

Cabinet  
Audit and Procurement Committee

12<sup>th</sup> July 2022  
25<sup>th</sup> July 2022

**Director Approving Submission of the report:**  
Chief Operating Officer

**Ward(s) affected:** All

**Title:**  
Revenue and Capital Outturn 2021/22

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**Is this a key decision?**

No

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**Executive Summary:**

This report outlines the final revenue and capital outturn position for 2021/22 and reviews treasury management activity and 2021/22 Prudential Indicators reported under the Prudential Code for Capital Finance.

The 2021/22 financial year has once again been affected by a range of organisational and financial impacts resulting from the COVID-19 pandemic. These impacts were somewhat reduced compared with the previous year and were subsiding markedly by the year end. By any usual measure however, the impact of Covid still features significantly in this outturn report.

The Council has managed its response to the pandemic such that it has been able to stay within the resource allocation provided by Government. For the most part this reflects an approach to setting the 2021/22 Budget (in February 2021) when the Council budgeted for continued Covid impacts on its costs and income.

The overall financial position includes the following headline items:

- A **balanced** revenue position.
- Capital Programme expenditure of **£189.5m**
- An increase in the level of available Council revenue reserves from £123m to **£140m** including Covid funding and the net underspend contribution.

Further detail includes:

- A net underspend of £4.7m within central budgets including additional unbudgeted dividends and a surplus from the Coventry and Warwickshire Business Rates Pool.
- A revenue underspend of £2.5m within Housing and Homelessness due in large part to the number of households living in temporary accommodation being lower than anticipated.
- An overspend of £4.3m within Streetscene and Regulatory Services including net costs of £2.2m resulting from the ongoing refuse drivers dispute.

- An overspend of £2.4m within Children’s Services reflecting high numbers of children and high placement costs.
- Covid related costs within services estimated at £8.9m which have been funded from Government Covid resources and netted out from the outturn positions quoted.
- A contribution of £1.2m to strengthen the Council’s reserve which protects against volatility within its commercial interests.

The underlying revenue position has improved by £2.5m since Quarter 3 when an overspend of £2.5m was forecast. In particular the improved position relates to improvements within Contingency and Central budgets and Housing and Transformation which are set out in the report. The position is an indication of the prudent management of the Council’s financial position through the Covid crisis although Covid has become far less prominent in recent months as a fundamental threat to the Council’s financial position. The cost of living crisis and growing levels of inflation have not had any clear impact on this financial outturn, reported up to 31<sup>st</sup> March 2022 but these give strong cause to be cautious about the financial position of local government in the short-term. It is likely that these factors will present a stern test to the robust financial position that the Council has maintained in terms of its ability to continue to manage within its budgeted position and the extent to which it is able to fund any emergency policy responses.

As indicated above the financial impact of Covid on the budgeted Outturn position has been estimated at £8.9m. This compares with a figure of £31m in 2020/21. As previously this is not a definitive figure because in many cases the Covid impact is difficult to disentangle from other trends. Government funding provided through 2021/22 funded all of this cost although this doesn’t take account of the loss in Business Rates and Council Tax income and other losses budgeted for by the Council when it set its budget in February 2021.

The Council will carry forward c£2.4m of general Covid grant provided by Government within 2021/22. If no further significant Covid outbreaks occur, the tactical approach will be for any further budgetary variations to be treated as ‘business as usual’ and managed within the Council’s bottom line.

**Recommendations:**

**Cabinet is recommended to approve:**

1. The final balanced revenue outturn position.
2. The final capital expenditure and resourcing position (section 2.3 and Appendix 2), incorporating expenditure of £189.5m against a final budget of £223.9m; £33.9m expenditure rescheduled into 2022/23 and a net underspend £0.5m.
3. The outturn Prudential Indicators position in section 2.4.4 and Appendix 3.

**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 25<sup>th</sup> July 2022

**Will this report go to Council?**

No

**Report title:** Revenue and Capital Outturn 2021/22

**1. Context (or background)**

- 1.1 This report sets out the Council's revenue and capital outturn position for 2021/22 and performance against its Prudential Indicators for the year. The City Council set a revenue budget for the year of £243.8m and has a revised Capital Programme of £189.5m.
- 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, which is balanced after funding the impact of Covid on individual services from Government grant available to the Council.

**Table 1 Summary Outturn Position**

	Revised Budget	Actual Spend	Total Over/ (Under) Spend	Funding For Covid Related Variance	Net Over/ (Under) Spend
	£m	£m	£m	£m	£m
Adult Services	82.3	82.4	0.1	(0.1)	0.0
Business, Investment & Culture	5.5	7.4	1.9	(0.8)	1.1
Children and Young People	76.6	81.4	4.8	(2.4)	2.4
Contingency & Central	3.7	(1.1)	(4.7)	0.0	(4.7)
Directorate Management	1.3	1.2	(0.1)	0.0	(0.1)
Education and Inclusion	16.1	16.6	0.4	(0.7)	(0.3)
Finance	5.0	5.8	0.8	(0.2)	0.6
Housing & Transformation	13.3	11.1	(2.3)	(0.2)	(2.5)
Human Resources	1.4	1.5	0.1	(0.1)	0.0
Legal & Governance	4.2	5.4	1.2	(0.6)	0.6
Project Management & Property	(4.7)	(5.5)	(0.8)	(0.7)	(1.5)
Public Health	2.4	1.7	(0.7)	0.0	(0.7)
Streetscene & Regulatory	29.8	36.5	6.8	(2.3)	4.4
Transportation & Highways	7.0	8.4	1.4	(0.8)	0.6

<b>Total</b>	<b>243.8</b>	<b>252.8</b>	<b>8.9</b>	<b>(8.9)</b>	<b>0.0</b>
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The quarter 3 position reflected an overspend of £2.5m with the key positive variations between quarter 3 and Outturn occurring within Contingency and Central Budgets (£1.7m) and Housing and Transformation (£0.7m). The reasons for these variations are included in the explanations of overall budgetary variations below.

### 2.1.2 Explanation of Variations

#### **Contingency and Central (£4.7m Underspend)**

Favourable budgetary variations have occurred including additional dividends from the Coventry and Solihull Waste Disposal Company (£2m), a surplus from the Coventry and Warwickshire Business Rates Pool (£1.8m), unspent inflation contingency budget (£1.3m), lower than anticipated pension costs (£1.2m), additional income and savings derived from new commercialisation activities (£0.9m) and additional interest from loan arrangements within the Asset Management Revenue Account (£0.9m). This has enabled funding of early retirement pension strain and redundancy costs incurred in year (£2.3) rather than these being funded from reserves plus the final £1.2m reserve contribution within the overall outturn position.

#### **Council Services (£4.7m Overspend)**

The headline overspend of £10.5m within Children and Young People's Services is caused by: an increased number of children's placements; an increased reliance on high-cost external residential placements; and the cost of agency staffing to manage increased caseloads and growing vacancies. This has been accentuated by unit costs of the external placement market rising by 13% since the last financial year. During 2021/22, £5.7m of specific Covid funding has been used to reduce the total overspend from £10.5m to £4.8m, of which a further £2.4m is judged to be the result of Covid and eligible to be funded from Covid emergency funding. This leaves a net overspend of £2.4m. It should be noted that the additional funding for Children's Services within the 2022/23 Budget proposals reflect the view that much of the Covid impact is now expected to continue into the medium term.

The overall Streetscene and Regulatory Services overspend was £6.8m, broadly in line with the forecast position at quarter 3. The majority of this (£4m) was incurred across Waste and Fleet Services, Streetpride and Parks (£1.0m), Planning (£0.4m), Streetscene and Greenspace (£0.7m) and Environmental Services (£0.2m).

The key variations can be broken down as follows. Within Waste and Fleet, the HGV driver industrial dispute resulted in a net pressure of c£2.2m reflecting the additional collection services and waste drop sites for domestic refuse (£1.8m), and lost contract income on commercial waste collection (£0.4m), net of savings from salaries, fuel and waste disposal costs. Other Streetscene variations include domestic refuse pressure of £1m due to the acceleration of 2 additional rounds originally planned for April 2022 (£0.35m) and temporary cover arrangements required to cover higher than budgeted sickness, isolation, and accrued leave (£0.65m). A range of other income pressures were experienced across Bereavement Services, Planning, the War Memorial Park car park and Emergency Services.

