

Cabinet
Audit and Procurement Committee

26th August 2025
22nd September 2025

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:

2025/26 First Quarter Financial Monitoring Report (to June 2025)

Is this a key decision?

No

Executive Summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2025. The net revenue forecast position after management action is for spend in 2025/26 of **£1.6m over budget**. Whilst not a wholly comparable position, at the same point in 2024/25, there was also a projected overspend of £7.1m.

The Council continues to face budget pressures within Adults' Social Care, with overspends also being reported in Property Services and Development, Regeneration and Economic Development and City Services. These financial pressures are being caused by a combination of continued service demand, complexity & market conditions in social care, legacy inflation impacts, and income shortfalls due largely to the economic climate.

The Council's capital spending is projected to be £187.6m and includes major schemes progressing across the city. The size of the programme and the nature of the projects within it continue to be fundamental to the Council's role within the city. Although prevailing inflation rates look to be stabilising, legacy inflationary pressures continue to affect capital projects. We will continue to monitor this position and ensure projects are delivered within available resources.

Recommendations:

The Cabinet is requested to:

- 1) Approve the Council's first quarter revenue monitoring position.
- 2) Approve the revised forecast capital outturn position for the year of £187.6m incorporating: £16m rescheduling from 2024/25 outturn, £1.9m net increase in spending relating to approved/technical changes and £1.9m of net programme rescheduling of expenditure to future years.

Audit and Procurement Committee is requested to:

- 1) Consider the proposals in the report and forward any recommendations to the Cabinet.

List of Appendices included:

Appendix 1 - Revenue Position: Detailed Service breakdown of forecast outturn position
Appendix 2 - Capital Programme: Analysis of Budget/Technical Changes
Appendix 3 - Capital Programme: Analysis of Programme Acceleration/(Rescheduling)
Appendix 4 - Prudential Indicators

Background papers:

None

Other useful documents

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, 22nd September 2025

Will this report go to Council?

No

Report title:
2025/26 First Quarter Financial Monitoring Report (to June 2025)

1. Context (or background)

- 1.1 Cabinet approved the City Council's revenue budget of £296.7m on the 25th February 2025 and a Capital Programme of £171.6m. This is the first quarterly monitoring report for 2025/26. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure, recommending any action required, and to also report on the Council's treasury management activity.
- 1.2 The current 2025/26 revenue forecast is for net expenditure to be **£1.6m over budget** (after management action). The reported forecast at the same point in 2024/25 was an overspend of £7.1m which reflected pressures relating primarily to social care activity and price. 2025/26 capital spend is projected to be £187.6m.
- 1.3 Whilst it is not unusual to experience a forecast overspend at this point, it is essential that the Council maintains strict financial discipline to operate within approved budgets.

2. Options considered and recommended proposal.

- 2.1 This is a budget monitoring report and as such there are no options.

Table1 Revenue Position - The revenue budgets and forecast positions are shown below analysed by service area.

| Service Area | Revised Net Budget | Forecast Spend | Total Over/ (Under) Spend |
|--|--------------------|----------------|---------------------------|
| | £m | £m | £m |
| Adult Services and Housing | 143.2 | 145.3 | 2.1 |
| Childrens and Education | 121.6 | 121.3 | (0.3) |
| Finance and Resources | 13.1 | 13.1 | 0.0 |
| Digital Services | (0.1) | 0.3 | 0.4 |
| Legal and Governance Services | 10.8 | 11.4 | 0.5 |
| People and Organisation Development | 2.6 | 2.8 | 0.2 |
| Property Services and Development | (10.8) | (9.4) | 1.5 |
| City Services | 38.4 | 39.2 | 0.8 |
| Public Health | (1.3) | (1.3) | 0.0 |
| Planning and Performance | 7.3 | 6.8 | (0.5) |
| Policy and Communication | 0.2 | 0.2 | 0.0 |
| Regeneration and Economic Development | 10.0 | 10.9 | 1.0 |
| Contingency & Central Budgets | (38.3) | (42.4) | (4.1) |
| Total | 296.7 | 298.3 | 1.6 |

- 2.2 An explanation of the major forecast variances is provided below. Further details are provided in Appendix 1 to the report.

