

Cabinet  
Audit and Procurement Committee  
Council

7th July 2026  
27th July 2026  
8<sup>th</sup> September 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:**

**Revenue and Capital Outturn 2025/26**

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**Is this a key decision?**

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

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**Executive Summary:**

This report outlines the final revenue and capital outturn position for 2025/26, and reviews treasury management activity and 2025/26 Prudential Indicators reported under the Prudential Code for Capital Finance.

The overall financial position includes the following headline items:

- An underspend of **£3.2m**, balanced by a contribution to earmarked reserves.
- Capital Programme expenditure of **£154.3m**
- An increase in the level of available Council revenue reserves from £119m to **£145m**

The Council has faced significant pressures within Adults Social Care, 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 underlying revenue position has improved by £4.8m since Quarter 3 where an overspend of £1.6m was being forecast. The majority of the improved position relates to improvements in City Services within both Environmental Services & Highways, as well as an improved position in Property Services and Development following the recognition and removal of the City Centre South demolished properties from the National Non-domestic Rates (NNDR) rating list by the Valuation Office, and finally significant improvements realised in demand for Temporary Accommodation. These improvements are set out in section 2.1.4 in the report.

### **Recommendations:**

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

1. The final balanced revenue outturn position after a contribution of £3.2m to reserves.
2. The final capital expenditure and resourcing position (section 2.3 and Appendix 2 of the report), incorporating expenditure of £154.3m against a final budget of £180.8m; £26.5m expenditure rescheduled into 2026/27.
3. The outturn Prudential Indicators position in section 2.4.4 and Appendix 3 of the report.

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

4. Approves the contribution to reserves of £3.2m for the purposes described in Section 5.1 of the report.

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

1. Approve the contribution to reserves of £3.2m for the purposes described in Section 5.1 of the report.

#### **Audit and Procurement Committee is recommended to:**

1. Consider the contents of the report and determine whether there are any issues which it wants to refer to the Cabinet Member for Strategic Finance and Resources.

#### **List of Appendices included:**

|            |                                                        |
|------------|--------------------------------------------------------|
| Appendix 1 | Detailed breakdown of Directorate Revenue Variations   |
| Appendix 2 | Capital Programme Changes and Analysis of Rescheduling |
| Appendix 3 | Prudential Indicators                                  |

#### **Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

Yes - Audit and Procurement Committee 27<sup>th</sup> July 2026

**Will this report go to Council?**

Yes – 14<sup>th</sup> July 2026

## Report title: Revenue and Capital Outturn 2025/26

### 1. Context (or background)

- 1.1 This report sets out the Council's revenue and capital outturn position for 2025/26 and performance against its Prudential Indicators for the year. The City Council set a revenue budget for the year of £296.7m and has a revised Capital Programme of £180.8m.
- 1.2 The reported figures show the Council's financial position in relation to management accounts used to monitor performance through the year. The Audit and Procurement Committee will consider separately the Council's statutory Statement of Accounts.

### 2. Options considered and recommended proposal.

#### 2.1 Revenue Outturn

- 2.1.1 Table 1 below summarises the outturn position for each division and the required contribution to reserves to achieve a balanced position for the Council.

**Table 1 Summary Outturn Position**

| Quarter 3<br>Forecast<br>Variance |                                          | Revised<br>Budget | Final<br>Outturn | Outturn<br>Variance<br>over/(under)<br>spend | Movement<br>from Q3<br>worse/<br>(better) |
|-----------------------------------|------------------------------------------|-------------------|------------------|----------------------------------------------|-------------------------------------------|
| £m                                |                                          | £m                | £m               | £m                                           | £m                                        |
| 3.8                               | Adult Services & Housing                 | 145.9             | 148.0            | 2.1                                          | (1.7)                                     |
| (0.7)                             | Children and Education                   | 123.3             | 121.8            | (1.5)                                        | (0.8)                                     |
| 2.1                               | City Services                            | 38.9              | 39.0             | 0.1                                          | (2.0)                                     |
| (8.6)                             | Contingency & Central Budgets            | (47.9)            | (55.5)           | (7.6)                                        | 1.0                                       |
| 0.2                               | Digital Services                         | 0.6               | 0.5              | (0.1)                                        | (0.3)                                     |
| 1.3                               | Finance & Resources                      | 13.3              | 14.3             | 1.0                                          | (0.3)                                     |
| 0.2                               | Legal & Governance Services              | 11.5              | 11.7             | 0.2                                          | 0.0                                       |
| 0.2                               | People and Organisational<br>Development | 3.0               | 3.9              | 0.9                                          | 0.7                                       |
| (0.3)                             | Planning and Performance                 | 7.0               | 6.5              | (0.5)                                        | (0.2)                                     |
| 0.0                               | Policy and Communication                 | 0.4               | 0.3              | (0.1)                                        | (0.1)                                     |
| 2.2                               | Property Services and<br>Development     | (10.8)            | (10.3)           | 0.5                                          | (1.7)                                     |
| (0.5)                             | Public Health                            | 1.4               | 0.9              | (0.5)                                        | 0.0                                       |
| 1.7                               | Regeneration and Economic<br>Development | 10.1              | 12.4             | 2.3                                          | 0.6                                       |
| 1.6                               | <b>SUBTOTAL</b>                          | <b>296.7</b>      | <b>293.5</b>     | <b>(3.2)</b>                                 | <b>(4.8)</b>                              |
|                                   | Contribution to reserves                 |                   |                  | 3.2                                          |                                           |
| 1.6                               | <b>TOTAL</b>                             | <b>296.7</b>      | <b>293.5</b>     | <b>0.0</b>                                   |                                           |

## **2.1.2 Explanation of variations**

The final outturn position has shifted from a forecast £1.6m overspend at quarter 3 to an underspend of £3.2m at the end of the financial year.

## **2.1.3 Movement from quarter 3 forecast**

Most services have improved or maintained their quarter 3 position. The most significant favourable movement since quarter 3 reporting are in:

### **City Services (£2.0m improvement)**

The Directorate reported a £2.1m overspend at quarter 3, driven by pressures of £2.2m within Environmental Services, partially offset by a £0.1m underspend in Highways. While some of these pressures remain, the Directorate has made significant progress in improving its financial position and is now forecasting a reduced overspend of £0.1m. This represents a substantial achievement.

The improved position has been supported by strong performance within the Highways division, which is now forecasting a £1m underspend. This has been achieved through increased income from car parking, enhanced enforcement activity, improved recovery rates and significant savings in energy costs within the street lighting service.

Environmental Services continues to report a pressure, now forecast at £1m, an improvement since Quarter 3. This reduced pressure reflects lower forecast costs, savings arising from delays in recruitment and reduced running costs, alongside increased uptake of the Garden Waste service.

### **Property Services and Development (£1.7m improvement)**

The residual holding costs for the City Centre South project, forecast at quarter 3 included the costs for void National Non-Domestic rates (NNDR). The Valuation Office have now recognised that properties are either or demolished and have been removed from the rating list the cost reduction over time has now been realised.

### **Adult Services and Housing (£1.7m improvement)**

The directorate reported a forecast a £3.8m overspend at Quarter 3, at outturn this position has improved by £1.7m mainly due to improvements in the Housing and Homelessness division. The previous forecast for Temporary Accommodation (TA) was based on best available data, recognising that demand for TA is subject to several external variables. In previous quarters the numbers of families seeking support for TA had begun to plateau but there was no indication as to whether this could be relied upon as a changed position or if we were to expect a surge in demand as a result. This improved position continued and there has since been a genuine reduction in the number of families requiring support which, alongside some unplanned variation in costs compared with the model for forecasting TA expenditure, has resulted in an overall improvement of £1m. The other main improvement relates to a £0.4m higher level of income in Housing than previously forecast.

#### **2.1.4 Final Outturn Position**

An explanation of the major variances contributing to the final outturn position are discussed below:

##### **Regeneration and Economic Development (£2.3m overspend)**

Planning Services continues to experience financial pressures circa £1.2m driven by than lower than expected planning fee income against an ambitious income target. Additionally, cultural and commercial operations have underperformed against expectations circa £1.1m overall.

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.

##### **Adult Services & Housing (£2.1m overspend)**

There is a £6.6m pressure in Adult Social Care (ASC) due to the costs of purchasing packages of care for adults and older people, which is partially offset by increased client fee income of £1.6m. 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 ASC pressures are being offset at a directorate level by an underspend in Housing and Homelessness of £2.9m which is mainly due to an increase in grant funding for 25/26 of £1.9m, 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 of £0.8m. There is also an underspend on the costs of delivering Temporary Accommodation of £0.4m following a reduction in the number of families requiring support. Other underspends include staffing and other expenses at £0.9m as well as additional income above the amount budgeted of £0.4m.

##### **Finance and Resources (£1.0m overspend)**

The majority of the £1.0m overspend relates to the Revenue and Benefits service where we are experiencing several 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 the Revenue and Benefits service relates to the provision of housing benefit for people in supported accommodation – for which the Council is only partly reimbursed by Government.

##### **Childrens and Education (£1.5m underspend)**

There is an overspend of £2.8m against homes for children in care. This is attributed to the overall number of children in residential care being lower than our financial

planning assumptions, however a greater proportion were accommodated in more costly external spot placements which offset the benefit of reduced activity. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs was lower than budgeted. There was an overspend of £0.4m against the no recourse to public funds (NRPF) budget due to there being an increased number of families who required support.

