

**APPENDIX 1: PRE-BUDGET PROPOSALS AND FINANCIAL POSITION**

		2023/24	2024/25	2025/26	
		£000	£000	£000	
	<b>Starting Budget Gap</b>	<b>16,883</b>	<b>21,240</b>	<b>27,949</b>	<b>This position has been carried forward from 2022/23 Budget Setting and reflects all previously approved Budget changes</b>
<b>Resources</b>					
1	Local Government Settlement	0	0	0	This assumes no change to the resources position assumed at 2022/23 Budget Setting. The actual position will be determined within the overall 2023/24 Local Government Settlement and is subject to some forecasting uncertainty.
2	National Insurance Reversal	1,000	1,000	1,000	The Government has reversed the decision to increase Employer National Insurance which was due to become the Health and Social Care Levy from April 2023. The estimated impact of this change in Government grant has been matched by an equivalent expected reduction in costs included within the Savings section below.
3	Local Government Settlement - Lower Tier Services Grant	(591)	0	0	This assumes that the Lower Tier Services Grant continues at a level consistent with 2022/23. This will be determined within the overall 2023/24 Local Government Settlement.
4	Local Government Settlement - 2022/23 Services Grant	(5,574)	0	0	This assumes that the 2022/23 Services Grant continues at a level consistent with 2022/23. This will be determined within the overall 2023/24 Local Government Settlement.
5	SR2021 - 2022/23 Social Care Grant	(4,309)	(4,309)	(4,309)	This assumes that the 2022/23 Social Care Grant continues at a level consistent with 2022/23. This will be determined within the overall 2023/24 Local Government Settlement.

6	2023/24 Adults' and Children's Social Care Grant	(5,000)	0	0	Initial estimate of resources announced in the 2022 Autumn Statement to pay for social care, released as a result of the delay in Adult Social Care charging reforms.
7	New Homes Bonus	(800)	0	0	Initial estimate of New Homes Bonus assumed as a result of the 2022 Autumn Statement, subject to confirmation in the forthcoming the Provisional Settlement.
8	Business Rates Indexation	(11,672)	(11,672)	(11,672)	Current practice is for Council Business Rates revenue to be inflated each year by the September Retail Prices Index and this expectation has been confirmed in the Autumn Statement. The Council's financial plans have previously included an estimate of 1.5% compared to the actual figure of 12.6%. The difference is reflected here as additional unbudgeted revenue.
9	Council Tax & Business Rates Surplus Carry Forward	(6,391)	(4,000)	(2,000)	This assumes use of an uncommitted surplus within the 2021/22 Collection Fund outturn position reflecting a combination of Council Tax base growth, lower than budgeted downward amendments and lower than budgeted Council Tax Support levels.
10	Council Tax/Business Rates Collection Fund Including Proposed Council Tax Rise of 5%	(5,100)	(5,100)	(5,100)	This includes £3.1m additional revenue from raising Council Tax by just under 5% (including an Adult Social Care Precept of 2%) compared with the previous assumption of a 3% rise. It also assumes that further Collection Fund resources will become available reflecting a combination of Council Tax base growth, lower than previously planned downward amendments and lower than previously planned Council Tax Support levels within 2022/23 and in future years. Anticipated collection rates are expected to be lower than historical trends reflecting current economic circumstances and this has limited the extent of resource growth.
<b>Service &amp; Technical Pressures (and policy growth)</b>					

