

Cabinet  
Council  
Audit and Procurement Committee

9th July 2024  
9th July 2024  
22nd July 2024

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

**Director Approving Submission of the report:**

Director of Finance and Resources (Section 151 Officer)

**Ward(s) affected:** All

**Title:**

Revenue and Capital Outturn 2023/24

---

**Is this a key decision?**

Yes - The report deals with financial matters in excess of £1.0m including specific new recommendations to allocate resources within the outturn position.

---

**Executive Summary:**

This report outlines the final revenue and capital outturn position for 2023/24 and reviews treasury management activity and 2023/24 Prudential Indicators reported under the Prudential Code for Capital Finance.

The overall financial position includes the following headline items:

- An overspend of **£1.8m**, balanced by a contribution from unearmarked reserves.
- Capital Programme expenditure of **£115.3m**
- A reduction in the level of available Council revenue reserves from £128m to **£118m**

Further detail within the overall position includes:

- An overspend of £4.9m in Adults' Social Care reflecting an increased number of high-cost complex cases.

- An overspend of £4.7m within Streetscene and Regulatory Services representing a reduction in income generation in several areas such as planning applications, car parking in parks and bereavement services as well as pressures within urban forestry due to remedial works on trees. A significant proportion of this pressure is within Waste & Fleet services relating to implementation of HSE recommendations, costs of increased tonnages and increased gate fees, and deficits on planned income in both Commercial Waste and Passenger Transport.
- An overspend of £2.8m within Childrens' Services reflecting high placement costs and staffing pressures in Help & Protection (Area Teams) due to high levels of cases which require additional workers and agency staff.
- An overspend of £2.5m on Housing & Homelessness due to an increase in people seeking support and being placed in temporary accommodation (TA), combined with an increase in TA fees.
- An underspend of £1.8m in Education & Skills due to management of vacancies within Customer Services, alongside other efficiencies and the utilisation of grant income and earmarked reserves.
- An overspend of £1.4m on Business, Investment & Culture represents underachievement of sponsorship income and reduced grant from ERDF as well as holding costs for the City Centre Cultural Gateway due to slipped project implementation timescales.
- An overspend of £1.4m on Transport & Highways relates to increased costs in highways maintenance to address highways defects, as well as continuing high costs of energy for street lighting.
- The service has experienced pressures in highways maintenance due to the cost of addressing highways defects and income pressures resulting from sickness and recruitment challenges. In addition, the continuing high cost of energy has resulted in pressures in street lighting. These pressures have been partially offset by a recovery in car park income.
- A net underspend of £12.4m within central budgets, includes higher dividend income from Council owned companies, interest income from loans, higher than budgeted investment income, and distribution of Business rates Levy Account Surplus.

The underlying revenue position has improved by £6.7m since Quarter 3 when an overspend of £8.5m was forecast. The majority of the improved position relates to increased one-off income within Contingency and Central budgets which are set out in the report.

The prudent management of the Councils financial position throughout the Covid crisis enabled the Council to retain some resources to manage any legacy issues. £1.8m of this has been used to balance the position at the end of 2023/24. Although the Covid crisis is no longer a significant threat to the Councils service delivery and financial position, the cost-of-living crisis and high levels of inflation have had tangible impacts on demand for both Childrens, Adults and Housing services. The complexity of need, support required and sufficiency of the external market to provide for this has directly impacted the Councils financial outturn reported up to 31<sup>st</sup> March 2024 and will be an ongoing financial challenge in 2024/25.

## **Recommendations:**

### **Cabinet is recommended to approve:**

- 1) The final balanced revenue outturn position after a contribution of £1.8m from reserves.
- 2) The resource switch of £5.9m of capital projects funded by revenue to capital receipts, to create the Financial Risk Contingency within Reserves, referenced in section 2.2.3 of the report.
- 3) The final capital expenditure and resourcing position (section 2.3 and Appendix 2 of the report), incorporating expenditure of £115.3m against a final budget of £137.1m; £21.7m expenditure rescheduled into 2024/25 and £0.1m underspend.
- 4) The outturn Prudential Indicators position in section 2.4.4 and Appendix 3 of the report.

### **Cabinet is requested to recommend that Council: -**

- 5) Approves the reserve contribution of £1.8m for the purposes described in Section 5.1 of the report.
- 6) Approves the resource switch of £5.9m of capital projects funded by revenue to capital receipts, to create the Financial Risk Contingency within Reserves, referenced in section 2.2.3 of the report.

### **Council is recommended to:**

- 1) Approve the reserve contribution of £1.8m for the purposes described in Section 5.1 of the report.
- 2) Approve the resource switch of £5.9m of capital projects funded by revenue to capital receipts, to create the Financial Risk Contingency within Reserves, referenced in section 2.2.3 of the report.

### **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 22<sup>nd</sup> July 2024

**Will this report go to Council?**

Yes – 9th July 2024

## Report title: Revenue and Capital Outturn 2023/24

### 1. Context (or background)

- 1.1 This report sets out the Council's revenue and capital outturn position for 2023/24 and performance against its Prudential Indicators for the year. The City Council set a revenue budget for the year of £260.5m and has a revised Capital Programme of £137.1m.
- 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 for each division and the required contribution from reserves to achieve a balanced position for the Council.

**Table 1 Summary Outturn Position**

Quarter 3 Forecast Variance £m		Revised Budget £m	Final Outturn £m	Outturn Variance overspend/ (underspend) £m	Movement from Q3 worse/ (better) £m
5.7	Adult Services & Housing	114.6	122.0	7.4	1.7
1.2	Business, Investment & Culture	8.2	9.6	1.4	0.2
3.9	Children & Young People's Services	94.4	97.2	2.8	(1.1)
(4.1)	Contingency & Central Budgets	(36.0)	(48.4)	(12.4)	(8.3)
(1.3)	Education & Skills	21.1	19.3	(1.8)	(0.5)
0.9	Finance & Corporate Services	9.6	9.5	(0.1)	(1.0)
0.1	Human Resources	1.4	0.9	(0.5)	(0.6)
0.1	Legal & Governance Services	8.2	7.9	(0.3)	(0.4)
0.2	People Directorate Management	0.9	1.1	0.2	0.0
(0.1)	Project Management & Property Services	(8.4)	(8.5)	(0.1)	0.0
(1.3)	Public Health	2.6	1.7	(0.9)	0.4
2.2	Streetscene & Regulatory Services	33.3	38.0	4.7	2.5
1.0	Transport & Highways	10.6	12.0	1.4	0.4
<b>8.5</b>	<b>SUBTOTAL</b>	<b>260.5</b>	<b>262.3</b>	<b>1.8</b>	<b>(6.7)</b>
0	Contribution from reserves	-	-	(1.8)	(1.8)
<b>8.5</b>	<b>TOTAL</b>	<b>260.5</b>	<b>262.3</b>	<b>0.0</b>	<b>(8.5)</b>

### 2.1.2 Explanation of variations

The quarter 3 position reflected an overspend of £8.5m with the key variations between quarter 3 and Outturn occurring within Contingency and Central Budgets which improved by £8.3m and Streetscene & Regulatory Services worsening by £2.5m as well as Adults Services worsening by £1.7m. The reasons for these variations are included in the explanations of overall budgetary variations below.

### 2.1.3 Movement from quarter 3 forecast

An £8.3m favourable movement in **Corporate and Contingency** budgets includes an improved Asset Management Revenue Account position of £7.7m, mainly due to higher dividends declared in January 2024 from Coventry & Solihull Waste Disposal Company (£5.3m) and additional interest on investments due to a combination of higher than forecast cash balances and higher interest rates on lending (£0.9m). There were also additional government grant monies declared in the final quarter including windfall distribution of Business Rates Levy Account Surplus (£0.7m) and Green Plant & Machinery Business Rates exemption compensation grant (£0.3m).

