Coventry City Council

Public report
Cabinet

Cabinet — 1st September 2026
Audit and Procurement Committee — 21st 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)

Wards affected:
All

Title:
2026/27 First Quarter Financial Monitoring Report (to June 2026)

Is this a key decision?
No

Executive Summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2026. The net revenue forecast position after management action is for spend in 2026/27 of **£3.8m under budget**. Although not wholly comparable, at the same point in 2025/26, there was also a projected overspend of £1.6m.

The overall position is favourable, but it includes significant underlying pressures across service areas including Children's and Adult Social Care. Other smaller overspends include Economic Growth, City Services and Property Services and Development. The Council will continue to maintain strong financial discipline and the Leadership Team will work proactively to manage and mitigate the underlying pressures identified in the report.

The Council's capital spending is projected to be £198.2m and includes major schemes progressing across the city. The size of the programme and the nature of the projects within it continue to be fundamental to the Council's role within the city. The programme remains largely funded by external grants and contributions, although inflationary and wider market pressures continue to affect capital schemes. These will be monitored through established capital governance arrangements.

Recommendations:

The Cabinet is recommended to:

1) Approve the Council's first quarter revenue monitoring position.

2) Approve the revised forecast capital outturn position for the year of £198.2m incorporating: £26.5m rescheduling from 2025/26 outturn, £4.0m net increase in spending relating to approved/technical changes and £1.8m of net programme acceleration of expenditure from future years.

Audit and Procurement Committee is recommended to:

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

List of Appendices included:

Appendix 1 - Revenue Position: Detailed Service Breakdown of Forecast Outturn Position
Appendix 2 - Capital Programme: Analysis of Budget/Technical Changes
Appendix 3 - Capital Programme: Analysis of Programme Acceleration/(Rescheduling)
Appendix 4 - Prudential Indicators

Background papers:

None

Other useful documents

None

Has it been or will it be considered by Scrutiny?

No

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

Yes - Audit and Procurement Committee, 21st September 2026

Will this report go to Council?

No

Report title:
2026/27 First Quarter Financial Monitoring Report (to June 2026)

1. Context (or background)

1.1 Cabinet approved the City Council's revenue budget of £422.9m on the 24th February 2026 and a Capital Programme of £165.9m. This is the first quarterly monitoring report for 2026/27. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure, recommending any action required, and to also report on the Council’s treasury management activity.

1.2 The current 2026/27 revenue forecast is for net expenditure to be **£3.8m under budget** (after management action). The reported forecast at the same point in 2025/26 was an overspend of £1.6m which reflected pressures relating primarily to adult social care activity and price. 2026/27 capital spend is projected to be £198.2m.

2. Options considered and recommended proposal

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

Table 1 Revenue Position - The revenue budgets and forecast positions are shown below, analysed by service area.

Service Area	Revised Net Budget	Forecast Spend	Total Over/ (Under) Spend
	£m	£m	£m
Adult Services and Housing	161.7	162.1	0.4
Children’s and Education	126.7	130.9	4.2
City Services	45.0	45.2	0.2
Contingency & Central Budgets	53.3	44.2	(9.1)
Digital Services	0.4	0.4	0.0
Economic Growth	4.8	5.5	0.7
Finance and Resources	13.5	13.2	(0.3)
Law, Governance and Safer Communities	12.7	12.7	0.0
People and Organisation Development	2.4	2.4	0.0
Policy and Communication	(0.2)	(0.2)	0.0
Property Services and Development	(11.0)	(10.8)	0.2
Public Health	(0.9)	(0.9)	0.0
Strategy and Performance	14.5	14.4	(0.1)
Total	**422.9**	**419.1**	**(3.8)**

2.2 The key forecast variances within service areas are highlighted below. Further details of variances within all service areas are provided in Appendix 1 to the report.