11	Inflation	14,300	16,700	16,700	This includes a forecast reflecting higher levels of inflation for 2 years including pay awards of 4% in 2023/24 and 3% in 2024/25 and increases across a range of energy and external contract budgets. It also assumes a return to a normalised inflation position from 2025/26 which is already built into the Council's future Budget.
12	Adults' Social Care - Inflation	6,642	11,055	15,257	The updated Adult Social Care Financial Model assessment contains inflation assumptions relating to the living wage and other price rises within external social care contracts. This includes the increase in the National Living Wage to £10.42 confirmed recently in the Autumn Statement.
13	Adults' Social Care - Demographic Growth	1,126	2,264	3,404	The updated Adult Social Care Financial Model assessment contains some expectations of demographic/service number growth.
14	Children's Social Care - Workforce	2,968	2,764	2,764	Children's Services has experienced significant workforce pressures, with high staff turnover and a high level of vacancies, caused by a shortage of social workers to meet the increased demand for children's services, accentuated by difficulties in recruiting agency staff to cover those vacancies. The strategy to stabilise the workforce includes extending the Social Worker Academy, establishment growth to meet the caseholding demand levels and clinical supervision programme. The workforce strategy also includes evaluating career pathways to promote staff development and retention as well as market supplements where the Council's rates are no longer competitive with comparable Local Authorities.
15	Legal Casework Capacity - Children's Social Care activity levels	400	200	200	The volume of legal casework for looked after children increased over the pandemic period and levels still remain high without any significant reduction. This makes provision in 2023/24 for current caseloads, and assumes caseload reduces slightly in subsequent years to reflect an ongoing process review
16	Housing Benefit Subsidy and Discretionary Housing Payments	1,500	1,500	1,500	Increased activity reflecting current trends and the current high cost of living environment. This is likely to affect the Council in several ways including pressure on the need for supported accommodation, additional non-reclaimable Housing Benefit subsidy and greater demand for Discretionary Housing Payments.
17	Refuse - Domestic	1,050	1,050	1,050	Budgetary provision for the current financial pressure of delivering the domestic refuse service.

18	Refuse - Commercial	500	500	500	Permanent financial impact of lost contractual and other income within commercial waste service resulting from the HGV driver industrial dispute in 2022
19	Legal Capacity	170	240	240	Increase in the additional employment costs within the wider legal service to reflect activity and retention
20	Insurance	500	500	500	This reflects significant unavoidable increases in insurance premiums and the transfer of schools to the Government's national Risk Protection Arrangement away from the Council's insurance service. This has led to a loss of school insurance contributions not matched by an equivalent reduction in insurance cost. The proposal here removes the resulting revenue shortfall and is planned to return insurance reserves, used to protect against insurance risk, to 75% of required level after 5 years.
21	Coroners	150	150	150	Inflationary cost increases over several years, particularly relating to histology and toxicology, together with the appointment of an area coroner have resulted in a cumulative financial pressure on the service which requires budgetary provision
22	Elections	225	225	225	The cost of elections in recent years have been funded from a combination of a small revenue budget and reserves built up historically. Reserves have now been fully utilised, so this provision reflects the average spend required on average each year to fund elections based on their existing cycle
23	Continuation of Coventry & Warwickshire Growth Hub Annual Funding	130	130	130	Coventry and Warwickshire Growth Hub plays a crucial role in providing the "front door" to the support available to businesses from CCC, other local providers and regional/national sources. Funding will be matched by Warwickshire County Council, and topped up by the Warwickshire Districts. Maintaining this investment is necessary to ensure businesses have access to business diagnostic support and our position as a lead partner in local business support continues, particularly in the current climate

24	School Transport	220	220	220	Following the collapse of a school bus route supplier during the pandemic the Council picked up and contracted for new provision for several key dedicated school bus routes without existing budget, although originally funded from grant. The routes have been rationalised to a lower level but these remaining ones represent the 5 dedicated routes into Bishop Ullathorne Secondary school. Due to the location of the school, local transport infrastructure would likely be significantly impacted by the removal of these busses. We also provide a small subsidy to extend a public transport route into Blue Coat Secondary school. These transport costs are currently unfunded.
25	CitiVision	35	35	35	Previous budget decision to make a saving by reducing the number of issues and number of pages in CitiVision magazine. Subsequently part of this decision was reversed by increasing the number of issues again. To keep down costs the previously 24-page publication is now an 8-page but significant increases in costs of paper, printing and delivery mean the cost of producing the shorter document is almost the same.
26	SEN Transport	500	500	500	As is being seen nationally the number of SEND pupils within Coventry continues to grow. This results in a continuing increase in the number of commissioned special school placements, and consequently more children and young people requiring specialist transportation to school, including transport to schools outside of the city due to local special school provision being full. Additionally there have been increases in SEND transport demand due to more post-16/19 students remaining in education.
27	Culture & Sport Legacy Capacity	320	320	320	Following the City of Culture and Commonwealth games during 2021 and 2022, staffing capacity is sought to capitalise on the year in the spotlight to ensure the delivery of a lasting legacy, whereby cultural and sporting assets, opportunities and benefits created in the city are progressed for the benefit of future generations
<b>Service and Technical Savings</b>					
28	Commercialisation Programme	(500)	(1,000)	(1,500)	Primarily Regional Materials Recycling Facility benefits including commercial loan margin, reduced waste disposal haulage costs, and gate fee savings.

