



Coventry City Council

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## **Council Meeting**

11 April 2006

**Booklet 2**

Recommendations

# INDEX TO MINUTES

Page Nos.

Cabinet	
4 April 2006 .....	1

## **CABINET**

**4th April, 2006**

Cabinet Members  
Present:-  
Councillor Arrowsmith  
Councillor Foster  
Councillor Kelsey  
Councillor Matchet  
Councillor H Noonan  
Councillor O'Neill  
Councillor Ridley  
Councillor Taylor (Chair)

Non-Voting Opposition  
Representatives present:-  
Councillor Duggins  
Councillor McNicholas (substitute for Councillor Mutton)

Other Members  
Present:-  
Councillor Gazey

Employees Present:-  
J. Bolton (Director of Community Services)  
R. Brankowski (Legal and Democratic Services Directorate)  
N. Clews (Head of Property Management)  
F. Collingham (Communications and Media Relations Manager)  
J. Crook (Interim Director of Children, Learning and Young People's Directorate)  
J. Daly (Head of Special Projects Finance)  
D. Francisco (Finance and ICT Directorate)  
C. Hinde (Director of Legal and Democratic Services)  
S. Iannantuoni (Chief Executive's Directorate)  
S. Manzie (Chief Executive)  
J. McGuigan (Director of City Development)  
J. Nichols (Head of Neighbourhood Management)  
S. Pickering (Director of City Services)  
D. Shoker (City Development Directorate)  
C. West (Finance and ICT Directorate)

Apologies:  
Councillor Benefield  
Councillor Blundell  
Councillor Mutton  
Councillor Nellist  
Councillor Mrs Stone  
A. Ridgwell (Director of Finance and ICT)

### **248. Declarations of Interest**

In respect of the matter referred to in Minute 254 below, headed "Ricoh Arena – (1) Operation of the Ricoh Arena, (2) Ricoh Arena Funding, and (3) Hotel Developments", Stella Manzie and John McGuigan indicated that they are Directors of Arena Coventry Limited, while Chris Hinde indicated that he and Angie Ridgwell are Directors of Coventry North Regeneration Limited.

## RECOMMENDATIONS

### 250. Neighbourhood Management

The Cabinet considered a joint report of the Chief Executive and the Head of Neighbourhood Management setting out progress in the development of the Neighbourhood Management Service, and putting forward proposals for the creation of eighteen Ward Forums to replace the six Area Forums as a strategic framework for the Council and its partners to work together through the Neighbourhood Management Service to address the delivery of improved services in Coventry's neighbourhoods.

The Neighbourhood Management Service came into being on the 1st October, 2005, following the decision of the Cabinet on the 6th September, 2005, to re-structure the former Area Co-ordination Service into three Neighbourhood Management areas to be co-terminous with Police Operational Command Units. The proposals were closely linked to moves to integrate the different wardens services into a single wardens service across the City. Neighbourhood Management was officially launched at a series of events aimed at communities in each of the three areas, elected members and a City-wide partners' event in November 2005.

All area staff teams are now in place. Work is planned to make the accommodation of some teams more accessible for residents and, in some cases, new premises are being sought. The move of the South main office to Stoke Aldermoor has been completed in conjunction with the opening of the One Stop Shop at Barley Lea House. Other premises options are being investigated, particularly opportunities to co-locate with other agencies.

Additional Neighbourhood Wardens have been recruited and new teams have been put in place to patrol the areas previously identified as hot spot areas. Work is currently underway to transfer the Hillfields wardens, the City Centre Street Crime wardens and the New Deal for Communities wardens to the corporate Neighbourhood Warden service within Neighbourhood Management. From the 1st April, 2006, all 75 Neighbourhood Wardens in the City are being managed as one service.

More structured approaches to the planning and recording of Neighbourhood Management activity with local communities are being put in place. This will give more complete information for councillors and partners about what activity is taking place in each area enabling Neighbourhood Management to work with local councillors to prioritise activities.

Work is still taking place on the future of neighbourhood plans and how best to work with local communities on them and to integrate them into the planning processes of the Council and other partners.

With the immediate Neighbourhood Management staff team structures in place, preliminary work has started to develop the strategic framework within which

Neighbourhood Management will work with other Council departments and in partnership with other public agencies. It has previously been agreed that Neighbourhood Management is intended to achieve the following immediate outcomes:

- More joined-up services which offer improved services, a better customer experience and better use of resources
- Better Value for Money in Council and partner service delivery
- Achievement of agencies' service targets and objectives
- Better involvement and engagement of communities

The above outcomes encompass:

- Developing joint delivery of ambitions for the area
- Building a shared understanding of local needs between local residents, councillors and partners
- Continuing to try and close the gap between more and less prosperous communities
- Achieving long-lasting and sustainable change

Work has started and will continue to be developed to ensure that Neighbourhood Management is responsive to local issues. The proposed Ward Forums will provide one of the mechanisms to achieve these aims.