Directorates

Children's and Education Services - £4.2m overspend

Division	Variance
Corporate Parenting and Sufficiency	5.7
Children in Care, Children with Disabilities & Care Leavers	0.1
Help & Protection	(1.5)
Other variances less than £100K	(0.1)
TOTAL Children's and Education	**4.2**

The £4.2m overspend is mainly driven by pressures within Corporate Parenting relating to homes for children in care, where numbers have increased above financial planning assumptions. The most significant impact relates to greater use of residential care and more costly external spot placements, alongside lower than expected external contributions towards care packages for children with disabilities and complex needs. This is partly offset by underspends elsewhere, most notably within Family Hubs and Early Help due to staffing vacancies and the use of grant funding where appropriate.

Economic Growth - £0.7m overspend

Division	Variance
Planning Services	0.7
Transport policy	0.1
Economic Development service	(0.1)
TOTAL Economic Growth	**0.7**

The £0.7m overspend is largely due to a £0.5m income shortfall within Planning Services, reflecting reduced planning application volumes and limited scope for fee increases. A further pressure of around £0.2m has been identified in relation to Local Plan costs, although the service is actively seeking opportunities to minimise this impact.

Adult Services & Housing - £0.4m overspend

Division	Variance
Community Purchasing – Adult Social Care	5.2
Internally Provided Services	0.3
Localities and Social Care Operational	(0.1)
Strategic Commissioning (Adults)	(0.1)
Enablement & Therapy Services	(0.3)
Safeguarding, Practice Development & Mental Capacity	(0.3)
Housing and Homelessness	(4.5)
Other variances less than £100K	0.2
TOTAL Adult Services & Housing	**0.4**

Whilst the £0.4m overspend represents a broadly balanced overall position, significant underlying pressures remain in Adult Social Care. Community Purchasing is forecasting a £5m overspend, mainly due to ongoing pressures in the cost of care packages, including Section 117 aftercare, support for individuals with autism and complex needs, learning disability placements requiring intensive support, and rising home care demand for older adults. These pressures are being largely offset by a £4.5m underspend in Housing and Homelessness, mainly due to a sustained reduction in Temporary Accommodation demand, which has fallen by around 14% since November 2025.

City Services - £0.2m overspend

Division	Variance
Highways	0.8
Street pride & Parks	0.5
Waste & Fleet Services	0.6
Traffic	(0.6)
Parking	(1.1)
TOTAL City Services	**0.2**

The £0.2m overspend reflects a mixed position across City Services, with pressures in some areas being largely offset by favourable variances elsewhere. Highways is reporting pressures from repairs, maintenance and gully cleansing, although these are partly offset by reduced street lighting energy costs and additional parking and enforcement income. Pressures are being forecast within Parks and Open Spaces due to income shortfalls, alongside Waste and Fleet pressures linked to the delayed Food Waste Programme, Persistent Organic Pollutants disposal costs, and contracted landfill costs. These pressures are offset in part by underspends within Traffic and Parking.

Corporate

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

Contingency and Central – £9.1m underspend

Division	Variance
Contingency & Central Budgets	(3.7)
Treasury Management	(5.4)
TOTAL Contingency & Central Budgets	**(9.1)**

The £9.1m underspend is mainly due to a favourable £5.4m Treasury Management position, reflecting positive cash balances, higher interest assumptions and reduced forecast borrowing costs alongside increased investment income. The remaining £3.7m underspend within Contingency and Central Budgets includes favourable variances from additional business rates grant and income and contingencies held for inflation and pay awards. These underspends are partly offset by the forecast underachievement of savings targets within the One Coventry programme and senior management savings.

2.3 **Capital**

The quarter 1 2026/27 capital outturn forecast is £198.2m compared with the original programme reported to Cabinet in February 2026 of £165.9m. Table 3 below updates the budget at quarter 1 to take account of a £26.5m increase in the base programme (net rescheduling from 2025/26), £4.0m of new approved/technical changes and £1.8m of programme acceleration from future years.

The resources available section of Table 3 explains how the Capital Programme will be funded in 2026/27. It shows 74.2% of the programme is funded by external grant monies, whilst 20.1% is funded from borrowing. The programme also includes funding from capital receipts of £5.2m.

