Coventry City Council

Council Meeting

19 February 2008

Booklet 2

Recommendation Minutes

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CABINET

12th February 2008

Cabinet Members Present:-	Councillor Ahmed Councillor Blundell Councillor Foster Councillor Mrs Johnson Councillor Noonan Councillor O'Neill Councillor Ridley Councillor Taylor (Chair)
Non-Voting Opposition Representatives present:-	Councillor Benefield Councillor Duggins Councillor Mutton Councillor Nellist
Employees Present:-	A. Bennett (City Services Directorate) D. Blackburn (City Services Directorate) L. Bull (Acting Director of Community Services) F. Collingham (Chief Executive's Directorate) T. Errington (City Development Directorate) C. Forde (Finance and Legal Services Directorate) C. Green (Director of Children, Learning and Young People) S. Iannantuoni (Acting Head of Human Resources) P. Jennings (Finance and Legal Services Directorate) L. Knight (Customer and Workforce Services Directorate) J. Lewis (Finance and Legal Services Directorate) S. Manzie (Chief Executive) J. McGuigan (Director of City Development) C. Pullin (Children, Learning and Young People's Directorate) C. West (Director of Finance and Legal Services) C. Weyman (City Development Directorate)
Apologies:-	J. Parry (Assistant Chief Executive)

RECOMMENDATIONS

197. Council Tax Payment Date Changes

The Cabinet considered a report of the Director of Finance and Legal Services, which sought approval to change the payment dates on some Council Tax direct debits from 1st April 2008 and to amend the payment dates on other Council Tax methods of payments from 1st April 2009.

Council Tax law required that Council Tax be paid over ten months and was known as the statutory instalment profile. Local authorities had the choice as to when the ten months starts and finishes and, like many other local authorities, Coventry agreed that this would be April to January.

An exception was made to this a few years ago, when payment by salary deduction was no longer viable, and it was replaced by a 1st May to 1st February direct debit option. The report stated that 17,000 customers paid by this option, with the rest paid from April to January.

In addition, Council Tax payers were able to choose any date in the month for their Council Tax payments. Whilst it was acknowledged that this gave additional flexibility to the customer, it had a serious impact on the cash flow for the Council.

In previous years, the lengthy year-end process in order to produce annual Council Tax bills had meant that it was nearly impossible to have a payment date of the 1st April due to the notice the Council was required to give customers. However, the report indicated that, as a result of the implementation of the Academy computer system, the Council was able to change this to the 1st April to 1st January and still give customers the required period of notice before the first payment was due.

The Cabinet noted that customers who experienced financial difficulties and found it a struggle to pay within the statutory instalment profile, could contact Council Tax to discuss a repayment arrangement that was outside of the statutory scheme.

The object of the proposal was to have all direct debit Council Tax paid by the statutory ten month instalment scheme of April to January by April 2008. By April 2009, it was proposed to move all cash payments to the 1st April to 1st January statutory profile.

In addition, it was recommended that the proposals outlined in the report submitted be considered in the Value For Money Review on the Exchequer Banking Cashiering Service to ascertain any potential impact on their service delivery. As a result of the potential impact on the Exchequer Banking Cashiering Service and the potential for disruption to the service through such a significant change, it was not recommended to change all payment dates before 1st April 2008. Instead, a phased introduction of the new instalment date was to be considered, with details of the phasing outlined in the report submitted.

RESOLVED that the City Council be recommended:-

(1) To approve the proposals in the report submitted, to change Council Tax payment dates from April 2008 and April 2009, in order to improve cash flow.

(2) To approve the following specific proposals from April 2008:

(a) Bring forward the payment date for direct debit payers who currently pay on 1st May to the 1st April.

(b) Communicate this change in a user friendly way with support from the Corporate Communications Team and in conjunction with other actions, as outlined in paragraph 4.5.2 of the report submitted, in order to limit the impact this change will have

on current 1st May direct debit payers.

(c) Introduce the actions outlined in paragraph 4.3.7 of the report submitted, to limit the impact of converting all cash payments to the 1st April to 1st January profile from April 2009.