In order to achieve the above outcomes, the Council needs to work in partnership with other public service agencies, voluntary organisations and communities. There is already a strong foundation for working in this way through the Coventry Partnership and its delivery of the Coventry Community Plan and the Local Area Agreement (LAA). The 2005 – 2010 Community Plan has an underpinning theme of Neighbourhoods, which includes priorities intended to improve the quality of life for people in Coventry and narrowing the gap in inequalities for disadvantaged neighbourhoods. The development of the Neighbourhood Management structure is, therefore, intended to be strongly linked to local councillors and to make strategic links between the Coventry Partnership and related partnerships such as the Community Safety Partnership and the Children and Young People's Strategic Partnership and area-based working. It is also intended to reflect a strategic approach at the three area levels, underpinned by work at a neighbourhood and ward level. This is being supported by moves towards neighbourhood policing.

The report referred to the introduction of Area Management Groups (AMG), which, it is proposed, will consist of senior officers from a number of Council services and other public agencies, working as a local partnership. AMGs will meet quarterly to share each agency's key targets and objectives and identify where these can be aligned to achieve better services, improve provision around identified gaps in local services and identify opportunities for service collaboration to create efficiencies. This will be a strategic meeting and should be chaired by one of the senior employees of partner organisations to enable employees of all the organisations involved to be held to account. Elected members for the wards in the area will have a standing invitation to attend AMG meetings and will be circulated with agendas and minutes. It is recognised that not all members will be able to

attend these meetings regularly and therefore arrangements will be put in place to report back to members on the issues raised and discussed at the meetings. Draft Terms of Reference for Area Management Groups were appended to the report submitted.

Work is currently underway to develop an Area Management Group (AMG) for each area, (these were referred to as Area Teams in the Cabinet report approved in September 2005). It is proposed that beneath each AMG will be a sub-group known as the Safer, Stronger Area Group. This group has been initiated by the Coventry Community Safety Strategy and fits between the fortnightly Active Intelligence Mapping (AIM) meetings and the neighbourhood-based Safer Estates or Safer Neighbourhood meetings. A further appendix to the report submitted showed this in diagram form. Discussions are also taking place with the Primary Care Trust and the Health Development Unit to create a similar sub-group to address the health inequalities/Choosing Health agenda in each of the Neighbourhood Management areas. These two themed sub-groups of the AMG create an area-based network of officers to address operational as well as detailed strategic issues in delivering on two of the LAA blocks. Further consideration will be given to the creation of similar sub-groups to address the children and young people and the economy and enterprise themes of the LAA.

All of this is underpinned at a neighbourhood level by safer estates or safer neighbourhood groups, health action groups or a replacement for them, ward forums and the many resident and community-led networks and forums. These structures are critical for ensuring community engagement and influence in the design and delivery of public services in neighbourhoods.

As regards the creation of Ward Forums, the report indicated that there have been discussions for some time within the Council about Area Forums. A review was undertaken in 2002. Area Forums in some areas have come to be seen as effective. In other areas, there have been tensions between the size of the area and the public wanting a more neighbourhood focus. There has also been ambiguity about the roles of Area Forums, with some tensions between, on the one hand, trying to encourage uninhibited local involvement and debate and, on the other, making the Area Forums part of the Council's constitution and framework. Council members and officers alike reflect the concerns from Area Forums about over-domination of Forums by Council-led presentations, even though it is acknowledged that this has been motivated by entirely good intentions to consult.

During December 2005 and January 2006, Area Managers sought the views of ward councillors on what local consultation meetings they would like. Forty-eight out of fifty-four councillors were either interviewed or completed a questionnaire giving their feedback on what might work in their ward. A few councillors felt that Area Forums were beginning to work and wanted to retain them but most councillors were supportive of the concept of Ward Forums. The main criticisms of Area Forums are that they cover too wide an area to address issues of concern to residents in their neighbourhood, that too few residents take up the opportunity to attend Area Forum meetings, and that this may be linked to the concerns that, very often, the meetings are overwhelmed by Council department presentations

with too little opportunity for community engagement.

At the meeting of the Members Advisory Panel on Neighbourhood Management held on the 8th February, 2006, members were able to discuss the idea of moving to Ward Forums. The Advisory Panel members all supported the potential introduction of Ward Forums but acknowledged that there would be resource implications for supporting and servicing them. It was also accepted that there could not be a "one size fits all" approach to Ward Forums. Whilst for many wards, meetings being held quarterly was considered appropriate, some wards were felt only to need a forum twice a year and, in a small number of cases, there may be an argument for meetings to be held more frequently than quarterly. It should be noted, however, that the support arrangements for an increased number of forums would need careful consideration as it would be damaging if the Council made commitments to local people which could not be supported.

There were also high levels of support for making Forums less bureaucratic, which could be achieved by removing the requirement to hold Forums from the Council's constitution and the associated need to service the meetings as a Council committee. A multi-agency approach to Ward Forums was seen as potentially more attractive for communities who may have issues they want to discuss which relate to a number of public services including the Police, Whitefriars or the Primary Care Trust and not just the City Council.

Advisory Panel members were keen to see Ward Forums have a more action-focused approach. They felt that it was not necessary to have so many officers present at the meetings but key directorates, such as City Services, would need to be represented. In other cases, people may be requested to attend depending upon issues raised on the agenda. More importantly, clear recording of issues raised and prompt follow-up activity, with feedback to residents raising issues, was seen as what was needed, rather than waiting until the next meeting.