A significant unfavourable movement of £2.5m during the final quarter was **Streetscene and Regulatory Services**. This was attributable to two major planning applications being deferred to 2024/25 (£0.6m) as well as costs being awarded against Coventry City Council in Public Inquiries (£0.4m). Income recovery in both Passenger Transport and Commercial Waste of £0.5m combined, was lower than expected. There were additional costs relating to capital expenditure in Fleet and Parks totalling £0.5m. Finally additional costs of £0.5m were received relating to Waste Collection service provided by Tom White Waste.

Another significant unfavourable movement since quarter 3 is within **Adult Services & Housing** which worsened by £1.7m. In Adults Services this was driven by a further increase in the number of packages of care, including some highly complex cases, as well as increase to the value of the provision for bad debt. Within housing this was driven by a return to an upward trend in the number of people seeking assistance and being placed in temporary accommodation, which had plateaued during the previous quarter.

There has been a £1.1m favourable movement in **Children's Services**, which is a result of reduced expenditure within placements for Children in Care.

A £1.0m favourable movement within **Finance & Corporate Services**, is due to a combination of the following; an opportunity to apply one-off grant resources (circa £0.3m) to offset core-funded expenditure, a technical review was undertaken to rebase the doubtful debt provision for housing benefit overpayment debt which resulted in the release of circa £0.4m of provision, and positive improvements in business rates related grants circa £0.2m.

Most other remaining services have improved or maintained their quarter 3 position.

## 2.1.4 Final Outturn Position

### **Contingency and Central (£12.4m Underspend)**

The overall Corporate and Contingency underspend of £12.4m incorporates favourable variances of £10.4m in the Asset Management Revenue Account (AMRA) and £2m across all other contingency budgets. The AMRA variation includes higher than budgeted interest income from loans provided by the Council, higher than budgeted investment income from a combination of larger short-term investment balances and higher interest rates and lower than assumed interest debt costs. We also had higher dividends declared in January 2024 from Coventry & Solihull Waste Disposal Company (additional £5.3m above budgeted amount). Central budgets include the cost of the 2023/24 pay award which averaged c6% for the Council and represents a cost c£3m above the original budget, which is partially offset by other contingency budgets. Favourable variations include distribution of Business Rates Levy Account Surplus and Green Plant & Machinery Business Rates exemption compensation grant.

### **Council Services (£14.2m Overspend)**

#### Adult Social Care & Housing (£7.4m overspend)

Within Adult Services & Housing the largest element of overspend relates to Adult Social Care (£4.9m) which is mainly due to an increase in the total number of packages of care, as well as increased activity across existing service users resulting in higher average costs. The increased activity reflects the complexity of the casework and the higher needs of those seeking our support with greater spend incurred in home care hours and supported living across adult services. Part of the overspend also relates to an increase in the level of bad debt provision the Council is required to make to guard against the risk that levels of unsecured debt may not be recoverable.

The other significant variance is an overspend on Housing & Homelessness (£2.5m) due to an increase above 40% in the number of people seeking assistance and being placed in temporary accommodation (TA). The increase in TA is a national issue with the highest number of households in TA in England being reported in December 2023. Alongside this there has been a 15% increase in temporary accommodation fees which was required to ensure TA continues to be available and mitigate the use of more expensive Bed and Breakfast accommodation.

#### Streetscene & Regulatory Services (£4.7m overspend)

Across the services we have seen a reduction in income generation partly due to the decline in planning applications; car parking income at parks, and the fall in death rates impacting our bereavement services income budgets (£2.2m combined). In addition, we have seen pressures within Urban Forestry due to tree surveys and remedial works (£0.3m).

The most significant pressure sits within our Waste and Fleet services. Commercial Waste business lost during Covid has never recovered and the

service has now ceased to trade creating an income deficit of £0.4m and waste collection services have been provided by a 3<sup>rd</sup> party whilst the service has been under review. There have been costs associated with the implementation of HSE recommendations to our fleet (£0.4m) and higher than inflationary increase to gate fees and increased tonnages has increased the costs of Waste Disposal (£0.6m). Finally, Passenger Transport had a shortfall on income (£0.5m) and a full review of charging arrangements will be completed during 2024/25.

#### Children and Young People (£2.8m overspend)

There is an overspend of £2.7m against placements for children in care. This is linked to increasing unit costs for placements due to a lack of sufficiency in the market to meet the needs of young people in care. This cost pressure has occurred despite there being a decrease in the number of children in our care. There is also a £1.1m pressure within staffing in Help & Protection (Area Teams) due to the high levels of cases which require additional workers and agency staff. Some of this pressure has been offset by one-off savings from additional grants and the use of earmarked reserves.

#### Business, Investment & Culture (£1.4m overspend)

The majority of this overspend relates to Culture Sports (£1.2m) which includes an overspend on the City Centre Cultural Gateway of £0.9m due to a slipped project implementation timeline, as well as an underachievement of sponsorship income by £0.2m and a trading loss against St Mary's Guildhall of £0.4m. This is offset by an underspend due to energy saving, the use of grants and profit sharing from the Wave.

Economic Development Service (EDS) make up the remaining £0.2m overspend which are attributed to achieving corporate priorities on the City Centre Visioning and Master Plan, the legal and procurement costs for the Strategic Energy Partnership and reduced grant income as the service transitions from ERDF to UKSPF.

#### Transport and Highways (£1.4m overspend)

The service has experienced pressures in highways maintenance due to the cost of addressing highways defects and income pressures resulting from sickness and recruitment challenges. In addition the continuing high cost of energy has resulted in pressures in street lighting. These pressures have been partially offset by a recovery in car park income.

#### Education & Skills (£1.8m underspend)

The largest element of this underspend relates to Customer Services (£1.2m). This is made up of a combination of the planned management of a significant number of vacancies to facilitate structural change and support improved long term service delivery via Coventry Connects, the utilisation of grant resources fund related posts and the release of some reserve funding.

The £0.3m underspend in Education Entitlement is a result of reduced expenditure on school bus passes, efficiencies in the interpreter service following a cost review, and efficiencies in the Virtual School due to staff vacancies and additional grant income.



There is a further underspend of £0.3m in Education Improvement & Standards which is due to the utilisation of grant income to fund activities where appropriate, and underspend against historic pension liabilities.

## 2.2 Reserves

2.2.1 The Council's revenue reserve balance at the end of 2023/24 is £118m compared with £128m at the end of 2022/23. Resources set aside to support the Refugee Resettlement Programme, IT Replacement Programme and Business Rates Income Reserve have increased as well as a provision for Financial Risks. These increases have been more than offset by use of resources to balance the year-end position (Covid funding) and drawdown of the Better Care Fund (delivered jointly with the health sector), Homes for Ukraine, PFI Reserve movement and to deliver corporate projects such as the Highways Investment Programme.

2.2.2 Balances generated from capital receipts and capital grants to fund future capital projects have reduced from £34m to £26m and reserve balances belonging to or earmarked to support schools have increased from £33m to £38m. The total reserve movement in 2023/24 is summarised in the table below.