(3) To approve the following specific proposals from April 2009:

(a) Bring forward the payment date for all cash payment dates to the 1st April to 1st January.

(b) Only have alternative payment options by direct debit on 1st, 10th, 17th or 24th.

(4) To considered this matter along with the report on the Council Tax increase and the overall budget for 2008/09.

198. **Revenue and Capital Budget 2008/09**

The Cabinet considered a report of the Management Board, which recommended revenue proposals and the capital programme for 2008/09, together with the Treasury Management Strategy for the Council's necessary borrowing and investments in 2008/09 to go forward to Council on 19th February 2008. The report also sought to inform members of the Government's final Formula Grant allocation for the Council and its implications for future years' financial plans.

The Cabinet noted that the Council had adopted its current Corporate Plan in June 2007, and a revised Medium Term Financial Strategy in September 2007. The Cabinet also noted that, as part of its Medium Term Financial Strategy, the City Council needed to consider capital and revenue budgets together, reflecting the inextricable links between the two programmes and the way they support the delivery of the Council's vision and objectives, as detailed in the report. The City Council also needed to consider the affordability of the programmes, robustness of the budget and the adequacy of reserves.

The report set out the City Council's vision for the City and indicated that the City Council's Corporate Plan set out a number of corporate and management objectives to ensure that the Council could deliver the vision for the City. In addition, the report indicated that the Council was working with the Coventry Partnership and local organisations, communities and local people to develop a new Sustainable Community Strategy for Coventry, in order to deliver the vision for the City over the next twenty years.

The Council was committed to improving performance and was now rated a "Three Star" authority that is "improving well" under the Government's Comprehensive Performance Assessment (CPA) process. The report outlined the seven corporate objectives which clearly stated priority areas. The Cabinet noted that, following consultation with local organisations and people, the corporate objectives had been amended in June 2007 to include priorities for the city centre and climate change.

In addition to its corporate objectives, the Council had a set of management objectives that aimed to improve the performance, efficiency and effectiveness of the

Council, so that it is more able to deliver its priorities through better services and value for money for the people of Coventry.

The Cabinet noted that, like other local authorities, Coventry was facing a range of pressures that were externally driven and over which it had little or no control. These included the more limited resources being made available through the Comprehensive Spending Review (CSR), the rising costs of social care, the impact of nationally-agreed public sector pay increases, the effects of Equal Pay legislation and increasing costs of pensions. Although the Council were on target to achieve the required "Gershon" efficiencies for 2007/08, the 2007 CSR had established a target for councils to deliver 3 per cent cashable savings over the next three years, and this would remain a challenge for the Council.

The Council's budget was set in the context of the Corporate Plan and the budget setting process was aligned with the Council's performance management framework. This had included aligning the formal consideration of the Council's half-year performance in delivering the Corporate Plan and Cabinet Member Strategic Plans alongside the initial budget proposals and within the context of the Medium Term Financial Strategy. The Council's future Corporate Plan would align with the Sustainable Communities Strategy and the mechanisms for carrying it out.

The Medium Term Financial Strategy set out how the Council will use its financial resources to achieve its objectives and deliver its services. The Council's capital plans and revenue budgets reflected corporate objectives over the medium term and were fully integrated. Reserves were managed corporately, and there was a forecast level of reserves remaining, which was appropriate to the needs of the authority.

The Medium Term Financial Strategy ensured that the Council's financial plans supported the delivery of the objectives laid out in the Corporate Plan whilst setting a sound financial planning framework to underpin the effective financial management of the Council. Inevitably, in aiming for a robust medium term position, the Council's budget needed to reconcile corporate spending priorities, available resources including agreed council tax increases and the availability of reserves. Importantly, the Council has needed to take into account the spending pressure being faced by all local authorities arising from national issues in delivering a sustainable balanced budget in the medium term through the achievement of efficiency and value for money savings.