These overspends were more than offset by underspends elsewhere across the division. Social work case holding teams underspent by £1m due to reduced levels of agency staff and overall demand. Section 17 budgets underspent by £0.7m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help underspent by £0.9m due to staffing vacancies and utilisation of grant funding where appropriate. The remaining £0.9m balance is a combination of other smaller variances across the service.

### **Contingency and Central (£7.6m Underspend)**

There is a £7.0m 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 the final quarter 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 £3.6m

Other favourable variances totalling £2.1m in Central Budgets, include contingencies held in lieu of National Insurance impact, inflation on contracts and levies. This is being offset by an adverse variance of £1.5m, which is due to a forecast underachievement of 2025/26 One Coventry Programme.

## **2.2 Reserves**

2.2.1 The Council's revenue reserve balance at the end of 2025/26 is £145m compared with £119m at the end of 2024/25. Adult Social Care resources represent the largest in year increase and a new reserve was set up relating to a change in accounting treatment for funds related to Adopting Highways. Resources set aside to support the Business Rates Income Smoothing Reserve, Housing Enforcement Licencing Fees Reserves, and Childrens Services Contingency Fund and Management of Capital account for the majority of the remaining increase.

2.2.2 The £3.2m relating to the 2025/26 underspend has been transferred into the Financial Risk Contingency to support the council's resilience for future financial shocks, increasing this reserve to £16.8m.

2.2.3 Balances generated from capital receipts and capital grants to fund future capital projects have increased from £48m to £80m. The majority of this increase relates to £23m being held for Education Capital Basic Needs Programme and £28m held in the Capital Programme for City Centre South planned works.

2.2.4 And reserve balances belonging to or earmarked to support schools have reduced from £40m to £38m. The total reserve movement in 2025/26 is summarised in the table below.

**Table 3 Summary of Reserve Movements in 2025/26**

|                                                 | <b>1st Apr<br/>2025<br/>£000</b> | <b>(Increase)/<br/>Decrease<br/>£000</b> | <b>31st Mar<br/>2026<br/>£000</b> |
|-------------------------------------------------|----------------------------------|------------------------------------------|-----------------------------------|
| <u>Council Revenue Reserves</u>                 |                                  |                                          |                                   |
| General Fund Balance                            | (10,277)                         | 0                                        | (10,277)                          |
| Adult Social Care                               | (14,768)                         | (7,279)                                  | (22,047)                          |
| Financial Risk Contingency                      | (13,268)                         | (3,553)                                  | (16,821)                          |
| Commercial, Reset & Innovation                  | (12,204)                         | 9                                        | (12,195)                          |
| Business Rates Income Reserve                   | (9,189)                          | (2,759)                                  | (11,948)                          |
| Early Retirement and Voluntary Redundancy       | (7,241)                          | (1,192)                                  | (8,433)                           |
| Management of Capital                           | (6,365)                          | (960)                                    | (7,325)                           |
| Public Health                                   | (4,557)                          | (952)                                    | (5,508)                           |
| Adopted Highways                                | 0                                | (4,375)                                  | (4,375)                           |
| Refugee Resettlement Programme                  | (3,618)                          | (453)                                    | (4,071)                           |
| Private Finance Initiatives                     | (4,137)                          | 85                                       | (4,052)                           |
| Enforcement Licence Fees                        | (908)                            | (1,011)                                  | (1,919)                           |
| Childrens Services Contingency Fund             | (444)                            | (1,116)                                  | (1,561)                           |
| Friargate One Lifecycle Costs                   | (1,594)                          | 115                                      | (1,480)                           |
| ICT Replacement Programme                       | (1,225)                          | (88)                                     | (1,313)                           |
| Insurance Fund                                  | (780)                            | (468)                                    | (1,248)                           |
| CRSTS Revenue Capacity Funding                  | (432)                            | (808)                                    | (1,239)                           |
| Homes for Ukraine                               | (1,196)                          | 14                                       | (1,183)                           |
| Other Directorate                               | (18,960)                         | 226                                      | (18,732)                          |
| Other Corporate                                 | (8,235)                          | (755)                                    | (8,990)                           |
| <b>Total Council Revenue Reserves</b>           | <b>(119,397)</b>                 | <b>(25,320)</b>                          | <b>(144,718)</b>                  |
| <u>Council Capital Reserves</u>                 |                                  |                                          |                                   |
| Useable Capital Receipts Reserve                | (15,167)                         | 10,424                                   | (4,743)                           |
| Capital Grant Unapplied Account                 | (32,607)                         | (42,186)                                 | (74,793)                          |
| <b>Total Council Capital Reserves</b>           | <b>(47,774)</b>                  | <b>(31,762)</b>                          | <b>(79,536)</b>                   |
| <u>Schools &amp; Central DSG Reserves</u>       |                                  |                                          |                                   |
| Schools (specific to individual schools)        | (23,896)                         | 1,718                                    | (22,178)                          |
| Central DSG Reserve                             | (16,130)                         | 190                                      | (15,940)                          |
| <b>Total Schools &amp; Central DSG Reserves</b> | <b>(40,026)</b>                  | <b>1,908</b>                             | <b>(38,118)</b>                   |
| <b>Total Reserves</b>                           | <b>(207,197)</b>                 | <b>(55,174)</b>                          | <b>(262,372)</b>                  |



2.2.5 Adult Social Care resources represent the largest area of balances. These are overwhelmingly funded through ring-fenced grant and health sector resources for the delivery of jointly managed pooled budget arrangements with Health. In addition to these, the revenue reserve balances include £12m set aside as Commercial, Reset & Innovation approved previously, £12m is set aside for the Business Rates Income smoothing reserve, £8m is set aside to fund costs arising from early retirement and redundancy decisions and another £7m is set aside for Management of Capital which represents planned Revenue contribution to the Capital Programme.

2.2.6 A new reserve created for Adopted Highways (£4.3m) relates to a change in the recognised accounting treatment of service funds previously held as creditors. Recent reviews of the agreements surrounding S38 and S278 Highway adoptions has removed the risk that the Council will be required to return these funds and therefore they are required to be recognised as reserves not creditors.

2.2.7 In line with existing practice, analysis of these balances will be undertaken as part of a wider exercise examining the Council's financial position in 2026/27 and going forward.

2.2.8 The Council's central dedicated schools grant (DSG) reserve balance at the end of 2025/26 is £15.9m compared with £16.1m at the end of 2024/25. In 2025/26 there was an overspend of £1.2m against the High Needs Block which primarily funds educational provision for children and young people with SEND. There was an underspend of £0.8m against the Early Years Block which funds childcare for children aged 9 months to 4 years. This is primarily because January 2026 activity levels were lower compared to those used by the DfE to calculate our indicative funding allocation. Our 2025/26 allocation will be adjusted retrospectively in July 2026 to account for this, meaning the impact will be felt as a cash reduction in 2026/27. This cash reduction will be applied against our DSG reserve balance.

## 2.3 Capital Outturn

2.3.1 The capital outturn position for 2025/26 is shown in summary below and in greater detail in Appendix 2 to the report:

**Table 4: Capital Outturn Summary**

| Final Budget<br>£m | Final Spend<br>£m | Net Rescheduling<br>Now Reported<br>£m |
|--------------------|-------------------|----------------------------------------|
| 180.8              | 154.3             | (26.5)                                 |

The quarter 3 monitoring report to Cabinet on 10th February 2026 approved a revised capital budget of £173.9m for 2025/26. Since then, there has been a net programme increase of £6.9m giving a final budget for the year of £180.8m. Since February, a total of £26.5m net rescheduled spending has arisen within the capital programme. A scheme-by-scheme analysis is included in Appendix 2. A summary of key schemes is in the table below.

**Table 5: Summary of Rescheduling**

| <b>Project</b>                                                                                   | <b>(Rescheduling) /Accelerated Spend £m</b> | <b>Explanations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Coventry Very Light Rail (CRSTS Programme)                                                       | (5.2)                                       | The rescheduling is largely due to, detailed design programme adjustments, delay to conclusion of installation contract due to design adjustments and revised methodology for the CVLR vehicle programme.                                                                                                                                                                                                                                                                                                                                                                       |
| City Centre South                                                                                | (3.0)                                       | Predominately, the movement on City Centre South reflects some changes to the profile of demolition spend compared to earlier forecasts, slipping spend from 2025/26 to Q1 2026/27. Demolition on the scheme has now almost completed with only a few buildings remaining to be demolished as at 31st March 2026 and the project remains on course to commence the construction phase in early 2026/27.                                                                                                                                                                         |
| Highways, Local Network Improvement Plan and Coventry South Transport Packages (CRSTS Programme) | (7.5)                                       | The rescheduling is primarily due to a delay in design and delivery following land negotiations, scheme sequencing challenges and design refinements after public engagement and consultation for the Coventry South transport packages being delivered around London Road. The remaining rescheduling is due to timing and delivery uncertainties and extended public engagement.                                                                                                                                                                                              |
| Woodlands School (Education Programme)                                                           | (2.1)                                       | Woodlands project programme has recently been rescheduled because of changes to phasing and delivery of works. This is mainly due to detailed window and door designs which required additional planning approvals.                                                                                                                                                                                                                                                                                                                                                             |
| Residential Children's Homes Strategy 2023-2026                                                  | (0.6)                                       | Despite CCC efforts, there were delays in acquiring land to build the Children with Disabilities 2 home on. When land conversations were picked back up, it was decided to pause on the delivery of the home to allow for a comprehensive review informed by an updated analysis of need. This ensures that future accommodation provision is closely aligned with the current and emerging needs of children and young people in Coventry, which will support a sustainable strategy and help to futureproof both service delivery and the effective use of Council resources. |
| New Collection Centre - City Centre Cultural Gateway                                             | (5.8)                                       | The City Centre Cultural Gateway is a large and complex regeneration scheme and is now firmly within its main construction phase. While overall progress on site remains positive, the project has encountered several challenges during the financial year, primarily arising from changes to building                                                                                                                                                                                                                                                                         |

