



Cabinet
Audit and Procurement Committee

10th February 2026
16th March 2026

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 Third Quarter Financial Monitoring Report (to December 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 December 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 a projected overspend of £7.0m.

The Council continues to face budget pressures within Adults Social Care, Property Services & Development, City Services and Regeneration & Economic Development. 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 £174m 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 third quarter revenue monitoring position.
- 2) Approve the revised forecast capital outturn position for the year of £174m incorporating: £1.1m net increase in spending relating to approved/technical changes and £11.1m 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 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, 16th March 2026

Will this report go to Council?

No

Report title:**2025/26 Third Quarter Financial Monitoring Report (to December 2025)****1. Context (or background)**

1.1 Cabinet approved the City Council's revenue budget of £296.7m on 25th February 2025 and a Capital Programme of £171.6m. This is the third 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 £7.0m which reflected pressures relating primarily to social care activity and price. Capital spend in 2025/26 is projected to be £174m.

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.

Total Over / (Under) spend at Q2	Service Area	Revised Net Budget	Total Forecast Spend	Total Over/ (Under) Spend at Q3	Swing from Q2 to Q3
£m		£m	£m	£m	£m
2.2	Adult Services and Housing	144.1	147.9	3.8	1.6
0.4	Childrens and Education	123.1	122.4	(0.7)	(1.1)
1.5	City Services	38.9	41.1	2.1	0.6
(4.5)	Contingency & Central Budgets	(44.0)	(52.6)	(8.6)	(4.1)
0.5	Digital Services	0.5	0.7	0.2	(0.3)
0.7	Finance and Resources	13.3	14.6	1.3	0.6
0.0	Legal and Governance Services	11.5	11.7	0.2	0.2
0.3	People and Organisation Development	2.9	3.2	0.2	(0.1)
(0.5)	Planning and Performance	7.7	7.4	(0.3)	0.2
(0.1)	Policy and Communication	0.4	0.4	(0.0)	0.1
1.9	Property Services and Development	(10.7)	(8.5)	2.2	0.3
(0.4)	Public Health	(1.3)	(1.8)	(0.5)	(0.1)
1.3	Regeneration and Economy Development	10.2	12.0	1.7	0.4
3.3	Total	296.7	298.3	1.6	(1.7)

2.2 The overspend position has improved by £1.7m since the second quarter report. An explanation of the major forecast variances is provided below. Further details are provided in Appendix 1 to the report.

Directorate

Adult Services & Housing: £3.8m overspend

The forecast overspends of £3.8m, representing 2.5% of the approved budget and an increase of 1% since Quarter 2. This mainly relates to Adult Social Care due to the costs of purchasing packages of care for adults and older people (£6.2m), which is partially offset by increased client fee income (-£1.4m). 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 and rising costs of support post-annual review, the higher needs and associated costs of cases in Mental Health, growth in residential & nursing care partly due to pressure from individuals exiting other funding arrangements such as Continuing Healthcare, and pressure in Learning Disabilities with a greater number of cases requiring intensive 1:1 support to manage 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.

These pressures are being offset at a directorate level by an underspend in Housing and Homelessness (-£1m) 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: £2.2m overspend

The increase is primarily due to residual holding costs for the City Centre South project, especially void NNDR costs at a forecast of £1.3m. Demolition is progressing, and it's anticipated that the Valuation Office will remove the properties of the rating list acknowledging the lack of beneficial occupation, leading to a cost reduction over time. Other pressures include the management of the deteriorating commercial property assets such as the market and void levels within the portfolio. Operationally the Commercial property team continues to actively manage its portfolio to mitigate this impact.

City Services: £2.1m overspend

Environmental Services & Environmental: £1.6m overspend

The forecast reports both a decline in mortality rates and the purchase of memorialisation items alongside a shift to cremation services rather than burials impacting our income against budget to a value of circa £0.8m. Further pressures have been realised in our Parks and Open spaces for works on vital tree surveys and reduced activities in parks that also impact on car park income and the Travellers Inclusion work concluding to stay with existing provision has meant some existing targets will not be met due to the commercial viability of new proposals.