The Council had continued to undertake its improved consultation process, both within the Council and in the wider public arena, to inform the final proposals it wished to put forward. The Council's scrutiny function had been involved in the process through the consideration of the Medium Term Financial Strategy in August 2007 at Scrutiny Board 1 and the Pre-Budget Report in January 2008 at Scrutiny Co-ordination Committee. In addition, Scrutiny Boards had considered the half-year review of performance of the relevant Cabinet Member Plans so that any relevant issues that needed to be considered could be referred to the Cabinet as part of the formal budget setting process.

An extensive round of public consultation process was led by the Deputy Leader of the Council, supported by the Chief Executive and other senior Council staff. This consultation focused on the Council’s strategic priorities and direction, current performance and the budget proposals set out in the December 2007 Cabinet report

(Minute 162/07 refers). The consultees included the Council's Trade Unions; Coventry Youth Council; the business community through the Coventry and Warwickshire Chamber of Commerce; community and voluntary sector organisations; a range of individual partner organisations, and the Coventry Partnership. A summary of the responses received in respect of the public consultation was attached as Appendix 1 to the report submitted.

The responses arising from the consultation process were considered when producing the final budget proposals and changes made after the consultation process were included within Appendix 4 of the report submitted. In addition, the wider consultation responses would be used to inform future policy-making decisions, including the review of the Corporate Plan in June 2008.

The resulting budget proposals would enable the Council to deliver real and significant service improvements for the people of Coventry. The budget also allowed the Council to respond to the needs of residents and commence new initiatives, improving both the infrastructure of the City and the way services were delivered to the public. Also, as part of the Council's Medium Term Financial Strategy, the budget set the framework, which supported the ongoing delivery of the Council's corporate objectives.

The Budget Requirement was funded from a combination of Council Tax resources and Formula Grant from central government. The Council Tax resources combined the tax revenue from 2008/09 plus the Council Tax estimated surplus at the end of 2007/08. The 'Formula Grant' was made up of two elements, these being the Revenue Support Grant and the redistributed Business Rates.

The Government published the 2007 Comprehensive Spending Review on 8th October 2007. In this document, they set out their priorities and spending plans for the three-year period 2008/09, 2009/10 and 2010/11, including the national total for expenditure on local government. This was followed in early December 2007 by the Provisional Local Government Finance Settlement that allocated the national resources to individual authorities, in terms of the Formula Grant they would receive over the next three years.

The level of Formula Grant that an authority received was dependent on its spending needs relative to other authorities, as determined by the Government. It also took into account each authority's Tax Base, which reflected the amount of money it could raise through Council Tax.

The Government confirmed the 2008/09 figures in the Final Settlement on 24th January 2008 at £145,403,000. The amounts for 2009/10 and 2010/11 were still provisional at £149,446,000 and £153,026,000, respectively, they were not expected to change and the Cabinet noted that the final figures would be announced in January 2009 and 2010, respectively.

Coventry's 2008/09 Formula Grant increase of 3.8 per cent was above both the national average of 3.5 per cent and the average increase for metropolitan districts of 3.7 per cent. The increase had been significantly limited by the "damping" that was built into the allocation methodology (a financial mechanism to pay for protection for those authorities which had benefited least well from the settlement). Coventry had lost £5.2m as a result of damping in the 2008/09 settlement.

The General Fund budget recommended within the report submitted reflected the final settlement; the Council's Priorities; and the approach outlined in the Medium Term Financial Strategy. The budget recommendation also included an increase in Council Tax of 2.7 per cent and a contribution from reserves of £2m and the previously-planned application of £2.3m of resources from the Government's Local Authority Business Growth Incentive Scheme.

Table 3 of the report submitted showed a summary of the General Fund Revenue Budget. This information was provided in greater detail in Appendix 2 of the report, which set out the Cabinet Portfolio revenue budgets and sources of revenue funding. The spending and saving proposals were outlined in detail in Appendices 3 and 4 of the report.

As in previous years, all expenditure shown in the Budget Requirement was net of direct grants received (primarily from Central Government); and fees and charges. In order to compare the two years, account was taken of transfers of responsibility within the final settlement for 2008/09 that result in an adjusted 2007/08 budget of £246.0m. The 2008/09 budget, at £257.7m, is an increase of £11.7m or 4.8 per cent.