Directorate

Adult Services & Housing (£2.1m overspend)

This overspend relates to Adult Social Care (£3.1m) which is mainly due to the costs of purchasing packages of care for adults and older people, this is partially offset by increased client fee income (-£0.5m). Growth in costs for packages of care reflects sustained and emerging pressures across several areas. Primary drivers are the higher costs of new packages of care, the complexity and associated costs of cases in Mental Health, and pressure in Learning Disabilities with a greater number of cases requiring intensive 1:1 support to manage complex needs safely within community settings. The service continues to scrutinise all areas of authorisation to ensure value for money while maintaining safe and effective care for those with the most complex needs.

These pressures are being offset at a directorate level by an underspend in Housing and Homelessness (-£0.5m) which is mainly due to an increase in grant funding for 25/26 although this has been partly eroded by a pressure against the target for delivering additional temporary accommodation provision due to delays in opening some projects.

Property Services and Development (£1.5m overspend)

The overspend being reported at Quarter 1 arises from our commercial property portfolio, which includes the residual holding costs for the City Centre South project, predominantly void NNDR costs. As demolition is well underway, it is anticipated that these costs will not continue into subsequent quarters. In addition, we are forecasting additional costs/loss of revenue because of higher property void levels than normal and higher than budgeted staff agency costs. Property voids are being constantly managed and reviewed within the team, and the service is actively seeking to recruit to vacant posts to reduce agency costs. Management actions are being formulated which, it is hoped, will reduce the level of overspend by the year end.

Regeneration and Economic Development (£1.0m overspend)

This overspend comprises of pressures within Planning Services where we experience a shortfall in planning activities resulting in reduction in fee income, as well as underperformance in our cultural commercial activities.

City Services (£0.8m overspend)

This is made up of Highways which is reporting a £0.1m overspend and Environmental Services reporting a £0.7m pressure.

Within Highways, Parking Services has an overall pressure c£0.7m which relates to a reduction in Bus Lane and Parking Enforcement income; including lower than forecast residents parking permits income. These are being offset by the increase in income we have realised from the usage of our Car Parks. Recruitment challenges held within our Operational Division which also generates funding to cover our back-office overheads are reporting a pressure circa £0.3m. In addition, as energy prices have reduced, we are forecasting a c£0.8m energy saving.

Within Environmental Services, pressures relate to income targets within Coventry Funeral Service and delivery of Traveller Incursion savings targets. In addition, Waste

and Fleet Services are reporting pressures against targets to deliver a separate food waste service partially offset by grant.

Corporate

Underspends supporting the overspend position are primarily within Contingency and Central Budgets:

Contingency and Central (£4.1m Underspend)

There is a £3.6m surplus forecast on Asset Management Revenue Account, relating to increased expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget.

Other favourable variances (£2.1m), include contingencies held in lieu of inflation and recent pay award announcements. This is being offset by an adverse variance (£1.6m) which is due to a forecast underachievement of 2025/26 savings targets relating to the One Coventry Programme.

2.3 Capital

The quarter 1 2025/26 capital outturn forecast is £187.6m compared with the original programme reported to Cabinet in February 2025 of £171.6m. Table 3 below updates the budget at quarter 1 to take account of a £16m increase in the base programme (net rescheduling from 2024/25), £1.9m of new approved/technical changes and £1.9m of programme rescheduling into future years.

The resources available section of Table 3 explains how the Capital Programme will be funded in 2025/26. It shows 62.6% of the programme is funded by external grant monies, whilst 27.5% is funded from borrowing. The programme also includes funding from capital receipts of £16.3m.

Table 3 – Movement in the Capital Budget

| CAPITAL BUDGET 2025/26 MOVEMENT | Qtr 1 Reporting £m |
|---|-----------------------------------|
| February 2025 Approved Programme | 171.6 |
| Net rescheduling of expenditure from 2024/25 | <u>16.0</u> |
| Revised Programme | 187.6 |
| Approved / Technical Changes (see Appendix 2) | 1.9 |
| “Net” (Rescheduling) into future years (See Appendix 3) | (1.9) |
| Revised Estimated Outturn 2025-26 | 187.6 |

| RESOURCES AVAILABLE: | Qtr 1 Reporting £m |
|---|-----------------------------------|
| Prudential Borrowing (Specific & Gap Funding) | 51.7 |
| Grants and Contributions | 117.5 |
| Capital Receipts | 16.3 |
| Revenue Contributions and Capital Reserve | 2.1 |
| Total Resources Available | 187.6 |

The inflationary pressures affecting the Council's revenue budget are also present within capital schemes although the pattern with which this takes affect can be different due to the way in which expenditure is incurred. All existing and future schemes are required to be delivered within existing agreed contractual sums and will continue to be monitored and managed within the available resources.