**Table 3 Summary of Reserve Movements in 2023/24**

	<b>1st Apr 2023 £000</b>	<b>(Increase)/ Decrease £000</b>	<b>31st Mar 2024 £000</b>
<b><u>Council Revenue Reserves</u></b>			
Adult Social Care	(31,248)	11,612	(19,636)
General Fund Balance	(10,277)	0	(10,277)
Financial Risk Contingency	(5,856)	(2,623)	(8,479)
Early Retirement and Voluntary Redundancy	(7,242)	0	(7,242)
Private Finance Initiatives	(8,109)	1,379	(6,730)
Management of Capital	(6,324)	521	(5,803)
Reset and Recovery	(5,467)	0	(5,467)
Business Rates Income Reserve	(3,433)	(1,592)	(5,025)
Innovation and Development Fund	(5,068)	804	(4,264)
Public Health	(3,749)	(277)	(4,026)
Corporate Priorities (2020/21 Outturn Underspend)	(2,995)	0	(2,995)
Covid 19 Government Funding	(4,260)	1,756	(2,504)
Commercial Developments	(2,682)	209	(2,473)
Air Quality Early Measures	(3,920)	1,546	(2,374)
Refugee Resettlement Programme	(619)	(1,722)	(2,341)
Friargate Lifecycle	(1,594)	0	(1,594)
IT Replacement Programme	(510)	(1,016)	(1,526)

Homes for Ukraine	(2,530)	1,256	(1,274)
Adult Education Income	(1,091)	(100)	(1,191)
Housing Enforcement	(590)	(577)	(1,167)
City of Culture & Commonwealth Games Readiness Legacy	(1,401)	277	(1,124)
Corporate Property Management	(819)	(200)	(1,019)
Insurance Fund	(1,064)	142	(922)
Other Directorate	(14,076)	114	(13,962)
Other Corporate	(3,460)	(1,189)	(4,649)
<b>Total Council Revenue Reserves</b>	<b>(128,384)</b>	<b>10,320</b>	<b>(118,064)</b>
<u>Council Capital Reserves</u>			
Useable Capital Receipts Reserve	(28,623)	6,890	(21,733)
Capital Grant Unapplied Account	(5,745)	1,550	(4,195)
<b>Total Council Capital Reserves</b>	<b>(34,368)</b>	<b>8,440</b>	<b>(25,928)</b>
<u>School Reserves</u>			
Schools (specific to individual schools)	(22,956)	(583)	(23,539)
Schools (related to expenditure retained centrally)	(10,237)	(4,053)	(14,290)
<b>Total Schools Reserves</b>	<b>(33,193)</b>	<b>(4,636)</b>	<b>(37,829)</b>
<b>Total Reserves</b>	<b>(195,945)</b>	<b>14,125</b>	<b>(181,820)</b>

2.2.3 A retrospective adjustment to apply capital receipts to fund capital projects has reduced the opening balance on the Usable Capital Receipts Reserve by £5.9m and created a revenue reserve to support future Financial Risks. This does not affect the Total Reserves opening balance of £196m.

2.2.4 Adult Social Care resources represent the largest area of balances. These are overwhelmingly funded through ring-fenced grant and health sector resources for the delivery of jointly managed pooled budget arrangements with Health. In addition to these, the revenue reserve balances include £12m set aside as Funding for the Future approved previously, £7m is set aside as part of the Council's three long-term Private Finance Initiative models and another £7m is set aside to fund costs arising from early retirement and redundancy decisions.

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 2024/25 and going forward.

### 2.3 Capital Outturn

2.3.1 The capital outturn position for 2023/24 is shown in summary below and in greater detail in Appendix 2 to the report:

**Table 4: Capital Outturn Summary**

Final Budget £m	Final Spend £m	Net Rescheduling Now Reported £m	Underspend £m	Total Variance £m
137.1	115.3	(21.7)	(0.1)	(21.8)

The quarter 3 monitoring report to Cabinet on 13<sup>th</sup> February 2024 approved a revised capital budget of £127.6m for 2023/24. Since then, there has been a net programme increase of c£9.5m giving a final budget for the year of £137.1m. Since February, a total of £21.7m net rescheduled spending has arisen within the capital programme. A scheme-by-scheme analysis is included in Appendix 2, a summary of key schemes is in the table below.

**Table 5: Summary of Rescheduling**

Project	(Rescheduling) /Accelerated Spend £m	Explanations
City Centre South	(5.8)	Transfer of Council land into the scheme and some demolition costs will now begin in 2024/25. This is due to delays to scheme development caused by changes in national government policy in relation to dual stair cores and fire safety measures for relevant residential schemes. The developer has had to revise the plans to accommodate this, which has led to a delay in the completion of legal agreements and scheme commencement.
Friargate	(4.6)	The Practical Completion of the building and handover to the Council is significantly behind schedule due to delays to the commissioning of utilities and resultant impact on building systems. The Council has taken Partial Possession of a number of floors to enable occupation by Octopus Energy Group, further fit out works by them and fit out works by Segro. Practical Completion and final payment anticipated in the first quarter of 2024/25.
Coventry Vey Light Rail	(0.9)	There has been a reduction in staffing resources due to consultants leaving the projects, delays to the start of City Centre Traffic Management plan works and delay to the procurement of slabs for the City Centre Development route.
Transportation S106 Programme	(1.4)	There have been a number of S106 funded schemes that have been forward funded or developed pending the S106 funding being legally

		signed, and income received, for example, Keresley Link Road, Shultern Lane/Lynchgate Cycle Scheme, Coundon Park and Coundon Wedge Drive schemes. This has resulted in designs/programmed works slipping into 2024/25.
Earlsdon and Lower Coundon Liveable Neighbourhood	(0.8)	Additional rounds of consultation and engagement led to delayed construction start date. Earlsdon LN construction started on 28/05/2024.
Public Realm 6 including Palmer Lane Deculverting	(2.5)	Public Realm 6 has faced delays to construction start dates due to additional engagement with stakeholders and the need for legal agreements. Construction works have begun on City Centre Security (HVM) and Retail Quarter works are due to commence on site in quarter 1 2024/25. On Palmer Lane increasing contractor costs led to Officers re-procuring the works with a new provider. Subsequently, the start date was delayed until February 2024. Works have commenced and the project will be completed by quarter 3 2024/25.
Routes to Stations - Paths for Everyone - Lynchgate	(2.4)	The project had a delay to design sign off from Sustrans which extended the works programme and then required us to let a new contract for the works. We are currently on target to complete the scheme and sign off by the end of July 2024.
Other	(3.3)	Smaller schemes combined
<b>TOTAL</b>	<b>(21.7)</b>	

2.3.2 The 2023/24 programme continued to maintain a significant investment in the city's transport and public infrastructure, including 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:

- £32.2m has been spent on transport and highways infrastructure across a range of both major and minor schemes. These included further research and development investment in Very Light Rail, the overbridge installation on the A45 Eastern Green to unlock development land and schemes to improve and maintain the city's highways via the City Region Sustainable Transport Settlement (CRSTS) for Highways Maintenance and our Local Network Improvement Plan.
- A further £4.1m has been spent on City Centre South, this has predominantly been on the acquisition of land and promoting the CPO Process.

- Further programme spend of £5m has been made in 2023/24 on the completion of Friargate Building 2 and the completion of the hotel within Friargate Business District. The new hotel facilities are now open.
- £9.5m spend on completion of Air quality and Binley Cycleway works have occurred. There remains one section of the Binley cycleway to complete, which will get underway in 2024-25.
- There have been works totalling £18.3m across the school's 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 in-take.
- £11.1m of grant funding for the investment in Climate Change related project has been invested in 23/24 covering activities around green homes, homes upgrade grant and social housing decarbonisation project, the investment continues into 2024/25.
- There has been £8.5m passported to Registered Housing Providers in the city to tackle disrepair issues specifically with regards to damp and mould along with spending to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty.
- City Centre Cultural Gateway £1.2m scheme development spend, with spend profile increasing in 2024-25 as the scheme moves into the build phase.
- A range of smaller scale but not insignificant schemes have advanced including 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 £115.3m is summarised in Table 7 below. Approximately 81% of the programme has been resourced from capital grants.

**Table 7: Capital Funding**

	Funding the Programme £m	Available Resources £m	Resources Carried Forward £m
Prudential Borrowing	12.2	12.2	0
Grants and Other Contributions	93.9	123.7	(29.8)
Revenue Contributions	0.3	0.3	0
Capital Receipts	8.7	30.4	(21.7)
Management of Capital Reserve	0.2	6.0	(5.8)
Private Finance Initiative (PFI)	0	0	0
<b>Total Resourcing</b>	<b>115.3</b>	<b>172.6</b>	<b>(57.3)</b>

## 2.4 Treasury Management Activity

2.4.1 The key policy to combat inflation is still to raise interest rates. At the beginning of the year the Bank of England interest rate was 4.25% and by the end of the year it was 5.25%. The current market forecasts predict the 5.25% is the peak and that rates will be cut later in 2024. The UK is not alone in this situation as inflation and rising interest rates is at the forefront of most of the world's economies.