Table 3 – Movement in the Capital Budget

CAPITAL BUDGET 2026/27 MOVEMENT	**Qtr 1 Reporting £m**
February 2026 Approved Programme	165.9
Net rescheduling of expenditure from 2025/26	26.5
Revised Programme	192.4
Approved / Technical Changes (see Appendix 2)	4.0
"Net" acceleration from future years (See Appendix 3)	1.8
Revised Estimated Outturn 2026/27	**198.2**

RESOURCES AVAILABLE:	**Qtr 1 Reporting £m**
Prudential Borrowing (Specific & Gap Funding)	39.7
Grants and Contributions	147.2
Capital Receipts	5.2
Revenue Contributions and Capital Reserve	6.1
Total Resources Available	**198.2**

The inflationary pressures affecting the Council's revenue budget are also present within capital schemes, although the way in which these take effect can differ due to the way expenditure is incurred. All existing and future schemes are required to be delivered within existing agreed contractual sums and will continue to be monitored and managed within the available resources.

2.4 **Treasury Management**

External Context

The first quarter of the financial year has continued to experience some market volatility as the war in Iran continues to disrupt the transportation and supply of energy, raising its price and pushing up households' motor fuel costs as well as utility bills. There were signs that the economy was starting to falter with a 0.1% fall in real GDP in April.

UK headline consumer price inflation (CPI) remained stable at 2.8% in both April and May, dropping to 2.6% in June, below expectations of a rise to 3.0% despite the anticipated pass-through of higher energy prices to consumers. While this suggests that underlying inflationary pressures remain relatively contained, inflation continues to exceed the Bank of England's 2% target, indicating that price stability has not yet been fully restored. Meanwhile, Core CPI, which excludes more volatile components such as energy and food, edged up from 2.5% to 2.6%, pointing to some persistence in underlying price pressures.

The 10-year gilt yield remained volatile during the quarter, reflecting geopolitical tensions in Iran, and fluctuated between 4.69% and 5.18%. It closed the quarter at 4.76% before easing to 4.70% in June. Gilt performance was further supported by the Bank of England's decision to maintain rates at 3.75%, providing reassurance on the fiscal outlook amid the change in Prime Minister. While the full inflationary impact of the Iran conflict has yet to emerge, we believe weaker labour market conditions and subdued economic growth will limit any second-round inflationary effects.

Long-Term (Capital) Borrowing

The net long-term borrowing requirement for the 2026/27 Capital Programme is £22.5m, considering borrowing set out in Section 2.3 above (total £39.7m), less amounts to be set aside to repay debt, including non-PFI-related Minimum Revenue Provision (£17.2m). In the current interest rate climate, the Council has no immediate plans to take any further new long-term borrowing although this will continue to be kept under review.

The Public Works Loan Board (PWLB) remains the main source of loan finance for funding local authority capital investment. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access PWLB funds except to refinance existing loans or externalise internal borrowing. Under the Treasury Management Strategy 2026/27 approved by Cabinet on 24th February 2026 it was agreed the Council will not purchase investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loan Board (PWLB) between 1st April and 30 June 2026 have varied within the following percentage ranges:

PWLB Loan Duration (maturity loan)	Minimum 2026/27 to Q1	Maximum 2026/27 to Q1	As at the End of Q1
5 year	4.08%	4.52%	4.11%
10 year	4.54%	5.01%	4.59%
20 year	5.09%	5.57%	5.16%
50 year	4.96%	5.42%	5.05%

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

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually outweigh any potential savings. There has been no movement in borrowings during the first quarter.

Short-Term (Temporary) Borrowing and Investments
The Council’s Treasury Management Team acts daily to manage the City Council’s day-to-day cash-flow, by borrowing or investing for short periods. Holding short-term investments, such as money in call accounts, ensures the Council has access to an adequate source of liquid funds.

Returns provided by the Council’s short-term investments yielded an average interest rate of 4.80% in the first quarter. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposit, other Local Authorities, Registered Providers, and companies in the form of corporate bonds.