The largest part of the Council-wide variations reported are as a direct result of the COVID-19 impacts across the City Council totalling £8.9m. It must be stressed that the differentiation between Covid and non-Covid costs is in some circumstances subjective but for comparison, covid financial impacts accounted for a budget variation of c£31m in 2020/21.

In addition to the Children's and Streetscene variations above, other Covid related impacts include: provision for expected commercial property rent losses (£0.6m); reduced income from the Wave leisure facility (£0.5m) and Godiva festival (£0.2m); and additional staffing across several services reflecting staffing cover for additional Covid workload including within Legal Services (£0.5m).

Other variations which are separate from those attributable to include an overspend in Business Investment and Culture of £0.7m. This pressure is due primarily to the corporate decision to acquire the former IKEA site and redevelop into a national collections centre resulting in some unbudgeted Business Rates costs. There is also a £2.3m Housing and Transformation underspend driven mainly by lower than expected costs of £1.9m due to lower than anticipated numbers of household in temporary accommodation alongside further utilisation of grant resources.

### **Covid-Related Grants**

The Government has announced a range of grant funding allocations to manage the financial impact of COVID-19 and deliver services to mitigate or address the effects of the pandemic. The key elements of this funding are included below. The top line below amounting to £11.3m has been made available to apply to mitigate the financial impacts described in Table 1. Most of the remaining grants have been applied as specific grant which nets off the relevant expenditure within service areas. Most of the funding not committed at this stage is available to the Council as non ring-fenced grant which can be applied to support the Council's overall spending. This will continue to be kept under review through 2022/23 in particular in the light of continued Covid related impacts or any further Covid outbreaks.

**Table 2: Covid Funding Allocations**

	Grant Value	Sub-Total
	£000	£000
Funds Council Expenditure - Unallocated		
Emergency Funding	(11,314)	
Sales, Fees and Charges Income Loss	(1,002)	
		(12,316)
Funds Council Expenditure – Specific		
Covid Winter Grant Scheme/Local Support Grant/Household Support Fund	(5,437)	
Lateral Flow Test Funding	(3,072)	
Contain Outbreak Management Fund	(2,920)	

Holiday Activities and Food Programme 2021	(1,338)	
Clinically Extremely Vulnerable Support	(670)	
LA Practical Support Payment (Public Health)	(399)	
Welcome Back Fund (Support to High Streets)	(334)	
Business Support Grant New Burdens	(290)	
Community Vaccine Champions	(185)	
Emergency Accommodation Allocation	(130)	
		(14,775)
External Provider or Programme Spend		
Adult Social Care Infection Control and Protection Fund	(4,988)	
Workforce and Retention Fund	(2,989)	
Omicron Support Fund	(388)	
		(8,365)
Grants to Businesses and Individuals		
Restart Grants	(13,573)	
Omicron Hospitality and Leisure Grants	(1,878)	
Additional Restrictions Grant	(433)	
		(15,884)
Business Rates & Council Tax Collection Fund Contributions		
Retail Leisure and Hospitality Business Rates Reliefs	(19,679)	
Council Tax Hardship Fund Support Grant	(3,895)	
		(23,574)
Overall Support		(74,914)

## 2.2 Reserves

2.2.1 The Council's revenue reserve balance at the end of 2021/22 is £140m compared with £123m at the end of 2020/21. Resources set aside to support the Better Care Fund (delivered jointly with the Health sector) and the Council's Adult Social Care Financial Strategy have

increased by £15m although a large proportion of these can expect to be utilised over a relatively short time frame. Balances generated from capital receipts and capital grants to fund future capital projects have increased from £27m to £37m and reserve balances belonging to or earmarked to support schools have increased from £27m to £31m. The total reserve movement in 2021/22 is summarised in the table below.

**Table 3 Summary of Reserve Movements in 2021/22**

	1st April 2021	(Increase)/ Decrease	31st March 2022
	£000	£000	£000
<u>Council Revenue Reserves</u>			
General Fund Balance	(10,277)	0	(10,277)
Adult Social Care	(13,331)	(14,955)	(28,287)
Covid 19 Government Funding	(7,558)	(3,423)	(10,981)
Private Finance Initiatives	(10,994)	1,368	(9,626)
Early Retirement and Voluntary Redundancy	(9,323)	0	(9,323)
Corporate Priorities (2020/21 Outturn Underspend)	(9,225)	527	(8,698)
Potential Loss of Business Rates Income	(7,735)	0	(7,735)
Innovation and Development Fund	(5,549)	50	(5,499)
Reset and Recovery	(5,467)	0	(5,467)
Air Quality Early Measures	(4,517)	284	(4,232)
City of Culture Commonwealth Games Readiness	(4,964)	1,060	(3,904)
Management of Capital	(4,028)	618	(3,410)
Commercial Developments	(3,750)	402	(3,348)
Public Health	(1,013)	(1,456)	(2,469)
Friargate Lifecycle	(1,378)	(217)	(1,594)
Insurance Fund	(2,049)	552	(1,497)
Corporate Property Management	(1,394)	25	(1,369)
Children's Social Care Family Valued Programme	(639)	(590)	(1,229)
Adult Education Income	(1,005)	(82)	(1,086)
Other Directorate	(10,790)	(3,827)	(14,617)
Other Corporate	(7,524)	1,681	(5,843)
<b>Total Council Revenue Reserves</b>	<b>(122,511)</b>	<b>(17,982)</b>	<b>(140,493)</b>
<b>Extra-Ordinary Item - Covid Business Rates Relief</b>	<b>(48,302)</b>	<b>29,667</b>	<b>(18,635)</b>
<u>Council Capital Reserves</u>			
		0	
Useable Capital Receipts Reserve	(24,736)	(6,451)	(31,187)
Capital Grant Unapplied Account	(1,828)	(3,641)	(5,469)
<b>Total Council Capital Reserves</b>	<b>(26,564)</b>	<b>(10,092)</b>	<b>(36,656)</b>

<u>School Reserves</u>			
Schools (specific to individual schools)	(22,315)	(2,750)	(25,065)
Schools (related to expenditure retained centrally)	(4,806)	(1,121)	(5,927)
<b>Total Schools Reserves</b>	<b>(27,121)</b>	<b>(3,870)</b>	<b>(30,991)</b>
<b>Total Reserves</b>	<b>(224,498)</b>	<b>(2,278)</b>	<b>(226,775)</b>

2.2.2 It should be noted that the Council's reserve balances include an extra-ordinary balance of £19m at the end of 2021/22 although this amount is much-reduced on the position 12 months ago. Government Covid Business Rates reliefs announced previously have had the effect of reducing the amount of Business Rates payable in-year causing a deficit within the Business Rates Collection Fund. Accounting rules mean that the corresponding grant (from Government) cannot be applied to the Collection Fund until 2022/23 and must be carried forward within General Fund reserves. This treatment will be common to all billing authorities across England. To ensure like for like comparisons this balance is treated as an extra-ordinary item here.

2.2.3 The key increases in the Council's revenue reserves stem from the £9m in relation to grant funding which will sustain the medium term Adult Social Care financial model and £3m in relation to Covid resources which will be used to manage the legacy impacts of the pandemic, increasing the balance to £11m.

2.2.4 In addition to these, the revenue reserve balances include £14m set aside as Funding For The Future approved within a previous Budget Report, £10m set aside as part of the Council's three long-term Private Finance Initiative models, £9m set aside to fund costs arising from early retirement and redundancy decisions, £8m to provide protection against the potential future loss of Business Rates income and £12m of revenue to support future capital projects.

2.2.5 In line with recent practice, analysis of these balances will be undertaken as part of a wider exercise examining the Council's financial position in 2022/23 and going forward.