### 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 twelve 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 2023/24 have varied within the following ranges:

**Table 8: PWLB Interest Rates**

<b>PWLB Loan Duration (standard rates)</b>	<b>Minimum in 2023/24</b>	<b>Maximum in 2023/2024</b>	<b>Average in 2023/24</b>
5-year	4.30	6.06	5.15
20-year	4.78	6.15	5.52
50-year	4.47	5.94	5.28

It has been more cost effective in the short-term to either use internal resources (cash balances) or to use short-term borrowing. By doing so, the Council has reduced net borrowing costs (despite foregone investment income) and reduced overall treasury risk.

2.4.2 At outturn, the Capital Financing Requirement (CFR), which indicates the Council's underlying need to borrow for capital purposes, has reduced by £8.3m from £513.0m at 1<sup>st</sup> April 2023 to £504.7m at 1<sup>st</sup> April 2024: -

**Table 9: 2023/24 Capital Financing Requirement (CFR)**

	<b>£m</b>
Capital Financing Requirement at 1 <sup>st</sup> April 2023	513.0
Borrowing required to finance 2023/24 Capital Programme	11.8

PFI & Finance Leases liabilities	(3.1)
Provision to Repay Debt (Minimum Revenue Provision)	(14.9)
Provision to Repay Debt (Capital Receipts Set Aside)	0.0
Repayment of Transferred Debt	(2.1)
Reduction of Provision and other restatements	0.0
Capital Financing Requirement at 1 <sup>st</sup> April 2024	<b>504.7</b>

Within 2023/24, the movements in long-term borrowing and other liabilities were (stated at nominal value, excluding soft loan adjustments): -

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

Source of Borrowing	Balance at 31st March 2023 £m	Repaid in Year £m	Raised in Year £m	Balance at 31st March 2024 £m
PWLB	185.0	(4.3)	0	180.7
LOBO's	38.0	0	0	38.0
Stock Issue	12.0	0	0	12.0
West Midlands Combined Authority	18.0	0	0	18.0
Other	0.4	0	0	0.4
<b>Subtotal ~ long term borrowing</b>	<b>253.4</b>	<b>(4.3)</b>	<b>0</b>	<b>249.1</b>
Other Local Authority Debt	6.6	(2.0)	0	4.6
PFI & Finance Leasing Liabilities	56.9	(3.1)	0	53.8
<b>Total</b>	<b>316.9</b>	<b>(9.4)</b>	<b>0.0</b>	<b>307.5</b>

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

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

Period	Long Term Borrowing £m
Under 12 Months	10.4
1 – 2 years	42.3
2 – 5 years	8.0
5 – 10 years	43.7

Over 10 years	144.7
<b>Total</b>	<b>249.1</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 daily 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. During the year, the Council held short-term investments, as set out in Table 12. The average short-term investment rate in 2023/24 was 5.46%.

**Table 12: In House Investments at 31st March 2024**

	<b>At 30<sup>th</sup> June 2023 £m</b>	<b>At 30<sup>th</sup> Sept 2023 £m</b>	<b>At 31<sup>st</sup> Dec 2023 £m</b>	<b>At 31<sup>st</sup> Mar 2024 £m</b>
Banks and Building Societies	0.0	0.0	0.0	0.0
Local Authorities	41.0	33.0	11.0	10.0
Money Market Funds	36.96	28.08	34.33	15.0
Corporate Bonds	0.0	0.0	0.0	0.0
HM Treasury	0.0	16.8	0.0	0.0
<b>Total</b>	<b>77.96</b>	<b>61.08</b>	<b>45.33</b>	<b>25.0</b>

### **Pooled Investments**

In addition to the above in-house investments, a mix of Collective Investment Schemes or “pooled funds” are 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 2024**

	<b>Date Invested</b>	<b>Cost £m</b>	<b>Value £m</b>	<b>Annualised Return from Investment %</b>
CCLA LAMIT Property Fund	Nov 2013	12.0	11.63	5.02%
M&G Optimal Income Fund	Aug 2018	1.5	1.41	5.37%
M&G Strategic Corporate Bond Fund	Aug 2018	3.0	2.71	4.85%
M&G UK Income Distribution Fund	Aug 2018	3.0	2.65	5.60%
Ninety One (Investec) Diversified Income Fund	Aug 2018	4.5	3.98	4.62%
Schroder Income Maximiser	Aug 2018	4.5	3.61	7.06%
Threadneedle Strategic Bond Fund	Aug 2018	1.5	1.44	4.34%
<b>Total</b>		<b>30.0</b>	<b>27.16</b>	<b>5.25%</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 20 February 2024. 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.

Pooled funds provided an income return of £1.3m over the year although as at 31<sup>st</sup> March 2024 the accumulated deficit on their capital value was £2.84m (£2.62m deficit at the end of 2022/23). All seven funds show a deficit in capital value which is reflective of the current property and financial markets. 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. 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 2023/24. 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 2024 the value is -£79.5m (minus) compared to +£96.2m within the Treasury Management Strategy, reflecting the fact that the Council has more significantly 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 2023 the value is £299.2m compared to £480.9m 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 £146m in 2023/24.

As at the end of 2023/24, the council had cumulatively invested £105.1m in shares and service loans with this rising to £128.6m when commitments to make potential payments of £23.5m are taken into account.

	As at 31 <sup>st</sup> March 2024				
	Limit	Actual	Committed	Total	Variation
	£m	£m	£m	£m	£m
Shares	55.0	52.1	0.0	52.1	(2.9)
Loans	91.0	53.0	23.5	76.5	(14.5)
	<b>146.0</b>	<b>105.1</b>	<b>23.5</b>	<b>128.6</b>	<b>(17.4)</b>

The total of £128.6m is within the limit of £146m set for the 2023/24.

The Council's investment in commercial assets is proportionate:

- with commercial income totalling approximately £27.2m in 2023/24 (£22.8m in 2022/23) equivalent to c10.5% of the Council's budgeted net service expenditure of £260.5 in 2023/24.
- With commercial assets valued at £564m (28.9% of the Council's total asset base of c£1,950m). 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 £505.1m representing the Council's underlying need to borrow, at 25.9% 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 Director of Finance and Resources (Section 151 Officer) and the Director of Law and Governance**

#### **5.1 Financial implications**

The final revenue outturn picture for 2023/24 is balanced only after a year-end contribution of £1.8m from unearmarked reserve balances. The need to draw down from reserves to balance the budget in-year reflects a serious position for the Council although this has improved from the £8.5m revenue overspend forecast at Quarter 3.

External factors, in particular inflationary pressures, continue to contribute largely to the position presented. There are other intractable on-going issues including those relating to children's and adults social care, and housing and homelessness which are common to many councils across the country whilst the Council also managed local time-limited pressures in the year.

Budget Setting for 2023/24 made provision for inflation, however the costs of many services have continued to rise above inflation levels predicted and therefore exceeded the budgetary provision. The pay costs budgeted reflected an average 4% rise in costs however the agreed local government pay award for 2023/24 averaged c6% for the Council which represented c£3m above the budgeted amount. Whilst falling slightly, energy prices continue at higher than

historic levels and affect the costs to manage the Council's property estate and costs within the city's street lighting energy bills.

Despite further increases to Children's Services' budgets for 2023/24, and a reduction in the number of children in our care there has continued to be a financial pressure in this area. This is due to sufficiency issues in the external placement market driving costs up disproportionately against already high inflation. There was also a pressure against staffing in Help & Protection (Area Teams) due to high levels of cases, compounded by continued social worker recruitment and retention challenges.