2.4 Treasury Management

External Context

The first quarter of the year started with significant market volatility as the US announced a wide range of reciprocal trade tariffs in early April, causing equity markets to decline sharply which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. As the UK was included in these increased tariffs, equity and bond markets here were similarly affected by the uncertainty.

UK headline consumer price inflation (CPI) increased over the quarter, rising from an annual rate of 2.6% in March to 3.6% in June, well above the Bank of England's 2% target.

Having started the financial year at 4.5%, the Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 4.25% in May. The 5-4 vote was split with the majority wanting a 25bps cut, two members voting to hold rates at 4.5% and two voting for a 50bps reduction. At the June MPC meeting, the Committee voted by a majority of 6-3 to keep rates on hold. The three dissenters wanted an immediate reduction to 4%. This dovish tilt by the Committee is expected to continue and

financial market expectations are that the next cut will be in August, in line with the publication of the next quarterly Monetary Policy Report (MPR).

Long Term (Capital) Borrowing

The net long-term borrowing requirement for the 2025/26 Capital Programme is £34.5m, considering borrowing set out in Section 2.3 above (total £51.7m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£17.2). In the current interest rate climate, the Council has no immediate plans to take any further new long-term borrowing although this will continue to be kept under review.

The Public Works Loan Board (PWLB) remains the main source of loan finance for funding local authority capital investment. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more details and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Under the Treasury Management Strategy 2025/26 approved by Cabinet on 25 February 2025 it was agreed the Council will not purchase investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loans Board (PWLB) between 1st April and 30 June 2025 have varied within the following ranges:

| PWLB Loan Duration (maturity loan) | Minimum 2025/26 to Q1 | Maximum 2025/26 to Q1 | As at the End of Q1 |
|---|------------------------------|------------------------------|----------------------------|
| 5 year | 4.88% | 5.24% | 4.96% |
| 20 year | 5.92% | 6.38% | 6.09% |
| 50 year | 5.65% | 6.15% | 5.89% |

The PWLB allows qualifying authorities, including the City Council, to borrow at 0.2% below the standard rates set out above. This “certainty rate” initiative provides a small reduction in the cost of future borrowing.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually outweigh any potential savings.

During the first quarter, the Council repaid £10m of LOBO loans (Lender Option, Borrower Option) as call options were exercised by the lender. The new interest rates offered were high and no longer offered value for money in borrowing terms. The borrowing has not yet been replaced. In addition, £20m of short-term borrowing was also repaid. The original purpose of this borrowing was to cover any potential cash flow shortages at the year end.

Short Term (Temporary) Borrowing and Investments

The Council's 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.

Returns provided by the Council's short-term investments yielded an average interest rate of 4.58% in the first quarter. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposits, other Local Authorities, Registered Providers, and companies in the form of corporate bonds.

Although the level of investments varies from day to day with movements in the Council's cash-flow, investments held by the City Council identified as a snapshot at the reporting stages were: -

| | As at 31st March 2025 £m | As at 30th June 2025 £m |
|------------------------------|---|---|
| Banks and Building Societies | 0.0 | 0.0 |
| Local Authorities | 22.5 | 41.5 |
| Money Market Funds | 18.7 | 24.6 |
| Corporate Bonds | 0.0 | 0.0 |
| HM Treasury | 2.5 | 0.0 |
| Total | 43.7 | 66.1 |

External Investments

In addition to the above in-house investments, a mix of Collective Investment Schemes or "pooled funds" is used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. The pooled funds are generally AAA rated; are highly liquid, as cash can be withdrawn within two to four days; and have a short average duration. These investments include Certificates of Deposit, 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. To manage risk these investments are spread across several funds (CCLA, Schroders, Ninety-One Investec, Columbia Threadneedle and M&G Investments).

Returns provided by the Council's pooled funds yielded an average interest rate of 5.32% over the last 12 months. At 30th June 2025 the pooled funds had a capital value of £28.1m (£27.63m at 31 March 2025), against an original investment of £30m (a deficit of £1.9m). All seven pooled funds show a deficit value but returns remain strong. Although the world economy has shown volatility over the last 9 months, the value of the funds is recovering. The property market still hasn't bottomed out, but the CCLA fund is being actively managed to provide good returns. There remains an expectation that the full value for each pooled fund 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.

