes the latest forecast of the benefit resulting from the Council's up-front superannuation payment made in April 2020 and the West Midlands Pension Fund's ability to achieve greater investment returns than the Council. In addition the legacy costs of historical decisions taken to supplement early retirement settlements with added years onto pensionable service are now starting to diminish and will continue to do so each year.
40	Organisational Exit Costs	(1,000)	(1,000)	0	The costs of early retirement and redundancy decisions are paid for from an existing revenue budget of £1m. Additional coverage is provided from a reserve balance. It is proposed to reduce the revenue budget to zero for two years and to fund all one-off exit costs from the reserve.
41	Friargate	(750)	0	0	Savings achieved in excess of the One Friargate business case are anticipated to be available to support the wider Friargate project but are not required for this purpose in 2021/22.
42	West Midlands Combined Authority Levy and Contributions	(381)	76	543	Budget realignment based on no WMCA Levy inflation in 2020/21 but 2% pa thereafter plus continued Coventry population growth rate above that of other WM authorities. Also assumes Business Rates growth contributions growing by £150k pa.
Total Directorate and Technical Savings		(6,449)	(6,510)	(7,585)	
Reserve Contributions					
43	Reserve Funding To Compensate for Dividend Loss	(2,445)	0	0	The dividend loss described above is anticipated to be time-limited and is for the most part the effect of Covid. On this basis the Council's Medium Term Financial Strategy allows for this financial impact to be funded from reserve balances on a one-off basis.
44	Reserve Funding to Compensate for temporary Council Tax and Business Rates Loss in 2021/22 (assume at 50% funding from Business Rates reserve)	(6,749)	1,000	1,000	Part of the loss of Council Tax and Business Rates is the time limited effect of Covid on collection rates including the brought forward impact of 2020/21. On this basis the Council's Medium Term Financial Strategy allows for this financial impact to be funded from reserve balances on a one-off basis. This would be funded from the existing £7.7m Business Rates reserve with planned contributions in future years to return this reserve to c5% of overall Business Rates income.
Total Reserve Contributions		(9,194)	1,000	1,000	
Total Budget Deficit/(Surplus)					
		6,202	17,811	24,311	