|                                                               |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                               |               | <p>regulations and the need to determine the most appropriate compliance approach.</p> <p>These issues have resulted in some programme delay and have prevented certain planned works from being completed within the original timeframe, leading to the current financial slippage. The Project Team remains confident that efficiencies and programme recovery can be achieved, and that the scheme will be completed by the end of the year.</p> |
| Family Temporary Accommodation - Local Authority Housing Fund | (0.6)         | The reported rescheduling relates to the capital LAHF3 programme for the acquisition of temporary accommodation. This reflects an underspend on the programme and will be reprofiled into 2026/27 and aligned with the next phase of delivery under the LAHF4 programme and for continued investment in temporary accommodation provision.                                                                                                          |
| Other                                                         | (1.7)         | Smaller schemes combined                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>TOTAL</b>                                                  | <b>(26.5)</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

2.3.2 The 2025/26 programme continued to maintain a significant investment in the city's transport and public infrastructure, including schemes demonstrating an increasing engagement with environmental initiatives and a range of other projects showing the Council's desire to make Coventry an attractive place to live, work and do business:

- £27.4m has been spent on transport and highways infrastructure across a range of both major and minor schemes. This has included completion of segregated cycling facilities on London Road, between the junction with Humber Road/Allard Way (the 'ASDA roundabout') and the junction with Abbey Road as part of the CRSTS funded Coventry South Transport packages. The remaining packages of the London Road corridor will be completed in 2026-27. Ongoing infrastructure schemes to improve and maintain the city's highways via the City Region Sustainable Transport Settlement (CRSTS) for Highways Maintenance and our Local Network Improvement Plan continue to be delivered.
- A further £16.6m has been spent on City Centre South, this has predominantly been on demolition, which is now almost complete with only a few buildings remaining to be demolished.
- Further programme spend of £4m has been made in 2025/26 on the fit-out costs of several floors at Two Friargate.
- £6.2m further expenditure of the £21m infrastructure project to prepare the Coventry airport site for development as part of the West Midlands Investment Zone, which will focus on advanced manufacturing.

- £6.6m Active Travel spend to support walking, cycling, and sustainable transport infrastructure has included the delivery of Canley Ford cycleway extension along the A45 and the continuation of Binley Cycleway along Clifford Bridge Road that will complete in Quarter 1 of 2026-27.
- There have been works totalling £21.6m across the school's property estate as part of the One Coventry Strategic Plan. There has been an increasing focus now on providing additional capacity in secondary schools across the city to meet the growing numbers amongst the secondary in-take.
- A further £14.6m spend has been incurred on the continued delivery of Woodlands School, the programme is scheduled to complete in 2026-27.
- Continued grant funding investment in Climate Change has resulted in £0.8m Mayoral Renewable funding in delivering Solar PV on Sidney Stringer MAT and Coventry College buildings using the Strategic Energy Partnership (SEP) contract. This process has enabled larger Solar PV schemes to be delivered compared to what each organisation could have delivered independently. Climate change grant investment continues into 2026/27
- The council continues to deliver the Local Authority Housing Programme (LAHF) as it increases the Temporary Accommodation capacity across the city. This year has seen a further £5.4m expenditure in purchasing accommodation.
- The City Centre Cultural Gateway is a large and complex regeneration scheme, and this financial year has progressed to the main construction phase incurring expenditure of £21.1m. The programme will continue into 2026-27.
- A range of smaller scale but not insignificant schemes have advanced including investment in the Councils Information Communication Technology (ICT) and continued investment in Disabled Facilities Grants.

2.3.3 The funding in respect of this capital expenditure of £154.3m is summarised in Table 7 below. Approximately 61% of the programme has been resourced from capital grants.

**Table 7: Capital Funding**

|                                | Funding the Programme<br>£m | Available Resources<br>£m | Resources Carried Forward<br>£m |
|--------------------------------|-----------------------------|---------------------------|---------------------------------|
| Prudential Borrowing           | 34.9                        | 34.9                      | 0                               |
| Grants and Other Contributions | 93.7                        | 166.2                     | (72.5)                          |
| Revenue Contributions          | 2.9                         | 2.9                       | 0                               |
| Capital Receipts               | 16.0                        | 20.7                      | (4.7)                           |
| Management of Capital Reserve  | 2.3                         | 9.6                       | (7.3)                           |
| IFRS 16 Leases                 | 2.5                         | 2.5                       | 0                               |
| Donated Assets                 | 2.0                         | 2.0                       | 0                               |
| <b>Total Resourcing</b>        | <b>154.3</b>                | <b>238.8</b>              | <b>(84.5)</b>                   |

## 2.4 Treasury Management Activity

2.4.1 Global economic factors over the last 18 months have impacted significantly the operating environment for treasury activity. Political uncertainty continued in Qtr. 4 as the war in the Middle East remains unresolved and continues to disrupt energy supply. CPI was 2.6% in March 2025, moving into 2025/26 saw it rise to its peak in July – September at 3.8%. Since September it had started to fall to 3.2% in November still well above the Bank of England's 2% target, but since then, we saw an increase to 3.4% in December dropping to 3.0% in January and February seeing it raise again in March to 3.3%

The UK economy expanded by 0.4% in Q4 2025/26. This follows a revised growth of 0.2 in Qtr. 3 (revised by the Office of National Statistics). Services output rose by 0.8%, following a 0.2% increase in Qtr. 3. Services output is estimated to be 1.4% higher compared with the same quarter a year ago. The largest positive contributor to growth was wholesale and retail trade; repair of motor vehicles and motorcycles subsector, which grew by 2.0%. This was driven by growth of 3.1% in wholesale trade, except of motor vehicles and motorcycles, and a growth of 1.6% in retail trade, except of motor vehicles and motorcycles

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%) where it remained at the year end. However, due to political volatility and disruption in transportation and supply of energy, raising its price and pushing up household's motor fuel costs bills; with an expectation that utility bills will raise as well, there is an expectation that base rate will raise although the BOE Monetary Policy Committee is keeping a very close eye on this.

### 2.4.2 Long Term (Capital) Borrowing

The Public Works Loan Board (PWLB) is the main source of loan finance for funding local authority capital investment. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility providing twelve

detailed examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Under the Treasury Management Strategy 2021/22 approved by Cabinet on 23 February 2021 it was agreed the Council will not buy investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loan Board (PWLB) for 2025/26 have varied within the following ranges:

**Table 8: PWLB Interest Rates**

| <b>PWLB Loan Duration<br/>(standard rates)</b> | <b>Minimum<br/>Qtr. 4<br/>2025/26</b> | <b>Maximum<br/>Qtr. 4<br/>2025/26</b> | <b>Average<br/>Qtr. 4<br/>2025/26</b> | <b>As at<br/>31/03/2026<br/>2025/26</b> |
|------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------|
| 5-year                                         | 3.59                                  | 4.53                                  | 3.87                                  | 4.33                                    |
| 20-year                                        | 4.78                                  | 5.44                                  | 5.01                                  | 5.30                                    |
| 50-year                                        | 4.68                                  | 5.31                                  | 4.88                                  | 5.15                                    |

Rather than take out any long-term borrowing to cover capital projects it has been more cost effective to use either internal resources (cash balances) or to use short-term borrowing. By doing so, the Council has reduced net borrowing costs (despite foregone investment income) and reduced overall treasury risk, however this is not sustainable on an ongoing basis.

2.4.3 At outturn, the Capital Financing Requirement (CFR), which indicates the Council's underlying need to borrow for capital purposes, has increased by £11.8m from £522.8m at 1st April 2025 to £534.6m at 1st April 2026.

2.4.4 This increase is mainly due to an increased level of capital programme funded from Prudential borrowing (£34.9m of the £37.3m). The remainder is IFRS16 leases and PFI related spend.