A wide range of service challenges are reported in Appendix 1 which, together with the issues reported above, reflect the difficult financial picture despite the flexibility identified with corporate and central budgets.

Although the Council continues to face a challenging financial position, the overall level of overspend has reduced somewhat since the early quarter forecast and this is a result of in-year management actions including vacancy control and removal of discretionary budget. In addition to this the Council has taken proactive steps previously to maintain a strong balance sheet position, including robust reserve balances, which have enabled it to manage the adverse budget variations encountered. It will be vital for the Council to continue to ensure that it maintains a prudent approach going forward.

The underlying position for future years continues to be very challenging and the Council needs to continue to identify ways to manage its medium-term financial position which will come under continued pressure without further support from Government for the wider Local Government sector. 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, Adult Services, and inflationary pressures. In 2023/24, the level of demand and the increase in costs for this area have continued to exceed the Council's budgetary provision. Further funding has been provided by the Council as part of its 2024/25 budget although it remains to be seen whether this will be sufficient, especially given the economic and social realities currently being experienced across the country.

In setting the Council's budget and corporate objectives for 2024/25 in the context of its financial position, resources were allocated to meet corporate priorities, and savings have been identified. The magnitude of the savings identified creates an inherent risk if savings are not delivered in line with the committed profile. The full programme of savings will be closely monitored by the Council's Leadership Team throughout the financial year and any shortfall in delivery will need to be made up by other areas in the programme. Operational management arrangements and monitoring reports will address this issue specifically.

Several areas within corporate budgets including dividends, investment interest, superannuation and the Coventry and Warwickshire Business Rates Pool yield can be subject to volatility and were budgeted for on a prudent basis in 2023/24. The outturn position on these items was favourable against the range of

reasonable expected outcomes and this has enabled the Council to partly absorb overspent budgets elsewhere within the bottom line and minimise the overall overspend. Several of these favourable financial outturns have occurred in areas that have been subject to affirmative Council decisions in recent years such as dividends and investment income.

The local government sector has witnessed risks materialise in the form of 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. The Council continues to be bold with its aspirations for the city and maintains a measured appetite for risk to achieve this. It is important for the Council to maintain contingency balances to protect against the risk of financial failure in one or more key areas.

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 has a 'mid-table' position in the CIPFA Resilience Index in relation to the level of its reserve balances. This has enabled the Council to place itself in a strong financial position as well as providing 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 overall programme value has continued to dip below the very high levels experienced previously, it is nevertheless still high in a historical context and has been 81% funded from external grant. The programme's coverage of projects includes the city centre south, enhancing transport infrastructure, improving the profile of the city, and providing support to local economic development, a range of projects dealing with the issues of Air Quality and helping to deliver the Council's climate change agenda.

Although the Council has undertaken some borrowing in-year this has been undertaken on a short-term basis at this stage, taking advantage of 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

5.2.1 Section 151 of the Local Government Act 1972 requires the Council to make such arrangements for the proper administration of their financial affairs.

5.2.2 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.

5.2.3 The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year.

5.2.4 Section 25 of the Local Government Act 2003 requires the Council's Chief Financial Officer to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. This is included throughout the report.

## 6. **Other implications**

### 6.1 **How will this contribute to achievement of the One Coventry Plan?**

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-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 One Coventry 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 important in the light of the current budgetary 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.

### Report author:

#### Name and job title:

Tina Pinks, Finance Manager Corporate Finance

#### Service:

Finance and Resources

#### Tel and email contact:

Tel: 02476 972312

Email: [Tina.pinks@coventry.gov.uk](mailto:Tina.pinks@coventry.gov.uk)

Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Service Area</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
Michelle Salmon	Governance Services Officer	Law and Governance	05/6/24	06/6/24
Sunny Singh Heer	Lead Accountant	Finance and Resources	22/5/24	04/6/24
Mike Revis	Lead Accountant	Finance and Resources	22/5/24	04/6/24
Lindsey Hughes	Lead Accountant	Finance and Resources	22/5/24	05/6/24
<b>Names of approvers for submission:</b> (Officers and Members)				
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	Finance and Resources	05/6/24	06/6/24
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	05/6/24	10/6/24
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	05/6/24	07/6/24

This report is published on the council's website: [www.coventry.gov.uk/council-meetings](http://www.coventry.gov.uk/council-meetings)

## 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 must 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
	£m	£m	£m	£m	£m
<b>Adult Services &amp; Housing</b>	114.6	122.0	(2.3)	9.7	7.4
<b>Business, Investment &amp; Culture</b>	8.2	9.6	(0.1)	1.5	1.4
<b>Children &amp; Young People's Services</b>	94.4	97.2	(2.4)	5.2	2.8
<b>Contingency &amp; Central Budgets</b>	(36.0)	(48.4)	0.0	(12.4)	(12.4)
<b>Education &amp; Skills</b>	21.1	19.3	(1.0)	(0.8)	(1.8)
<b>Finance &amp; Corporate Services</b>	9.6	9.5	(0.3)	0.2	(0.1)
<b>Human Resources</b>	1.4	0.9	0.0	(0.5)	(0.5)
<b>Legal &amp; Governance Services</b>	8.2	7.9	(0.6)	0.3	(0.3)
<b>People Directorate Management</b>	0.9	1.1	(0.1)	0.3	0.2
<b>Project Management &amp; Property Services</b>	(8.4)	(8.5)	(0.4)	0.3	(0.1)
<b>Public Health</b>	2.6	1.7	(0.5)	(0.4)	(0.9)
<b>Streetscene &amp; Regulatory Services</b>	33.3	38.0	(1.1)	5.8	4.7
<b>Transport &amp; Highways</b>	10.6	12.0	(0.3)	1.7	1.4
<b>TOTAL</b>	<b>260.5</b>	<b>262.3</b>	<b>(9.1)</b>	<b>10.9</b>	<b>1.8</b>

*n.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. Turnover has remained consistent across the Council, however areas such as Adults & Childrens Services remain high, due to the national and regional Social Worker retention issues. Some of these vacancies will be covered by agency and overtime to ensure services can be maintained. These costs are included within the service positions described below.	(9.1)
<b>Total Centralised Variance</b>	<b>(9.1)</b>

### **Budget Holder Variance**

<b>Service Area</b>	<b>Reporting Area</b>	<b>Explanation</b>	<b>£m</b>
Adult Social Care	Strategic Commissioning (Adults)	Underspend relates to New Homes for Old PFI due to additional client fee income and the continuation of lower transport costs to day opportunities.	<b>(0.8)</b>
Adult Social Care	Housing and Homelessness	The number of people seeking assistance with housing issues and subsequently the number being placed in Temporary Accommodation (TA) continued to increase during Q4 2023/24. During Q3 the upward trend slowed and the number of households in TA plateaued however during Q4 the increases returned. As the number in TA increases the use of more expensive nightly rate or B&B accommodation increases which has obvious implications on the budget. A number of mitigations for 2024/25 are being progressed including purchasing additional TA, working with a Registered provider to provide us with an additional 50 flats for TA and new contracts with private providers. The increase in TA is a national issue with the highest number of households in TA in England being reported in December 2023.	<b>2.6</b>
Adult Social Care	Adult Social Care Director	Overspend relates to an increase in bad debt provision of £1.5m and additional spend on joint health initiatives to improve provision across Health and Social Care of £0.2m partly off-set by additional grant.	<b>1.3</b>
Adult Social Care	Internally Provided Services	Overspends relating to agency costs and other staff costs to cover vacancies are only partly offset by centralised underspends due to staff vacancies.	<b>0.2</b>