Work is currently being undertaken to map all groups and meetings in each ward, including residents groups, community forums and networks, local interest groups and specific groups such as safer estates groups. Once this information is collated, ward councillors will be able to make an informed recommendation about how frequently Ward Forums will be needed in their ward, alongside other places that community members are able to share their ideas, aspirations and concerns. There has not yet been discussion with the existing Area Forums about proposals for Ward Forums. Clearly, some members of the public have given great commitment to Area Forums and will want to understand the implication of Ward Forum proposals. Proposals should also be tested out on existing groups in local areas.

It is proposed that Area Forums should be replaced by Ward Forums. The chair of the Ward Forum will be appointed by the Council, as is the case for Area Forums. There will be some standard approaches to ward forums, such as each ward forum having a similar style of agenda and format for creating action notes, but there will be local variations, such as frequency of meetings. It is hoped that Ward Forums, while being structured, will have a "more friendly" style in terms of format and arrangements and should have fewer Council-led presentations. It is proposed

that, at the beginning of the municipal year, members for each ward will agree the cycle of meetings in their ward for the forthcoming year. Consideration will be given to this alongside other ward or neighbourhood based meetings. It is proposed that members of the public who are currently regular attendees of Area Forum meetings should be involved in the process of discussing how best to move to ward forums.

Each Ward Forum will be allocated a senior council officer to provide support to the chair and to be responsible for ensuring that actions are followed up after the meeting. Each Ward Forum will be allocated a council officer responsible for taking action notes. It is expected that officers from across the council will take on these roles, not just those from either Neighbourhood Management or Committee Services.

There will be publicity and promotional activity for each ward forum to ensure wider community involvement in the meetings. An annual budget of £25,000 will be required to support the ward forums not only for promotional activity but also to support mailings to residents and partners and to pay for room hire and refreshments. A one-off budget of £10,000 (to be funded from the Policy Contingency Fund) will be needed in the first year to launch ward forums and to ensure a good profile is established for the new approach.

As regards monitoring, progress on developing the next stages in the Neighbourhood Management framework will, as now, be reported in regular meetings between the Head of Neighbourhood Management and the Cabinet Member (Finance and Equalities). The Members Advisory Panel also provides an overview and monitoring function when requested by the Cabinet Member.

It is intended to hold the first Area Management Group meetings during May 2006, the cycle of meetings then to be agreed by the Council and partners to best meet the requirements of their own planning and meeting cycles.

Ward Forums are to begin by June/July 2006. However, further Area Forum dates have been identified and put in the diary as a contingency until all Ward Forum arrangements are satisfactorily in place.

The Cabinet also considered a progress report indicating the outcome of the consideration of this matter by the Scrutiny Co-ordination Committee and the Standards Committee at their meetings on the 29th March, 2006.

The Scrutiny Co-ordination Committee had supported the recommendations contained in the report submitted and had also made the following additional recommendations – which the Cabinet approved:

- (a) That the Cabinet request officers to produce a further report on how the views expressed by ward forums, and how neighbourhood plans, might be fed into the Council's political management arrangements and corporate processes (including how links with the Management Board might be maintained and how officers attending ward forums might be empowered to take decisions on behalf of their Directors).



- (b) That the Cabinet note that the Cabinet Member (Finance and Equalities) gave an undertaking to the Scrutiny Co-ordination Committee that a progress report on the operation of the ward forums would be submitted to them in November/December 2006.

The Cabinet also noted that the Standards Committee had agreed to recommend that the City Council make the appropriate changes to the Constitution.

**RESOLVED that the City Council be recommended:-**

- (1) To note the progress made to date in developing Neighbourhood Management.**
- (2) To endorse the draft Terms of Reference for Area Management Groups.**
- (3) To endorse the proposal to create 18 Ward Forums and cease the existing Area Forums from July 2006.**
- (4) To agree to the additional spend of £35,000, which will be funded from the policy contingency fund in the first year.**
- (5) To request the employees to produce a further report on how the views expressed by ward forums, and how neighbourhood plans, might be fed into the Council's political management arrangements and corporate processes (including how links with the Management Board might be maintained and how officers attending ward forums might be empowered to take decisions on behalf of their Directors).**

**254. Ricoh Arena – (1) Operation of the Ricoh Arena, (2) Ricoh Arena Funding, and (3) Hotel Developments**

The Cabinet considered a joint report of the Director of Finance and ICT and the Director of City Development up-dating the Council, as a fifty per cent shareholder in Arena Coventry Limited (ACL), on the operation of the Ricoh Arena and seeking approval (a) to change the structure of the leases and company structures for the Ricoh Arena development to maximise the tax efficiency of the development and (b) for the acquisition of the land necessary to facilitate the hotel developments on the Ricoh Arena site.