**Table 9: 2025/26 Capital Financing Requirement (CFR)**

|                                                             | <b>£m</b>    |
|-------------------------------------------------------------|--------------|
| Capital Financing Requirement at 1 <sup>st</sup> April 2025 | 522.8        |
| Borrowing required to finance 2025/26 Capital Programme     | 37.3         |
| PFI & Finance Leases liabilities                            | (6.2)        |
| Provision to Repay Debt (Minimum Revenue Provision)         | (16.9)       |
| Provision to Repay Debt (Capital Receipts Set Aside)        | 0.0          |
| Repayment of Transferred Debt                               | (2.4)        |
| Reduction of Provision and other restatements               | 0.0          |
| Capital Financing Requirement at 1 <sup>st</sup> April 2026 | <b>534.6</b> |

**Table 10: Treasury Management Debt Summary**

| Source of Borrowing                | Balance at<br>31st March<br>2025<br>£m | Repaid in<br>Year<br>£m | Raised in<br>Year<br>£m | Balance at<br>31st March<br>2026<br>£m |
|------------------------------------|----------------------------------------|-------------------------|-------------------------|----------------------------------------|
| <b>Long term borrowing</b>         |                                        |                         |                         |                                        |
| - PWLB                             | 180.7                                  | 0                       | 0                       | 180.7                                  |
| - LOBO's                           | 38.0                                   | (10.0)                  | 0                       | 28.0                                   |
| - West Midlands Combined Authority | 18.0                                   | 0                       | 0                       | 18.0                                   |
| - Other                            | 0.4                                    | 0                       | 0                       | 0.4                                    |
| <b>Short term borrowing</b>        | 20.0                                   | (20.0)                  | 0                       | 0.0                                    |
| <b>Total borrowing</b>             | <b>257.1</b>                           | <b>(30.0)</b>           | <b>0</b>                | <b>227.1</b>                           |
| Other Local Authority Debt         | 2.4                                    | (2.4)                   | 0                       | 0                                      |
| PFI & Finance Leasing Liabilities  | 63.5                                   | (6.2)                   | 2.5                     | 60.0                                   |
| <b>Total</b>                       | <b>323.0</b>                           | <b>(39.0)</b>           | <b>2.5</b>              | <b>287.1</b>                           |

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

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

| Period          | Borrowing<br>£m |
|-----------------|-----------------|
| Under 12 Months | 0.4             |
| 1 < 2 years     | 0               |
| 2 < 5 years     | 28.0            |
| 5 < 10 years    | 75.0            |
| > 10 years      | 123.7           |
| <b>Total</b>    | <b>227.1</b>    |

In line with CIPFA Treasury Management Code requirements, Lenders Option, Borrowers Option Loans (LOBOs) with banks are included in the maturity profile based on the earliest date on which the lender can require repayment. The Council had £38m of such loans, £10m of which the lender can effectively require to be paid at annual intervals, and £28m at 5 yearly intervals. These have been included in the above table as per their next renewal date which was May 2025. In May the lender proposed significant increases in the borrowing rate which was well above the prevailing PWLB rates it was decided that the Council would repay £10m of LOBOs, and there has not been a need to replace this borrowing in 2025/26.

## **Investments**

2.4.5 The Treasury Management Team acts daily to manage the City Council's day-to-day cash-flow, by borrowing or investing for short periods. By holding short term investments, such as money in call accounts, authorities help ensure that they have an adequate source of liquid funds. During the year, the Council held

short-term investments, as set out in Table 12. The average short-term investment rate of return in 2025/26 was 4.19%.

**Table 12: In House Investments at 31st March 2026**

|                              | 01/04/25<br>£m | 30/06/25<br>£m | 30/09/25<br>£m | 31/12/25<br>£m | 31/03/26<br>£m |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Banks and Building Societies | 0.0            | 0.00           | 0.0            | 0.0            | 0.0            |
| Local Authorities            | 22.5           | 41.5           | 10.8           | 45.0           | 0.0            |
| Money Market Funds           | 18.7           | 24.6           | 39.0           | 6.8            | 62.9           |
| Corporate Bonds              | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| HM Treasury                  | 2.5            | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Total</b>                 | <b>43.7</b>    | <b>66.1</b>    | <b>49.80</b>   | <b>51.80</b>   | <b>62.9</b>    |

### **Pooled Investments**

In addition to the above in-house investments, a mix of Collective Investment Schemes or “pooled funds” are used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. These funds are highly liquid, as cash can be withdrawn within two to four days, and short average duration of the intrinsic investments. These investments include Certificates of Deposits, Commercial Paper, Corporate Bonds, Floating Rate Notes, Call Account Deposits, Property and Equities. However, they are designed to be held for longer durations allowing any short-term fluctuations in return due to volatility to be smoothed out.

To manage credit risk these investments are spread across several funds as highlighted in the table below:

**Table 13: External, Pooled Investments as at 31<sup>st</sup> March 2026**

|                                               | Date Invested | Cost<br>£m  | Value<br>£m | Annualised<br>Return from<br>Investment<br>% |
|-----------------------------------------------|---------------|-------------|-------------|----------------------------------------------|
| CCLA LAMIT Property Fund                      | Nov 2013      | 12.0        | 11.6        | 4.67%                                        |
| Threadneedle Strategic Bond Fund              | Aug 2018      | 1.5         | 1.4         | 4.49%                                        |
| M&G Optimal Income Fund                       | Aug 2018      | 1.5         | 1.4         | 4.87%                                        |
| M&G Strategic Corporate Bond Fund             | Aug 2018      | 3.0         | 2.6         | 5.13%                                        |
| M&G UK Income Distribution Fund               | Aug 2018      | 3.0         | 3.1         | 5.68%                                        |
| Ninety-One (Investec) Diversified Income Fund | Aug 2018      | 4.5         | 4.0         | 4.87%                                        |
| Schroder Income Maximiser                     | Aug 2018      | 4.5         | 4.2         | 7.62%                                        |
| <b>Total</b>                                  |               | <b>30.0</b> | <b>28.3</b> | <b>5.26%</b>                                 |

Credit risk remains central to local authority investment management and the Council’s risk is managed in line with the Treasury Management Strategy,



approved by Cabinet as part of the budget setting report at the meeting of 24th February 2026. Central to this is the assessment of credit quality based on several factors including credit ratings, credit default swaps (insurance cost) and sovereign support mechanisms. Limits are set to manage exposure to individual institutions or groups. Credit ratings are obtained and monitored by the Council's treasury advisors, MUFG previously Arlingclose.

Pooled funds provided an income return of £1.45m over the year although as at 31<sup>st</sup> March 2026 the accumulated deficit on their capital value was £1.7m (£2.4m deficit at the end of 2025/26). All seven funds show a deficit in capital value which is reflective of the current property and financial markets. There remains an expectation that the full value will be recovered over the medium term - the period over which this type of investment should always be managed. Current accounting rules allow any 'losses' to be held on the Council's balance sheet and not counted as a revenue loss. These investments will continue to be monitored closely.

### **Summary Prudential Indicators**

2.4.6 The Local Government Act 2003 and associated CIPFA Prudential and Treasury Management Codes set the framework for the local government capital finance system. Authorities can borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against prudential and treasury 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 explanatory notes and the relevant figures are included in Appendix 3 to the report. This highlights that the 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<sup>st</sup> March 2026 the value is -£102.4m (minus) compared to +£102.7m within the Treasury Management Strategy, reflecting the fact that the Council has significantly 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<sup>st</sup> March 2026 the value is £286.8m compared to £513.6m within the Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

## **Commercial Investment Strategy**

2.4.7 The Council's Commercial Investment strategy is designed to ensure there are strong risk management arrangements and that the level of commercial investments held in the form of shares, commercial property, and loans to external organisations, is proportionate to the size of the Council. In doing this the strategy includes specific limits for the total cumulative investment through loans and shares.

To manage risk, the Council has limits for investing in shares and service loans, with total limit of £115m in 2025/26.

As at the end of 2025/26, the Council had cumulatively invested £80.1m in shares and service loans with this rising to £0.3m when commitments to make potential payments of £0.2m are taken into account.

|        | As at 31 <sup>st</sup> March 2026 |             |            |             |               |
|--------|-----------------------------------|-------------|------------|-------------|---------------|
|        | Limit                             | Actual      | Committed  | Total       | Variation     |
|        | £m                                | £m          | £m         | £m          | £m            |
| Shares | 55.0                              | 52.1        | 0.0        | 52.1        | (2.9)         |
| Loans  | 60.0                              | 33.5        | 0.2        | 33.7        | (26.3)        |
|        | <b>115.0</b>                      | <b>80.1</b> | <b>0.2</b> | <b>80.3</b> | <b>(34.7)</b> |

The total of £80.1m is within the limit of £115m set for the 2025/26

The Council's investment in commercial assets is proportionate:

- with commercial income totalling approximately £29.2m in 2025/26 (£27.7m in 2024/25) equivalent to c10.0% of the Council's budgeted net service expenditure of £298.7 in 2025/26
- with commercial assets valued at £484m (23.1% of the Councils total asset base of c£2,099). This is not the amount invested by the Council, for example through past capital programmes, as it includes revaluations over time. In addition, many assets classified by the Council as commercial have significant service dimensions, including economic development aspects, thereby contributing more broadly to the provision of services.
- with a Capital Financing Requirement of £534.6m representing the Council's underlying need to borrow, at 25.5% of the Council's total asset base.