Adult Social Care	Adult Social Care Business & Financial Management	The over-spend comprises the home support monitoring system contractual price increase. This contract has now been terminated.	<b>0.1</b>
Adult Social Care	Partnerships and Social Care Operational	The overspend relates mainly to additional agency staff costs due to a large number of vacancies. This overspend is offset by centralised underspends due to those staff vacancies.	<b>0.5</b>
Adult Social Care	Localities and Social Care Operational	The overspend relates mainly to additional agency staff costs due to a large number of vacancies. This overspend is more than offset by centralised underspends due to those staff vacancies.	<b>0.4</b>
Adult Social Care	Community Purchasing Mental Health	The community purchasing budget is managed as a whole - please refer to the explanation against 'Community Purchasing Other'.	<b>(0.4)</b>
Adult Social Care	Community Purchasing Other	The budget for purchasing packages of care for adults and older people in adults social care continues to see significant pressures. The service has seen an increase in the total number of packages of care, as well as increased activity across existing service users resulting in higher average costs to the budget. The increased activity reflects the complexity of the casework and the higher needs of those seeking our support with greater spend incurred in home care hours and supported living across adult services.	<b>5.0</b>
Adult Social Care	Mental Health Operational	There remains significant pressures in Deprivation of Liberty Assessment demand leading to additional assessment costs (£0.3m) in particular doctors' assessment costs. Additional agency staff costs have also added to the overspend but have been partly offset by underspends on centralised salaries due to vacancies.	<b>0.6</b>
Adult Social Care	Other Variances Less than 100K		<b>0.2</b>
<b>Adult Social Care</b>			<b>9.7</b>

Business Investment & Culture	Sports, Culture, Destination & Bus Relationships	Sponsorship income underachieved £163k, £445k St Mary's loss, City Centre Cultural Gateway net overspend £904k due to a slipped project timeline, (£755k) Culture and events underspend due to mixed factors including energy saving, grant/resources switch, profit sharing from the Wave etc.	<b>0.8</b>
Business Investment & Culture	Employment, Skills & Adult Education	Overall the service outturns with a net underspend of £42k, however this includes an overspend of £563k for costs associated with programme delivery. This is offset by savings within the staffing budgets of £605k.	<b>0.6</b>
Business Investment & Culture	Economic Development service (EDS)	This budget now includes two unfunded corporate priorities 1) City Centre Visioning and Master Plan c.£52k and 2) SEP c.£60k for legal and procurement costs in 1st half of 23/24.	<b>0.3</b>
Business Investment & Culture	Other Variances Less than 100K		<b>(0.2)</b>
<b>Business Investment &amp; Culture</b>			<b>1.5</b>
Children and Young People's Services	Children's Services Management Team	£0.5m of this relates to retention payments, which have been budgeted and forecast centrally throughout the year; however due to payroll processes, they were paid against individual team cost centres. Therefore, the expenditure is reflected across the whole of Children's Services, whereas the budget is held centrally, showing an apparent underspend at year-end. The remainder of the underspend relates to contributions to overheads from grant income.	(0.7)
Children and Young People's Services	Commissioning, QA and Performance	The overall underspend is due to unbudgeted income as a result of a successful bid to the Department for Education.	(0.2)

<p>Children and Young People's Services</p>	<p>Help &amp; Protection</p>	<p>"There is a £2.7M budget holder overspend in the Area Teams, offset by a £1.6M underspend against centralised salaries. This overall £1.1M overspend is linked to staff costs, with high levels of cases requiring additional workers and agency staff.</p> <p>There is a £0.7M budget holder overspend in Section 17, spend is attributable to high costs when commissioning services from private providers to support children with complex needs to remain safely at home. There has also been growth with specialist assessments which is met from S17 budget as part of front-loading assessments within Public Law Outline.</p> <p>There are short term one off savings which are currently offsetting the budget pressures through additional grants and the use of earmarked reserves."</p>	<p>2.9</p>
<p>Children and Young People's Services</p>	<p>LAC &amp; Care Leavers</p>	<p>"There is a £2.7M overspend on children in care placements. The overspend relates to external residential and is linked to increasing unit costs for placements due to a lack of sufficiency in the market to meet the needs of young people in care. This is despite a decrease in the number of looked after children and placement mix being in line with targets.</p> <p>There is a further budgetary pressure of £0.5M within the Children's Disability Service. This overspend relates to increased costs for short breaks &amp; direct payments, DFG shortfalls and intensive support for some children to enable them to remain living at home, as an alternative to living in residential care. We are currently in the process of retendering our short breaks contracts to ensure 'best value' and reduce high-cost support spend.</p> <p>There is a budget pressure of £0.2M due to staffing challenges within the LAC Permanency Service and the need for agency staff to ensure that care proceedings continue to be progressed. This situation has now improved, and no agency workers remain. There is an overspend of £0.3M in the Internal Fostering Service due to a high number of staff taking maternity leave and agency cover being</p>	<p>3.2</p>

		<p>required.</p> <p>There is an overspend of £0.3M on Adoption Central England (ACE) that relates to an increase in interagency fees and pay increases. Work is being undertaken to address this and clarify the budgetary needs of ACE moving forwards.</p> <p>These pressures are offset in part by underspends across the service."</p>	
<b>Children and Young People's Services</b>			<b>5.2</b>
Contingency & Central Budgets	Corporate Finance	<p>The overall Corporate and Contingency underspend of £12.4m incorporates favourable variances of £10.4m in the Asset Management Revenue Account (AMRA) and £2m across all other contingency budgets. The AMRA variation includes higher than budgeted interest income from loans provided by the Council, higher than budgeted investment income from a combination of larger short-term investment balances and higher interest rates and lower than assumed interest debt costs. We also had higher dividends declared in January 2024 from Coventry &amp; Solihull Waste Disposal Company (additional £5.3m above budgeted amount). Central budgets include the cost of the 2023/24 pay award which averaged c6% for the Council and represents a cost c£3m above the original budget, which is partially offset by other contingency budgets. Favourable variations include distribution of Business Rates Levy Account Surplus and Green Plant &amp; Machinery Business Rates exemption compensation grant.</p>	(12.4)
<b>Contingency &amp; Central Budgets</b>			<b>(12.4)</b>
Education and Skills	Customer and Business Services	<p>Customer Services has a budget holder underspend of £284K which has resulted from careful management throughout the year. Where possible the service has applied constraints and identified alternative funding from time limited grants and the release of reserves.</p>	(0.3)

Education and Skills	Education Entitlement	A proportion of the underspend is as a result of reduced expenditure on school bus passes. The number of pupils eligible for bus passes is based on statutory criteria and policy and has not reduced, but we are now only charged where passes are used. There is also an underspend against the interpreter service as a result of cost review and increased efficiencies.	(0.2)
Education and Skills	Education Improvement & Standards	A proportion of the underspend is linked to utilisation of grant monies to fund activities where appropriate - Dedicated Schools Grant, Early Years Extended Entitlement Capacity building and Migration grants. There have also been staffing vacancies within the Governor Support Service. There is also an underspend against historic pension liabilities and Early Years training, both these budgets have been reduced in 24/25 as part of the medium term financial strategy.	(0.3)
<b>Education and Skills</b>			<b>(0.8)</b>
Finance & Corporate Services	Revenues and Benefits	<p>There is a net Housing Benefit subsidy pressure of £0.3m 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> <p>Pressures elsewhere are primarily attributable to the cost of temporary staffing as a result of increased levels of work being received, cover for a higher than normal level of staff absence and increased underlying work levels in council tax. These were largely offset by the one-off application of grant.</p>	0.3
Finance & Corporate Services	Financial Mgt	One off reduction in costs in relation to the commercial team	(0.1)
<b>Finance &amp; Corporate Services</b>			<b>0.2</b>
Human Resources	Employment Services	This mainly relates to a reduction in income from external organisations.	0.1