Prudential Indicators and the Prudential Code

Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing for capital purposes is 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 the relevant figures as at 30 June 2025 are included in **Appendix 4** to the report. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2025/26. 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 30 June 2025 the value is -£57.9m (minus) compared to £102.7m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.
- The Upper Limit on Fixed Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 30 June 2025 the value is £227.0m compared to £513.6m within the Treasury Management Strategy, reflecting both the level of actual borrowing and that a significant proportion of the Council's investment balance is at a fixed interest rate.

2.5 Commercial Investment Strategy – Loans and Shares

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, are proportionate to the size of the Council. In doing this the Strategy includes specific limits for the total cumulative investment through loans and shares. The total combined limit for 2025/26 is £115m, against which there are £87.5m of existing commitments: -

| | Limit | Actual 30 th June 2025 | Committed and Planned 2025/26 | Total | Headroom |
|--------|--------------|--------------------------------------|--|-------------|-------------|
| | £m | £m | £m | £m | £m |
| Shares | 55.0 | 52.1 | 0.0 | 52.1 | 2.9 |
| Loans | 60.0 | 35.2 | 0.2 | 35.4 | 24.6 |
| | 115.0 | 87.3 | 0.2 | 87.5 | 27.5 |

The committed or planned total of £0.2m is predominantly for the balance of loan facility to Coombe Abbey Park Ltd which may not necessarily be taken up, although the Council is committed to provide the loan funds if requested.

The increase in headroom since budget setting is mainly due to the change in accounting treatment relating to the £18m to UKBIC which was previously treated as a loan (and was included in the limit) but is now accounted for as a lease and no longer shown within this table. We would expect the loans limit to be reduced to reflect this change in the next budget setting cycle.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision.

4.1 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

Revenue

The net quarter 1 forecast is a **£1.6m revenue overspend**. Although not wholly comparable, this is a significant improvement of the position this time last year which was a £7.1m overspend (quarter 1, 2024/25) and is in part a reflection of the decisions made during budget setting to support areas with intractable ongoing issues.

Continuing difficulties in the external markets for adult's social care are well documented around issues including the cost of highly complex cases and higher than planned levels of inflationary increases in placement costs, which have persisted to apply pressure to the budgetary provision included within the Council's budget.

Although the Council had budgeted for significant levels of inflation based on current information, the 2025/26 pay offer which has just been accepted by the trade unions, is above the budgeted figure and will need to be managed out of contingency budgets.

Management Action

The difficult position seen in recent years has required the Council to balance its financial outturn position using reserves. This was avoided in 2024/25 and although such a solution would be the Council's backstop position for 2025/26, it is one that the Council should be anxious to avoid. The Council holds limited reserve balances and recognises that such an approach is not sustainable in the medium term. It is therefore imperative to identify and adopt approaches that help the Council to manage its short-term pressures, whilst at the same time supporting the outlook for 2026/27 and medium-term financial pressures.

The Council's Leadership Team will proactively work together to mitigate the underlying pressures that have been recognised within this forecast by:

- Robust challenge and review of forecasts
- Continuation of Recruitment controls
- Alternative funding opportunities from grants

The above gives sufficient assurance that the Director of Finance and Resources does not currently need to take any extra-ordinary action to respond to the financial position either in respect of 2025/26 or future years.

Capital

The Council's Capital Programme includes a range of strategically important schemes across the city. This continues to be a large and mostly grant funded programme continuing the trend of recent years. The Programme includes major scheme expenditure on secondary schools' expansion, Very Light Rail, disabled facilities grant (DfG), construction of Woodlands School, City Centre South and delivery of the City Centre Cultural Gateway development.

Legal implications

There are no legal implications arising at this stage.

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables Cabinet to remain aware of issues and understand the actions being taken to maintain a balanced budget.

6. Other implications

6.1 How will this contribute to the One Coventry Plan

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the One Coventry Plan. As far as possible it will try to deliver better value for money and maintain services in line with its corporate priorities balanced against the need to manage with fewer resources.