## **2.5 Commercial Investment Performance**

Dividends received from Commercial Investments during 2025/26 are shown in the table below. No dividends have been declared at this point for 2025-26 by

Tom White Waste or Coombe Abbey Park Limited. Additional dividends were received from both Birmingham Airport Holdings Limited (BAH) and The Coventry and Solihull Waste Disposal Company Ltd (CSWDC) in the final quarter.

| <b>Company</b>                                               | <b>2025/26<br/>Budgeted<br/>Dividend<br/>£000</b> | <b>2025/26<br/>Actual<br/>Dividend<br/>£000</b> | <b>Variance<br/>from<br/>Budget<br/>£000</b> |
|--------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------|----------------------------------------------|
| The Coventry and Solihull Waste Disposal Company Ltd (CSWDC) | 7,075                                             | 9,167                                           | 2,092                                        |
| Birmingham Airport Holdings Limited (BAH)                    | 1,600                                             | 2,913                                           | 1,313                                        |
| Tom White Waste Limited                                      | 0                                                 | 0                                               | 0                                            |
| Coombe Abbey Park Limited                                    | 0                                                 | 0                                               | 0                                            |
| <b>Total Dividends</b>                                       | <b>8,675</b>                                      | <b>12,079</b>                                   | <b>3,404</b>                                 |

### **3. Results of consultation undertaken**

None.

### **4. Timetable for implementing this decision.**

There is no implementation timetable as this is a financial monitoring report.

### **5. Comments from the Director of Finance and Resources (Section 151 Officer) and the Director of Law Governance and Safer Communities**

#### **5.1 Financial implications**

- 5.1.1 The final revenue outturn position for 2025/26 has been balanced by a year-end contribution of £3.2m to earmarked reserve balances. This is a significant favourable movement from the Quarter 3 Forecast monitoring position and is mainly attributable to improvements in City Services within both Environmental Services & Highways, as well as an improved position in Property Services and Development following the recognition and removal of the City Centre South demolished properties from the NNDR rating list by the Valuation Office, and finally significant improvements realised in demand for Temporary Accommodation.
- 5.1.2 Notwithstanding this positive closing position, external factors continue to contribute to underlying pressures including the persistence of inflation continuing to impact cost. There are intractable on-going issues including those relating to children's and adults social care, which are common to many councils across the country whilst the Council also managed local time-limited pressures in the year.
- 5.1.4 A wide range of service challenges are reported in Appendix 1 which, reflect ongoing financial difficulties, emphasising that despite the positive resourcing

position received from the Local Government Settlement, it is necessary to continue 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 position, following through on management actions to embed efficiencies.

5.1.6 The Council's Leadership Team have worked proactively together to mitigate the underlying pressures, which have been realised within this outturn by:

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

5.1.7 Continued efforts from both officers and portfolio holders are needed in order to minimise the impact of service pressure into 2026/27.

5.1.8 In addition to these operational actions the Council has taken proactive steps previously to maintain a strong balance sheet position, including robust reserve balances, which have enabled it to manage the adverse budget variations encountered in recent years. It will be vital for the Council to continue to ensure that it maintains a prudent approach going forward in order to mitigate against potential future shocks. This, together with the above gives sufficient assurance that the Director of Finance and Resources does not need to take any extra-ordinary action to respond to the financial position either in respect of 2025/26 or future years.

5.1.9 In setting the Council's budget and corporate objectives for 2026/27, the additional resources identified for Coventry in the Local Government Finance Settlement provided the Council with the opportunity to provide for additional policy investments for key priority areas. It remains imperative that the full programme of savings agreed within the 2024/25 and 2025/26 budget setting processes continue to be closely monitored by the Councils' Leadership Board as well as the impact of the policy investments agreed for 2026/27.

5.1.11 Several areas within corporate budgets including dividends, investment interest, superannuation and the Coventry and Warwickshire Business Rates Pool yield, can be subject to volatility and were budgeted for on a prudent basis in 2025/26. The outturn position on these items was favourable against the range of reasonable expected outcomes, and this has enabled the Council to absorb overspent budgets elsewhere within the bottom line. Several of these favourable financial outturns have occurred in areas that have been subject to affirmative Council decisions in recent years such as dividends and investment income.

5.1.12 The local government sector has witnessed risks materialise in recent years within other local authorities, in the form of some high-profile financial failures often linked to ambitious local plans with scope to deliver financial returns. The Council is itself involved in a range of commercial ventures, company structures and external loan financing arrangements and is committed to ensuring that it maintains a high degree of self-awareness of its position. High

standards of due diligence, good governance and monitoring arrangements and the maintenance of a broad mix of activities to guard against a concentration of risk are all vital factors to protect the Council's financial position. The Council continues to be bold with its aspirations for the city and maintains a measured appetite for risk to achieve this. It is important for the Council to maintain contingency balances to protect against the risk of financial failure in one or more key areas.

5.1.13 With the exception of the Council's General Fund balance all reserves have been set aside to deliver specific projects or risks. Given the size of the Council's ambitions defined by its Capital Programme, its transformation programme and its financial involvements that extend beyond traditional local authority service provision it is entirely appropriate for the Council to support this in the form of balances to pump prime such areas and provide some financial risk mitigation. Nevertheless, the Council has a 'mid-table' position in the CIPFA Resilience Index in relation to the level of its reserve balances. This has enabled the Council to place itself in a strong financial position as well as providing the best basis for the Council to improve services for residents and invest in the city and its communities.

5.1.14 The level of expenditure across a broad number and type of capital schemes has once again demonstrated the Council's appetite to embark on ambitious and innovative projects and its success in attracting grant funding to do this, with 61% funded from external grant. The programme's coverage of projects includes the city centre south, enhancing transport infrastructure, improving the profile of the city, and providing support to local economic development, and a range of projects dealing with the issues of housing.

5.1.15 The Council undertook some short-term borrowing at the end of 2024/25, this was undertaken on a short-term basis, taking advantage of relatively low interest rates available and was repaid in full in May 2025. In other areas the Council continues to undertake prudent treasury activity and pursue commercial activity that is ambitious but proportionate to the size of its asset base and overall budget.

## 5.2 Legal implications

5.2.1 Section 151 of the Local Government Act 1972 requires the Council to make such arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.

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

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

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

## **6. Other implications**

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

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

This report provides an account of the overall financial performance of the Council compared with its original Budget. The Council also monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the One Coventry Plan.

### **6.2 How is risk being managed?**

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Budgetary control and monitoring processes are paramount to managing this risk and this report is a key part of the process.

### **6.3 What is the impact on the organisation?**

The revenue and capital outturn position reported here demonstrates that the Council continues to undertake sound overall financial management. This will continue to be important in the light of the current budgetary risks and the continued uncertainty with regard to the level of funding available to local government.

### **6.4 Equalities / EIA**

No specific impact.

### **6.5 Implications for (or impact on) Climate Change and the Environment**

None.

### **6.6 Implications for partner organisations?**

None.

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| <b>Contributor/approver name</b>                                    | <b>Title</b>                                               | <b>Service Area</b>                   | <b>Date doc sent out</b> | <b>Date response received or approved</b> |
|---------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------|--------------------------|-------------------------------------------|
| Suzanne Bennett                                                     | Governance Services Officer                                | Law, Governance and Safer Communities | 11/06/26                 | 11/06/26                                  |
| Sunny Singh Heer                                                    | Lead Accountant                                            | Finance and Resources                 | 14/05/26                 | 29/05/26                                  |
| Elaine Hughes                                                       | Lead Accountant                                            | Finance and Resources                 | 14/05/26                 | 29/05/26                                  |
| Lindsey Hughes                                                      | Lead Accountant                                            | Finance and Resources                 | 14/05/26                 | 01/06/26                                  |
| <b>Names of approvers for submission:</b><br>(Officers and Members) |                                                            |                                       |                          |                                           |
| Barry Hastie                                                        | Director of Finance and Resources<br>(Section 151 Officer) | -                                     | 09/06/26                 | 12/06/26                                  |
| Oluremi Aremu                                                       | Head of Legal and Procurement Services                     | Law and Governance                    | 09/06/26                 | 12/06/26                                  |
| Councillor R Brown                                                  | Cabinet Member for Strategic Finance and Resources         | -                                     | 09/06/26                 | 11/06/26                                  |

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## **Appendix 1 - Revenue Variations**

Appendix 1 details directorate forecast variances.

