

Council Performance vs CIPFA Resilience Index

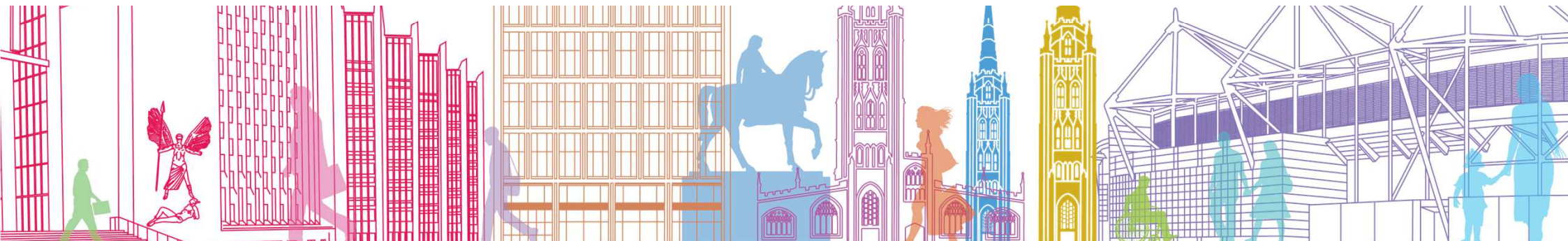
Scrutiny Board 1

15th February 2023



Context

- Chartered Institute of Public Finance and Accountancy Resilience Index - comparative analytical tool for use by Chief Financial Officers to support good financial management
- Latest version uses data from 2021/22 financial year results
- Uses public data to compare council performance vs financial risk measures (there is a health warning around how statistical returns have been completed by authorities)
- Shows a relative rather than an absolute measure of risk
- No overall financial risk categorisation



Context

- Info shows Coventry vs 36 Metropolitan Districts including all West Midlands Councils
- 16 categories although some are a subset of others
- Coventry's results place it in the higher risk half of the pack for 5 measures (all authorities scored equally on the reserves sustainability measure)