Human Resources	ICT & Digital	The Budget Holder variance comprises some mainly one-off underspends (contribution of £700K from laptop & mobile phone refresh programme; underspends on EA licence consumption charges, MFD costs and out of Hours allowances) partially offset by the on-going shortfall of schools' income £339K. A further review of spending needs is being conducted to support delivery of MTFs targets for 2024/25 and on-going.	(0.7)
Human Resources	HR - People & Culture	The People and Culture service has a £138K overspend. This mainly relates to pressures within the Resourcing Team including an un-met savings target, agency covering sickness and increased costs for subscriptions. In addition there have been growing pressures on training and development budgets.	0.1
<b>Human Resources</b>			<b>(0.5)</b>
Legal & Governance Services	Legal Services	Recruitment of staff (particularly lawyers) into vacant positions remains a challenging situation within the service despite numerous attempts made to advertise vacancies. As a consequence, there is a significant amount of expenditure (circa £700k) on agency staff. The service is also managing additional workload in the children's social care and educational (SEND tribunal) sectors which has made it difficult to end locum contracts.	0.5
Legal & Governance Services	Coroner & Register Office	Improved income performance as result of diversifying ceremony options and a general recovery in the economy.	(0.2)
Legal & Governance Services	Procurement	Improved income performance from early payment scheme, rebates and recharges.	(0.2)
Legal & Governance Services	Democratic Services	Additional resource required to manage subject access requests whilst a permanent solution is investigated to manage and process the significant number of complex and large cases.	0.1
Legal & Governance Services	Other Variances Less than 100K		0.1
<b>Legal &amp; Governance Services</b>			<b>0.3</b>

People Directorate Management	Other Variances Less than 100K		0.3
<b>People Directorate Management</b>			<b>0.3</b>
Project Management and Property Services	PMPS Management & Support	Delayed delivery of income target on strategic property rents.	0.2
Project Management and Property Services	Other Variances Less than 100K		0.1
<b>Project Management and Property Services</b>			<b>0.3</b>
Public Health	Public Health Staffing & Overheads	A budget holder underspend of £300K as a result of the release of funding previously held in reserve and utilisation of some additional grant to support relevant public health costs.	(0.3)
Public Health	Other Variances Less than 100K		(0.1)
<b>Public Health</b>			<b>(0.4)</b>
Streetscene & Regulatory Services	Planning Services	There has been an overall reduction in planning applications since COVID (reflecting the national trend) and subsequently some major applications have been deferred which has resulted in an underachievement of income c£708k. In addition, costs of £354k were awarded against CCC in (two) recent Public Inquiries.	1.2
Streetscene & Regulatory Services	Streetpride & Parks	The net variation across Streetpride and Parks is £1.73m overspend which is due to a number of factors including: a) shortfalls in income/car parks c£334k b) a reduction in Bereavement Services income due to the fall in the death rate c£238k c) set up costs and non-achievement of (historic) savings target - Coventry Funeral Services c£ 259k d) pressures in Urban Forestry due to Tree Surveys/Remedial Works and inflationary pressures c£284k e) a net overspend of £262k on Streetpride as a result of using Agency/Overtime to cover vacancies while the new structure was implemented. (This has been offset by savings in salary costs) f) traveller incursions c£62k. g) repairs at Coombe Country Park and	1.7



		adjustments to prior years capital financing c£243k.	
Streetscene & Regulatory Services	Waste & Fleet Services	<p>Commercial Waste has been under review since losing customers during COVID and the drivers dispute that followed and the decision has recently been taken to cease trading. Deficit for 23/24 was c£410k. A decision was made for a 3rd party to deliver the Waste Collection service alongside CCC staff at an additional net cost of c£570k. There are also pressures in this area relating to Fleet (spot hires and avoidable damage) due to HSE recommendations c£434k.</p> <p>Waste Disposal has overspent due to higher than expected gate fee increases (WEP) and increases in tonnages (household) c£612k.</p> <p>PTS are reporting an overspend that is due to a combination of a) more hours required to complete the revised routes c£102k b) increased costs of covering sickness with agency staff c£137k, increased fleet related costs c£80k (av damage &amp; spot hires), use of external escorts c£22k and over forecasting internal income c£183k.</p>	2.5
Streetscene & Regulatory Services	Environmental Services	<p>There have been a number of pressures in this area including some kennel safety improvements c£15 and costs associated with re-homing pets (in particular XL Bullies) c£20k. As well as providing cover for vacancies c£30k, dealing with bigger animals requires more resource in the Kennels which is having an impact on the fee earning capacity of some officers which has resulted in an under recovery of income c£40k.</p>	0.1
Streetscene & Regulatory Services	SSGS Management & Support	<p>This overspend relates to professional fees relating primarily to the recent Inquest c£226k, along with staff exit costs c£34k.</p>	0.3
<b>Streetscene &amp; Regulatory Services</b>			<b>5.8</b>
Transportation & Highways	Parking	<p>Car park income has steadily grown as the city centre economy improves, albeit it has not returned to pre-COVID levels. This growth was offset by income pressures in Parking Enforcement due to the impact of staff vacancies and sickness.</p>	(0.2)

Transportation & Highways	Highways	There is a pressure largely due to costs incurred to address highways defects (£0.4m), an overhead recovery pressure due to sickness and recruitment challenges (£0.2m), together with the delayed achievement of some MTFS savings targets (£0.3m).	0.9
Transportation & Highways	Traffic	The contract price for Street Lighting energy has risen during the highest period of usage (winter). In addition, contractual payments made to the PFI company have also been affected as they are partly based on energy rates.	0.8
Transportation & Highways	TH Management & Support	The variance is largely due to interim management arrangements	0.2
Transportation & Highways	Transport Policy	The variance is primarily due to the use of agency staff for vacant establishment roles.	0.2
Transportation & Highways	Other Variances Less than 100K		(0.2)
<b>Transportation &amp; Highways</b>			<b>1.7</b>
<b>Total Budget Holder Outturn Variances</b>			<b>10.9</b>

## Appendix 2 - Capital Programme Change and Analysis of Rescheduling

SCHEME	APPROVED CHANGE S £m	(RESCHEDULING) / ACCELERATED SPEND £m	EXPLANATION
Coventry South Package - A46 Link Road		(0.5)	Feasibility study and modelling work for the A46 Link Road is currently paused pending progression of the South Warwickshire Local Plan review through the issues and options phase – this will identify any potential land use changes that will need to be taken into account when identifying modelling scenarios and Link Road options.
Coventry Very Light Rail		(0.9)	There has been a reduction in staffing resources due to consultants leaving the projects, delays to the start of City Centre Traffic Management plan works and delay to the procurement of slabs for the City Centre Development route.
City Centre South		(5.8)	Transfer of Council land into the scheme and some demolition costs will now begin in 2024/25. This is due to delays to scheme development caused by changes in national government policy in relation to dual stair cores and fire safety measures for relevant residential schemes. The developer has had to revise the plans to accommodate this, which has led to a delay in the completion of legal agreements and scheme commencement.
Friargate		(4.6)	The Practical Completion of the building and handover to the Council is significantly behind schedule due to delays to the commissioning of utilities and resultant impact on building systems. The Council has taken Partial Possession of a number of floors to enable occupation by Octopus Energy Group, further fit out works by them and fit out works by Segro. Practical Completion and final payment anticipated in the first quarter of 2024/25.

Highways Investment		0.6	Additional delivery of schemes not within the capital programme has led to accelerated funding from 2024-25. Additional schemes delivered include £0.4m highway improvements to Forfield Road, Burnham Road and Grangemouth Road. This is along with carriageway works of £0.2m to Leamington Road, A45, Gibbet Hill Road and Radford Road.
Transportation S106 schemes		(1.4)	There have been a number of S106 funded schemes that have been forward funded or developed pending the S106 funding being legally signed, and income received, for example, Keresley Link Road, Shultern Lane/Lynchgate Cycle Scheme, Coundon Park and Coundon Wedge Drive schemes. This has resulted in designs/programmed works slipping into 2024/25.
Earlsdon and Lower Coundon Liveable Neighbourhood		(0.8)	Additional rounds of consultation and engagement led to delayed construction start date. Earlsdon LN construction starts on 28/05/2024.
Foleshill Transport Plan		(0.3)	Delay to construction start date following consultation feedback and petition. Officers are working through feedback ahead of further consultation events in Autumn / Winter 2024.
Electric Fleet First Project		(0.3)	The scheme has now been fully delivered. Discussions are taking place with the grant body as to whether the remaining grant is repaid or can be re-directed to other fleet requirements.
Clean Bus Technology Fund		(0.6)	Reschedule of remaining funding into next year to determine remaining demand for clean bus technology.
Routes to Stations - Paths for Everyone - Lynchgate	0.7	(2.4)	The project had a delay to design sign off from Sustrans which extended the works programme and then required us to let a new contract for the works. We are currently on target to complete the scheme and sign off by the end of July 2024.

