

**Council – 7 September 2021**  
**Recommendation from Cabinet**  
**13<sup>th</sup> July 2021**

**Coventry City Council**  
**Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 13<sup>th</sup> July 2021**

Present:

Cabinet Members:                   Councillor G Duggins (Chair)  
  Councillor AS Khan (Deputy Chair)  
  Councillor R Brown  
  Councillor K Caan  
  Councillor M Mutton  
  Councillor J O'Boyle  
  Councillor K Sandhu  
  Councillor P Seaman  
  Councillor D Welsh

Non-Voting Deputy  
Cabinet Members:                   Councillor P Akhtar  
  Councillor B Gittins  
  Councillor G Hayre  
  Councillor G Lloyd

Non-Voting Opposition  
Members:                               Councillor G Ridley  
  Councillor P Male

Other Non-Voting  
Members:                               Councillor N Akhtar  
  Councillor L Bigham  
  Councillor Clifford  
  Councillor R Lakha  
  Councillor C Miks  
  Councillor R Singh  
  Councillor C Thomas

Employees (by Service):

Chief Executive                   M Reeves (Chief Executive)

Finance                               B Hastie (Director of Finance)

Law and Governance J Newman (Director of Law and Governance), S Bennett,  
M Salmon

Streetscene and  
Regulatory Services D Butler

Apologies: Councillor P Hetherton  
Councillor J Innes

## RECOMMENDATION

### Public Business

#### 9. Revenue and Capital Outturn 2020/21

The Cabinet considered a report of the Director of Finance, that would also be considered by the Audit and Procurement Committee on 26<sup>th</sup> July 2021 and by Council on 7<sup>th</sup> September 2021, that outlined the final revenue and capital outturn position for 2020/21 and reviewed treasury management activity and 2020/21 Prudential Indicators reported under the Prudential Code for Capital Finance. Appendices to the report provided: a detailed breakdown of Directorate Revenue Variations; Capital Programme Changes and Analysis of Rescheduling; and Prudential Indicators.

The 2020/21 financial year had been one like no other, with organisational and financial impacts exceeding anything experienced previously during peacetime. Some of these impacts were unseen in consideration of the Council's outturn position – for instance Business Rates reliefs provided and business grants paid out through the year – but their scale had been staggering, nonetheless. The purpose of this report was not to catalogue the changes to society and Council services through the year, although where these had had a financial effect on the Council this would be outlined.

The overall financial position included the following headline items:

- A balanced revenue position after a recommended £9.2m was set aside in reserves to enable the city's recovery from Covid, invested in the Council's key priorities and strengthening the Council's financial sustainability.
- Capital Programme expenditure of £194.2m which represented the second largest programme in the modern era.
- An increase in the level of available Council revenue reserves from £90m to £123m including Covid funding and the net underspend contribution.

Further detail included:

- A net underspend of £8.5m within central budgets after adjusting for the impact of Covid resulting overwhelmingly from one-off circumstances and the application of resources to fund previously approved decisions.

- A revenue underspend of £3.4m within Housing and Homelessness due in large part to the number of households living in temporary accommodation being lower than anticipated.
- Identified income loss and expenditure related to COVID-19 of £31m funded in-part by in-year Government emergency funding and sales fees and charges compensation grants provided for this purpose.
- A shortfall in this in-year Covid funding of £2.2m.

The underlying revenue position had improved by £8.7m since Quarter 3 when an underspend of £0.5m was forecast. In particular the overall underspend (before outturn reserve contributions) and the improved position related to improvements within Contingency and Central budgets which were set out in the report. In overall terms the favourable outturn position shown must be put in the context of the Covid-19 crisis. The position was an indication of the prudent management of the Council's financial position but there were reasons to be cautious about the financial future of local government. These were explored more fully in the financial implications section of the report but could be seen in the uncertain future for local government finance nationally, the externalised and more volatile nature of some of the Council's financial relationships and the continued and potential legacy impacts of Covid. On this basis it was entirely appropriate for the Council to maintain a robust financial position and to retain control of its own financial destiny as far as it was able. This was important not just as an internal Council matter but connected directly to the Council's capacity to improve services for residents and invest in the city and its communities.

As indicated above the financial impact of Covid on the Outturn position had been estimated at £31m. This was not a definitive figure because in many cases the Covid impact was difficult to disentangle from other trends – for instance, how much of the large reduction in car parking income might have happened without the Covid pandemic. What was known was that Government funding provided through 2020/21 had covered a very significant proportion of the cost although this did not take account of the loss in Business Rates and Council Tax income calculated to have been suffered.

Further financial loss due to Covid had continued into the early months of 2021/22 at a much-reduced rate compared with 2020/21 although it remained difficult to provide a reliable estimate of this. The Council had been able to carry forward into 2021/22 £7.55m of Covid resources set aside as part of the 2019/20 outturn position and had been allocated £11m out of the Government's emergency Covid funding for 2021/22. Other specific Covid grants had also been announced whilst a further opportunity was likely to be available to claim compensation for lost income in the first quarter of the year. On this basis there was a strong possibility that the Council would be able to manage the large majority of the financial Covid impact from Government resources over the medium term. Given that the Covid impact would extend into 2022/23 and that a tight funding settlement was anticipated from Government next year it was important that the Council continued to maintain a strong financial position to protect itself in what could be a very challenging financial environment. The recommended proposals put forward by the Director of Finance - the Council's Section 151 officer - were explained in section 5.1 of the report.

The Cabinet:

- 1) Approved the final revenue outturn position including reserve contributions of £9.2m available from the year-end revenue bottom line for the purposes described in Section 5.1 of the report.
- 2) Approved the final capital expenditure and resourcing position in section 2.3 and Appendix 2 of the report, incorporating expenditure of £194.2m against a final budget of £226.9m; £32.5m expenditure rescheduled into 2021/22 and a net overspend £0.2m.
- 3) Approved the outturn Prudential Indicators position in section 2.4.4 and Appendix 3 of the report.
- 4) Recommended that Council gives approval of reserve contribution of £9.2m available from the year-end revenue bottom line for the purposes described in Section 5.1 of the report.

**RESOLVED that the Cabinet recommends that Council approves reserve contribution of £9.2m available from the year-end revenue bottom line for the purposes described in Section 5.1 of the report.**