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. Good financial discipline through budgetary monitoring continues to be paramount in managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

It remains important for the Council to ensure that strict budget management continues to the year-end. Any resources available at year-end will be managed to ensure the Council's financial resilience or used to fund future spending priorities.

6.4 Equalities / EIA

No current policy changes have been proposed but the possibility remains that the Council may need to consider changes to existing services through the year. If this is the case, the Council's equality impact process will be used to evaluate the potential equalities impact of any proposed changes.

6.5 Implications for (or impact on) Climate Change and the environment

No impact at this stage although climate change and the environmental impact of the Council's decisions are likely to feature more strongly in the future.

6.6 Implications for partner organisations?

No impact.

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| Barry Hastie | Director of Finance and Resources (Section 151 Officer) | - | 25/07/25 | 1/08/25 |
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| Councillor R Brown | Cabinet Member for Strategic Finance and Resources | - | 04/08/25 | 15/08/25 |

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix 1

Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

Table 1 below shows budget variations analysed between those that are subject to a centralised forecast variance and those that are managed at service level (termed “Budget Holder Variance” for the purposes of this report). The Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend of £6.1m shown below is principally the effect of unfilled vacancies, often offset by agency staff costs shown within the budget holder variance.

Table 1

| Service Area | Revised Net Budget | Forecast Spend | Centralised Variance | Budget Holder Variance | Total Variance Over / (under) |
|--|--------------------|----------------|----------------------|------------------------|-------------------------------|
| | £m | £m | £m | £m | £m |
| Adult Services and Housing | 143.2 | 145.3 | (1.2) | 3.3 | 2.1 |
| Childrens and Education | 121.6 | 121.3 | (1.2) | 0.9 | (0.3) |
| Finance and Resources | 13.1 | 13.1 | (0.3) | 0.4 | 0.0 |
| Digital Services | (0.1) | 0.3 | (0.1) | 0.5 | 0.4 |
| Legal and Governance Services | 10.8 | 11.4 | (0.3) | 0.8 | 0.5 |
| People and Organisation Development | 2.6 | 2.8 | (0.2) | 0.4 | 0.2 |
| Property Services and Development | (10.8) | (9.4) | (0.3) | 1.7 | 1.5 |
| City Services | 38.4 | 39.2 | (1.6) | 2.4 | 0.8 |
| Public Health | (1.3) | (1.3) | (0.0) | 0.0 | 0.0 |
| Planning and Performance | 7.3 | 6.8 | (0.1) | (0.4) | (0.5) |
| Policy and Communication | 0.2 | 0.2 | (0.0) | 0.0 | 0.0 |
| Regeneration and Economy Dev | 10.0 | 10.9 | (0.7) | 1.7 | 1.0 |
| Contingency & Central Budgets | (38.3) | (42.4) | 0.0 | (4.1) | (4.1) |
| Total | 296.7 | 298.3 | (6.1) | 7.7 | 1.6 |

Table 2:

| Service Area | Reporting Area | Explanation | £m |
|-------------------|--|---|-------|
| Adult Social Care | Strategic Commissioning (Adults) | The underspend relates to New Homes for Old Private Finance Initiative additional client fee income above budget £0.5m and other smaller under-spends across the service. | (0.6) |
| Adult Social Care | Partnerships and Social Care Operational | The overspend relates to additional agency costs, this is partly offset by underspends due to those staff vacancies. Recruitment processes are in place. | 0.1 |

| | | | |
|---|--------------------------------------|---|------------|
| Adult Social Care | Community Purchasing – Mental Health | <p>The quarter one overspend reflects sustained and emerging pressures across several areas of care provision. The primary drivers of this overspend are:</p> <ol style="list-style-type: none"> 1. higher cost of new packages - new care packages commissioned during this period have on average, been more expensive than those that have ended, contributing to increased expenditure. 2. complexity and cost in mental health - there has been a notable rise in both the complexity of cases and associated costs. These pressures are not necessarily linked to increased volume (activity), but rather to the higher needs of individuals supported in the community. 3. learning disabilities supported living and 1:1 hours - we have seen particular pressure in supported living arrangements for people with learning disabilities, with a greater number of cases requiring intensive 1:1 support to manage complex needs safely within community settings. This has resulted in higher costs to ensure the appropriate level of care and safeguarding. The service continues to scrutinise all areas of authorisation to ensure value for money while maintaining safe and effective care for those with the most complex needs. | 3.1 |
| Housing | Housing and Homelessness | <p>The underspend is mainly due to a £1.6m increase in Homeless Prevention Grant from the Ministry of Housing, Communities and Local Government to reflect the increased demand on homeless services nationally that is reflected in Coventry. This has been partially offset by a £0.6m under-delivery against target due to delays in projects opening including Ribbon Court and the SHAP project which are both being progressed by external housing providers and the £0.3m continuing increase in temporary Accommodation cost. Other small overspends total £0.2m.</p> | (0.5) |
| TOTAL Adult Services & Housing | | | 2.1 |
| Children's Services | Corporate Parenting and Sufficiency | <p>There is a £0.5m forecast overspend on placements for children in care. The number of children in residential care and the overall number of children in care are currently lower than our financial planning assumptions. The level of external financial contributions towards care packages for children with disabilities and</p> | 0.6 |