Waste Disposal: £0.6m overspend

A proportion of these costs relate to the costs associated with non-recyclable waste being put into recycling bins, leading to contamination charges and reduction in recycling rebates. Other costs within Waste are associated with the costs of transport

and management fees at the Civic Amenity sites and the partial non-achievement of Food Waste Savings which is partly offset by additional Garden Waste income and an increase from Fleet services third party services.

Highways 0.1m underspend

This relates to reduced income being forecast against both penalty charge notices and residents parking scheme income at a net cost of £0.4m which is offset by energy price reductions of £0.5m against the Street Lighting scheme

Regeneration and Economic Development £1.7m overspend

The Planning Services division continues to experience financial pressures driven by a decline in planning activities, resulting in lower fee income. Additionally, cultural commercial operations have underperformed against expectations.

Further contributing to the current overspend are higher-than-anticipated costs associated with the repair and replacement of traffic signal assets, which are essential to maintain safe and reliable operation following incidents. Combined with reduced fee income, these factors have placed additional strain on the division's budget.

Finance and Resources £1.3m overspend

The majority of the overspend c£1.6m within this division relates to the Revenue and Benefits service where we are experiencing a number of demand-led pressures including higher transaction fees for receiving card payments, increasing cost of providing support to care leavers and the level of provision made for bad debt. The most significant cost pressure in this area relates to the provision of housing benefit for people in supported accommodation – for which the Council is only partly reimbursed by Government.

Vacancies within other areas of the overall service have brought the divisions overspend down to £1.3m over.

Corporate

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

Contingency and Central: £8.6m underspend

There is a £6.0m surplus forecast on Asset Management Revenue Account. £3.4m of this relates to increases in expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget. Positive cash balances in December 2025 and higher interest rates contributed to reductions in forecast Interest on Borrowing as well increases in Interest Income on cash balances creating a net underspend on Treasury Management activities of £2.6m

Other favourable variances totalling £5.1m, include contingencies held in lieu of National Insurance impact, inflation on contracts and levies. This is being offset by an adverse variance of £2.5m, which is due to a forecast underachievement of 2025/26 One Coventry Programme and Senior Management savings targets.

2.3 Capital

The quarter 3 2025/26 capital outturn forecast is £174m compared with the second quarterly outturn of £184m. Table 3 below updates the budget at quarter 3 to take account of £1.1m of new approved/technical changes and £11.1m 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 64.2% of the programme is funded by external grant monies, whilst 25.1% is funded from borrowing. The programme also includes funding from capital receipts of £17.3m.

Table 3 – Movement in the Capital Budget

CAPITAL BUDGET 2025/26 MOVEMENT	Qtr 3 Reporting £m
Revised Programme (Reported at Q2)	184.0
Approved / Technical Changes (see Appendix 2)	1.1
“Net” (Rescheduling) into future years (See Appendix 3)	(11.1)
Revised Estimated Outturn 2025-26	174.0

RESOURCES AVAILABLE:	Qtr 3 Reporting £m
Prudential Borrowing (Specific & Gap Funding)	43.7
Grants and Contributions	111.8
Capital Receipts	17.3
Revenue Contributions and Capital Reserve	1.2
Total Resources Available	174.0

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 was dominated by the fallout of the US trade tariffs and their impact on financial markets. Equity markets declined sharply which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. The second quarter continued with uncertainty, equity markets made gains and a divergence in US and UK government bond yields started to occur, which had been moving relatively closely together. From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer-term gilts

pushed higher, including the 30-year which hit its highest level for almost 30 years following the budget announcement on 28th November.

UK consumer price inflation (CPI) increased over the period. At March 2025, CPI was 2.6% but going into the new financial year it rose to its peak in July – September at 3.8%. Since September it has started to fall to 3.2% in November still well above the Bank of England's 2% target. Core inflation was 3.4% in March rose to its peak in July but has since fallen to 3.5% in November.