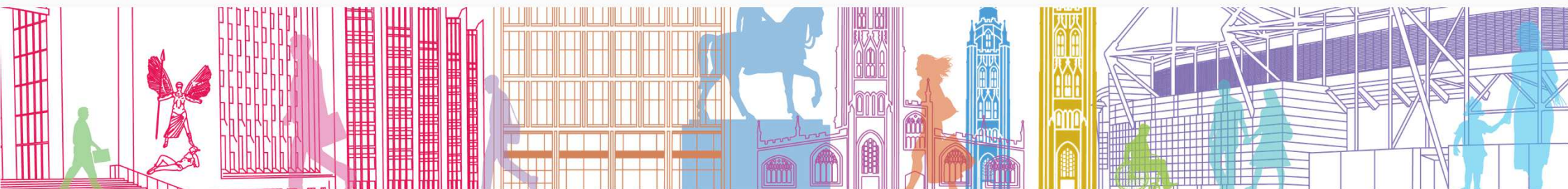
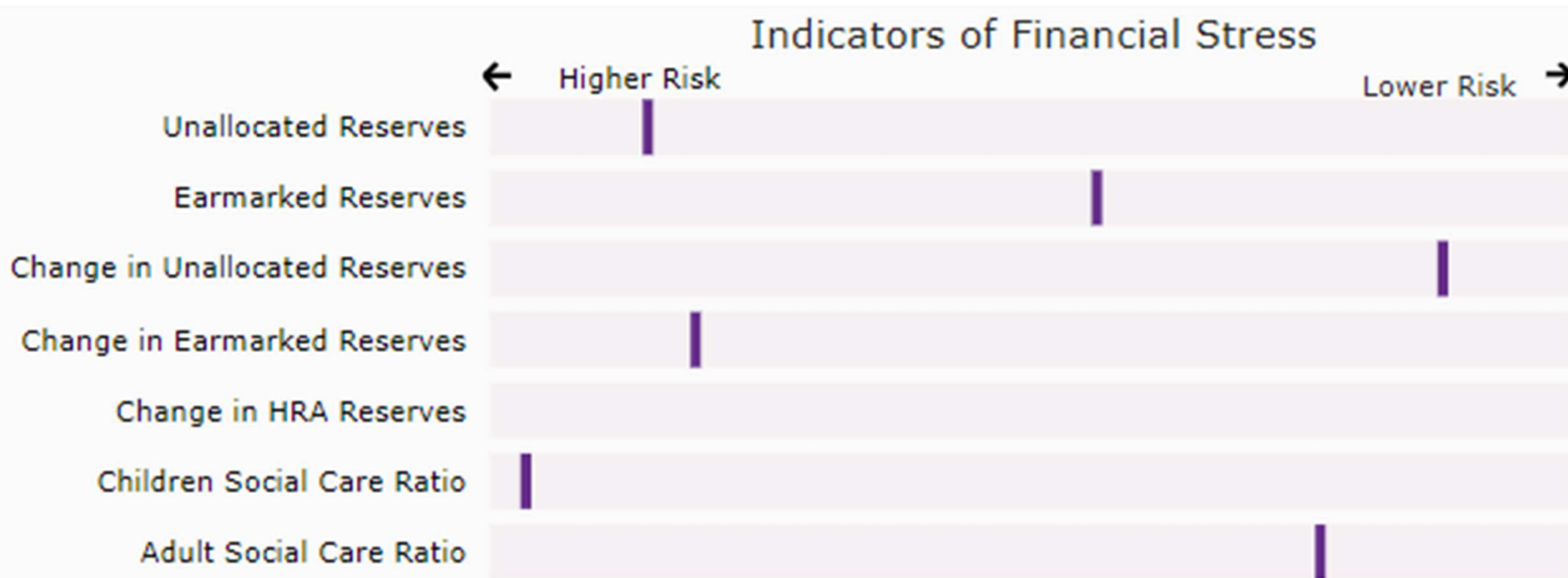


Table 2: Secondary Resilience Measures

(breaks down some of Table 1 indicators)



Higher Risk Indicators: Change in Reserves

From Table 1

- % change in useable reserves over last 3 years (excls schools and Public Health)
- Balances have increased at all councils, Coventry's by 49%
- All skewed by Covid Business Rates reserves
- 9th 'highest risk'
- Given that reserves have increased significantly this does not feel like a significant area of risk
- Very similar indictor on Table 2



Higher Risk Indicators: Unallocated Reserves

From Table 2

- Ratio of unallocated reserves to net revenue expenditure
- Coventry stands at c4% (£10.9m vs £252m)
- 6th 'highest risk'
- Subject to how authorities classify their reserves as unallocated
- Coventry tends to earmark reserves to specific purposes (so would expect lower level of unallocated reserves).
- Not a significant area of concern given healthy level of other balances



Higher Risk Indicators: Children's Social Care Ratio

- Reflected in overall social care indicator but Adults is a lower risk rating
- CSC spending 38.5% of overall net spend
- This places us as the 2nd highest proportionately of 36 metropolitan authorities
- The median authorities spend only 28%
- This is not news to us and will reflect a wide range of demographic and socio-economic factors in the city
- Financial position continues to be reported regularly at Corporate level and service activity reviewed by Scrutiny Board 2



Positive Indicators

- Interest payable – ratio of interest cost vs net revenue expenditure (low drain on revenue budget)
- Gross external debt – overall level of debt. Limited value because it includes an absolute number.
- Fees & charges 9% of service expenditure - 24th highest risk whereas previously in wrong half of the table
- Ratio of Council Tax as proportion of expenditure – 26th highest risk, demonstrates high proportion of secure revenue



Conclusions

- The index supports what we know instinctively
- In relative terms we are not amongst those most at risk
- Our reserves and fees and charges positions have been strengthened
- Very much “in the pack” on reserves and reflects national trends
- Towards top end of children’s social care spending