### 2.3 Capital Outturn

2.3.1 The capital outturn position for 2021/22 is shown in summary below and in greater detail in Appendix 2:

**Table 4: Capital Outturn Summary**

Final Budget £m	Final Spend £m	Net Rescheduling Now Reported £m	Under- spends £m	Total Variance £m
223.3	189.5	(33.9)	(0.5)	(34.4)

The quarter 3 monitoring report to Cabinet on 15<sup>th</sup> February 2022 approved a revised capital budget of £223.9m for 2021/22. Since then there has been a net programme increase of c£0.5m giving a final budget for the year of £223.9m. Since February, a total of £33.9m net rescheduled spending has arisen within the capital programme. A scheme by scheme analysis is included in Appendix 2 and this is summarised in the table below.

**Table 5: Summary of Rescheduling**

Project	(Rescheduling) /Accelerated Spend £m	Explanations
Public Realm – City of Culture	(0.6)	Delays in finalising the designs for Coventry Cross and Palmer Lane now mean that both schemes will be delivered in next financial year.
Schools	(3.3)	This rescheduling has been caused by an architect going in to administration and associated design works clarifications which caused a delay on construction works. The works are continuing and spend will appear this financial year. Condition programme £0.6m additional funding award match with additional spend
Public Building Retrofit	(1.6)	The slippage relates to significant supply chain issues for example:- battery storage. Approval has been granted by the grant body to extend the programme until June 22
Battery Plant and Equipment Loan	(0.7)	This will be used for the final payments on due:- including final equipment supply contract and remaining elements of legal / professional advice required to complete project closure which will take place during 22/23.
Friargate	(5.5)	Negotiations for the hotel deal have been slow has pushed the spend into 22/23
Transportation S106 Programme	(1.0)	Revised programme timescales for specific schemes that will be part of the wider funding package for delivering the City Region Sustainable Transport Settlement (CRSTS) programme.
Binley Road Cycle Scheme	(1.0)	A delay in carrying out public consultation than initially planned has led to a slight delayed start on site. However, the programme is now moving at pace with one section of the cycleway near completion.
Clean Bus Technology Fund	(0.7)	Funding carried forward into next year to allow more bus providers to consider the move towards electrification.
Air Quality	(1.7)	A delay in Full Business Case sign off has delayed the programme in design and carrying out public consultation. This has led to the Spon End and Junction 7 schemes commencing on site in January 2022, which is significantly later than initially programmed during budget setting 2021.
Palmer Lane De-culvertering	(0.7)	Delays in negotiating with the owner of a key piece of land for the delivery of the scheme has impacted on the final design of the scheme, causing the tenders to slip. Tenders are now due back early 2022-23.
Integrated Transport Block (ITB)	(0.9)	Rescheduling is due to Old Church Road safety schemes now completing in 2022-23, finalising City Centre Traffic strategy to be implemented and the delivery of the remaining Key Road Network programme.

Housing Infrastructure Fund – Eastern Green	(2.8)	Further delays on the starting of the works have resulted in a slippage on forecast spend. This is predominately due to the fact that the Fixed Price has not been agreed which would allow us to proceed to Part 2 of the works contract. This should now be completed mid May 2022
Whitley Depot Redevelopment	(0.4)	Programme delay to the demolition element of the works due to issues with City Fibre relocation works and staff decant to new building.
Duplex Fund (Loan)	(1.1)	The Duplex Fund saw lower than forecast take up, largely due to COVID-19 pandemic. Uptake for the scheme has greatly increased in the last few months with a number of applications being processed, the loan funding will be drawdown done by CWRT in due course.
Coventry Station Masterplan	(1.5)	The scheme is now operational and the small element of retention will be paid in 22/23
Whitley South Infrastructure	1.7	The scheme is now operational and the small element of retention has been accounted for in 21/22
Lenton Lane Cemetery	(0.3)	Delays to works completed during the winter period due to bad weather, which had a negative impact on ground conditions i.e. it was so wet, the site was a quagmire, so works could not be progressed.
Getting Building Fund – 3 <sup>rd</sup> Party Projects	(1.4)	The Commonwealth Economic Legacy Capital project at CBS Arena has been subject to delay predominantly caused by supply chain issues with materials arriving to site 6-8 weeks later than anticipated. The impact of Covid-19 also slowed progress on site in Q4 21/22 due to high absence within the workforce. The completion of works has been rescheduled from March 2022 to June 2022.
Acquisition Costs Temporary Accommodation (Homeless)	(0.4)	This relative small level of funding remaining out of the wider £6m scheme will be utilised to finish of the refurbishment of the temporary properties purchased
Disabled facility Grants	(0.4)	Slower take up of grants than anticipated
Electric Vehicle First	(0.4)	The lead-times, due to manufacturer supply chain issues, have meant we have not been able to get vehicles here earlier than we would have liked. As most vehicles come from over seas, the delays have been unprecedented.
Coombe Loan	(1.0)	No loan take up
City of Culture	(4.6)	The Charterhouse Scheme was previously brought to a halt due to major cost overruns, which significantly impacted on scheduled programme dates, with Practical Completion expected to be achieved in October / November 2022. The Albany Theatre design phase has

		been completed and the construction contract has been awarded. The main works will start on site in July.
MRF (Loan)	(1.8)	The loan drawdowns are based on the expected payments to be made to contractors for the coming month based on the programme provided as part of the contract award. Payments would only be made , following receipt of the payment certificates from the Owner's Engineer to confirm that certain milestones have been achieved which are linked to the programme. There has been work to date completed but not certified due to the agreed evidence to support achievement of the milestone not being provided in time. This has resulted in slippage to the original payment profile. This will likely be rectified in 2022/23. There has also been some slippage due to changes to the programme based on the availability of key materials. Ongoing conversations are taking place with both contractors to understand the impact this may have on the overall timeline.
Other	(1.8)	Smaller schemes
TOTAL	(33.9)	

**Table 6: Over and Underspends in the Capital Programme**

Project	Over/ (Under)spend	Explanations
Kickstart Office	(0.2)	Friargate 1 – scheme complete small underspend
Various	(0.3)	Various scheme two main ones includes £0.1m small underspend with the vehicle programme, £0.1m public realm works fo the wave underbudget all other items are <£50k
Total	(0.5)	

2.3.2 The 2021/22 programme continued to maintain a significant investment in the city's transport and public infrastructure, including schemes aligned to city readiness for the City of Culture year, 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:

- £30m has been spent on transport and highways infrastructure across a range of both major and minor schemes. These included works to deliver the A46 Stoneleigh Junction due for completion 2022-23, further research and development investment in Very Light Rail, the delivery of Swanswell Viaduct phase 2 and schemes to improve and maintain the city's highways via the highways investment and Integrated Transport Block programmes.

- A further £5.9m has been invested in UK Battery Industrialisation Centre (UKBIC) in 2021/22 with the majority of the £18m loan from the WMCA having been drawn down in the year alongside the grant from Innovate UK which is funding the majority of the project. This new research facility on the outskirts of Coventry will play a key national role in the emerging battery industry and is now operational.
- Further programme spend of £18.7m has been made in 2021/22 on the Coventry Station Masterplan Plan which is fundamentally remodelling Coventry Rail Station. The new facilities became operational at the beginning of the year.
- Public Realm works amounting to nearly £9.5m have been undertaken across the city centre which has been substantially remodelled to coincide with the City of Culture celebrations.
- There have been works totalling £30.4m across the schools property estate as part of the One Coventry Strategic Plan. There is an increasing focus now on providing additional capacity in secondary schools across the city to meet the growing numbers amongst the secondary intake.
- City of Culture capital programme spend of £8.5m has occurred in the year updating a range of Coventry's cultural capital assets, building a legacy for the city following the City of Culture year. Works will still continue on two major schemes Charterhouse and the Albany Theatre into 2022/23 will see the programme come to an end.
- Collection Centre the costs for the acquisition of the building incurred in 2021/22 moved the project forward to its next phase
- External grants have been utilised to allow nearly £5m across a range of greener travel options including the cycle schemes, clean bus and electric vehicle technology and charging points.
- £8m of grant funding for the investment in Climate Change related project has been invested in 21/22 covering activities around solar, green home grant and decarbonisation project, the investment continues into 2022/23.
- Material Recycling Facility investment this year of £5.3m, the majority of which is a loan facility to Shebourne Recycling Limited towards the Council's contribution to the creation of the facility
- A range of smaller scale but not insignificant schemes have advanced including the redevelopment of Whitley Depot which is now open, the purchase of more homes to provide homelessness provision, improved facilities at Lenton's Lane Cemetery and continued investment in Disabled Facilities Grants.