The report indicated that, notwithstanding the difficulties of the delayed and phased opening of the Ricoh Arena, there has been a successful start to its operation by ACL. There are now conferences held on a daily basis and the entire exhibition hall has been used recently for both a fashion and a motor trade show. Since opening in August, there have been over 400 events held including Advantage West Midlands' Regional Conference, and major marketing events by Ricoh and Yorkshire Bank. Within the last few weeks, the Ricoh Arena has won a top international award for its conference, exhibition, banqueting and hotel facilities – just six months after opening. The Ricoh Arena was named best UK venue at

the International CONFEX Exhibition held at Earls Court in London. CONFEX is the International Conference/Exhibition for all businesses and industries involved with the conference trade across the world. In addition, two major concerts will take place during the summer featuring Bon Jovi and the Red Hot Chilli Peppers.

Football match attendance continues to be significantly higher than at Highfield Road. The residents parking scheme is working well and a significant number of people are travelling by bus. The closure of Judds Lane has also increased the effective dispersal of supporters by bus travel on match days.

The pitch-side hotel rooms are fully operational and are reaching their occupation targets. The Bistro is also up and running within the main atrium. The Health and Fitness centre, to be operated by the Coventry Sports Trust, is on programme to be operational in March. The fit-out of the community office space has commenced, with the programme of works scheduled to conclude on the 16th June, 2006.

The City Council has submitted a bid for a regional casino, which will offer opportunities for greater investment on the Ricoh Arena site and in the surrounding areas. In the meantime, Laing O'Rourke have commenced works, under a separate contract, on the fit-out of the casino space. This will provide services throughout the area under the current casino license. The fit-out of the casino is due to be completed by the 15th December, 2006.

In addition, the job creation at the (old) gasworks site is likely to exceed the Council's original estimate by 25 per cent. There are 2,700 jobs already, or being, created on the site and a further 1,000 jobs will follow if the Council is successful in achieving the regional casino licence. In itself, the regional casino licence is likely to generate a further £50m of investment in the immediate area, which will create more jobs in the future.

As regards Ricoh Arena funding, ACL signed their lease with Coventry North Regeneration Limited (CNR), the Council's 100%-owned company, on the 26th January, 2006. ACL have been paying the agreed rent of £1.9m per annum to CNR since the 1st February, 2006 (due on the 14th February) using the £1m cash-flow assistance provided by CNR. The cashflow assistance was approved by the Council on the 17th January, 2006, and the formal agreement between CNR and ACL was signed on the 24th February, 2006. Interest charges arising under this agreement will be backdated to the draw-down date of the 14th February, 2006.

CNR have been making repayments on their £21m loan from the Council since August 2005. The rental stream from ACL will now cover these costs, meaning that the Council is no longer incurring any costs in relation to this loan.

ACL have accepted the offer of a £21m loan from the Yorkshire Bank, and it is now available for drawdown until the 1st June, 2006. However, in order to draw down the loan, the Bank require the lease re-structure to be completed.

With regard to lease and company structures, the Council, CNR and ACL have

been working with their respective advisors to ensure that the most tax-efficient position is achieved in accordance with the implementation decisions approved in the October 2003 Council report. At that time, employees made it clear to Members that company and lease structures would need to be addressed to ensure the optimum tax position was achieved.

Recommendation 2.2.4 of that October 2003 report is set out below:

*"To note the detailed legal structure for this project set out in the [October 2003] report and agree that:*

- *in order to achieve the most advantageous tax position, the structure may need to change*
- *authority be delegated to the Director of Legal and Democratic Services and Director of Finance and ICT, in consultation with the Leader and the Cabinet Advisory Panel referred to in recommendations paragraph 2.2.1 [of the October 2003 report], to make the appropriate changes to the company structure as necessary."*

Employees are now able to be clear on the best structures to optimise the tax advantages to the Council and these are set out below.

CNR is entitled to receive tax allowances based on its costs incurred in the construction of the Ricoh Arena. However, CNR is unable to use these allowances (as it has insufficient taxable income) and it was always the intention to transfer these allowances to ACL, which, as a trading company, can off-set them against tax due on its profits.

As 50% shareholder in ACL, the Council will benefit from the use of these allowances as ACL will pay less tax, and therefore:

- have an improved cashflow position;
- have more funds available to support its commercial interests including the early repayment of borrowings; and
- in the medium term, be likely to make funds available for distribution to its shareholders (the Council and the Higgs Trust) at an earlier time than would otherwise be the case.

In order to transfer these allowances, the Council has been advised that it is necessary to assign the head lease from CNR to a new company (ACL 2006). Employees have sought to protect the interests of the Council in these arrangements and the new structures will not disadvantage the Council at all.

- The Council, through its 50% ownership of ACL, will be a 50% owner of ACL 2006; and

- The assignment of the lease will preserve the Council's entitlement to the 'super rent' once ACL's profits reach £3.75m per annum.

The only restriction for the Council from the assignment will be in fifty years' time, when CNR will lose the interest in the ACL lease for a period of 3 days. It has been confirmed by the Council's advisors that this loss has no value.

A diagram of the company/lease structures was appended to the report submitted.