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

	As at 31st March 2026 **£m**	**As at 30th June 2026** **£m**
Banks and Building Societies	0.0	0.0
Local Authorities	0.0	55.0
Money Market Funds	62.9	51.9
Corporate Bonds	0.0	0.0
HM Treasury	0.0	0.0
Total	**62.9**	**106.9**

External Investments
In addition to the in-house investments outlined above, the Council also invests in a range of Collective Investment Schemes, commonly referred to as "pooled funds". These investments are held as sterling-denominated fund units rather than as direct investments in individual financial institutions or organisations. The pooled funds are generally AAA-rated, highly liquid, with funds typically accessible within two to four days, and have a relatively short average duration. The underlying assets may include Certificates of Deposit, Commercial Paper, Corporate Bonds, Floating Rate Notes, Call Account Deposits, Property and Equities. While these investments can experience short-term fluctuations in value due to market volatility, they are intended to be held over longer periods, allowing returns to stabilise over time. To further

diversify and manage risk, investments are spread across several fund managers, including CCLA, Schroders, Ninety-one, Columbia Threadneedle and M&G Investments.

Returns provided by the Council's pooled funds yielded an average interest rate of 7.63% over the last 12 months. At 30 June 2026 the combined capital value of the pooled funds was £28.6m (£28.3m 31 March 2026), against an original investment of £30m (a deficit of £1.4m). All seven pooled funds show a deficit value but returns remain strong. Although the world economy has shown volatility over the last 12-18 months, the value of the funds is recovering. The property market still hasn't bottomed out, but the CCLA fund is being actively managed to provide good returns. There remains an expectation that the full value for each pooled fund will be recovered over the medium term - the period over which this type of investment should always be managed. Current accounting rules allow any 'losses' to be held on the Council's balance sheet and not counted as a revenue loss. The performance and valuation of these investments will continue to be closely monitored as part of the Council's treasury management activities.

Prudential Indicators and the Prudential Code
Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing for capital purposes is affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 30 June 2026 are included in **Appendix 4** to the report. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2026/27. Specific points to note on the ratios are:

- The Upper Limit on Variable Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at variable interest rates. At 30 June 2026 the value is -£82.1m (minus) compared to £102.7m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.

- The Upper Limit on Fixed Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 30 June 2026 the value is £226.7m compared to £508.7m within the Treasury Management Strategy, reflecting both the level of actual borrowing and that a significant proportion of the Council's investment balance is at a fixed interest rate.

2.5 **Commercial Investment Strategy – Loans and Shares**

The Council's Commercial Investment Strategy is designed to ensure there are strong risk management arrangements and that the level of commercial investments held in the form of shares, commercial property and loans to external organisations, are proportionate to the size of the Council. In doing this the Strategy includes specific limits for the total cumulative investment through loans and shares. The total combined limit for 2026/27 is £100m, against which there are £81.9m of existing commitments: -

	Limit	Actual 30th June 2026	Committed and Planned 2026/27	Total	Headroom
	£m	£m	£m	£m	£m
Shares	55.0	46.6	0.0	46.6	8.4
Loans	45.0	35.1	0.2	35.3	9.7
	100.0	**81.7**	**0.2**	**81.9**	**18.1**

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

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

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

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

5.1 Financial implications

Revenue

The net quarter 1 forecast position is a **£3.8m revenue underspend** after management action, compared with a net revenue budget of £422.9m. Although not wholly comparable, this represents an improved position compared with the £1.6m overspend reported at the same point in 2025/26 and is in part a reflection of the decisions made during budget setting to support areas with intractable ongoing issues.

The overall position includes significant underlying service pressures, most notably within Children's and Education Services, Adult Social Care, Economic Growth and City Services. These pressures are being driven by a combination of increased demand and complexity of need, particularly in care services, income shortfalls linked to the wider economic climate, recruitment and agency staffing pressures, as well as inflationary and market-related cost pressures.

Management Action
Whilst the overall quarter 1 position is favourable, the Council continues to face significant underlying demand and cost pressures in several key service areas. It will therefore remain important to maintain strong financial discipline and ensure that services continue to manage pressures within available resources wherever possible.

The Council's Leadership Team will continue to work proactively to mitigate financial pressures through:

- robust challenge and review of forecasts;
- continued control over recruitment and agency staffing;
- active management of demand-led budgets;
- review of savings delivery and alternative mitigation plans where required;
- maximising external funding and grant opportunities; and
- continued monitoring of income assumptions and delivery of management action.