| | | | |
|--|---|--|-------|
| | | complex needs is currently forecast to be lower than budgeted, which is offsetting the benefit of reduced activity. | |
| Children's Services | Help & Protection | Social work case holding teams are forecast to underspend by £0.5m due to reduced levels of agency staff and overall case numbers. Section 17 budgets are forecasting to underspend by £0.4m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help are forecasting to underspend by £0.4m due to staffing vacancies and utilisation of grant funding where appropriate. These are being offset in part by a £0.5m overspend against the no recourse to public funds (NRPF) budget due to there being an increased number of families who require support. The remainder is a combination of smaller underspends across other parts of the service. | (1.2) |
| Children's Services | Children in Care, Children with Disabilities & Care Leavers | The Care Leavers budget is forecast to underspend by £0.3m this in line with last year and is an area of budget which is being reviewed moving forwards. This is offset in part by some small forecast overspends across other areas of the service which total £0.1m. | (0.2) |
| Children's Services | Safeguarding Practice and Workforce | There is an overall pressure of £0.1m mainly linked to safeguarding training income which is forecast to be £0.1m below the budgeted target | 0.1 |
| Education Services | SEND & Specialist Services | SEND Transport is forecasting an overspend of £0.6m due to increased demand alongside an increased reliance on external special school placements. This overspend is offset in part by a £0.2m forecast underspend in Educational Psychology, primarily due to staffing vacancies. | 0.4 |
| Ringfenced Funding – Dedicated Schools Grant (DSG) | SEND | As is being seen nationally the number of children in Coventry with an Education, Health and Care Plan (EHCP) continues to increase. When setting the 2025/26 High Needs budget the Council was forecasting an in-year deficit (or overspend) of £2m. At Q1 budgetary control this has reduced to a forecast in-year deficit of £1.1m. The Q1 forecast across SEND provision and central services is £0.5m lower than planned, primarily due to staffing vacancies. The position has also improved due to supplementary grant funding being announced | 1.1 |

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| | | by the government to support with the cost of pay awards and national insurance contributions for centrally employed teachers. The 2025/26 budget was set assuming no supplementary funding would be received. | |
| Ringfenced Funding – Dedicated Schools Grant (DSG) | Schools | £0.8m of the overspend relates to the Early Years block and is primarily due to clawback of funding received in financial year 2024/25 based on headcount data (the number of children accessing government funded childcare) as of January 2025. £0.1m relates to an overspend against the Growth Fund. This planned spend was agreed by Schools Forum and is funded within the resources below. | 0.9 |
| Ringfenced Funding – Dedicated Schools Grant (DSG) | Financial Strategy | Technical adjustment to remove total Dedicated Schools Grant (DSG) variance from the General Fund position. The overspend will be funded from the DSG reserve. | (2.0) |
| TOTAL Childrens and Education | | | (0.3) |
| Highways | Parking | Car parking income has improved due to increased usage of parking facilities. This is offset by income pressures relating to bus lane and parking enforcement, together with resident parking where activity levels are lower than anticipated compared to budgets. | 0.6 |
| Highways | Traffic | This is primarily due to reduced energy costs. | (0.8) |
| Highways | Highways | The ability to recover 80% of overheads in this service is challenging due to the difficulty to recruit staff, and while vacant post offers a saving the non-recovery of all income results in a deficit. | 0.3 |
| Environmental Services | Street pride & Parks | This pressure is a combination of non-achievement of savings relating to Coventry Funeral Services circa£150k and Traveller Incursions circa £150k and turnover targets circa £83k which are partly offset by salary savings because of delays in recruitment, circa £136k | 0.2 |