The changes to the lease and company structures were identified in 2003, when the new funding arrangements were put in place following the unacceptable conditions (a Council guarantee) placed on the original bank loan being sought by ACL from Banco Espirito Santo. At that time, it was not possible to change the structures due to the volume of legal paperwork this would entail; nor was there any perceived urgency to do so as, due to Disadvantaged Area Relief, stamp duty was not payable on lease changes. In 2005, the Chancellor of the Exchequer unexpectedly changed the stamp duty rules in respect of Disadvantaged Area Relief. This means that ACL will now be required to pay stamp duty of approximately £1m on the lease payment of £21m. However, this cost is more than outweighed by the advantages of the tax allowances. The tax allowances were always reflected within ACL's business plan in line with the Council's original plans. The extra stamp duty cost has now been included in ACL's latest Business Plan.

This is a complex arrangement and there remains a risk that the tax allowances may not be able to be used as planned. The Council and ACL, together with their respective advisors, have sought to minimise this risk but it cannot be eliminated completely.

As regards hotel developments, the report indicated that these arrangements were set out in a report to the Cabinet in June 2005. In order to progress these developments, it is now recommended that the Council buy out ACL's interest in the land and negotiate the development arrangements directly as it is in a position to grant a longer lease which will maximise the premium payable. This will enable the Council to proceed with the development of the sites without the need to make any further agreements or payments to ACL. The amount payable to ACL for the surrender of their 50-year leasehold interest in these sites has been determined by external professional advisors, engaged by the Council, at £1.25m.

Two option agreements have already been completed with a developer for the proposed hotel developments, which will provide the Council with a gross receipt of £1.77m, giving a net gain of £0.52m, after allowing for the £1.25m payment to ACL. However, it should be noted that, should the developer not exercise his options on the sites, the Council would not immediately receive any income to offset the purchase cost. The option for 'site A' (gross receipt - £1.165m) is expected to be exercised in early 2007 and for 'site B' (gross receipt - £605k) in late 2007. In the event that the proposed developments do not go ahead, the attractiveness of the sites, due to the regeneration of the area, means that it would be likely that an alternative operator would come forward to develop the sites.

The lease changes required to remove the hotel land will be completed at the same time as those required for the transfer of the tax allowances.

The report indicated that the recommended proposals offer best value to the Council in respect of the management of its investment in ACL and its contribution to the regeneration of the area.

In terms of finance, the transfer of tax allowances will benefit the Council through improved profitability of ACL by increasing:

- the value of its 50% shareholding in the Company;
- the probability of receiving dividend income from its shareholding in the Company; and
- the probability of profits exceeding the 'super rent' level of £3.75m.

In addition, the successful operation of the Ricoh Arena should increase the value of the Council's property assets in the surrounding area.

The buy-out of ACL's interest in the hotel development will cost the Council £1.25m. This cost will be recouped through the exercise of the option by the developer at £1.77m generating a net surplus to the Council of £0.52m.

There are a number of risks arising to the Council from its 50% shareholding in the ACL. The Directors of ACL are responsible for risk management within the Company and need to balance the risks of activities against the predicted returns from these activities. These risks have been minimised through the use of appropriate professionals to establish the relevant company and lease structures.

The Council will acquire the land for the hotel developments before the options are exercised, meaning that there is a risk that the proposed developments do not proceed. However, the developer is keen to proceed with the developments and the attractiveness of the sites means that the eventual risk of loss to the Council from acquisition is low.

The operation of ACL will continue to be monitored to ensure that the holding of 50% of the shares in the Company continues to be in the best interests of the Council.

The lease changes necessary will be put in place as soon as possible to enable ACL to obtain the tax allowances and the Council, via CNR, to receive the £21m lease premium from ACL.

The Cabinet noted that the Scrutiny Co-ordination Committee considered the report at their meeting on the 22nd March, 2006, and supported the recommendations contained in it.

It was reported at the meeting of the Cabinet that the employees had been working with the Council's external tax advisors on the complex issue of how best

to maximise the tax position. To ensure that the Council can deliver on the principles accepted by Members, it was suggested that the following recommendation (tabled at the meeting) be added in place of one contained in the original report in order to reinforce the capacity to make any detailed technical/legal changes that are necessary within the overall principles agreed in the report to ensure that any technical issues can be dealt with that might come up from the advisors in a way that allows the Council to obtain the £21m from ACL as soon as possible after the meeting of full Council on the 11th April, 2006:

"To delegate authority to the Director of Finance and ICT and the Director of Legal and Democratic Services to make other appropriate changes as necessary to the corporate and lease structures required to maximise the tax efficiency of the Arena development in line with the implementation decisions approved by the Council on the 16th October, 2003, it being noted that Councillors will be advised of any changes made and the Cabinet Advisory Panel informed."