At this stage, the Director of Finance and Resources does not consider that any extraordinary action is required in response to the 2026/27 quarter 1 position. However, the underlying pressures identified in this report will continue to be closely monitored, given the Council's need to maintain financial resilience over the medium term.

Capital
The Council's Capital Programme continues to include a range of strategically important schemes across the city and remains largely funded by grants.

The Programme includes major investment in areas such as schools, highways, Very Light Rail, disabled facilities grant (DfG), City Centre South and delivery of the City Centre Cultural Gateway development.

Treasury Management and Prudential Indicators
The Council's treasury management activity remains within the approved Treasury Management Strategy and Prudential Indicators. The Council has no immediate plans to take out further long-term borrowing, although this position will continue to be reviewed in consideration of capital financing requirements and market conditions.

Short-term investment returns remain positive, reflecting the interest rate environment, and the Council continues to manage its cash balances in accordance with the principles of security, liquidity and yield. Prudential Indicators as at 30 June 2026 demonstrate that borrowing and investment activity remains within the limits approved for 2026/27.

5.2 **Legal implications**

There are no legal implications arising at this stage.

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

6. Other implications

6.1 How will this contribute to the One Coventry Plan?
(https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)

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

6.2 How is risk being managed?

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Good financial discipline through budgetary monitoring continues to be paramount in managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

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

6.4 Equalities / EIA

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

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

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

6.6 Implications for partner organisations?

No impact.

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Appendix 1

Revenue Position: Detailed Service Breakdown of Forecast Outturn Position

Table 1 below shows budget variations analysed between those that are subject to a centralised forecast variance and those that are managed at service level (termed "Budget Holder Variance" for the purposes of this report). The Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure, and salary budgets are not controlled at this local level. The Centralised salaries and Overheads underspend of £10.4m shown below is principally the effect of unfilled vacancies, often offset by agency staff costs shown within the budget holder variance.

Table 1

	Revised Budget	Forecast Spend	Centralised Variance	Budget Holder Variance	Total Over/ (Under) Spend
	£m	£m	£m	£m	£m
Adult Services and Housing	161.7	162.1	(2.0)	2.4	0.4
Children's and Education	126.7	130.9	(3.7)	7.9	4.2
City Services	45.0	45.2	(1.7)	1.9	0.2
Contingency & Central Budgets	53.3	44.2	0.0	(9.1)	(9.1)
Digital Services	0.4	0.4	0.4	(0.4)	0.0
Economic Growth	4.8	5.5	(1.4)	2.1	0.7
Finance and Resources	13.5	13.2	(0.6)	0.3	(0.3)
Law, Governance and Safer Communities	12.7	12.7	(0.7)	0.7	0.0
People and Organisation Development	2.4	2.4	(0.2)	0.2	0.0
Policy and Communication	(0.2)	(0.2)	0.0	0.0	0.0
Property Services and Development	(11.0)	(10.8)	(0.4)	0.6	0.2
Public Health	(0.9)	(0.9)	(0.1)	0.1	0.0
Strategy and Performance	14.5	14.4	0.0	(0.1)	(0.1)
TOTAL	**422.9**	**419.1**	**(10.4)**	**6.6**	**(3.8)**

Note: The figures in this table may be subject to small rounding differences to the main report and the rest of the appendix

Table 2: Service Area Variances

Service Area	Reporting Area	Explanation	£m
Adult Social Care	Strategic Commissioning (Adults)	There is a Private Finance Initiative unitary charge pressure of £100k; this has been offset by an over achievement of social care fee income against budget of £245k.	**(0.1)**
Adult Social Care	Enablement & Therapy Services	The underspend is primarily attributable to an Integrated Community Equipment Service (ICES) underspend of £142k, salary underspends arising from vacancies of £59k, and telecare fee income exceeding the budget by £50k. In addition, other smaller budget underspends total £20k	**(0.3)**