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| Environmental Services | Waste & Fleet Services | This pressure is predominantly due to the delayed implementation of Separate Food Waste collection. This is being partly offset by use of Grant. There are also further pressures in Waste Disposal due to lower than anticipated rebate income, Fleet Services and the Waste Transfer Station. | 0.5 |
| TOTAL City Services | | | 0.8 |
| Finance & Resources | Revenues and Benefits | The forecast overspend in revenues and benefits is primarily attributable to a significant increase in the cost of card payment fees incurred when the Council receives payments, an increase in the cost of providing support to care leavers and an increase in our provision for bad debt. | 0.2 |
| Finance & Resources | | Other Variances Less than 100K | (0.2) |
| TOTAL FINANCE & Resources | | | 0.0 |
| Digital and Customer Services | ICT & Digital | The ICT £422k overspend relates to an ongoing pressure arising from under-recovery of schools and academies income from our traded services. We continue to have plans to try to improve the position, but this remains an area of challenge and therefore is the most accurate position we can give at Quarter 1. | 0.4 |
| TOTAL Digital Services | | | 0.4 |
| Legal and Governance Services | Legal Services | Legal Services forecasted agency staff costs has reduced from £680k in 24-25 to £390k in 25-26 and is fully funded by vacancy savings. However, the Service has an additional vacancy savings target of £350k and this is driving the overall adverse forecast variance. | 0.1 |
| Legal and Governance Services | Coroner & Register Office | 25-26 forecasted one off costs of the extraordinary coroner's enquiry are £390k. | 0.3 |
| Legal and Governance Services | | Other Variances Less than 100K | 0.1 |
| TOTAL Legal and Governance Services | | | 0.5 |
| People and Organisation Development | Employment Services | To implement the Payroll restructure, vacancies have been held in posts that were considered to be at risk. The service will be looking to recruit to the agreed new structure throughout the year which will likely see a reduction in this forecasted underspend. | (0.1) |

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| People and Organisation Development | Facilities & Property Services | Facilities Management have had increases in income and savings targets whilst also receiving a reduction in the maintenance budget as a consequence we are currently forecasting an overspend of circa £175k. Management action is taking place to attempt to reduce this further. | 0.2 |
| People and Organisation Development | Employment Policy & Practice | The unfunded Council Job Evaluation team continues to drive the overspend in the People Directorate. | 0.1 |
| TOTAL People and Organisation Development | | | 0.2 |
| Planning and Performance | Customer and Business Services | Staffing underspends of £0.3m due to the service actively managing vacancies which align to corporate change initiatives while future staffing models are determined. Production of physical mail has decreased across the organisation reducing postage costs as well as ensuring all costs are recouped wherever possible provide an underspend of £0.4m. These underspends have been offset by increases in independent complaint investigation costs; cost associated with the move out of Broadgate House resulting in a £0.1m overspend. | (0.6) |
| Planning and Performance | Other Variances Less than 100K | | 0.1 |
| TOTAL Planning and Performance | | | (0.5) |
| Property Services and Development | Commercial Property and Development | Variance relates to holding costs being chargeable for example Business Rates and utilities associated with City Centre South properties awaiting demolition (demolition is now underway) and costs and foregone income from vacant commercial properties. | 1.5 |
| TOTAL Property Services and Development | | | 1.5 |
| Regeneration and Economy Development | Culture, Sports & Events | £331k overall projected deficit due to projected under-performance in commercial income lines against 2025/26 targets. Other minor favourable variations offset the Q1 position, with further management action required across Q2-Q4 to mitigate commercial deficits projected at Q1. | 0.3 |
| Regeneration and Economic Development | Regeneration & Economic Mgt Support | The majority of the variance relates to a shortfall against the income target for sponsorship and commercial activity. £204k is forecasted to be achieved by the end of 25/26 against a target of £375k leaving a shortfall of £171k. Opportunities are being realised through partnership working with external organisations though this means | 0.2 |