Budget variations have been analysed between those that are subject to a centralised forecast and those that are managed at service level (termed “Budget Holder Forecasts” for the purposes of this report). The centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers must work within the existing establishment structure, and salary budgets are controlled centrally rather than at this local level. The centralised forecast underspend shown below is principally the effect of unfilled vacancies.

|                                                 | Revised Budget | Actual Spend | Centralised Variance | Budget Holder Variance | Total Over/ (Under) Spend |
|-------------------------------------------------|----------------|--------------|----------------------|------------------------|---------------------------|
|                                                 | £m             | £m           | £m                   | £m                     | £m                        |
| <b>Adult Services and Housing</b>               | 145.9          | 148.0        | (2.1)                | 4.2                    | 2.1                       |
| <b>Children and Education</b>                   | 123.3          | 121.8        | (3.3)                | 1.8                    | (1.5)                     |
| <b>City Services</b>                            | 38.9           | 39.0         | (1.7)                | 1.8                    | 0.1                       |
| <b>Contingency and Central Budgets</b>          | (47.9)         | (55.5)       | 0.0                  | (7.6)                  | (7.6)                     |
| <b>Digital Services</b>                         | 0.6            | 0.5          | 0.1                  | (0.2)                  | (0.1)                     |
| <b>Finance and Resources</b>                    | 13.3           | 14.3         | (0.3)                | 1.3                    | 1.0                       |
| <b>Legal &amp; Governance Services</b>          | 11.5           | 11.7         | (0.6)                | 0.8                    | 0.2                       |
| <b>People and Organisation Development</b>      | 3.0            | 3.9          | (0.1)                | 1.0                    | 0.9                       |
| <b>Planning and Performance</b>                 | 7.0            | 6.5          | (0.3)                | (0.2)                  | (0.5)                     |
| <b>Policy and Communication</b>                 | 0.4            | 0.3          | (0.1)                | 0.0                    | (0.1)                     |
| <b>Property Services and Development</b>        | (10.8)         | (10.3)       | (0.4)                | 0.9                    | 0.5                       |
| <b>Public Health</b>                            | 1.4            | 0.9          | 0.0                  | (0.5)                  | (0.5)                     |
| <b>Regeneration and Economy and Development</b> | 10.1           | 12.4         | 0.4                  | 1.9                    | 2.3                       |
| <b>TOTAL</b>                                    | <b>296.7</b>   | <b>293.5</b> | <b>(8.4)</b>         | <b>5.2</b>             | <b>(3.2)</b>              |

*n.b. The figures in this table may be subject to small rounding differences to the main report and the rest of the appendix*

| <b>Centralised Variance Explanation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>£m</b>    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| These are underspends against a combination of salary budgets and turnover savings target. They result from vacancies across Council services. Turnover has remained consistent across the Council, however areas such as Adults & Childrens Services remain high, due to the national and regional Social Worker retention issues. Some of these vacancies will be covered by agency and overtime to ensure services can be maintained. These costs are included within the service positions described below. | (8.4)        |
| <b>Total Centralised Variance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>(8.4)</b> |



## Service Area Variances

| Service Area      | Reporting Area                               | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | £m    |
|-------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Adult Social Care | Strategic Commissioning (Adults)             | This underspend is predominantly due to additional Private Finance Initiative client fee income above budget £0.9m, also reduced transport costs £0.2m                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (1.1) |
| Adult Social Care | Internally Provided Services                 | This variance is primarily due to an over-achievement of social care fee income and salary underspends arising from vacancies, partially offset by overspends on overtime, agency, and casual staffing costs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (0.4) |
| Adult Social Care | Localities and Social Care Operational       | The underspend is due to savings arising from staffing vacancies £0.9m which are partially offset by agency and professional fee costs £0.7m                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (0.2) |
| Adult Social Care | Community Purchasing Mental Health and Other | <p>The overall care package outturn was a £6.6m overspend against budget, with Mental Health accounting for £4.7m and Community Purchasing Other £1.9m. Throughout this year, Adult Social Care has faced persistent and evolving pressures across several areas of care provision, echoing challenges seen in previous quarters. The most significant driver continues to be the rising costs of new care packages, as those commissioned have generally been more expensive than those concluded, leading to increased expenditure.</p> <p>In Mental Health, the complexity and intensity of support required by individuals both in the community and following discharge from long-stay hospital or secure units have contributed to ongoing financial pressures, rather than an increase in the number of people supported.</p> <p>Supported living arrangements for individuals with learning disabilities have also seen heightened demand, with a greater number of cases necessitating intensive one-to-one support. This essential provision, while vital for safe community management, has resulted in higher costs. Additionally, growth in residential and nursing care placements has exceeded expectations this year. This is partly due to individuals moving</p> | 6.6   |

|                                           |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |            |
|-------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
|                                           |                                     | <p>out of other funding arrangements, which has a downstream impact on Adult Social Care budgets.</p> <p>Another notable factor has been the increased costs associated with post-annual review support and improved review performance has led to higher costs. Budget pressures have been minimised through scrutinising all areas of authorisation to ensure we deliver value for money while upholding appropriate standards of care and safeguarding.</p>                                                                                                                                                                                                                                                                                                      |            |
| Adult Social Care                         | Mental Health Operational           | Overheads charged on the S75 agreement amounting to £145k is the underlying reason for this underspend but is partly reduced by overspends arising from agency staff, casual pay and other smaller non-pay budgets totalling £37k.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | (0.1)      |
| Adult Social Care                         | Housing and Homelessness            | 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. There is also a £0.4M underspend on the costs of delivering Temporary Accommodation following a reduction in the number of families requiring support. Other underspends include staffing and other expenses of £0.8M as well as £0.4M additional income above the amount budgeted. | (2.7)      |
| <b>TOTAL Adult Services &amp; Housing</b> |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>2.1</b> |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (0.1)      |

|                     |                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |       |
|---------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Children's Services | Corporate Parenting and Sufficiency                         | There was a overspend on homes for children in care. The overall number of children in residential care was lower than our financial planning assumptions, however a greater proportion were accommodated in more costly external spot placements which offset the benefit of reduced activity. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs was lower than budgeted.                                                                                                                                                                 | 2.6   |
| Children's Services | Help & Protection                                           | Social work case holding teams underspent by £1m due to reduced levels of agency staff and overall demand. Section 17 budgets underspent by £0.7m due to reduced expenditure on assessments and temporary accommodation. Family Hubs and Early Help underspent by £0.9m due to staffing vacancies and utilisation of grant funding where appropriate. These were offset in part by a £0.4m overspend against the No Recourse to Public Funds (NRPF) budget due to there being an increased number of families who required support. The remainder of £0.3m is a combination of underspends across other parts of the service. | (2.5) |
| Children's Services | Children in Care, Children with Disabilities & Care Leavers | The Care Leavers budget underspent by £0.4m, this is in line with last year and is an area of budget that has been reviewed moving forwards. In addition, there were underspends of £0.5m, primarily due to staffing, across the Children in Care and Through Care services. The Children's Disability budget underspent by £0.3m. This is because of lower than anticipated costs on short breaks and more internal and external financial contributions towards the cost of short breaks than budgeted. The balance of £0.2m reflects underspends across various other parts of the service.                                | (1.4) |
| Children's Services | Safeguarding Practice and Workforce                         | There was an overspend of £0.2m primarily linked to safeguarding training income which was below the budgeted target and agency costs relating to the Local Authority Designated Officer (LADO) function.                                                                                                                                                                                                                                                                                                                                                                                                                     | 0.2   |

|                                      |                                   |                                                                                                                                                                                                                                                                                                                                                                                        |              |
|--------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Education Services                   | SEND & Specialist Services        | This is a combination of small underspends across the service, primarily against home to school transport.                                                                                                                                                                                                                                                                             | (0.1)        |
| Education Services                   | Education Improvement & Standards | An underspend of circa £0.3m across historic pension costs and the data team was partly offset by an overspend of £0.1m 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 de-delegated funding. | (0.2)        |
| <b>TOTAL Childrens and Education</b> |                                   |                                                                                                                                                                                                                                                                                                                                                                                        | <b>(1.5)</b> |
| Highways                             | Parking                           | This represents an over-recovery of income mostly due to additional car park income particularly in the last quarter of the year.                                                                                                                                                                                                                                                      | (0.5)        |
| Highways                             | Traffic                           | There has been a reduction in the cost of energy as well as a decrease in the use of energy following the commencement of LED Street Lighting and Traffic Signal equipment upgrades.                                                                                                                                                                                                   | (1.1)        |
| Highways                             | Highways                          | This is a combination of under recovery of income/non achievement of historic savings targets (Surface Water Management) and a net loss of income due to vacancies in the Direct Labour Organisation (DLO).                                                                                                                                                                            | 0.6          |
| Environmental Services               | Street pride & Parks              | The reduction in the death rate coupled with the cost-of-living crisis has had an impact on the level of income achievable by Bereavement Services. Activity levels have also fallen across the Parks and income (including car parks) has reduced as a result.                                                                                                                        | 1.1          |
| <b>TOTAL City Services</b>           |                                   |                                                                                                                                                                                                                                                                                                                                                                                        | <b>0.1</b>   |
| Contingency & Central Budgets        | Contingency & Central Budgets     | Favourable variances totalling £2.1m in Central Budgets, include contingencies held in lieu of National Insurance impact, inflation on contracts and levies. This is being offset by an adverse variance of £1.5m, which is due to a forecast underachievement of 2025/26 One Coventry Programme.                                                                                      | (0.6)        |
| Contingency & Central Budgets        | Treasury Management               | The Asset Management Revenue Account (AMRA) delivered a £7.0m surplus. £3.4m of this relates to increases in expected income from both Coventry & Solihull Waste Disposal Company (CWSDC) and                                                                                                                                                                                          | (7.0)        |

|                                     |                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |
|-------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
|                                     |                                | Birmingham Airport dividend income, above that assumed in the base budget. Positive cash balances in the final quarter 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 £3.6m                                                                                                                                               |       |
| TOTAL Contingency & Central Budgets |                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (7.6) |
| Digital Services                    | Other Variances Less than 100K |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (0.1) |
| TOTAL Digital Services              |                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (0.1) |
| 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 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.                                                                                      | 1.2   |
| Finance & Resources                 | Other Variances Less than 100K |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (0.2) |
| TOTAL FINANCE & Resources           |                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1.0   |
| Legal and Governance Services       | Legal Services                 | Legal Services agency staff costs reduced to £292k in 25-26 compared to previous year were fully funded by vacancy savings. However, the Service has a vacancy target of £350k and this has resulted in the overall adverse variance.                                                                                                                                                                                                                                                 | 0.1   |
| Legal and Governance Services       | Elections                      | A one-off household mailing exercise costing c.£100k was undertaken to inform residents of boundary changes and updated voting arrangements, alongside an additional £25k of postage costs to contact electors about expiring postal votes, send reminders and issue cancellations. These costs reflect legislative changes and proactive steps to support voter awareness ahead of the May local elections. The remaining £75k reflects a few smaller overspends across the service. | 0.2   |
| Legal and Governance Services       | Procurement                    | Prompt payment rebates have increased and outperformed targets in 25-26. Vacancies in the area were being held whilst the service undergoes a structure review to maximise these opportunities.                                                                                                                                                                                                                                                                                       | (0.1) |