Adult Social Care	Internally Provided Services	The overspend is primarily driven by casual pay, overtime, and agency staffing costs incurred to maintain front-line shift cover, totalling £932k, reflecting ongoing recruitment challenges. This is further increased by other smaller budget overspends of £11k. These overspends are partially offset by salary underspends arising from vacancies, totalling £620k, resulting in a net overspend of approximately £323k.	**0.3**
Adult Social Care	Safeguarding, Practice Development & Mental Capacity	The underspend relates to continued reduced Deprivation of Liberty Safeguard assessments and exit from the external agency contract £186k which is above the £100k medium term financial strategy saving along with staffing vacancies that are pending recruitment £76k. There is also smaller budget underspends of £15k.	**(0.3)**
Adult Social Care	Localities and Social Care Operational	The underspend is due to intermittent Team Leader vacancies in the Learning Disabilities team totalling £110k. Reducing this is small budget overspends amounting to £8k.	**(0.1)**
Adult Social Care	Community Purchasing	We continue to experience ongoing and increasing pressures across several areas of care, with the main causes of the quarter 1 overspend broadly in line with those reported last year. In mental health services, the primary pressure relates to the cost of support packages for individuals entitled to Section 117 aftercare. These costs are rising mainly due to the growing complexity of need, particularly for people moving from long-stay hospitals or secure settings into the community, rather than an increase in overall numbers. We are also seeing more individuals with autism and complex needs who require highly tailored and intensive support which comes at a higher cost. In learning disability services, pressures remain within supported living. More individuals now require one-to-one support to live safely in the community, which is increasing costs. Demand for home care for older adults has also increased this quarter. Although there has been a small reduction in nursing and residential	**5.2**

		placements, overall spending has still risen. We are continuing to strengthen oversight of care package approvals to ensure value for money, while maintaining high standards of care and safeguarding. We are also making greater use of short-term enablement services and digital solutions to support people effectively.	
Housing	Housing and Homelessness	The service has seen a decrease in demand for temporary accommodation since November 2025 resulting in a £3.6m forecast underspend. The remainder is due to staffing underspends of £0.3m and £0.6m grant funding utilisation.	**(4.5)**
Adult Social Care and Housing	Other variances less than 100K		**0.2**
TOTAL Adult Services & Housing			**0.4**
Children's Services	Corporate Parenting and Sufficiency	There is a £6.0m forecast overspend on homes for children in care. Over the first quarter of the financial year there has been an increase in the number of children in care which is now higher than our financial planning assumptions. From a financial perspective the most significant is the increase in the overall number of children in residential care, resulting in greater use of more costly external spot placements. Alongside this, the level of external financial contributions towards care packages for children with disabilities and complex needs is forecast to be lower than budgeted.	5.7
Children's Services	Help & Protection	Family Hubs and Early Help are forecasting to underspend by £0.7m due to staffing vacancies and utilisation of grant funding where appropriate. In addition to this there are several other smaller underspends across the service, primarily linked to staffing, which collectively total £0.6m. There is a forecast underspend of £0.2m against the no recourse to public funds budget (NRPF). Additional budget was provided for NRPF in 2026/27 in response to increased demand, but costs are currently forecast to be lower than originally projected.	(1.5)

Children's Services	Children in Care, Children with Disabilities & Care Leavers	There is a forecast overspend of £0.5m in the Children's Disability Team, due to an increase in both demand and prices for short breaks & direct payments. This is offset in part by £0.4m underspends across the service including £0.3m across the Children in Care and Through Care services, primarily due to staffing.	0.1
Children and Education Services	Other variances less than 100K		(0.1)
TOTAL Children's and Education			**4.2**
Highways	Parking	Early indications show that Penalty Charge Notice (PCN) volumes have increased, likely because of the introduction of new CCTV enforcement cameras. In addition, car park income has exceeded budgeted levels, contributing to the overall favourable variance.	(1.1)
Highways	Traffic	This underspend is predominantly due to savings on energy because of a combination of lower tariffs and lower usage.	(0.6)
Highways	Highways	Grant funding bids have been submitted but have not yet been approved, and if these bids are unsuccessful, the service will experience a shortfall in grant income. In addition, vacancies within the Direct Labour Organisation (DLO) teams are reducing the service's capacity to generate income, placing further pressure on the income budget.	0.8
Environmental Services	Street pride & Parks	Car Park income of Coombe and War Memorial Park (WMP) is down mostly due to reduced number of visitors. Income from Events and Activities across all parks is also expected to be lower than budgeted.	0.5
Environmental Services	Waste & Fleet Services	This pressure is mostly due to pressures in the Waste Disposal Account: Disposal of Persistent Organic Pollutants (POP's); Food Waste savings; an increase in void tonnage at the Landfill site and increased costs at the Civic Amenity (CA) Site. These are partly offset by increased Garden Waste	0.6