**RESOLVED that the City Council be recommended:-**

- (1) To note the successful start to the operation of the Ricoh Arena and the positive impact that this will have on the Council's investment in ACL.**
- (2) To delegate authority to the Director of Finance and ICT and the Director of Legal and Democratic Services to make other appropriate changes as necessary to the corporate and lease structures required to maximise the tax efficiency of the Arena development in line with the implementation decisions approved by the Council on the 16th October, 2003, it being noted that Councillors will be advised of any changes made and the Cabinet Advisory Panel informed**
- (3) To authorise the surrender of the hotel land back to the City Council at a value of £1.25m payable to ACL for the loss of the car parking and land at the Arena, in accordance with the principle agreed by Cabinet at its meeting in June 2005. This transaction will be structured to achieve the most advantageous tax position.**

**256. Future Joint Working between the City Council and Local Health Services, including response to consultation on a Mental Health Trust**

The Cabinet considered a joint report of the Chief Executive and the Director of Community Services seeking approval for the direction of partnerships between Health Services in the City and the Local Authority, including options to establish (a) a joint post as Director of Public Health across the Primary Care Trust and the City Council, (b) a joint post as Service Head of Mental Health Services between the new proposed Mental Health Trust and the City Council and (c) a Project Management Team to consider the possible options open to the City Council and the Primary Care Trust in Coventry for future arrangements for joint working in the City.

The report also contained, in Appendix A, a response to the consultation on a proposal to establish a Mental Health Trust across Coventry and Warwickshire.

The report indicated that City residents who come into contact with both health and social care services often comment that they would like to see the services more joined up and more connected to each other. The most common comment is that people would like to only have to tell "their story" once and that this information could trigger the required interventions and services.

Professionals working within the health and social care settings can see the total inter-dependence that each professional has on the other. This is so that the services that determine who needs medical or therapeutic interventions and how people might recover from those interventions are closely connected to community-based delivery of social care.

On the 30th January, 2006, the Government published a White Paper "Our Health, Our Care, Our Say: A New Direction for Community Services". The paper makes further requirements for social care (in both adults and children's settings) and health services to work more closely together and its policy for health services is for the Primary Care Services to more clearly distinguish between the way in which they plan and commission services to meet people's health needs and the range of provision for which they may have responsibility.

In Coventry, the City Council and the Primary Care Trust (PCT) have, over the last five years, sought stronger ways in which they can work in partnership with each other. This has mostly been achieved through the establishment of Partnership Boards, which bring together all key stakeholders around key client groups (Older People, Children, Mental Health, Learning Disability and Adults with Physical Disability). They have also established joint services in Community Mental Health and the Joint Equipment Store as well as co-located services, for example, the community team for adults with Learning Disabilities.

The Cabinet has already accepted the principle of establishing a Children's Trust. Work now needs to be undertaken between the Council and the PCT on how these arrangements will be carried out, the mechanisms and protocols for managing risk (particularly financial risks) and the detailed workings of such a Trust.

In addition, there is now an opportunity to consider if the relationships between the two organisations serving adults in the City also need to be brought closer together to more clearly jointly commission and plan for services to meet the health and social care needs of local people and to find better ways together of delivering those same services in partnership with both the private and voluntary sector.

There is a view that, in bringing services together, it may be possible to use resources better (to avoid duplication of effort on both organisations), to have a stronger set of skills in both commissioning and procurement (bringing expertise from both organisations) and to better use the skills and people within the existing and future workforces where partners are often competing with each other for the

same people.

The Primary Care Trust is also being required to put a stronger emphasis on its primary role as a commissioner of services. To this end, it needs to create a clearer split between its role as a commissioner and where it is the direct provider of a service. It is clear that the former function must be carried out with the local authority. It is possible that the Council should also look to bring together its assessment and provider functions that serve the local communities.

The report accordingly proposed the establishment of a Joint Project Management Team across the PCT/City Council. This would be overseen by a Senior Manager working for one of the organisations but would report to the Chief Executives (or Director of Children Learning and Young People or the Director of Community Services in the Council) in both organisations. A post of Project Manager would be established for a one-year contract to undertake the work required, which includes:

- Recommend the scope of joint primary health and community commissioning and its interface with acute sector commissioning.
- Recommend the financing arrangements that will be necessary to implement any proposals including the budgets that may need to be pooled.
- Recommend the protocols and risk management approach to delivering joint services or joint commissioning.
- Recommend the governance and management arrangements that will need to be in place to support the delivery of joint services or joint commissioning.
- Recommend the nature of any staff employment matters arising out of any proposed changes and make agreements with the relevant trade unions.
- Recommend any sites at which staff may be co-located in order to carry out these tasks.
- Make provision for consultation with key stakeholders on the outcome of any proposals that both the PCT and the City Council support.
- Make provision for consultation and discussion with staff in both organisations as to how the services might better work together.
- Work with the legal teams in both organisations to ensure compliance with Section 10 of the Children Act or Section 31 of the National Health Act in any pooled arrangements.
- Recommend lead agency responsibilities or new governance arrangements (Children's / Care Trusts) as appropriate to hold responsibility for these functions.
- Recommend the arrangements for the capture of performance, finance and activity data that need to support the governance and the regulatory bodies to which the PCT and the City Council are accountable.