The UK economy expanded by 0.1% within Q3 2025. The production sector contracted by 0.3%, which was driven largely by a fall in manufacturing, alongside mining and quarrying. Within manufacturing, transport equipment experienced a sharp decline, following a cyberattack that significantly disrupted Jaguar Land Rover's operations in September. Services output rose by 0.2%, providing some offset. This was supported by financial services and insurance activities, although professional and technical services weakened. Construction grew by 0.2%, with repair and maintenance activity underpinning growth, while new work declined. Alongside this, business investment and household consumption was revised upwards, suggesting growth was caused more by the private sector rather than government spending. On an annual basis the UK economy grew by 1.3% up to Qtr. 3 with household consumption and government spending both slowing down.

At the beginning of the financial year the bank base rate was 4.5%, since then there have been 0.25bpts cuts in May (4.25%), August (4.0%) and December (3.75%). The Monetary Policy Committee (MPC) voted 5-4 to cut the Bank Rate by 25bpts in December indicating some internal disagreement among committee members.

Long Term (Capital) Borrowing

The net long-term borrowing requirement for the 2025/26 Capital Programme is £28.8m, considering borrowing set out in Section 2.3 above (total £43.7m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£16.9m). 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. 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 31 December 2025 have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2025/26 to Q3	Maximum 2025/26 to Q3	At the end of Q3
5 year	3.66%	4.02%	3.80%
20 year	4.78%	5.36%	4.95%
50 year	4.53%	5.20%	4.78%

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 outweighs any potential savings.

During quarter 3, the Council have not had a need to take out any new borrowing although it was anticipated that some short-term money may have been required in December. This did not come to fruition due to the close monitoring of cashflow and timings of funds received. No further capital repayments have been made since repaying £10m of LOBO loans during the first quarter.

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 4.48% in the third 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 31/03/25 £m	As at 30/06/25 £m	As at 30/09/25 £m	As at 31/12/25 £m
Banks and Building Societies	0.0	0.0	0.0	0.0
Local Authorities	22.5	41.5	10.8	45.0
Money Market Funds	18.7	24.6	39.0	6.8
Corporate Bonds	0.0	0.0	0.0	0.0
HM Treasury	2.5	0.0	0.0	0.0
Total	43.7	66.1	49.8	51.8

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 5.08% since the beginning of the financial year. At 30th November 2025 the pooled funds had a capital value of £28.6m (£27.6m at 31st March 2025), against an original investment of £30m (a deficit of £1.4m). All seven pooled funds show a deficit value but returns remain strong. Although the world economy has shown volatility over the last 12 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 December 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 31 December 2025 the value is -£36.7m (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 31 December 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 £86.1m of existing commitments: -

	Limit	Actual 31 st December 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	33.8	0.2	34.0	26.0
	115.0	85.9	0.2	86.1	28.9

The committed or planned total of £0.2m is predominantly for the balance of loan facility to Coombe Abbey Park Ltd which may not 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 3 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 £7.0m overspend (quarter 3, 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 accepted earlier in the year, 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 have worked proactively 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.

Report author:

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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 cannot 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 not controlled at this local level. The Centralised salaries and Overheads under-spend of £7.7m 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	144.1	147.9	(2.2)	5.9	3.8
Childrens and Education	123.1	122.4	(2.2)	1.5	(0.7)
City Services	38.9	41.1	(1.8)	3.9	2.1
Digital Services	0.5	0.7	(0.1)	0.3	0.2
Finance and Resources	13.3	14.6	(0.2)	1.5	1.3
Legal and Governance Services	11.5	11.7	(0.5)	0.7	0.2
People and Organisation Development	2.9	3.2	(0.1)	0.3	0.2
Planning and Performance	7.7	7.4	(0.5)	0.1	(0.3)
Policy and Communication	0.4	0.4	(0.1)	0.1	(0.0)
Property Services and Development	(10.7)	(8.5)	(0.4)	2.6	2.2
Public Health	(1.3)	(1.8)	(0.0)	(0.5)	(0.5)
Regeneration and Economy Development	10.2	12.0	0.3	1.4	1.7
Contingency & Central Budgets	(44.0)	(52.6)	0.0	(8.6)	(8.6)
Total	296.7	298.3	(7.7)	9.4	1.6

Table 2:

Service Area	Reporting Area	Explanation	£m
Adult Social Care	Strategic Commissioning (Adults)	The underspend is due to New Homes for Old Private Finance Initiative additional client fee income above budget £0.8m and reduced transport costs £0.2m.	(1.0)
Adult Social Care	Internally Provided Services	There are salary underspends arising from vacancies of £0.4m off set by overspends against overtime, agency, & casual pay of £0.6m. Contributing to the underspend is an over-achievement of social care fee income of £0.6m.	(0.4)
Adult Social Care	Community Purchasing	We are currently experiencing ongoing and emerging pressures across various areas of care provision. The main factors contributing to the Q3 overspend are similar to those we have encountered in previous quarters.	