Public Realm Phase 6		(1.0)	Delay to construction start dates due to additional engagement with stakeholders and the need for legal agreements. Construction works have begun on City Centre Security (HVM) and Retail Quarter works are due to commence on site in Q1 2024/25.
Palmer Lane De-culvertering		(1.5)	Increasing contractor costs led to Officers re-procuring the works with a new provider. Subsequently, the start date was delayed until February 2024. Works have commenced and the project will be completed by Q3 2024/25.
Basic Needs - Education		1.0	Due to the ongoing pressure on places within schools as a result of in-year applications, we have been required to add bulge classes on to schools by expanding provision. Several schools have required additional classrooms in order to increase their pupil intake.
Condition - Education		0.5	Additional unforeseen projects outside of the planned programme were required in order to keep schools open, these included emergency boiler works, roofing and drainage works.
Housing Venture		(0.4)	Problems with obtaining Planning Permission have stopped the majority of the projects being carried out this year.
Battery Plant and Equipment		(0.4)	Remaining capital funding project funding rescheduled into new financial year to allow recovery of any further CCC costs related to the project.
Children with disabilities new build home		(0.3)	Due to the appointed contractor starting 4 weeks later than planned due to redesign to the foundations and the reduce land purchase cost.
Disabled Facilities Grants		1.6	we have seen increased activity related to lifts and hoists. As well as Citizen invoices that have come through in Q4 which has accounted for the increase in spend.
Coombe Loan		(0.3)	Coombe sent a drawdown request for the £260k in July 2023 to fund some capital works. However, following a review of the business case and the company's cash

			position they decided not to go ahead with the drawdown. It is up to Coombe whether they make any further drawdowns prior to the final repayment date in November 2028. They have drawn down £1.56m to date against a total facility of £1.95m.
Homes Upgrade Grant (Phase 2)		(0.7)	Spend in year 1 of the scheme has been lower than expected due to difficulties in finding eligible households and off gas properties. A number of eligible properties that were expected to be completed in 23/24 were also delayed and will instead be completed early in 24/25. A marketing and communications plan has been put in place for year 2 to ensure the maximum amount of grant is spent by scheme end.
Provision of Temporary Accommodation		(0.3)	We anticipated that there would be one more property purchased in 2023/24 however this has rolled over into 2024/25.
Social Housing Decarbonisation Fund (SHDF) Phase 2		0.3	Spend from year 2 of the SHDF Wave 2 scheme was paid in year 1 of the scheme due to programme being further ahead than anticipated therefore some budget was accelerated from 24/25 financial year. This will not affect overall project spend at programme end.
New Union Street Car Park Demo		(0.4)	The work was initially programmed to commence before Christmas. However, by the time the tenders were received, evaluated and the internal planning, road closures etc. were all agreed, the start was delayed until the end of February which reduced the actual costs incurred during 23/24.
Social Housing Decency Fund	2.1	(0.9)	"Report titled 'Social Housing Decency Funding' taken to Cabinet Member for Housing and Communities on 12th March 2024 with approval of the acceptance of the grant of £2.1m from the West Midlands Combined Authority. The Council is the accountable body for allocating the funds to Registered Housing Providers in the city to tackle disrepair issues specifically with regards to damp and mould.

			The funding, through the WMCA was originally supposed to be spent by the 31st March 2024 however this was then extended until the 30th June. This allowed Citizen to ensure that they maximised the impact of the spend rather than rushing to spend the grant. The remaining £0.9m will be spent by the 30th June 2024.
Highways Investment - Citizen Housing	0.4		Technical adjustment of increasing the in-year programme to match expenditure which is resourced by Citizen right to buy contributions.
Eastern Green - A45 Overbridge	0.6		The awarded £15.6m from Homes England for the delivery of the A45 Overbridge at Eastern Green has now been fully drawn down and passported over to the developer. As Coventry City Council are the accountable body for the delivery of the scheme, there is a legal agreement that the process moving forward will entail the developer re-imbursing CCC all invoiced amounts prior to CCC paying these funds over to the contractor. This ensures no financial risk to CCC.
Air Quality	1.2		Technical adjustment of budget that was incorrectly classified as revenue, but in fact is capital spend.
Duplex Fund	0.8		The loan is for the Coventry Warwickshire Re-investment Trust run by Duplex project which offers a combination of loan and grant to businesses within Coventry for capital expenditure.
Families Phase 2 – Local Authority Housing Fund Phase 2	2.5		The exercise of emergency powers to accept £2.5m from the Department for Levelling Up, Housing and Communities (DLUHC). The funding supports local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty.
Interest Capitalisation	0.3		This is in respect to the accounting policy referring to the prudential borrowing costs associated with the New Collection Centre scheme. 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.
Schemes less than £250k reporting threshold	0.9	(1.9)	Schemes below £250k threshold
<b>TOTAL CHANGES</b>	<b>9.5</b>	<b>(21.7)</b>	



## Appendix 3

<u>Summary Prudential Indicators</u>	Per Treasury Management Strategy 23/24 £000's	Actual 23/24 £000's
Cabinet Report Appx 6a Other Sources		
<b>1 Ratio of financing costs to net revenue stream:</b>		
(a) General Fund financing costs	39,017	40,194
(b) General Fund net revenue stream	260,455	260,455
General Fund Percentage	14.98%	15.43%
<b>2 Gross Debt &amp; Forecast Capital Financing Requirement</b>		
Gross debt including PFI liabilities	307,082	299,506
Capital Financing Requirement (forecast end of 24/25)	514,796	505,125
<b>Gross Debt to Net Debt:</b>		
Gross debt including PFI liabilities	307,082	299,506
less investments	-50,000	-79,837
less transferred debt reimbursed by others	-6,666	-4,652
Net Debt	250,416	215,018
<b>3 Capital Expenditure (Note this excludes leasing)</b>		
General Fund	159,186	94,825
<b>4 Capital Financing Requirement (CFR)</b>		
Capital Financing Requirement	514,796	505,125
Capital Financing Requirement excluding transferred debt	508,130	500,473
<b>5 Authorised limit for external debt</b>		
Authorised limit for borrowing	480,919	480,919
+ authorised limit for other long term liabilities	53,877	53,877
= authorised limit for debt	534,796	534,796
<b>6 Operational boundary for external debt</b>		
Operational boundary for borrowing	460,919	460,919
+ Operational boundary for other long-term liabilities	53,877	53,877
= Operational boundary for external debt	514,796	514,796

**7 Actual external debt**

actual borrowing at 31 March 2024  
+ PFI & Finance Leasing liabilities at 31 March 2024  
+ transferred debt liabilities at 31 March 2024  
= actual gross external debt at 31 March 2024

240,975
53,880
4,652
299,506

**8 Interest rate exposures**

Upper Limit for Fixed Rate Exposures

480,919	299,157
---------	---------

**Variable Rate**

Upper Limit for Variable Rate Exposures

96,184	-79,488
--------	---------

**9 Maturity structure of borrowing - limits**

under 12 months  
12 months to within 24 months  
24 months to within 5 years  
5 years to within 10 years  
10 years & above

**Upper Limit**

50%	11%
20%	12%
30%	7%
30%	24%
100%	46%

**10 Investments longer than 364 days: upper limit**

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, excluding investment income.

### **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 is 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.