2.3.3 The funding in respect of this capital expenditure of £189.9m is summarised in Table 7 below  
The Programme has been resourced c80% from capital grants.

### **Table 7: Capital Funding**

	Funding the Programme £m	Available Resources £m	Resources Carried Forward £m
Prudential Borrowing	27.8	27.8	0
Grants and Other Contributions	151.6	169.3	(17.7)
Revenue Contributions	6.1	6.1	0
Capital Receipts	3.0	26.0	(23.0)
Capital of Management Reserve	0.7	4.1	(3.4)
Private Finance Initiative (PFI)	0.3	0.3	0
<b>Total Resourcing</b>	<b>189.5</b>	<b>242.6</b>	<b>(44.1)</b>

## 2.4 Treasury Management Activity

2.4.1 The continuing economic recovery from the coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period. Base Interest Rate was 0.10% at the beginning of the period but increased to 0.75% by the end of the period. The current market forecasts predict the base rate will continue to rise to 2.5% to counteract the effects of inflation

### 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 with more details and 12 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 2021/22 have varied within the following ranges:

**Table 8: PWLB Interest Rates**

PWLB Loan Duration (standard rates)	Minimum in 2021/22	Maximum in 2021/22	Average in 2021/22
5 year	1.25%	2.57%	1.65%
20 year	1.89%	2.96%	2.29%
50 year	1.45%	2.69%	2.05%

With short-term interest rates remaining much lower than long-term rates, it has been more cost effective in the short-term to either use internal resources or to use short-term borrowing instead. By doing so, the Council has reduced net borrowing costs (despite foregone investment income) and reduced overall treasury risk. The Council has not needed to undertake any short-term borrowing in 2021/22.

2.4.2 At outturn, the Capital Financing Requirement (CFR), which indicates the Council's underlying need to borrow for capital purposes, has increased by £10.1m:-

**Table 9: 2021/22 Capital Financing Requirement (CFR)**

	<b>£m</b>
Capital Financing Requirement at 1 <sup>st</sup> April 2021	503.2
Borrowing required to finance 2021/22 Capital Programme	27.8
PFI & Finance Leases liabilities	(2.9)
Donated Assets	0.0
Provision to Repay Debt (Minimum Revenue Provision)	(13.1)
Provision to Repay Debt (Capital Receipts Set Aside)	0.0
Repayment of Transferred Debt	(1.7)
Reduction of Provision and other restatements	0.0
Capital Financing Requirement at 1 <sup>st</sup> April 2022	<b>513.3</b>

Within 2021/22, the movements in long-term borrowing and other liabilities were:-

**Table 10: Long Term Liabilities (debt outstanding)**

<b>Source of Borrowing</b>	<b>Balance at 31st March 2021 £m</b>	<b>Repaid in Year £m</b>	<b>Raised in Year £m</b>	<b>Balance at 31st March 2022 £m</b>
PWLB	190.4	0	0	190.4
LOBO's	38.0	0	0	38.0
Stock Issue	12.0	0	0	12.0
West Midlands Combined Authority	18.0	0	0.0	18.0
Other	0.4	0	0	0.4
<b>sub total ~ long term borrowing</b>	<b>258.8</b>	<b>0</b>	<b>0.0</b>	<b>258.8</b>
Other Local Authority Debt	10.1	(1.7)	0	8.4
PFI & Finance Leasing Liabilities	62.8	(2.9)	0	59.9
<b>Total</b>	<b>331.7</b>	<b>(4.6)</b>	<b>0.0</b>	<b>327.1</b>

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

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

<b>Period</b>	<b>Long Term Borrowing</b>

	£m
Under 12 Months	15.9
1 – 2 years	7.2
2 – 5 years	44.5
5 – 10 years	7.5
Over 10 years	183.7
<b>Total</b>	<b>258.8</b>

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 has £38m of such loans, £10m of which the lender can effectively require to be paid at annual intervals, and £28m at 5 yearly intervals.

### **Short-Term Borrowing and Investments**

2.4.3 The Treasury Management Team acts on a daily basis 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. All previous short-term borrowings (£54.0m) were fully repaid by the end of quarter 1 2021/22. During the year the Council held significant short-term investments, as set out in Table 12. The average short-term investment rate in 2021/22 was 0.53%.

**Table 12: In House Investments at 31st March 2022**

	At 30 <sup>th</sup> June 2021 £m	At 30 <sup>th</sup> Sept 2021 £m	At 31 <sup>st</sup> Dec 2021 £m	At 31 <sup>st</sup> Mar 2022 £m
Banks and Building Societies	0.0	0.0	0.0	0.0
Local Authorities	0.0	0.0	0.0	0.0
Money Market Funds	57.5	39.1	21.2	18.3
Corporate Bonds	0.0	0.0	0.0	0.0
HM Treasury	0.0	0.0	0.0	19.0
<b>Total</b>	<b>57.5</b>	<b>39.1</b>	<b>21.2</b>	<b>37.3</b>

### **Pooled Investments**

In addition to the above in-house investments, a mix of Collective Investment Schemes or “pooled funds” is 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.

In order to manage credit risk these investments are spread across a number of funds as highlighted in the table below:

**Table 13: External, Pooled Investments as at 31<sup>st</sup> March 2022**

	Date Invested	Cost £m	Value £m	Annualised Return from Investment %
CCLA LAMIT Property Fund	Nov 2013	12.0	14.16	3.90%
M&G Optimal Income Fund	Aug 2018	1.5	1.45	2.14%
M&G Strategic Corporate Bond Fund	Aug 2018	3.0	2.88	2.75%
M&G UK Income Distribution Fund	Aug 2018	3.0	2.89	4.35%
Investec Diversified Income Fund	Aug 2018	4.5	4.24	3.52%
Schroder Income Maximiser	Aug 2018	4.5	3.79	5.35%
Threadneedle Strategic Bond Fund	Aug 2018	1.5	1.51	2.29%
<b>Total</b>		<b>30.0</b>	<b>30.92</b>	<b>4.01%</b>

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 22 February 2022. Central to this is the assessment of credit quality based on a number of 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, Arlingclose. Whilst the fears of systemic banking failures may have receded, the development of "bail-in" make it almost certain that unsecured and corporate investors would suffer losses in the event of a bank default.

As at 31<sup>st</sup> March 2022 the accumulated surplus on the capital value of these pooled funds is £0.92m (£1.1m deficit at the end of 2020/21). Five of the seven funds show a deficit in capital value. 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 although this is due to change in April 2023. These investments will continue to be monitored closely.

### **Summary Prudential Indicators**

2.4.4 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 requires that authorities set and monitor against a number of prudential and treasury indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing entered into for capital purposes was 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**. This highlights that the Council's activities are within the amounts set as Performance Indicators for 2021/22. 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 31<sup>st</sup> March 2022 the value is -£50.4m (minus) compared to +£96.2m within the Treasury Management Strategy, reflecting the fact that the Council has 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 31<sup>st</sup> March 2022 the value is £239.5m compared to £481.1m 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**

2.4.5 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.

In order to manage risk, the Council has limits for investing in shares and service loans, with total limit of £103m in 2021/22.

As at the end of 2021/22, the council had cumulatively invested £94m in commercial assets with this rising to £111.3m when commitments to make potential payments of £17.3m are taken into account.

	As at 31 <sup>st</sup> March 2022				
	Limit	Actual	Committed	Total	Variation
	£m	£m	£m	£m	£m
Shares	50.0	52.1	0.0	52.1	2.1
Loans	53.0	41.9	17.3	59.2	6.2
	<b>103.0</b>	<b>94.0</b>	<b>17.3</b>	<b>111.3</b>	<b>8.3</b>

The £111.3m exceeds the total limit set by the Council in February 2021 by £8.3m, due to the reclassification of the Council's £18m commitment to the UKBIC development scheme as an investment, with this reclassification having been determined after the limits had been set. In other respects the Council's commercial investments reflect the position anticipated when the Strategy was set in February 2021 (note that the corresponding limit for 2022/23 is £123m).

