

Agenda Item 7
Council – 21st February 2023
Recommendation from Cabinet
21st February 2023

Coventry City Council
Minutes of the Meeting of Cabinet held at 10.00 am on Tuesday, 21 February 2023

Present:

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

Non-Voting Deputy
Cabinet Members: Councillor B Gittins
Councillor G Hayre
Councillor G Lloyd
Councillor S Nazir

Non-Voting Opposition
Members: Councillor G Ridley

Other Non-Voting
Members: Councillor N Akhtar
Councillor J Clifford
Councillor R Lakha

Employees (by Service):

Chief Executive B Hastie (Interim Chief Executive), K Nelson (Interim Chief Executive)

Finance P Helm, P Jennings

Human Resources S Newing (Chief People Officer)

Law and Governance J Newman (Chief Legal Officer), L Knight

Apologies: Councillor L Bigham and R Singh

RECOMMENDATION

97. **Budget Report 2023/24**

The Cabinet considered a report of the Interim Chief Executive (Section 151 Officer) which set out the proposals for the Council's final revenue and capital budget for 2023/24.

The report followed on from the Pre-Budget Report approved by Cabinet on 13th December 2022 (minute 64/22 referred), which had since been subject to a period of public consultation. The proposals within the report now formed the basis of the Council's final revenue and capital budget for 2023/24 incorporating the following details:

- Gross budgeted spend of £812m (£63m or 8% higher than 2022/23).
- Net budgeted spend of £261m (£23m or 10% higher than 2022/23) funded from Council Tax and Business Rates less a tariff payment of £20.5m due to Government.
- A Council Tax Requirement of £164.4m (£11.0m or 7% higher than 2022/23), reflecting a City Council Tax increase of 4.9% detailed in the separate Council Tax Setting report on today's agenda.
- A number of new expenditure pressures, policy priority proposals and technical savings proposals.
- A Capital Strategy including a Capital Programme of £159.2m including expenditure funded by Prudential Borrowing of £19.6m.
- An updated Treasury Management Strategy, Capital Strategy and a Commercial Investments Strategy.

The financial position in this Budget Report was based on the Final 2023/24 Local Government Finance Settlement. The Settlement included some variations to the core position and specific grant allocations received in 2022/23 which provided some additional resources to help the Council manage the pressures it faced, in particular in relation to social care and the wider costs of inflation. The position after 2023/24 remained uncertain despite the Government's medium-term spending plans being set out in the Autumn Statement published in November 2022. Reviews in relation to the local government financial allocation model and Business Rates retention were not now expected within the current parliament and would therefore not be in place for 2024/25 Budget Setting. The overall local government settlement for 2024/25 was expected to broadly mirror the 2024/25 position but had not been set out at an individual authority level. As a result, it was impossible to provide a robust medium term financial forecast at this stage and the Council had instead made some planning estimates for future years. Initial assumptions indicated the likelihood that there would be a substantial gap for the period following 2023/24. The view of the Interim Chief Executive (Section 151 Officer) was that the Council should be planning for such a position.

The Pre-Budget Report was based on an increase in Council Tax of 4.9% and this position had been maintained for the final proposals in this report. This incorporated an increase of 2.9%, which was within the Government's limit of 3% above which a referendum would need to be held plus a further 2% Adult Social Care (ASC) Precept line with Government expectations. The Precept was trailed in the Autumn Statement 2022 and included in the Local Government Settlement as

the means for councils to maintain their “core spending power”. The precept was essential to enable councils including Coventry to manage increases in the costs of care. In total, the rise in Council Tax bills would be the equivalent of around £1.60 a week for a typical Coventry household including the expected rises in the precepts for Police and Fire.

The Local Government Finance Settlement had helped the Council to close the significant financial gap which it had at the start of the Budget process. Further measures include the identification of additional Council Tax resources and a range of technical adjustments and newly identified cost savings or income streams. All these proposals were set out in detail in Appendix 1 to the report. Where these were different to the proposals that were included in the Pre-Budget Report, this had been indicated within the Appendix and shown in tables 2 and 3 of the report. There were no new service savings required as a result of this budget.

The proposals did not provide the Council with a balanced budget beyond 2023/24. The Council’s current medium-term bottom line incorporated a combination of future inflationary and service pressures and the fall-out of uncertain specific grant resources. Some of the future funding assumptions were speculative at this stage and would be revised towards the end of 2023 as any changes to local government finance resulting from the 2024/25 Settlement were made known. The initial approach would however be dictated by an intention to review and update technical information as it became available to the Council and to identify further efficiencies from, or generate further income within, Council services. The Council was seeking currently to update its policy priorities and these would be included as part of the ‘One Coventry Plan’ which would be approved later this year. Through 2023 it would also refine and implement a programme of activity designed to review how best to deliver its services, improve integration between some of them and optimise the effectiveness of others.

Whatever the future held for national changes to local government finance the Council remained committed to strengthening its own financial self-sustainability and the need to support the vibrancy and growth of the city. Over the coming year the Council would continue to invest in and pursue activities that strengthened its existing financial interests and those of the city although this would be done within the restrictions imposed by Government in relation to access to borrowing from the Public Works Loans Board. The Council’s view was that a positive and ambitious strategy was preferable to a more passive approach which would leave the Council more vulnerable to central government and the wider pressures on local government services. The Council’s existing financial resilience and its belief in the city’s long-term economic strength mean that this continued to be an ideal time to commit to Coventry’s reset and recovery.

The recommended Capital Programme proposals were a key part of the Council’s approach and amounted to £159.2m in 2023/24. The proposals reflected the Council’s ambitions for the city and included: extensive highways infrastructure works including specific schemes relating to air quality, commencement of the City Region Sustainable Transport Settlement (CRSTS) programme that included initial packages of the Foleshill and London Road corridor; moving towards the next phase of the Very Light Rail project; the Council’s share of capital loan financing to finalise the construction phase of the city’s new Materials Recycling Facility;

progressing the City Centre South redevelopment; and the completion of the second office building within the Friargate district of the city. Over the next 5 years the Capital Programme was estimated would total £544m as part of on-going investment delivered by and through the City Council.

The annual Treasury Management Strategy, incorporating the Minimum Revenue Provision policy, and also the Commercial Investment Strategy were set out. These cover the management of the Council's treasury and wider commercial investments, cash balances and borrowing requirements. These strategies and other relevant sections of this report reflected the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code and Prudential Code for Capital Finance, as well as statutory guidance on Minimum Revenue Provision (MRP) and Investments.

RESOLVED that, the Cabinet recommend to Council the approval of recommendations 1 to 5 below:

- 1. Approve the Budget proposals in Appendix 1 to the report.**
- 2. Approve the total 2023/24 revenue budget of £812m in Table 1 and Appendix 3 of the report, established in line with a 4.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.**
- 3. Note the Interim Chief Executive's (Section 151 Officer) comments confirming the adequacy of reserves and robustness of the budget in Section 5.1.2 and 5.1.3 of the report.**
- 4. Approve the Capital Strategy incorporating the Capital Programme of £159.2m for 2023/24 and the forward commitments arising from this programme totalling £544m between 2023/24 to 2027/28 detailed in Section 2.3 and Appendix 4 of the report.**
- 5. Approve the Council's Treasury Management Strategy and Minimum Revenue Provision Statement for 2023/24 in Section 2.4 of the report and the Prudential Indicators and limits described and detailed in Appendix 6a to the report, the Commercial Investment Strategy for 2023/24 in Section 2.5 and Appendix 5 of the report and the Commercial Investment Indicators detailed in Appendix 6b to the report.**