As regards the post of Joint Director of Public Health, the report indicated that the Director of Public Health (Dr Keith Williams) had indicated that he would be resigning from his appointment with the Primary Care Trust at the end of March 2007. Dr Williams has made a significant contribution to public health in Coventry and has started the process of increasing life expectancy for all citizens in the City. There is much in common between the Primary Care Trust's ambition to improve health outcomes in the City and those similar aspirations shared by the City Council. Both key partners are committed to working with the "Health of Coventry"



Theme-Group of the Coventry Partnership. The City Council has allocated some resources within City Services to enable the Council to play an active part in health promotion. These services include the Health Development Unit (involving health promotion, local health development, health nutrition and hygiene officers) and the Secondary Smoking Officer. The Council supports about twenty people undertaking this activity, which it either funds itself or funds through various grant agreements. However, before any arrangements about the post can be finalised, there are key operational arrangements which need to be worked on in terms of the agreed focus of the joint director and how he/she would work within the management boards of the two organisations and in relation to staff.

As regards the Service Head (Mental Health Services), the response appended to the report submitted explained the development of joint mental health services in the City. The Director of Community Services has been working with the Chief Executives of the Coventry Primary Care Trust to gain common agreement on the shape and organisation of any proposed Mental Health Trust. The Director has been concerned that a new Mental Health Trust would focus its energies and efforts on developing excellent acute services (which are needed) but that this may be at the expense of the equally-important community-based services. Over recent years, the Coventry PCT, as the provider of Mental Health Services, has made many improvements, which need to be sustained. In taking these developments forward, the Director of Community Services is aware that the importance of getting the right housing support and employment opportunities for people recovering from mental ill-health is as important as their health and social care. Therefore, there must be strong links created between any new Trust and the City Council.

Under the Mental Health Act 1983, the responsibility for the Approved Social Work Services (those social workers who have the power to assess people to consider their compulsory admission to hospital) rests with the local authority and with the previous post of Director of Social Services. The Director of Community Services now holds these responsibilities. The Coventry Primary Care Trust, within the joint service agreement, manages the current service. There is a Fieldwork Manager, who reports to the Head of Adults' Services but is located within the joint service structure, who has oversight of this service. The Director of Community Services is proposing that, through the creation of a joint service head post – Director of Mental Health (Coventry) reporting to him, he is able to carry out his statutory duty.

Under the new arrangements, if a Mental Health Trust (Coventry and Warwickshire) is created, the commissioning of the services delivered by that Trust would be undertaken by the Coventry Primary Care Trust in collaboration with the City Council. This is the clearest way in which the City Council will be able to influence the way in which the new Trust is organised to deliver services to the people of Coventry. If, in addition, there is a direct reporting line for the local service head, this will add to the way in which the City Council will be able to influence and affect local services.

One determination (contained in the response appended to the report) that the Director of Community Services would ask the Council to affirm is that community-

based services for adults with learning disabilities should not be included within the proposed Mental Health Trust. It is unclear at present as to the position that Warwickshire Council will take on this matter although they are aware of the views of employees in Coventry. The Council's position is supported by the Local Primary Care Trust.

The report highlighted serious risks, indicating that, while the Management Board of the City Council overall support the direction of building stronger partnerships with the local health community, there are, however, serious concerns regarding the financial risks within the current total health economy for Coventry and Warwickshire. There is evidence that a combination of growing cost pressures from new contracts, increasing drug prices, the mechanisms in operation for payment by results, the costs of the new hospital, the viability of the smaller local hospitals and the pressure to deliver high performance on government targets could put enormous financial strain on the Primary Care Trust's budgets, which might make it difficult for them to commit resources to working in partnership with the local authority. The Coventry Primary Care Trust have been very open with the City Council about these pressures and how they might be managed but there are risks that the pressures on their budgets could put pressures on the City Council's budgets which might make joint agreements on funding hard to secure. The Director of Community Services will be very mindful of these issues in any future proposals that are brought forward to the City Council.

In summary, the report indicated that the Chief Executive would need to explore with the Primary Care Trust the details of any such arrangements of a Joint Appointment of a Director of Public Health. These will include the nature of any reporting and governance arrangements, the nature of any pooled budgets and the services that are currently managed by the City Council and by the Primary Care Trust that would need to sit within any new arrangement. Any proposals will be subject to normal consultation with the Coventry Partnership (as key stakeholders), as well as with staff and their trade union representatives. The purpose of the report, accordingly, was to seek approval for the Chief Executive to enter into these discussions and to delegate authority to the Chief Executive to establish a joint post if that is the outcome of discussions and consultation.

With regard to Neighbourhood Management, the report indicated that one of the key objectives for any joint services between the Council and the PCT is to ensure that the organisation of services supports the new neighbourhood structure that the Community Partnership and the City Council are working to develop. The organisation of the delivery of social care and primary care will be driven by a number of factors but, most significantly, will be linking GP practices and other Primary Health settings where locality-based commissioning may be developing with a neighbourhood structure that most key partners will have adopted.

In terms of Best Value, both the City Council and the PCT will be looking to make efficiency gains out of combining current management and operational responsibilities. It is expected that some efficiencies will be achieved through the joint management of activities that are currently separately managed.

As regards Children and Young People, the aim of the project will be to work on

the issues which impact on joint working between the Council and the PCT. Current joint working operates within three main areas – Social Care (Adults); Children's Services and Public Health. The scope of the project will focus on the first two areas whilst discussions will take place between Senior Managers on the Public Health Directorate. Within that, the way in which the City Council and the PCT serve the children and young people in the City will be critical to the success of the Project.