| <b>TOTAL Legal and Governance Services</b>       |                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>0.2</b> |
|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| People and Organisation Development              | HR and Workforce Development Management          | During the financial year, the Council invested in an organisational culture change programme for leaders and managers from Directors to grade 8s, so some 500 plus staff, to enhance skills and improve performance. The programme costs have used more than the training budget because of the extent of the numbers needing to attend to generate change.                                                                                                                                                                                                                                                                     | 0.3        |
| People and Organisation Development              | Employment Services                              | To implement the payroll restructure vacancies have been held in posts that were at risk, resulting in an underspend during the financial year. The vacant posts are being actively recruited.                                                                                                                                                                                                                                                                                                                                                                                                                                   | (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 is experiencing budgetary pressure due to increased income and savings targets set for the financial year, alongside a reduction in the planned maintenance budget. Additional cost pressures continue to arise from maintaining the vacant Coventry Sports and Leisure Centre on Fairfax Street. At One Friargate, periods of vacant floor space have also negatively impacted rental income and although these areas are now occupied, any untenanted periods create a dual financial pressure through both lost rental income and increased Council liabilities for business rates and service charges. | 0.6        |
| <b>TOTAL People and Organisation Development</b> |                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>0.9</b> |
| Planning and Performance                         | Customer and Business Services                   | The wider service has continued to actively manage vacancies of £0.5m while future staffing models are determined. Alongside this, within the Digital Print and Mail service, postal use has seen a reduction and income collection rates have increased of £0.2m                                                                                                                                                                                                                                                                                                                                                                | (0.7)      |
| Planning and Performance                         | Libraries, Advice, Health & Information Services | Libraries overspend relates principally to under delivery of staffing management of vacancy targets £0.1m and anticipated income across Public Libraries and the                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0.2        |

|                                                |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                 |              |
|------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|                                                |                                     | School Library Service of £0.05m. Additionally, an unexpected £0.07m ICT equipment replacement cost 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.                                                                                                   |              |
| <b>TOTAL Planning and Performance</b>          |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>(0.5)</b> |
| Policy and Communication                       | Corporate Communications            | During the 2025–26 financial year the Corporate Communications service underwent a significant organisational restructure, and this resulted in several established posts being vacant for part of the year. Recruitment to these roles is ongoing. The temporary vacancies reduced staffing expenditure during the period and were a key contributory factor to the service's overall underspend for the year. | (0.1)        |
| <b>TOTAL Policy and Communication</b>          |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>(0.1)</b> |
| Property Services and Development              | Commercial Property and Development | The variance is caused by ongoing revenue and cost pressures from Coventry Market and void properties in challenging sectors (such as suburban office locations).                                                                                                                                                                                                                                               | 0.3          |
| 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          |
| <b>TOTAL Property Services and Development</b> |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>0.5</b>   |
| Public Health                                  | Public Health - Migration           | This represents an underspend on Our Coventry Programme contract and overheads due to utilisation of other grant funding.                                                                                                                                                                                                                                                                                       | (0.5)        |
| <b>TOTAL Public Health</b>                     |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>(0.5)</b> |
| Regeneration and Economy Development           | Culture, Sports & Events            | The deficit principally arises from a shortfall in commercial income for 2025/26. However, this was partially mitigated by external grant funding being secured.                                                                                                                                                                                                                                                | 0.7          |
| Regeneration and Economy 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 Economy Development              | Regeneration & Economy Management Support | Variance predominantly relates to a shortfall against the income target for sponsorship and commercial activity. £98k was achieved against a target of £375k, leaving a shortfall of £277k.                                                                                                                                                                                                                                                                         | 0.3          |
| Regeneration and Economy Development              | Green Futures                             | The main source of pressure is costs attributed to Brandon Wood Golf Course, which includes business rates, maintenance and security costs. Work is ongoing to develop the project, including investment plan for generating income from biodiversity net gain.                                                                                                                                                                                                     | 0.1          |
| Transport Policy and Innovation                   | Transport Policy                          | The forecast variance reflects higher energy costs for operating traffic signals and Urban Traffic Management and Control (UTMC) systems, unplanned expenditure on urgent repairs following road traffic collisions, and lower-than-expected income from external works and development-related activities. Alternative funding options and internal resource adjustments have been explored to reduce the overall impact.                                          | 0.2          |
| Development Management Services                   | Planning Services                         | Majority of the deficit is due to the ambitious income target not realised as planning applications have fallen. The reduction in the number of applications is broadly in line with national trends. Also, part of the deficit relates to the local plan examination. There is a national requirement to keep plans up to date and regularly reviewed. There is no national funding for this. A mitigation plan is in place to address the issues in future years. | 1.2          |
| <b>TOTAL Regeneration and Economy Development</b> |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>2.3</b>   |
| <b>Total Outturn Variances</b>                    |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>(4.1)</b> |



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

| <b>SCHEME AND EXPLANATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>APPROVED<br/>CHANGES<br/>£m</b> | <b>(RESCHEDULING) /<br/>ACCELERATED SPEND<br/>£m</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------|
| <b><u>A46 Link Road</u></b><br><br>Feasibility study and modelling work for the A46 Link Road is currently paused pending progression of the South Warwickshire Local Plan review through the issues and options phase – this will identify any potential land use changes that will need to be considered when identifying modelling scenarios and Link Road options.                                                                                |                                    | -0.4                                                 |
| <b><u>Coventry Very Light Rail</u></b><br><br>The rescheduling is largely due to: <ol style="list-style-type: none"> <li>1. Detailed Design Programme adjustments</li> <li>2. Delay to conclusion of Installation contract further to point</li> <li>3. Revised methodology for the CVLR vehicle programme.</li> </ol>                                                                                                                                |                                    | -5.2                                                 |
| <b><u>City Centre Regeneration</u></b><br><br>Predominately, the movement on City Centre South reflects some changes to the profile of demolition spend compared to earlier forecasts, slipping spend from 2025/26 to Q1 2026/27. Demolition on the scheme has now almost completed with only a few buildings remaining to be demolished as at 31st March 2026 and the project remains on course to commence the construction phase in early 2026/27. |                                    | -3.0                                                 |
| <b><u>Friargate</u></b><br><br>It was previously anticipated that additional fit out costs of a further floor at Two Friargate would be required towards the end of the financial year. This is now expected to take place during 2026/27, and forecast spend has slipped into this financial year accordingly.                                                                                                                                       |                                    | -0.7                                                 |
| <b><u>Highways Maintenance &amp; Investment (Citizen Housing Programme)</u></b><br><br>Works to support the Citizen Housing programme around St Michael's are currently still in design phase and awaiting the contractor to programme the work, this will be delivered in the 2026/27 programme.                                                                                                                                                     |                                    | -0.7                                                 |
| <b><u>Local Network Improvement Plan</u></b><br><br>The rescheduling reflects the reprofiling of funding at quarter 3 to support accelerated programme delivery. Due to timing and delivery uncertainties, including extended public engagement, not all schemes progressed as forecast. The remaining £0.4m will be                                                                                                                                  |                                    | -0.4                                                 |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------|
| carried forward to the next financial year to support continued delivery of planned improvements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |
| <b><u>London Road (Gigafactory) – CRSTS</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |      |
| The rescheduling is primarily due to a delays in design and delivery following land negotiations, scheme sequencing challenges and design refinements after public engagement and consultation.                                                                                                                                                                                                                                                                                                                                                                                 |  | -6.0 |
| <b><u>Vehicle &amp; Plant Replacement</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |      |
| Some vehicles that were on the schedule to be replaced in 2025/26 were revaluated and will be replaced in 2026/27 instead                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  | -0.7 |
| <b><u>Education Programme - Basic Need</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |      |
| Appointment of design team and development of project has progressed quicker than anticipated at three secondary school expansion projects – the three schools being Westwood, Cardinal Wiseman and President Kennedy Secondary school.                                                                                                                                                                                                                                                                                                                                         |  | 0.5  |
| <b><u>Education Programme - Woodlands School</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |      |
| Woodlands project programme has recently been rescheduled because of changes to phasing and delivery of works. This is mainly due to detailed window/door designs which required additional planning approvals.                                                                                                                                                                                                                                                                                                                                                                 |  | -2.1 |
| <b><u>Residential Children's Homes Strategy 2023-2026</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |      |
| Despite CCC efforts, there were delays in acquiring land to build the Children with Disabilities 2 home on. When land conversations were picked back up, it was decided to pause on the delivery of the home to allow for a comprehensive review informed by an updated analysis of need. This ensures that future accommodation provision is closely aligned with the current and emerging needs of children and young people in Coventry, which will support a sustainable strategy and help to futureproof both service delivery and the effective use of Council resources. |  | -0.6 |
| <b><u>Disabled Facilities Grant</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |      |
| Forecasted spend for Citizen lower than expected as unable to meet commitment of work planned within the financial year. Reduced spend on main DFG attributed to both vacancies in the team and the reintroduction of financial mean testing.                                                                                                                                                                                                                                                                                                                                   |  | -0.4 |
| <b><u>New Collection Centre - City Centre Cultural Gateway</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |      |
| The City Centre Cultural Gateway is a large and complex regeneration scheme and is now firmly within its main construction phase. While overall progress on site remains positive, the project has encountered several challenges during the financial year,                                                                                                                                                                                                                                                                                                                    |  | -5.8 |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |     |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------|
| <p>primarily arising from changes to building regulations and the need to determine the most appropriate compliance approach.</p> <p>These issues have resulted in some programme delay and have prevented certain planned works from being completed within the original timeframe, leading to the current financial slippage. The Project Team remains confident that efficiencies and programme recovery can be achieved, and that the scheme will be completed by the end of the year.</p>                                                                                                                                 |     |      |
| <p><b><u>Provision of Temporary Accommodation for Families - LAHF Phase 3</u></b></p> <p>The reported rescheduling relates to the capital LAHF3 programme for the acquisition of temporary accommodation. This reflects an underspend on the programme and will be reprofiled into 2026/27 and aligned with the next phase of delivery under the LAHF4 programme and for continued investment in temporary accommodation provision.</p>                                                                                                                                                                                        |     | -0.6 |
| <p><b><u>Air Quality</u></b></p> <p>Demolition of the buildings on the ex-Godiva Carpets site on Spon End. The site was bought by CCC as part of the 'Air Quality' project to improve traffic flows in that area. The vacant site is now required for either reuse or the construction of a car park associated with the scheme.</p>                                                                                                                                                                                                                                                                                           | 0.3 |      |
| <p><b><u>Radford Community Centre</u></b></p> <p>Capital works required ahead of the 25 year lease agreement by Radford Community Association Ltd for Jubilee Crescent Community Centre.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0.8 |      |
| <p><b><u>Interest Capitalisation</u></b></p> <p>This is in respect to the accounting policy referring to the prudential borrowing costs associated with the New Collection Centre scheme. Borrowing costs, in the form of interest expenses, are capitalised where the asset in question is a qualifying asset and takes a substantial period to bring into operation. Borrowing costs will only be capitalised on schemes for which expenditure is incurred over a period or more than 12 months, until the asset is operationally complete, and where a material level of capital expenditure is resourced by borrowing.</p> | 0.7 |      |
| <p><b><u>Donated Assets</u></b></p> <p>Technical capital adjustment: donated assets (PFI streetlighting and heritage assets) are funded by donated asset income as required by the Code.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2.1 |      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |            |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------|
| <p><b><u>IFRS 16 Leases</u></b></p> <p>The implementation of the accounting standard IFRS 16 from the 1st April 2024 requires the recognition of right of use (ROU) assets on the balance sheet for leased assets. The standard also impacts on the balance sheet entries for Private Finance Initiative (PFI) schemes.</p> <p>ROU assets are recognised through the Council's capital programme, but this has no impact on resourcing and, as such, was not included in the capital programme at the start of the year.</p> | 2.5        |              |
| Schemes below £250k threshold                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.5        | -0.4         |
| <b>TOTALS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>6.9</b> | <b>-26.5</b> |