The Council's investment in commercial assets is proportionate:

- with commercial income totalling £23.4m in 2021/22 (£19.1m in 2020/21) equivalent to c3.4% of the Council's budgeted net service expenditure of £679.3m in 2021/22). The level

of commercial income reflects significant additional dividends from the Coventry & Solihull Waste Disposal Company.

- With commercial assets valued at £453m (26% of the Councils total asset base of c£1,776m). 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 £513m representing the Council's underlying need to borrow, at 29% of the Council's total asset base.

### **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 Chief Operating Officer (Section 151 Officer) and the Director of Law and Governance**

#### **5.1 Financial implications**

The final revenue outturn picture for 2021/22 is balanced after a year-end contribution of £1.2m to reserve balance designed to protect against future financial risk. This is a fundamentally favourable financial outturn position in particular following two years marked by significant disruption and additional costs incurred as a result of COVID-19.

Although the Covid-19 crisis continued to have a profound effect on society in 2021/22 the impact on the Council's finances was less than it was in 2020/21. The Council has been able to manage these additional costs within the resources provided by Government although this was due in part to the Council making local provision for some Covid costs and income-loss. Although uncertainty remains about the future course of the pandemic, current experience is not leading the Council to plan financially for any additional impact in 2022/23 beyond that incorporated in Budget Setting.

The Council has continued to have to assess the wider Covid impact on the city and the need to support its citizens in a robust and proportionate manner. Once again in 2021/22 Council has done this prudently, targeting support at the areas that most need it and taking care not to commit resources in an unsustainable way. This has enabled a balance of resources to be maintained to provide the Council with a sound financial footing as it enters 2022/23 which should help to enable the Council to respond in the event of further outbreaks or legacy impacts. Care has been taken to use maximum flexibility to best match specific Covid grants funding streams to costs incurred locally. This has minimised the amount that has been subject to claw-back and enabled more general grant resources to be held back as a flexible resource for future use.

The Council's strong financial planning approach has taken account of the risk of volatility across a range of budgets such as those in Children's Services where demand pressures have caused large financial overspends across recent years. In 2021/22, the level of demand and the increase in costs for this area have continued to exceed the Council's budgetary provision, a position which has been replicated for other councils across the country. Although for much of this there has been an assessment that Covid has been the cause of

expenditure incurred in the year (which has been offset by grant) it is likely that expenditure patterns are moving towards a new normal which the Council's ongoing budget will need to bear. Further funding has been provided by the Council as part of its 2022/23 budget although it remains to be seen whether this will be sufficient, especially given the inflationary pressures currently being experienced across the economy.

Several areas within corporate budgets including dividends, inflation contingencies, superannuation and the Coventry and Warwickshire Business Rates Pool yield can be subject to volatility and were budgeted for on a prudent basis in 2021/22. The outturn position towards the favourable end of the range of reasonable expected outcomes has enabled the Council to absorb overspent budgets elsewhere within the bottom line and protect the Council's reserve balances set aside to fund one-off expenditure. Several of these favourable financial outturns have occurred in areas that have been subject to affirmative Council decisions in recent years.

The financial outturn cannot disguise the fact that the Council faces some significant financial challenges ahead and for the first time in several decades, there is likely to be a marked inflationary impact on expenditure in 2022/23. The Council will be able to draw upon a robust financial position which includes some provision for inflation but these are limited and will not be sufficient beyond the current year. The starting position for the Council's 2023/24 Budget is a gap of £17m although it is reasonable to expect that the impact of inflation will increase this.

Given that the Council has absorbed some significant Covid impacts both within the Council Tax and Business Rates Collection Fund and via some budgeted impacts on income streams, the Council will manage those non ring-fenced Covid grant resources set aside in reserves to manage its wider Budget position going forward. In addition, it is clear when scanning the wider local government landscape that there is a degree of risk built into local government finances with 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. Further though, it is important for the Council to maintain contingency balances to protect against the risk of financial failure in one or more key areas.

The overall level of reserve balances is distorted by the Covid related Business Rates reserve although at a lower level than 2020/21. Other than this the increase in Council revenue reserves is largely the result of temporary funding to support social care expenditure that can be expected to absorb these resources over the short to medium term. 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 remains firmly within a 'mid-table' position with the most recent CIPFA Resilience Index in relation to the level of its reserve balances. Insofar as the Council has been able to place itself in a strong financial position it is worth emphasising that rather than being a matter of internal concern only, these circumstances provide the best basis for the Council to improve services for residents and invest in the city and its communities.

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. Although the Programme has, not surprisingly, dipped below the very high levels experienced over the previous two years is nevertheless still high in a historical context and has been 80% funded from external grant. The programme's coverage of projects affecting the city centre skyline, enhancing transport infrastructure, improving the profile of the city and providing support to local economic development continues to be a key part of the Council's approach as part of a continuing approach to make the city more attractive to investors and visitors, to increase the provision of jobs locally and improve the economic well-being of citizens.

Although the Council has undertaken some borrowing this has been undertaken on a short-term basis at this stage, taking advantage of relatively low interest rates available from other local authorities. 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

There are no specific legal implications in relation to this report.

## 6. Other implications

### 6.1 How will this contribute to achievement of the Council's 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 Council 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 very important in the light of the current inflationary 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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## 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 have to work within the existing establishment structure and salary budgets are controlled centrally rather than at this local level. The centralised forecast under-spend shown below is principally the effect of unfilled vacancies.

	Revised Budget	Actual Spend	Centralised Variance	Budget Holder Variance	Total Over/ (Under) Spend	Funding For Covid Related Variance	Net Over/ (Under) Spend
	£m	£m	£m	£m	£m	£m	£m
Adult Services	82.3	82.4	(0.6)	0.6	0.1	(0.1)	0.0
Business, Investment & Culture	5.5	7.4	0.4	1.5	1.9	(0.8)	1.1
Children and Young People	76.6	81.4	(3.0)	7.8	4.8	(2.4)	2.4
Contingency & Central	3.7	(1.1)	0.0	(4.7)	(4.7)	0.0	(4.7)
Directorate Management	1.3	1.2	0.0	(0.1)	(0.1)	0.0	(0.1)
Education and Inclusion	16.1	16.6	0.0	0.5	0.4	(0.7)	(0.3)
Finance	5.0	5.8	(0.2)	0.9	0.8	(0.2)	0.6
Housing & Transformation	13.3	11.1	0.1	(2.3)	(2.3)	(0.2)	(2.5)
Human Resources	1.4	1.5	0.0	0.2	0.1	(0.1)	0.0
Legal & Governance	4.2	5.4	0.1	1.1	1.2	(0.6)	0.6
Project Management & Property	(4.7)	(5.5)	0.4	(1.1)	(0.8)	(0.7)	(1.5)
Public Health	2.4	1.7	0.0	(0.7)	(0.7)	0.0	(0.7)
Streetscene & Regulatory	29.8	36.5	0.0	6.8	6.8	(2.3)	4.4
Transportation & Highways	7.0	8.4	(0.3)	1.7	1.4	(0.8)	0.6
<b>Total</b>	<b>243.8</b>	<b>252.8</b>	<b>(3.1)</b>	<b>12.2</b>	<b>8.9</b>	<b>(8.9)</b>	<b>0.0</b>

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

	<b>Centralised Variance Explanation</b>	<b>£m</b>
	These are underspends against a combination of salary budgets and turnover savings target. They result from vacancies across Council services although the level of vacancies has been reducing. Some of these vacancies will be covered from agency and overtime to ensure services can be maintained. These costs are included within the service positions described below.	(3.1)
<b>Total Centralised Variance</b>		<b>(3.1)</b>

## Budget Holder Variance

The Budget Holder variances explained below are reported excluding the impact of Covid. For example, Adult Social Care is reporting a net nil Budget Holder variance excluding the Covid impact