In terms of the Coventry Community Plan, which arises from the Coventry Partnership and forms part of the critical framework within which joint work and joint commissioning will take place, a principal focus of developing joint working arrangements will be how any new arrangements will contribute to the key goals and targets set within the Local Area Agreement and the Community Plan.

Any proposed changes to the post of Director of Public Health need to be developed with the Health of Coventry Theme-Group of the Partnership. The City Council and the PCT are in a strong place to take any proposal forward as they are already jointly committed to the Reducing Health Inequalities objective in the Plan.

The costs of the Project Management will be met between the City Council and the Primary Care Trust, either through seconding existing staff to the project or employing someone on a one-year fixed contract to undertake the Project Management Tasks required. The estimated costs to the City Council will be in the region of £35,000. This figure could rise up to £70,000 if the only way of obtaining someone for this length of project is from a specialist agency. This will have to be met from the Social Care Services Budgets for 2006/07.

There would need to be agreement between the City Council and the PCT on any financial contribution that the City Council may be asked to find if the Director of Public Health were to be a joint appointment. This is likely to be up to a maximum of £50,000, including any on-costs. It is expected that this would need to be met from within existing resources and this will be examined in detail in the report back referred to the recommendations below.

There would also need to be agreement between the City Council and the new Mental Health Trust on any financial contribution that the City Council may be asked to find if the Director of Mental Health were to be a joint appointment. This, too, is likely to be up to a maximum of £50,000, including costs, with the expectation of this being met within existing resources. Again, details will be examined and reported back.

In terms of Human Resources, the current practice between the City Council and the Coventry PCT is that, for joint appointments, one of the organisations employs the person on their terms and conditions and then seconds staff accordingly into the appropriate service area. There are a number of people on either PCT or City Council contracts occupying joint posts. This practice will continue until further progress has been made on protocols for joint working. It would be expected that both the Director of Public Health and the Director (Service Head) for Mental Health will be employees of the health services but seconded as appropriate to

work within the local authority.

The human resource implications of any wider changes to the working arrangements of staff will be significant. It will be important that both the PCT and the City Council come to agreement on new ways in which the current interests of staff can be protected whilst offering them new opportunities of working which will enhance their status and their job satisfactions. A Joint Trade Union Forum between the PCT and the Council trade unions has already been established and that Forum will have an important part to play in agreeing a way forward.

The City Council and the PCT now have a number of experiences where joint appointments have been made to posts within either organisation.

There will also be significant legal implications in creating any joint services, particularly in creating pooled budgets. These issues will need to be resolved between the PCT and the City Council before any new arrangements are in place. This may stretch the existing resources that Legal and Democratic Services have to support such activity.

In terms of property, there are likely to be both some efficiency savings but also some complex negotiations on the shared use of properties (if services are to be co-located) across the City between the City Council and the PCT.

In addition, one of the critical aspects of the project management tasks will be to agree the protocols for managing risks across the two organisations. The management of financial risks will be particularly significant in this respect. If this cannot be resolved, it is unlikely that shared services can be developed.

As regards monitoring, the Director of Community Services will report back to Cabinet on any further proposals arising from the work proposed.

The decision to develop joint posts for Public Health and Mental Health is likely to be resolved by the autumn of this year. Any further proposals are likely to come later in the year. There are pressures in the health community to make a divide between commissioning and provision of services by April 2007.

**RESOLVED that the City Council be recommended:-**

- (1) To approve the establishment of joint post with the Coventry Primary Care Trust of a Director of Public Health and to give authority to the Chief Executive to work on the creation of such a post and report back on the implications.**
- (2) To approve the establishment of a joint post between the City Council and the new proposed single Specialist Mental Health, Learning Disability and Substance Misuse NHS Trust for Coventry and Warwickshire and to give authority to the Director of Community Services to work on the creation of such a post of Service Head (called Director in the PCT) of Mental Health Services for Coventry as part of the proposed Mental Health Trust.**

- (3) To approve Appendix A to the report submitted as the Council's response to the consultation on the creation of a single Specialist Mental Health, Learning Disability and Substance Misuse NHS Trust for Coventry and Warwickshire, (it being noted that, at their meeting on the 15th March, 2006, Scrutiny Board 4 (Health) considered and supported the response but were keen to emphasise the importance of Older People with Mental Health being appropriately supported in the community, that the Appendix has been amended accordingly and that the Coventry and Warwickshire Project Board (which oversees the work in setting up this Trust) has received some feedback regarding the title of the proposed new Trust, a proposal having been made that it is called "The Coventry and Warwickshire Specialist Partnership Trust" and elected members having been asked if they wish to comment, as appropriate).**
- (4) To give authority to the Director of Community Services and the Interim Director of Children, Learning and Young People to establish a Project Management Team with the Coventry Primary Care Trust to establish options for future joint working across the two organisations in the City, to develop option appraisal to recommend ways in which the commissioning and delivery of health and social care can be better co-ordinated or jointly delivered within the City.**
- (5) To require the Director of Community Services to report back to the Cabinet within nine months on the options available and to recommend the way forward in the City.**