		income and miscellaneous variations in other areas.	
TOTAL City Services			**0.2**
Contingency & Central Budgets	Contingency & Central Budgets	This net underspend of £3.7m is made up of favourable variances totalling £7.2m, include additional business rates grant income and contingencies held in lieu of inflation and pay award announcements. These are being offset by adverse variances totalling £3.5m relating to forecast underachievement of savings targets against both the One Coventry programme and senior management savings.	(3.7)
Contingency & Central Budgets	Treasury Management	The Asset Management Revenue Account (AMRA) has a £5.4m surplus forecast relating to positive cash balances in the final quarter 2025-26 and higher interest rates than assumed at budget setting contributing to reductions in forecast interest on borrowing as well increases in interest income on cash balances.	(5.4)
TOTAL Contingency & Central Budgets			**(9.1)**
Digital Services	Other variances less than 100K		0.0
TOTAL Digital Services			**0.0**
Development Management Services	Planning Services	Planning overspend is mainly due to £0.5m unachievable income target for planning development as application volume is lower than expected and limit to price increase, also potentially the cost for Local Plan pressure could be around £0.2m although service is looking into ways to control the costs.	0.7
Economic Growth	Economic Development service (EDS)	Potential surplus budget in EDS (Economic Development Services) is mainly due to restructuring of service delivery to maximise external funding whilst generating sufficient fees and income from various contract delivery to cover all relevant costs.	(0.1)
Transport policy	Other variances less than 100K		0.1
TOTAL Economic Growth			**0.7**
Finance & Resources	Revenues and Benefits	A pressure of £1 million has been forecast due to the cost of providing housing benefit exceeding the amount reimbursed to the Council by the Department for Work and	(0.1)

		Pensions through the housing benefit subsidy regime.	
Finance & Resources	Other variances less than 100K		(0.2)
TOTAL FINANCE & Resources			**(0.3)**
Legal and Governance Services	Legal Services	Despite numerous market engagement exercises, recruitment challenges to recruit into vacant lawyer roles within the Education, Corporate and Commercial and Planning Teams has resulted in Legal Services being forced to utilise agency staff to ensure that services continue to meet statutory deadlines. However, the Service has a vacancy target of £390k and this has resulted in the overall adverse budget variance.	0.3
Legal and Governance Services	Regulatory Services	Significant progress has been made in implementing the service enhancements approved through the 2026/27 budget, with key management, supervisory and frontline posts already appointed across Environmental Health, Neighbourhood Enforcement, Community Safety and Environmental Enforcement (Noise), and further recruitment campaigns at advanced stages. The implementation programme has been deliberately phased to ensure appropriate leadership, supervision and operational arrangements are established before new staff commence, with most remaining appointments expected during summer and early autumn 2026. As a result, temporary staffing vacancies are generating a forecast underspend against the approved budget; however, this reflects planned recruitment and implementation timescales rather than any reduction in service delivery. Full implementation remains on track during 2026/27, and the underspend is expected to reduce as recruitment is completed and employees take up post.	(0.3)
Legal and Governance Services	Democratic Services	Agency is required in the Information Governance team to address the backlog of work because of increased subject access requests. The Council has a statutory duty to resolve these requests within the prescribed timeframes.	0.1