Service Area	Reporting Area	Explanation	£M
Public Health	Public Health - Migration	This underspend relates to the holding of migration grant income centrally which is funding costs of other services across the Council.	(0.7)
<b>Public Health</b>			<b>(0.7)</b>
Education and Skills	Education Improvement & Standards	The underspend is largely a result of a reduction in liability for historic pension costs, as no new costs are incurred, partially offset by an overspend on the cost of the Education Trade Union Facilities Time agreement. The variances were forecast throughout the year, and work is underway to review these areas in the 22/23 financial year.	(0.1)
Education and Skills	SEND & Specialist Services	The second half of the spring term presented challenges for SEN Transport, as a direct consequence of the impact of Covid infection on the availability of centrally employed drivers and escorts. Consequently, some in-house routes were unable to operate, requiring alternative arrangements to be made at additional cost. This included spot purchasing of taxis and the reimbursement of costs incurred by schools and parents in order to secure school attendance. In addition, anticipated savings secured through e-auction were not delivered because some contractors did not accept the contract award, leading to the finalisation of higher cost bids. It was anticipated that continuing increases in demand in Educational Psychology for statutory assessment would require an increased use of agency staff. However, a paid overtime agreement, unfilled staff vacancy and reductions in travel costs contributed to an overall reduction in forecast outturn.	0.1
Education and Skills	Education Entitlement	The underspend is largely a result of a reduced cost on school bus passes. The number of pupils eligible for bus passes is based on statutory criteria and policy. A new online system introduced by the bus companies now means that where passes are not used charges are not incurred, and this information has only been available in the final quarter of the financial year. Further work is underway for the 22/23 financial year to understand the further impact of this, as it is anticipated that the pandemic may have had an impact on levels of usage. There was also an underspend on the interpreter service as a result of increased activity and subsequent over-recovery of income.	(0.2)
<b>Education and Skills</b>			<b>(0.2)</b>
Children and Young People's Services	Children's Services Management Team	Net impact deminimus	(0.3)
Children and Young People's Services	Commissioning, QA and Performance	The overspend is largely linked to a shortfall of £0.1m in the Safeguarding training income target. Opportunities to increase income in this area are currently being progressed as part of the commercialisation programme and new training packages have been developed. Additional pressure has been felt across the service due to vacancies and the use of agency staff to cover.	0.3

Children and Young People's Services	Help & Protection	<p>The most significant challenge to this budget is staffing, leading to high use of agency staff to cover vacancies. The use of covid grants has mitigated much of this overspend in 21/22. There is ongoing development work which aligns with Coventry's recruitment and retention strategy to address these staffing challenges which are seen both regionally and nationally.</p> <p>There has also been £0.5m overspend on legal costs. The increase in legal costs is linked to considerable demand within the courts and care proceedings taking significantly longer to conclude. The complexity of children and families interventions have risen resulting in more demand upon legal services. There is work underway to review children requiring legal interventions and engagement with the judiciary and CAFCASS to streamline proceedings and concluded within the 26 week timeframe.</p> <p>The 174K overspend on S17 budget is due to financial support to children and families for accommodation, including both children and families who are being financially supported in temporary accommodation and young mothers in supported accommodation. There is development work with multi agency partners and accommodation providers to renegotiating rents and secure permanent housing, which has seen a reduction in this expenditure. This work incorporates the children and families we are financially supporting due to No Recourse to Public Funds (NRPF) which has a further 111K overspend.</p>	2.8
Children and Young People's Services	LAC & Care Leavers	<p>There is a £6.1m pressure on Children Looked After placements due to a combination of market price increases, the number of children being looked after and increased use in high cost residential placements due to placement sufficiency issues in both the internal and external fostering market. Some of this has been offset by direct COVID grant bringing the overspend remaining within children placements down to £2.6m. There has been a reduction in the number of children within supported accommodation because of a positive increase in staying put arrangements with foster carers promoting permanence and stability for our young people, however this does place additional sufficiency burdens on the fostering market.</p> <p>There is an overspend of £0.7m within Special Guardianship Allowances arising from an increase in activity within this area, promoting permanence for young people. This has been addressed in the budget setting plans for 22/23.</p> <p>There is an overspend within LAC &amp; Permanency Team of £0.7m due to recruitment pressure resulting in increased agency staff and professional fees.</p> <p>There has been a £0.5m overspend in looked after transport, due to an increase in placements made away from a child's school.</p> <p>These pressures are partly offset by an underspend in Residence Orders and an increase in the rate paid for unaccompanied asylum seeking children from central government.</p>	2.6
<b>Children and Young People's Services</b>			<b>5.4</b>

Adult Social Care	Strategic Commissioning (Adults)	£0.2m underspend relates to Carers budgets. Work is underway to enhance the support offer to carers for the next 12 months. £0.3m underspend relates to transport as a result of reduced demand for day opportunities. £0.3m underspend relates to New Homes for Old PFI due to additional client fee income and reduced costs.	(0.8)
Adult Social Care	Adult Social Care Director	The overspend represents an increase in provision for bad debt, partially offset by the use of iBCF and other resources to manage the overall Adult Social Care financial position.	0.3
Adult Social Care	Internally Provided Services	Underspend due to additional client fee and grant income.	(0.2)
Adult Social Care	Partnerships and Social Care Operational	There remains significant pressures in Deprivation of Liberty Assessment demand leading to additional assessment costs (£0.2m). The Initial Contact and Promoting Independence Team and Community Discharge Team have also seen increasing demand alongside staff turnover. Ensuring statutory need is met has been essential and has resulted in additional agency costs in both areas, which has been partly offset by centralised underspends due to staff vacancies.	0.4
Adult Social Care	Localities and Social Care Operational	Overspend of £0.15m due to salary savings target. With the introduction of CQC oversight regime from April 2023 and social care financial reforms from Oct 2023 leading towards a future increase in assessments and reviews, this is not an area where capacity can be reduced. Overspends relating to additional agency costs have been offset by centralised underspends due to staff vacancies. The use of agency is essential at the moment due to the high number of vacancies but this will reduce as permanent staff are recruited, assuming that demand levels remain consistent.	0.2
Adult Social Care	Community Purchasing Mental Health	see below - £722,869 combined Overspend for Community Purchasing (Mental Health and Other).	2.1
Adult Social Care	Community Purchasing Other	Spend continues to increase due to the demand for, and cost of, packages for both new and existing service users. Demand for mental health services and Older People care in particular continues to show increasing activity trends. Whilst Adult Social Care services continue to experience increasing complexity of service users our work with providers and service users has enabled a reduction in the cost of some high value placements. This has helped to reduce the impact of increased demand across other parts of the service. This work will continue into the new financial year, however increasing activity trends are likely to continue adding further pressure to the 22/23 budget.	(1.4)
<b>Adult Social Care</b>			<b>0.6</b>
Business Investment & Culture	Sports, Culture, Destination & Bus Relationships	Unfunded costs of c£1m for using the collection centre on an interim basis as part of the corporate project to develop the building into a cultural hub. In addition, £540k relates to not receiving any profit or rent from the Wave in 21/22 whilst it was still impacted by the pandemic. Legal agreements will be in place for 22/23 onwards which should deliver expected income levels moving forward	0.7

<b>Business Investment &amp; Culture</b>			<b>0.7</b>
Housing & Transformation	Customer and Business Services	<p>Much of the underspend within the area relates to the overall impact of the pandemic. Some of the more transactional elements of the service such as postage, stationery and supporting administration have experienced lower demand than at normal times however we are starting to see a shift back towards to pre-pandemic levels.</p> <p>In response to the pandemic a Community Support function was created to support with food, fuel and other essential provision which has been funded by Central Government through a variety of grants resulting in an underspend in the service area. The level of previously unexposed demand of this type and the ongoing financial challenges that many people are facing remains a concern particularly in the event of the withdrawal of the grant which is currently in place until September 2022.</p>	(0.2)
Housing & Transformation	Procurement	A one-off credit from a backdated procurement rebate circa £100k in addition to an improved performance from early payment system circa £45k	(0.2)
Housing & Transformation	Housing and Homelessness	Although the service has seen a steady demand for temporary accommodation the numbers have decreased rather than increasing. It had been anticipated that the number of households in TA would increase throughout the year, however this only started to materialise in the last quarter of the year. A number of positive prevention and relief outcomes has also led to lower TA costs.	(2.0)
<b>Housing &amp; Transformation</b>			<b>(2.4)</b>
Human Resources	HR and Workforce Development Management	This relates to delays in achievement of savings target. Work to address the remainder of the savings target, which increases by a further £150K in 2022/23, continues	0.3
Human Resources	Occupational Health, Safety and Wellbeing Services	This relates to over-achievement of external income. This is used to off-set income shortfalls in other parts of HR. Work is on-going to clarify the extent to which this income level is on-going and how external contracts can be managed alongside the core service for staff.	(0.1)
Human Resources	Other Variances Less than 100K		(0.1)
<b>Human Resources</b>			<b>0.1</b>
Finance & Corporate Services	Revenues and Benefits	<p>This variation is primarily due to a £0.8m pressure relating to a technical reclassification of expenditure from the 2019/20 subsidy claim following the certification process.</p> <p>Additionally, there is a net Housing Benefit subsidy pressure of £0.5m caused by an increase in the volume and price of supported accommodation, for which the Council only receives partial subsidy payments if the provider is not a registered social landlord.</p>	0.9
<b>Finance &amp; Corporate Services</b>	<b>Other Variances Less than 100K</b>		<b>(0.2)</b>