## **Appendix 3**

| <b><u>Summary Prudential Indicators</u></b>                      | <b>Per Treasury<br/>Management<br/>Strategy</b> | <b>Actual</b>           |
|------------------------------------------------------------------|-------------------------------------------------|-------------------------|
|                                                                  | <b>25/26<br/>£000's</b>                         | <b>25/26<br/>£000's</b> |
| <b>1 Ratio of financing costs to net revenue stream:</b>         |                                                 |                         |
| (a) General Fund financing costs                                 | 41,182                                          | 41,560                  |
| (b) General Fund net revenue stream                              | 289,741                                         | 288,741                 |
| General Fund Percentage                                          | 14.21%                                          | 14.34%                  |
| <b>2 Gross Debt &amp; Forecast Capital Financing Requirement</b> |                                                 |                         |
| Gross debt including PFI liabilities                             | 322,406                                         | 287,129                 |
| Capital Financing Requirement (forecast end of 25/26)            | 571,519                                         | 534,641                 |
| <b>Gross Debt to Net Debt:</b>                                   |                                                 |                         |
| Gross debt including PFI liabilities                             | 322,406                                         | 287,129                 |
| less investments                                                 | -50,000                                         | -78,956                 |
| less transferred debt reimbursed by others                       | -2,437                                          | 0                       |
| Net Debt                                                         | 269,969                                         | 208,174                 |
| <b>3 Capital Expenditure (Note this excludes leasing)</b>        |                                                 |                         |
| General Fund                                                     | 171,587                                         | 154,279                 |
| <b>4 Capital Financing Requirement (CFR)</b>                     |                                                 |                         |
| Capital Financing Requirement                                    | 571,519                                         | 534,641                 |
| Capital Financing Requirement excluding transferred debt         | 569,082                                         | 534,641                 |
| <b>5 Authorised limit for external debt</b>                      |                                                 |                         |
| Authorised limit for borrowing                                   | 513,550                                         | 513,550                 |
| + authorised limit for other long-term liabilities               | 77,968                                          | 77,968                  |
| = authorised limit for debt                                      | 591,519                                         | 591,519                 |
| <b>6 Operational boundary for external debt</b>                  |                                                 |                         |
| Operational boundary for borrowing                               | 493,550                                         | 493,550                 |
| + Operational boundary for other long-term liabilities           | 77,988                                          | 77,988                  |
| = Operational boundary for external debt                         | 571,519                                         | 571,519                 |

**7 Actual external debt (prior year)**

actual borrowing at 31 March 2025  
+ PFI & Finance Leasing liabilities at 31 March 2025  
+ transferred debt liabilities at 31 March 2025  
= actual gross external debt at 31 March 2025

257,070

63,484

2,437

322,990

**8 Adoption of the CIPFA Treasury Management Code of Practice**

Adopted

Adopted

**9 Interest rate exposures**

Upper Limit for Fixed Rate Exposures

513,550

286,778

**Variable Rate**

Upper Limit for Variable Rate Exposures

102,710

-102,407

**10 Maturity structure of borrowing - limits**

under 12 months

12 months to within 24 months

24 months to within 5 years

5 years to within 10 years

10 years &amp; above

**Upper Limit**

50%

0%

20%

0%

30%

0%

30%

24%

100%

76%

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

30,000

0

## **Prudential Indicators**

The CIPFA Code imposes on the Council clear governance procedures for setting and revising of prudential indicators and describes the matters to which a Council will 'have regard' when doing so. This is designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

The Prudential Indicators required by the CIPFA Code are designed to support and record local decision making and not as comparative performance indicators.

There are eleven indicators shown on the previous page, and these are outlined below:

### **Revenue Related Prudential Indicators**

#### **Ratio of Financing Costs to Net Revenue Stream (indicator 1):**

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs, excluding investment income.

### **Capital and Treasury Management Related Prudential Indicators**

#### **Gross Debt and Capital Financing Requirement (Indicator 2):**

The Council needs to be certain that gross external borrowing does not, except in the short

term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for the next three financial years. The CFR is defined as the Council's underlying need to borrow for capital purpose, i.e. it is borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.

#### **Capital Expenditure (Indicator 3):**

This indicator is an estimation of the Council's future capital expenditure levels, and these underpin the calculation of the other prudential indicators. Estimates of capital expenditure are a significant source of risk and uncertainty, and it is important that these estimates are continually monitored and the impact on other prudential indicators (particularly those relating to affordability) are assessed regularly.

#### **Capital Financing Requirement (Indicator 4):**

As outlined in Indicator 2 above, the CFR represents the Council's underlying need to borrow for capital purposes.

#### **Authorised Limit for External Debt (Indicator 5):**

This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short term but is not sustainable. The Authorised limit has been set on the

estimated debt with sufficient headroom over and above this to allow for unexpected cash movements.

Operational Boundary for External Debt (Indicator 6):

This indicator refers to the means by which the Council manages its external debt to ensure it remains within the statutory Authorised Limit. It differs from the authorised limit as it is based on the most likely scenario in terms of capital spend and financing during the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year.

Actual External Debt (Indicator 7):

This indicator identifies the actual debt at the end of the previous financial year as recognised with the Statement of Accounts.

Adoption of the CIPFA Treasury Management Code (indicator 8):

This indicator is acknowledgement that the Council has adopted the CIPFA's *Treasury Management in the Public Services: Code of Practice*.

Interest Rate Exposures for Borrowing (Indicator 9):

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position.

Maturity Structure of Borrowing – Limits (Indicator 10):

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks.

The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Investments Longer than 364 days: Upper Limit (Indicator 11):

This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.

All these prudential limits need to be approved by full Council but can be revised during the financial year. Should it prove necessary to amend these limits, a further report will be brought to Cabinet, requesting the approval of full Council for the changes required.