

## Appendix 1: 2021/22 Final Budget Proposals

Figures from Line 1 onwards show changes to previous approved levels. Figures in brackets show reductions in the net budget (higher income or lower costs).

		2021/22 £000	2022/23 £000	2023/24 £000	
	<b>Position Carried Forward from 2020/21</b>	<b>19,129</b>	<b>30,816</b>	<b>37,786</b>	
	<b>Resources</b>				
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 reflects the Government's Final Local Government Settlement announcement which broadly maintains the 2020/21 resource position.
2	New Homes Bonus <b>(change to Pre-Budget Report)</b>	(4,263)	(1,348)	0	The Council's previous published position had assumed reductions in the NHB. The position shown here incorporates the Government's Final Local Government Settlement announcement which provides an improved resource position compared with the Council's previous assumptions.
2a	Lower Tier Services Grant <b>(change to Pre-Budget Report)</b>	(561)	0	0	A one-off grant to support service expenditure within 2021/22 announced in the Local Government Settlement.
2b	2021/22 COVID-19 Expenditure Pressures Grant <b>(change to Pre-Budget Report)</b>	(11,314)	0	0	Funding announced as part of the 2021/22 Settlement to fund anticipated pressures and income loss resulting from Covid. A matching expenditure line is identified at line 31a.
3	Council Tax Collection Fund Outturn and Tax-Base <b>(change to Pre-Budget Report)</b>	9,364	5,259	6,786	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. The final budget proposals include small self-balancing adjustments within the Council Tax and Business Rates Collection Fund.

4	Business Rates Collection Fund Deficit ( <b>change to Pre-Budget Report</b> ).	3,864	(943)	2	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. The final budget proposals include small self-balancing adjustments within the Council Tax and Business Rates Collection Fund.
4a	Local Council Tax Support Grant ( <b>change to Pre-Budget Report</b> ).	(3,890)	0	0	Grant funding included within the Final Local Government Settlement designed to meet the additional costs associated with increases in local council tax support ('LCTS') caseloads in 2021-22
5	Adult Social Care Precept ( <b>change to Pre-Budget Report</b> ).	(4,181)	(4,181)	(4,181)	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 Final Local Government Settlement and is the basis for consultation. The final budget proposals include an updated calculation of this figure which is balanced by the Collection Fund adjustments referenced above.
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 which has now been confirmed within 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 which has now been confirmed within the 2021/22 Local Government Settlement.
7a	2021/22 Social Care Grant ( <b>change to Pre-Budget Report</b> )	(2,510)	0	0	An additional grant confirmed by the Local Government Settlement nationally to support adults and/or children's social care responsibilities.
8	Independent Living Fund	(2,300)	(2,300)	(2,300)	This assumes that the level of ASC grants received in 2020/21 is maintained which has been confirmed within the 2021/22 Local Government Settlement.
9	Coventry & Warwickshire Business Rates Pool	(400)	0	0	Extends the current budgeted level of pool surplus for one more year following confirmation that the Pool will continue over that period.
	<b>Total Resources Change</b>	<b>(34,526)</b>	<b>(21,848)</b>	<b>(18,028)</b>	
	<b>Non-Achieved Savings</b>				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.
	<b>Adult Social Care</b>				

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.
	<b>Housing and Transformation</b>				
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.
	<b>Project Management and Property Services</b>				
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.
	<b>Streetscene and Regulation</b>				
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.
	<b>Transportation and Highways</b>				
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.
	<b>Total Non-Achieved Savings</b>	<b>1,010</b>	<b>650</b>	<b>650</b>	
	<b>Expenditure Pressures</b>				

	<b>Adult Social Care</b>				
18	Adult Social Care Market	1,639	764	764	This updates the medium term Adult Social Care financial model and incorporates latest forecasts of local demography and inflationary pressures including the National Living Wage.
	<b>Business Investment and Culture</b>				
18a	Albany Theatre Capital Financing ( <b>change to Pre-Budget Report</b> )	0	250	250	Reflects the ongoing capital financing costs of the proposed grant to the Albany Theatre subject to Council approval on 23rd February 2021.
	<b>Children's Services</b>				
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.
	<b>Education and Inclusion</b>				
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.
	<b>Finance</b>				

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.
	<b>Housing and Transformation</b>				
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.
	<b>Legal and Governance</b>				
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.
	<b>Project Management and Property Services</b>				
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.
	<b>Streetscene and Regulation</b>				
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.
	<b>Whole Council</b>				

31a	2021/22 COVID-19 Expenditure Pressures and Income Loss <b>(change to Pre-Budget Report)</b>	11,314	0	0	Anticipated pressures and income loss resulting from Covid. A matching grant income line is identified at line 2b. The level of financial pressure that arises will depend on the timing and pattern of recovery from the pandemic and easing of restrictions as well as the wider community response to new conditions. As a result the precise areas that will exhibit financial pressure will not be known until part-way through the year.
	<b>Total Expenditure Pressures</b>	<b>21,740</b>	<b>9,045</b>	<b>8,016</b>	
	<b>Income Pressures</b>				
	<b>Corporate</b>				
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.
	<b>Project Management and Property Services</b>				
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.
	<b>Transportation and Highways</b>				
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 to reflect a permanent change in offending patterns.
	<b>Total Income Pressures</b>	<b>4,505</b>	<b>4,796</b>	<b>2,610</b>	
	<b>Directorate and Technical Savings</b>				

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 ( <b>change to Pre-Budget position</b> )	(500)	(639)	(889)	This reflects flexibility in corporate inflation contingency budgets. Includes a small technical adjustment from the Pre-Budget position.
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.
42a	Coventry and Solihull Waste Disposal Company Dividends ( <b>change to Pre-Budget Report</b> )	(2,500)	0	0	Additional dividends announced by the Company in addition to the existing budget of £6m.
<b>Total Directorate and Technical Savings</b>		<b>(8,949)</b>	<b>(6,399)</b>	<b>(7,474)</b>	
<b>Reserve Contributions</b>					

43	Reserve Funding To Compensate for Dividend Loss <b>(change to Pre-Budget Report)</b>	0	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. The improved overall position now being reported has enabled this contribution to be reduced compared with the Pre-Budget proposal.
44	Reserve Funding to Compensate for temporary Council Tax and Business Rates Loss in 2021/22 <b>(change to Pre-Budget Report)</b>	(2,908)	0	0	Part of the loss of Council Tax and Business Rates is the result of time limited effects 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. The improved overall position now being reported has enabled this contribution to be reduced compared with the Pre-Budget proposal.
	<b>Total Reserve Contributions</b>	<b>(2,908)</b>	<b>0</b>	<b>0</b>	
	<b>Total Budget Deficit/(Surplus)</b>	<b>0</b>	<b>17,060</b>	<b>23,560</b>	