		<p>Firstly, the costs of new care packages have significantly impacted our expenditure. During this period, the new care packages we have commissioned have, on average, been more expensive than those that have concluded, leading to increased spending. Secondly, we are facing pressures related to the support packages in mental health. These pressures are tied to the higher needs of individuals supported in the community and those discharged from long-stay hospital or secure units, rather than an increase in the number of people requiring support. Additionally, there has been strain in supported living arrangements for individuals with learning disabilities. An increased number of cases have required intensive one-on-one support to manage needs safely within community settings, resulting in higher costs. We have also seen growth in residential and nursing care beyond anticipated levels for this year. This growth is partly due to individuals exiting other funding arrangements which has a knock-on impact on Adult Social Care (ASC). Lastly, the costs of support post-annual review for individuals are rising. Increases in review performance results in increased costs to ASC. We remain committed to scrutinising all areas of authorisation to ensure value for money while maintaining the highest standards of care and safeguarding. Moreover, we are working with partners around joint funded packages to update tools and processes used across the health and social care system.</p>	6.2
Housing	Housing and Homelessness	<p>The underspend is mainly due to a £1.9m 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 delays in projects opening costing £0.8m including Ribbon Court and the Single Homelessness Accommodation Programme (SHAP project) which are both being progressed by external housing providers and the £0.8m continuing increase in temporary Accommodation cost. Staffing and other cost underspends total £0.7m.</p>	(1.0)
TOTAL Adult Services & Housing			3.8

Children's Services	Children's Services Management Team	This underspend is primarily due to the cost of social worker recruitment and retention initiatives being lower than anticipated when the budget was set.	(0.2)
Children's Services	Corporate Parenting and Sufficiency	There is a £2.8m forecast overspend on homes for children in care. The overall number of children in residential care is lower than our financial planning assumptions, however a greater proportion are currently accommodated in more costly external spot placements which is offsetting the benefit of reduced activity. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs is forecast to be lower than budgeted.	2.6
Children's Services	Help & Protection	Social work case holding teams are forecast to underspend by £1.1m due to reduced levels of agency staff and overall case numbers. Section 17 budgets are forecasting to underspend by £0.6m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help are forecasting to underspend by £0.9m 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.	(2.4)
Children's Services	Children in Care, Children with Disabilities & Care Leavers	The Care Leavers budget is forecast to underspend by £0.4m, this is in line with last year and is an area of budget which is being reviewed moving forwards. In addition, there are forecast underspends of £0.3m, primarily due to staffing, across the Children in Care and Throughcare services.	(0.9)
Children's Services	Safeguarding Practice and Workforce	There is an overall pressure of £0.3m primarily linked to safeguarding training income which is forecast to be below the budgeted target and agency costs relating to the Local Authority Designated Officer (LADO) function.	0.2

Education Services	Education Improvement	<p>An underspend of circa £0.3m across historic pension costs and the data team is partly offset by an overspend across Schools Trade Union. Historic pension costs expenditure will continue to reduce over time as there are no new commitments against this. The overspend position on Schools Trade Union is linked to inflation and lower amounts of delegated funding.</p>	(0.1)
Ringfenced Funding – Dedicated Schools Grant (DSG)	SEND & Specialist Services	<p>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 Q3 budgetary control the forecast in-year deficit has decreased to £1.5m.</p> <p>Expenditure against Special Schools, Mainstream Schools, Other Local Authority Schools (OLA's), Independent Specialist Placements (ISP's), Education Other Than at School (EOTAS) and Further Education is forecast to be £1.0m higher than budgeted.</p> <p>This is being offset by an underspend of £0.3m against Enhanced Resource Provisions (ERP's), due to the reprofiling of opening dates for new settings. There is also a forecast underspend of £0.7m across SEND Support Services, Personal Budgets, and Speech & Language Therapy.</p> <p>The overall position is being supported by a positive import / export adjustment and supplementary grant funding announced by the government to support with the cost of pay awards and national insurance contributions for centrally employed teachers which was unbudgeted.</p>	1.5