29	Strategic Property Review	(1,000)	(1,700)	(1,700)	A strategic review of property has been under way which is in the process of optimising income levels in the commercial portfolio, and reviewing the wider operational estate to optimise/rationalise as necessary following the pandemic.
30	Car Parking Tariffs	(150)	(150)	(150)	Car Parking Tariffs have not been reviewed since 2017. Parking numbers have recovered partially to pre covid levels to what is expected to be a new norm. It is proposed to increase fees by an average of 5% which would generate £150k per year ongoing
31	Utilisation of closed car park sites	(100)	(100)	(100)	There are a few currently unutilised car parks which were closed during the pandemic to reduce operating costs. This proposes their repurposing specifically as commercial parking to companies in the city centre
32	Childrens Pathways to Care Programme	(100)	(100)	(100)	The option exists to reduce the capital funding set aside annually to support allocations from the 'Pathways to Care' policy (fostering and adoption exceptional payments). Any high costs requests may not be able to be approved which could impact placement options/ placement stability/ permanence.
33	Childrens Internal Residential Homes Strategy	0	(350)	(875)	Following the success of the Internal Residential Homes model approved in 2017, this Residential Strategy will be to open further Internal residential homes for children looked after, allowing both improved outcomes for young people as well as the financial benefits delivered via a reduced reliance on private external market providers.
34	National Insurance Reversal	(1,000)	(1,000)	(1,000)	The Government has reversed the decision to increase Employer National Insurance which was due to become the Health and Social Care Levy from April 2023. The estimated impact of this change on the Council's costs has been matched by an equivalent expected loss of Government grant included within the Resources section above.
35	Organisational Exit Costs	(1,000)	0	0	The costs of early retirement and redundancy decisions are paid for from an existing revenue budget of £1m. Additional coverage is provided from a reserve balance. It is proposed to reduce the revenue budget to zero for one year and to fund all one-off exit costs from the reserve.
36	Asset Management Revenue Account	(500)	0	0	The Asset Management Revenue Account contains a number of elements which are subject to forecasting uncertainty. This proposal anticipates some minor budgeting flexibility around areas including loan interest, Minimum Revenue Provision, capitalisation of interest and short-term investment income.

37	Coventry and Warwickshire Business Rates Pool	(2,000)	0	0	The Pool is now expected to continue for a further year within the existing Local Government Finance regime which will enable this income stream to be achieved for a further year.
38	Dividends from Council Shareholdings	136	(798)	(1,879)	Revised profile of dividends from the Council's shareholdings in external companies including Birmingham Airport and the Coventry and Warwickshire Waste Disposal Company. This includes improved dividends compared to the profile in recent years affected by Covid.
39	Capital Programme Revenue Funding	(3,000)	0	0	Current capital programme schemes within highways and ICT are funded from revenue resources. This proposal instead funds this expenditure from time-limited capital receipts which releases a temporary revenue saving, planned here for one year.
	<b>Budget (Surplus)/Deficit</b>	<b>(32)</b>	<b>30,314</b>	<b>42,259</b>	

#### Summary

Starting Position	16,883	21,240	27,949
Resources	(38,437)	(24,081)	(22,081)
Service & Technical Pressures	30,736	38,353	43,695
Service and Technical Savings	(9,214)	(5,198)	(7,304)
	<b>(32)</b>	<b>30,314</b>	<b>42,259</b>