Legal and Governance Services	Other variances less than 100K		(0.1)
TOTAL Law, Governance and Safer Communities			**0.0**
People and Organisation Development	Employment Services	Income overperformance and vacancies are delivering savings in Employment Services. The vacant posts are being actively recruited.	(0.3)
People and Organisation Development	Facilities & Property Services	Facilities Management is experiencing budgetary pressures due to the continued costs of maintaining the vacant Coventry Sports and Leisure Centre on Fairfax Street, plus increased security costs and business rate charges at One Friargate.	0.3
TOTAL People and Organisation Development			**0.0**
Policy and Communication	Corporate Communications		0.0
TOTAL Policy and Communication			**0.0**
Property Services and Development	PSD Management & Support	Mainly due to £122k delay in delivering savings target and a £29k turnover shortfall.	0.2
TOTAL Property Services and Development			**0.2**
Public Health	Other variances less than 100K		0.0
TOTAL Public Health			**0.0**
Strategy and Performance	Customer and Business Services	Mainly due to additional internal income £0.2M partially offset by an increase in postage spend. Also, lower-than-budgeted expenditure on Discretionary Housing Payments (DHPs) and Council Support Grants (CSG) of £0.3m has further contributed to the favourable variance.	(0.5)
Strategy and Performance	Culture and Events	This pressure is mainly a result of lower than planned income from St Mary's Guildhall. The service is working with the external provider trying to improve the position.	0.2
Strategy and Performance	Performance and Insight	Staffing overspends due to full establishment.	0.2
TOTAL Strategy and Performance			**(0.1)**
Total Outturn Variances			**(3.8)**

Appendix 2

Capital Programme Approved / Technical Changes

SCHEME	EXPLANATION	£m
Highways Investment	Live Labs 2 grant award from West Midlands Combined Authority for resurfacing trials as part of the decarbonising roads project.	0.9
Education Condition Programme	At the time of budget setting the grant award for 2026/27 was yet to be confirmed. The increase ensures correct reflection in the capital programme of the condition grant to be received from the Department for Education.	2.3
Miscellaneous	Schemes below £250k reporting threshold	0.8
TOTAL APPROVED / TECHNICAL CHANGES		**4.0**

Appendix 3

Capital Programme: Analysis of Programme Acceleration/(Rescheduling)

SCHEME	EXPLANATION	£m
West Midlands Investment Zone	This forecast reflects the most recent information provided by the contractors. The four-month acceleration of the programme arises from a contract amendment allowing works to be brought forward and aligned with the cycleway works, avoiding the need to excavate the same route twice and minimising disruption to the public.	1.5
Playzones	The delivery of the MUGA (multi-use games area) Playzones is ahead of schedule, and it is now expected that all works will be completed before 31st March 2027.	1.0
Miscellaneous	Schemes below £250k reporting threshold	(0.7)
TOTAL ACCELERATION		**1.8**

Appendix 4

Prudential Indicators

Indicator	per Treasury Management Strategy 2026/27	As at 30 June 2026
Ratio of Financing Costs to Net Revenue Stream (Indicator 1), This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.	9.50%	10.26%
Gross Borrowing should not, except in the short-term, exceed the total of the Capital Financing Requirement (CFR) at 31st March 2023 plus the estimates of any additional CFR in the next 3 years (Indicator 2), illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme and is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.	Estimate / limit of £552.6m	£342.1m Gross borrowing within the limit.
Authorised Limit for External Debt (Indicator 5)*,* This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short-term but is not sustainable. The Authorised limit has been set on the estimated debt with sufficient headroom over and above this to allow for unexpected cash movements.	£572.6m	£342.1m is less than the authorised limit.
Operational Boundary for External Debt (Indicator 6*)*, This indicator refers to the means by which the Council manages its external debt to ensure it remains within the statutory Authorised Limit. It differs from the authorised limit as it is based on the most likely scenario in terms of capital spend and financing during the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year.	£552.6m	£342.1m is less than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 9), These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position.	£508.7m	£226.7m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9*)*, as above highlighting interest rate exposure risk.	£101.7m	-£82.1m
Maturity Structure Limits (Indicator 10*),* This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks.		

The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment. < 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +	 0% to 50% 0% to 20% 0% to 30% 0% to 30% 40% to 100%	 0% 0% 12% 33% 55%
Investments Longer than 364 Days (Indicator 11), This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.	£30m	£0.0m