Ringfenced Funding – Dedicated Schools Grant (DSG)	Schools	There is a £0.9m forecast overspend against the Early Years block which 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. This is offset by a forecast £0.1m underspend against the Growth Fund and a forecast £0.1m underspend against the maintained school's maternity de-delegation budget.	0.6
Ringfenced Funding – Dedicated Schools Grant (DSG)	Education Entitlement & Enrichment Services	This is a combination of several small variances across the service, primarily due to staffing.	(0.1)
Ringfenced Funding – Dedicated Schools Grant (DSG)	Education Improvement	This is a combination of a small forecast underspend against the de-delegated New Arrivals Fund and staffing underspends across the service.	(0.1)
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.	(1.8)
TOTAL Children's and Education			(0.7)
Highways	Parking	This pressure is due to - not achieving Penalty Notice Income (Bus Lane & Parking Enforcement) £592k and - not achieving targets set in relation to Residents parking schemes £140k and Shopmobility £46k. This is partly offset by additional Car Park income of £421k	0.3
Highways	Traffic	This is primarily due to reduced energy costs on the Street Lighting Private Finance Initiatives (PFI).	(0.5)
Transport Policy & Innovation	Transport Policy	This forecast variance is attributed to a combination of factors including higher-than-expected energy costs associated with traffic signal and Urban Traffic Management and Control (UTMC) operation and expenses associated with road traffic collisions which require immediate repairs to make safe and maintain operation of traffic signal assets. In addition, highway fee income associated with	0.3

		external works and development-related activities has been lower than anticipated; all of which have contributed to the overall variance. To address this, alternative funding sources are being actively reviewed, and resources are being reallocated where possible to minimise the overall variance.	
Environmental Services	Street pride & Parks	The forecast outturn is made up of several different elements: Reduced death rates (locally and nationally) and the increase in the cost of living, Cremation, Burial and Memorialisation income is significantly reduced £769k; Parks & Open Spaces - Mandatory Tree Surveys £169k, reduced Car Park income £207k, reduced income from Events & Activities £156k and non-achievement of a savings target relating to Traveller Incursions £150k.	1.6
Environmental Services	Waste & Fleet Services	<p>Waste Disposal pressures account for £435k of this overspend, partly due to contamination costs of 131k, lower than expected recycling rebates £375k and partly due to variations in tonnage/gate fees -71k. This includes an increase in the Civic Amenities (CA) Site Management fee which is mostly due to increased transport costs.</p> <p>Pressures in Domestic Refuse and Recycling: include c£188k relating to increase transport/disposal of nitrous oxide cannisters costs at the Waste Transfer Station (WTS), Collection costs c£352k (which includes non-achievement of a savings target re: Food Waste & the cost of Christmas Collections). These are partly offset by some additional income in Fleet c-£100k; additional Garden Waste income c-£290k and some miscellaneous over/underspends c£8k.</p>	0.5
City Services		Variances below £100k	(0.1)
TOTAL City Services			2.1
Finance & Resources	Revenues and Benefits	In addition to pressures related to an 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	1.6