<b>Finance &amp; Corporate Services</b>			<b>0.7</b>
Legal & Governance Services	Legal Services	This pressure is caused by a significantly increased workload for Childrens care proceedings, c£450k of which is as a direct result of the pandemic, and an underlying pressure of £200k. In addition, a further pressure of £350k reflects the cost of agency staff to cover vacancies and other additional resource requirements. There are also pandemic related pressures in Coroners and Registrars of £180k due to additional costs incurred and lost income.	0.5
<b>Legal &amp; Governance Services</b>			<b>0.5</b>
Transportation & Highways	Parking	The car parking income budget for 21/22 was adjusted to reflect an expected downturn. However, actual parking income improved significantly during the latter part of the year following the easing of COVID-19 restrictions such that original expectations were exceeded.	(0.5)
Transportation & Highways	Highways	This deficit is primarily due to an under recovery of income relating to highway operational staff due to sickness and strike action, together with cost pressures in reactive maintenance in order to address priority highway and footway defects, and delayed achievement of some small MTFS savings targets	0.6
Transportation & Highways	TH Management & Support	This largely relates to the cost of scheme development work to progress options for the Council to deliver renewable (solar) energy projects	0.2
Transportation & Highways	Transport and Innovation	This reflects the recruitment of additional Highways Development Management agency staff resources, brought in to support major planning applications and to provide cover for vacancies due to the inability to recruit	0.4
Transportation & Highways	Infrastructure Delivery	Vacancies/maternity in capital/grant funded posts have resulted in variances in income and compensatory underspends in salaries.	0.2
<b>Transportation &amp; Highways</b>			<b>0.9</b>
Streetscene & Regulatory Services	Planning Services	The variance relates to underachievement of planning application fee income. This in year downturn reflects the national picture, however current indications are that this is improving as we move into 2022/23.	0.2
Streetscene & Regulatory Services	Streetpride & Parks	This variation is a combination of lower Bereavement Services income of c£105k due to a reduction in death rates, and a shortfall in car parking income primarily at the War Memorial Park of c£355k due to the vast majority of users not staying beyond the 3 hour free period. Additionally, spend pressures were incurred in Streetpride relating to vehicles (unavoidable damage) and Overtime/Agency staff (vacancy cover) totalling £183k	0.7
Streetscene & Regulatory Services	Waste & Fleet Services	This variation largely relates to the direct impact of the refuse driver strike or strike mitigation costs in both the domestic (£2.8m) and commercial (£0.4m) waste services.  The Commercial Waste variation is entirely as a result of strike action which has had the impact of an inability to service contracts causing an underrecovery in income	3.1

		<p>of c£1.9m, offset by cost reductions of salaries and waste disposal costs not incurred of c£1.5m.</p> <p>In domestic refuse, during the final quarter of 2021/22, additional costs have been incurred relating to the refuse driver industrial dispute. These costs include the provision of waste 'drop' sites of £0.8m and kerbside collections of £1.6m. These have been partly offset by reduced costs of salaries (£0.3m), fuel (£0.1m) and waste disposal costs (£0.3m) due to reduced CA site costs as a result of the waste drop sites. In addition, costs have been incurred throughout the year to cover ongoing high levels of sickness in the service, together with leave brought forward of almost £1m.</p> <p>Other variations relate to the Passenger Transport Service of £0.1m where additional cost of covering sickness and income reductions due to fewer routes has caused a £0.1m pressure.</p>	
Streetscene & Regulatory Services	SSGS Management & Support	Additional cost of salaries and professional fees.	0.2
Streetscene & Regulatory Services	Environmental Services	"Most of this variation relates to Emergency Services Unit where agency & overtime costs of c£94k have been incurred to cover higher than usual levels off sickness, and income has reduced by c£50k due largely to reduced uptake of call handling, CCTV and Alarm Monitoring services. In addition, reduced footfall in the city centre over the course of the year has resulted in fewer FPN's being issued by the street enforcement team of c£44k. "	0.2
<b>Streetscene &amp; Regulatory Services</b>			<b>4.4</b>
Project Management and Property Services	Commercial Property and Development	Corporately, the Council has been making gradual provision for the fall out of commercial portfolio rental income as the City Centre South (CCS) scheme comes closer to implementation. The overall surplus here is due to the service outperforming rental income target expectations within the CCS boundary by £778k, together with some one-off income of £160k for dilapidatons in respect of the wider portfolio. However, there are a number of portfolio rent debts outstanding for the covid 19 related lockdown periods for which doubtful debt provision of £600k has been made which reduce the net surplus	(0.8)
Project Management and Property Services	Facilities & Property Services	This surplus largely represents strong trading surpluses in the Repair and maintenance and building work management functions as a result of additional project works, together with reduced costs of operational properties resulting from lower utilisation.	(1.0)
Project Management and Property Services	Other Variances Less that 100K		(0.1)

<b>Project Management and Property Services</b>			<b>(1.9)</b>
Contingency & Central Budgets	Corporate Finance	Favourable variations include additional dividends from the Coventry and Solihull Waste Disposal Company (£2m), a surplus from the Coventry and Warwickshire Business Rates Pool (£1.8m), unspent inflation contingency budget (£1.3m), lower than anticipated pension costs (£1.2m), additional income and savings from new commercialisation activities (£0.9m) and additional interest within the Asset Management Revenue Account (£0.9m). This has enabled funding of early retirement pension strain and redundancy costs incurred in year (£2.3) rather than these being funded from reserves plus the final £1.2m reserve contribution within the overall outturn position.	(4.7)
<b>Total Budget Holder Forecast Variances - Contingency &amp; Central Budgets</b>			<b>(4.7)</b>

## Appendix 2 Capital Programme Change and Analysis of Rescheduling

SCHEME	APPROVED CHANGES £m	(RESCHEDULING )/ ACCELERATED SPEND £m	(UNDERSPEND )/ OVERSPEND £m	EXPLANATION
Coventry South Package	(0.3)			Technical adjustment to realign with revised programme assumptions as part of the delivery of the wider City Region Sustainable Transport Settlement (CRSTS) programme.
Public Realm 5 - City of Culture	(0.7)	(0.6)		Delays in finalising the designs for Coventry Cross and Palmer Lane now mean that both schemes will be delivered in next financial year.
ESIF - Business Support	0.4			Due to the business dealing with aftermath of COVID, short staffed etc, the claiming of the capital grant was less than forecasted, we will still get the claim in, within the timescale of the programme.
ESIF - Low Carbon	(0.3)			Due to the business dealing with aftermath of COVID, short staffed etc, the claiming of the capital grant was less than forecasted, we will still get the claim in, within the timescale of the programme.
Basic Need - Schools		(3.9)		This underspend was caused by an architect going in to administration and associated design works clarifications which caused a delay on construction works. The works are continuing and spend will appear this financial year.
Public Building Retrofit	0.4	(1.6)		£0.4m of match funding has been included in this year end position for the Schools element of this programme. The slippage relates to significant supply chain issues for example:- battery storage. Approval has been granted by the grant body to extend the programme until June 22
Ricoh Arena Renewal (GBF)		(1.4)		The Commonwealth Economic Legacy Capital project at CBS Arena has been subject to delay predominantly caused by supply chain issues with materials arriving to site 6-8 weeks later than anticipated. The impact of Covid-19 also slowed progress on site in Q4 21/22 due to high absence within the workforce. The completion of works has been rescheduled from March 2022 to June 2022.