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| | | delays, such as external capital investment planning, can occur and are beyond the control of the City Council. Other opportunities are in the pipeline to be fulfilled during the year. | |
| Development Management Services | Planning Services | The 2025/26 income target for planning application fees was set on the basis of an ambitious growth assumption compared to the previous three years. The level of development interest and therefore application activity is influenced by a range of macroeconomic factors outside the Council's control. The current forecast is based on extrapolating actual income received in Q1 (approximately £600k). Overall, planning application activity in Coventry remains broadly in line with regional and national trends. Despite the challenges, the service remains committed to doing all it can to maximise income and work proactively with applicants to support delivery and help achieve the target. | 0.5 |
| TOTAL Regeneration and Economy Development | | | 1.0 |
| Contingency & Central Budgets | Contingency & Central Budgets | Favourable variances (£2.1m), include contingencies held in lieu of inflation and pay award announcements. This is being offset by an adverse variance (£1.6m) which is due to a forecast underachievement of 25/26 savings targets relating to the One Coventry programme. | (0.5) |
| Contingency & Central Budgets | Treasury Management | This surplus forecast on Asset Management Revenue Account, relates to increased expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget. | (3.6) |
| TOTAL Contingency & Central Budgets | | | (4.1) |
| Total Outturn Variances | | | 1.6 |

Appendix 2

Capital Programme Approved / Technical Changes

| SCHEME | EXPLANATION | £m |
|---|---|------------|
| Highways Investment | An additional £2m for Highways Maintenance was approved on 9th May 2025 at West Midlands Combined Authority Board | 2.0 |
| UK Shared Prosperity Fund | CCC have been awarded £0.9m allocation from the West Midlands Combined Authority's Integrated Settlement covering the financial year 2025-26. The purpose of the grant is to provide CCC with capital grant funding to achieve the outcome of boosting local economic prosperity and living standards through improved business productivity. | 0.9 |
| Homes Upgrade Grant (Phase 2) | Spend on the HUG2 scheme has been lower than planned in Coventry. Over the past 2 years we have retrofitted 51 properties and spent around £0.6m of the grant against a programmed budget of £2m, resulting in £1.5m slippage at financial year end 2024-25. At the point of accounting for capital at outturn the position was 'may have to return' which is why it was accounted for as slippage. However, at this point we have additional clarity and understand there is no allowance for further slippage of the grant into 25/26, therefore HM Treasury retains all grant that has not been allocated. | (1.5) |
| Broadgate House Closure | Leasehold Disposal of Broadgate House taken to Cabinet Member Jobs, Regeneration and Climate Change on 30th July 2025. Currently projections estimate total works to cost c£0.4m to enable the disposal of Broadgate house. | 0.4 |
| Miscellaneous | Schemes below £250k reporting threshold | 0.1 |
| TOTAL APPROVED / TECHNICAL CHANGES | | 1.9 |

Appendix 3

Capital Programme: Analysis of Programme Acceleration/(Rescheduling)

| SCHEME | EXPLANATION | £m |
|----------------------------------|---|--------------|
| Disabled Facilities Grant (DFGs) | Resource switch of capital DFG grant with Housing Support Fund and a prolonged reduction in allocation of DFG works due to current vacancies for Principal Home Improvement Officer and Home Improvement Officer has resulted in the rescheduling of the DFG capital programme. | -1.5 |
| Miscellaneous | Schemes below £250k reporting threshold | -0.4 |
| TOTAL RESCHEDULING | | (1.9) |

Appendix 4

Prudential Indicators

| Indicator | per Treasury Management Strategy 2025/26 | As at 30 June 2025 |
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| 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. | 14.21% | 13.98% |
| Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31st March 2023 plus the estimates of any additional CFR in the next 3 years (Indicator 2) , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme and is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue. | Estimate / limit of £571.5m | £334.6m Gross borrowing within the limit. |
| 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. | £591.5m | £334.6m is less than the authorised limit. |
| 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. | £571.5m | £334.6m is less than the operational boundary. |
| Upper Limit on Fixed Rate Interest Rate Exposures (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. | £513.6m | £227.0m |
| Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9) , as above highlighting interest rate exposure risk. | £102.7m | £57.9m |
| Maturity Structure 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. | | |

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| <p>The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.</p> <p>< 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +</p> | <p>0% to 50% 0% to 20% 0% to 30% 0% to 30% 40% to 100%</p> | <p>13% 0% 0% 22% 65%</p> |
| <p>Investments Longer than 364 Days (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.</p> | <p>£30m</p> | <p>£0.0m</p> |