		increase in the provision for bad debt, uncontrollable increased costs of partially subsidised accommodation have caused further budget pressures within the housing benefits subsidy service.	
Finance & Resources	Financial Management	Ongoing vacancies in the service area are under active recruitment but result in a forecasted underspend.	(0.1)
Finance & Resources		Variances below £100k	(0.2)
TOTAL FINANCE & Resources			1.3
Digital and Customer Services	ICT & Digital	The ICT overspend relates to an ongoing pressure arising from under-recovery of schools and academies income from our traded services. Work continues to have plans to try to improve the position, but this remains an area of challenge.	0.2
TOTAL Digital Services			0.2
Legal and Governance Services	Legal Services	Legal Services forecasted agency staff costs has reduced from £680k in 24-25 to £336k in 25-26 and is fully funded by vacancy savings. However, the Service has a vacancy savings target of £350k and this is driving the overall adverse forecast variance.	0.2
Legal and Governance Services	Coroner & Register Office	25-26 forecasted one off costs of the extraordinary coroner's enquiry are £295k.	0.1
Legal and Governance Services	Procurement	Prompt payment rebates have increased and are expected to outperform targets in 25-26. Vacancies in the area are being held whilst the service undergoes a structure review to maximise these opportunities.	(0.1)
Legal and Governance Services	Regulatory Services	Service areas have undergone significant restructures in recent months and vacancies are actively being recruited the underspend reflects the timing to fill roles	(0.1)
Legal and Governance Services		Variances below £100k	0.1
TOTAL Legal and Governance Services			0.2

People and Organisation Development	HR and Workforce Development Management	During the financial year, the Council invested in an organisational culture change programme for circa 500 staff, to enhance skills and improve performance.	0.1
People and Organisation Development	Employment Services	To implement the payroll restructure vacancies have been held in posts that were 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)
People and Organisation Development	Employment Policy & Practice	The unfunded Council Job Evaluation team continues to drive the overspend in the People Directorate.	0.1
People and Organisation Development	Facilities & Property Services	Facilities Management have had increases in income & savings targets whilst also receiving a reduction in the maintenance budget therefore currently forecasting an overspend of circa £150K. Management action is taking place to attempt to reduce this further	0.1
TOTAL People and Organisation Development			0.2
Planning & Performance	Customer and Business Services	Staffing underspends of £0.7m due to the wider service actively managing vacancies which align to corporate change initiatives while future staffing models are determined. This is offset by increased printing, postage and equipment renewal costs.	(0.5)
Planning & Performance	Libraries, Advice, Health & Information Services	Libraries budget overspend relates principally to under delivery of anticipated income across Public Libraries and the School Library Service. Additionally, we are currently forecasting an unexpected £70k ICT commitment this financial year because of worldwide support for Windows 10 ending. We expect to deliver related underspends on ICT for the next two financial years creating a longer-term balanced budget position. Income Generation and Staff Turnover Savings Targets continues to be monitored with the view to reduce the deficit position.	0.2
TOTAL Planning and Performance			(0.3)
Policy & Communication		Variance below £100k	(0.0)
TOTAL Policy and Communication			(0.0)

Property Services and Development	Commercial Property and Development	Variance relates to holding costs being charged to the service 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, including ever increasing costs associated with deteriorating property assets such as Coventry Market and older industrial estates	2.0
Property Services and Development	PSD Management & Support	Variance relates to unachievable income target for this year, but service plan demonstrates an improved position from next year.	0.2
TOTAL Property Services and Development			2.2
Public Health	Migration	This represents an underspend on Our Coventry Programme contract and overheads due to utilisation of other grant funding.	(0.5)
TOTAL Public Health			(0.5)
Regeneration and Economy Development	Culture, Sports & Events	The forecast deficit of £668k principally arises from a shortfall in commercial income for 2025/26 and higher energy costs than budget. While some smaller positive adjustments have helped mitigate the position, further mitigating actions will be required in Quarter 4.	0.6
Regeneration and Economic Development	Economic Development service (EDS)	EDS (Economic Development service) has generated surplus by maximisation of grant income to the service and earnings from delivery of contract programmes to external partners.	(0.2)
Regeneration and Economic Development	Regeneration & Economy Management Support	The variance predominantly relates to a shortfall against the income target for sponsorship and commercial activity. £100k is now forecast to be achieved by the end of 2025/26 against a target of £375k, leaving a shortfall of £275k. This is a £55k variance from Quarter 2, driven by slippage on two high-value income projects due to dependencies around technical design/approvals and installation programme sequencing. Work continues to progress delivery and bring forward other pipeline opportunities where possible to improve the overall position.	0.3
Transport Policy & Innovation	Transport Policy	This forecast variance is attributed to a combination of factors including higher-than-expected energy costs associated with traffic	0.3