Kickstart Office			(0.2)	Scheme complete
Battery Plant and Equipment Loan		(0.7)		This will be used for the final payments due:- including final equipment supply contract and remaining elements of legal / professional advice required to complete project closure which will take place during 22/23.
Friargate		(5.5)		Negotiations for the hotel deal have been slow has pushed the spend into 22/23
Transportation S106 programme		(1.0)		Revised programme timescales for specific schemes that will be part of the wider funding package for delivering the City Region Sustainable Transport Settlement (CRSTS) programme.
Integrated Transport Block Programme		(0.9)		Rescheduling is due to Old Church Road safety schemes now completing in 2022-23, finalising City Centre Traffic strategy to be implemented and the delivery of the remaining Key Road Network programme.
Coventry Station Masterplan		(1.5)		The scheme is now operational and the small element of retention will be paid in 22/23
Whitley South Infrastructure - Facility A and B (Roxhill)		1.7		The scheme is now operational and the small element of retention will be paid in 22/23
Housing Infrastructure Fund - Eastern Green		(2.8)		Further delays on the starting of the works have resulted in a slippage on forecast spend. This is predominately due to the fact that the Fixed Price has not been agreed which would allow us to proceed to Part 2 of the works contract. This should now be completed mid May 2022
Binley Road Cycle Scheme		(1.0)		A delay in carrying out public consultation than initially planned has led to a slight delayed start on site. However, the programme is now moving at pace with one section of the cycleway near completion.
Electric Fleet First Project		(0.4)		When we initially forecast the spend for each vehicle we hadn't factored in that we would be eligible for a government rebate, ranging from £3,000 up to £8,000 per vehicle. we got this credited back from nearly 70 vehicles so it has worked out to be quite a bit back for us. The lead-times, due to manufacturer supply chain issues, have meant we have not been able to get vehicles here earlier than we would have liked. As most vehicles come from over seas, the delays have been unprecedented. We still intend to spend the rest of this

				within the financial year and I will be putting in orders for these very soon.
Clean Bus Technology Fund		(0.7)		Funding carried forward into next year to allow more bus providers to consider the move towards electrification.
Air Quality		(1.7)		A delay in Full Business Case sign off has delayed the programme in design and carrying out public consultation. This has led to the Spon End and Junction 7 schemes commencing on site in January 2022, which is significantly later than initially programmed during budget setting 2021.
Palmer Lane De-culvertering		(0.7)		Delays in negotiating with the owner of a key piece of land for the delivery of the scheme has impacted on the final design of the scheme, causing the tenders to slip. Tenders are now due back early 2022-23.
Lenton Lane Cemetary - Phase 2		(0.3)		The main and biggest variance is £274k, which is against the main contractor. The explanation for this is that there was a delay to works completed during the winter period due to bad weather, which had a negative impact on ground conditions i.e. it was so wet, the site was a quagmire, so works could not be progressed.
Condition - Schools		0.6		This overspend was due to successfully receiving funding towards a number of condition schemes which required match funding but was not announced within forecasting timeframe.
Whitley Depot Redevelopmnet		(0.4)		Programme delay to the demolition element of the works due to issues with City Fibre relocation works and staff decant to new building.
Duplex Fund (loan)		(1.1)		The Duplex Fund saw lower than forecast take up, largely due to COVID-19 pandemic. Uptake for the scheme has greatly increased in the last few months with a number of applications being processed, the loan funding will be drawdown done by CWRT in due course.
Disabled Facilities Grants		(0.4)		Small slippage due to slow take up of grants
Coombe Loan		(1.0)		Facility not taken up
UK City of Culture 20/21		(2.2)		The Charterhouse Scheme was previously brought to a halt due to major cost overruns, which significantly impacted on scheduled programme dates. Following a NLHF committee in March 2022, Historic Coventry Trust (HCT) were awarded £1,767,310 additional grant support in order to enable successful completion of the Charterhouse Scheme. Messenger Construction, who are the main Contractor, are now planning to recommence site

				works, with Practical Completion expected to be achieved in October / November 2022. This has inevitably resulted in financial slippage in to the 2022/23 financial year.
Albany Theatre		(2.4)		The Albany Theatre has always been an addition to the programme and as such as been classed as a 'Legacy Project', The design phase has been completed and the construction contract has been awarded. The main works will start on site in July.
MRF Development Costs (loan)		(1.8)		The loan drawdowns are based on the expected payments to be made to contractors for the coming month based on the programme provided as part of the contract award. Payments would only be made , following receipt of the payment certificates from the Owner's Engineer to confirm that certain milestones have been achieved which are linked to the programme. There has been work to date completed but not certified due to the agreed evidence to support achievement of the milestone not being provided in time. This has resulted in slippage to the original payment profile. This will likely be rectified in 2022/23. There has also been some slippage due to changes to the programme based on the availability of key materials. Ongoing conversations are taking place with both contractors to understand the impact this may have on the overall timeline.
Acquistion Costs Temporary Accomodation (Homeless) Phase 2		(0.4)		This relatively small level of funding remaining out of the wider £6m scheme will be utilised to finish of the refurbishment of the temporary properties purchased
Interest Capitalisation	1.4			This is in respect to the accounting policy referring to the prudential borrowing costs associated with schemes: Whitley South, Coventry Station Masterplan and New Collection Centre. Borrowing costs, in the form of interest expenses, are capitalised where the asset in question is a qualifying asset and takes a substantial period of time 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.
Individual schemes less than £250k threshold	(0.4)	(1.8)	(0.3)	

<b>TOTAL CHANGES</b>	<b>0.6</b>	<b>(33.8)</b>	<b>(0.5)</b>	
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**Summary Prudential Indicators**

	<b>Per Treasury Management Strategy 21/22 £000's</b>	<b>Actual 21/22 £000's</b>
<b>1 Ratio of financing costs to net revenue stream:</b>		
(a) General Fund financing costs	35,639	31,949
(b) General Fund net revenue stream	243,765	243,765
General Fund Percentage	14.62%	13.11%
<b>2 Gross Debt &amp; Forecast Capital Financing Requirement</b>		
Gross debt including PFI liabilities	361,277	329,882
Capital Financing Requirement (forecast end of 23/24)	498,279	498,279
<b>Gross Debt to Net Debt:</b>		
Gross debt including PFI liabilities	361,277	329,882
less investments	-70,000	-80,880
less transferred debt reimbursed by others	-24,293	-24,293
Net Debt	266,984	224,708
<b>3 Capital Expenditure (Note this excludes leasing)</b>		
General Fund	220,406	189,467
<b>4 Capital Financing Requirement (CFR)</b>		
Capital Financing Requirement	529,540	513,343
Capital Financing Requirement excluding transferred debt	529,540	489,050
<b>5 Authorised limit for external debt</b>		
Authorised limit for borrowing	481,092	481,092
+ authorised limit for other long term liabilities	68,448	68,448
= authorised limit for debt	549,540	549,540
<b>6 Operational boundary for external debt</b>		
Operational boundary for borrowing	461,092	461,092
+ Operational boundary for other long term liabilities	68,448	68,448
= Operational boundary for external debt	529,540	529,540
<b>7 Actual external debt</b>		
actual borrowing at 31 March 2022		258,877
+ PFI & Finance Leasing liabilities at 31 March 2022		59,943
+ transferred debt liabilities at 31 March 2022		24,293
= actual gross external debt at 31 March 2022		343,113
<b>8 CIPFA Treasury Management Code – has the authority adopted the code?</b>		Yes

<b>9 Interest rate exposures</b>		
Upper Limit for Fixed Rate Exposures	481,092	239,469
<b>Variable Rate</b>		
Upper Limit for Variable Rate Exposures	96,218	-50,410
<b>10 Maturity structure of borrowing - limits</b>	<b>upper limit</b>	<b>actual</b>
under 12 months	50%	6.5%
12 months to within 24 months	20%	3.5%
24 months to within 5 years	30%	18.4%
5 years to within 10 years	30%	2.8%
10 years & above	100%	68.8%
<b>11 Investments longer than 364 days: upper limit</b>	30,000	0

### **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.

#### **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's 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.