		signal and Urban Traffic Management and Control (UTMC) operation and expenses associated with road traffic collisions which require immediate repairs to make safe and maintain operation of traffic signal assets. In addition, highway fee income associated with external works and development-related activities has been lower than anticipated; all of which have contributed to the overall variance. To address this, alternative funding sources are being actively reviewed, and resources are being reallocated where possible to minimise the overall variance.	
Development Management	Planning Services	The income target for planning application fees, level of development interest is influenced by a range of factors outside of the Council's control. The current forecast is based on actual to date and the overall planning application activity in Coventry remains broadly in line with national trends. Coventry progressing with plan making and engagement with national policy evolution. Anticipated recruitment to several vacant posts is required to continue to meet requirement of legislation.	0.7
TOTAL Regeneration and Economy Development			1.7
Contingency & Central Budgets	Revenue AFC	favourable variances totalling £5.1m, include contingencies held in lieu of National Insurance impact, inflation on contracts and levies. This is being offset by an adverse variance of £2.5m, which is due to a forecast underachievement of 2025/26 One Coventry Programme and Senior Management savings targets.	(2.6)
Contingency & Central Budgets	Treasury Management	There is a £6.0m surplus forecast on Asset Management Revenue Account. £3.4m of this relates to increases in expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and Birmingham Airport dividend income, above that assumed in the base budget. Positive cash balances in December 2025 and higher interest rates contributed to reductions in forecast Interest on Borrowing as well increases in Interest Income on cash balances creating a net underspend on Treasury Management activities of £2.6m	(6.0)

TOTAL Contingency & Central Budgets	(8.6)
Total Outturn Variances	1.6

Appendix 2

Capital Programme Approved / Technical Changes

SCHEME	EXPLANATION	£m
Highways Maintenance & Investment	<p>The WMCA has been awarded funding to carry out decarbonisation trials as part of the Centre of Excellence for Decarbonising Roads (CEDR).</p> <p>WMCA have awarded £1m to Coventry City Council for trials of asphalt preservation, rejuvenation and resurfacing products at Broad Lane, Willenhall Lane, Jimmy Hill Way and Ring Road Junctions 2-4.</p>	1.0
Miscellaneous	Schemes below £250k reporting threshold	0.1
TOTAL APPROVED / TECHNICAL CHANGES		1.1

Appendix 3

Capital Programme: Analysis of Programme Acceleration/(Rescheduling)

SCHEME	EXPLANATION	£m
City Centre Cultural Gateway	A revised cashflow from the contractor identifies £6m of rescheduling into 2026-27, this reflects an amendment to phased payment projections. The programme is still expected to complete during 2026	(6.1)
Vehicle & Plant Replacement	Expenditure to the tune of £1.4m is rescheduled into next financial year due to a delay in the delivery of 7 Refuse vehicles. The vehicles are on order but are not due to be delivered until after March 2026.	(1.4)
Education Programme - Basic Need	Pearl Hyde project has now been split into two phases, prioritising the internal works to create the learning space for reception pupils. This has caused a slight delay to the main works, to ensure the first phase was handed over for the beginning of the academic year. There has also been a delay in obtaining planning consent for Baginton school along with the completion of the tender process to ensure compliance.	(1.4)
Housing Venture	There is no defined plan for joint venture schemes with Citizen this financial year, therefore funding is rescheduled into next year.	(1.0)
Street Lighting - LED Upgrade	A delay in receiving delivery of Street Lighting lanterns from the manufacturer has resulted in fewer lanterns being installed on site than programmed. The delay is due to have an impact until March resulting in £1m rescheduling into next financial year.	(1.0)
ICT	The implementation of the adult social care access system will take place over 2 financial years, this element of rescheduling recognises the spend to be incurred in 2026-27.	(0.4)
Miscellaneous	Schemes below £250k reporting threshold.	0.2
TOTAL RESCHEDULING		(11.1)

Appendix 4

Prudential Indicators

Indicator	per Treasury Management Strategy 2025/26	As at 31 st December 2026
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%	14.03%
Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31st March 2025 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	£335.8m 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	£335.8m 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	£335.8m 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	-£36.7m

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