A range of savings and pressures had been identified in the pre-budget report to Cabinet on 18th December 2007. Since the pre-budget report, the Management Board had been working to balance the revenue budget and capital programme for 2008/09 onwards, and the outcome of that work was included in the report submitted. Spending and saving proposals that had changed since December 2007, were indicated in the text of Appendices 3 and 4.

Overall, the recommended budget for the General Fund included £7.3m of spending pressures and proposals, which specifically addressed the Council's corporate objectives. These proposals were shown in Appendix 3 and it was noted that a number of these pressures were the result of changes that were not within the Council's control.

Within this figure, the Council needed to identify more than £6m over and above inflation to deliver the same services as in 2007/08 before any new spending proposals. Increases in costs for councils across the country reflect the rising costs referred to above.

Budget proposals therefore focussed on protecting services valued by Coventry tax payers, including spending on some schemes that could have been under threat as government funding came to an end and kept rises in council tax levels as low as possible for residents. The proposals included over £500,000 of funding to support 34 community centres across the city, with the possibility of up to £10,000 each for community organisations who run centres. A 10-year strategy was proposed to enable city agencies working with community centres to put in place ways of working which put community centres on a firmer footing for the future.

The report indicated that a value for money approach had been adopted for the year's budget to avoid, where possible, cuts in frontline services. These proposals included streamlining some services and delivering efficiencies in others. Around 116 posts could be deleted if these proposals were adopted.

In order to finance the additional revenue funding required to deliver the Council's corporate objectives and balance the overall revenue budget, it was necessary to make savings and to reduce the level of some Council services. The budget proposals identify savings and alternative sources of funding amounting to £9.5m. Where posts were to be deleted as a result of these proposals, not all losses of posts would lead to losses of individual employees given the Council's redeployment policy and the fact that some posts were vacant.

In identifying saving options, care continued to be taken to protect those services that were considered to be a priority within the Corporate Plan or where the Council would otherwise fail to meet its statutory obligations. It was almost always the case that the City Council's budget setting process had an effect on jobs either because of resource switching to new priorities or because of the need to make savings. The Council managed these changes for people through the processes it had agreed with the Trade Unions. The experience for individuals of being told that their post may be deleted under restructuring was clearly distressing but Trade Unions were consulted about the people who were affected and the Council tried to help people make choices that kept them in work. Other options were also considered such as re-training and voluntary redundancy.

The report submitted also included details of the proposed capital programme of £91m. Full details of the proposed programme were included at Appendix 7 of the report and it was noted that the proposed programme sought to strike a balance between the need to invest in the infrastructure of the City and improving the Council's level of service delivery. It was noted that the proposed capital programme included £29m for Children, Learning and Young People's services, the majority of which was to be invested in schools across the City and £18m on a major highways programme involving the Local Transport Plan; PrimeLines; and the beginning of significant environmental improvement works to the Burges and Ironmonger Row. Capital spending was also proposed within the areas of Strategic Housing Regeneration; the Swanswell and New Deal for Communities areas; the Council's Property Portfolio, including repair and maintenance of operational and commercial property; and the Wide Area Network Project. The report indicated that the main sources of funding for capital expenditure came from supported borrowing, unsupported (prudential) borrowing, capital receipts, capital grants from external parties, revenue funding (including reserves) and leasing.

In relation to the 2008/09 supported borrowing and grant allocations, the Government departments had set borrowing allocations based on plans submitted by councils. Notwithstanding these allocations, authorities were free to spend them on whatever capital purposes they determined. The Government had provided revenue support for borrowing through the 2008/09 Formula Grant and also provided grant funding for certain sectors. Tables 11 and 12 of the report showed the combined 2008/09 borrowing and grant settlement figures for Children, Learning and Families (£8,255,000) and for Transport (£14,661,000).

Recent economic conditions had added to a delay in achieving previously-anticipated capital receipt levels throughout 2006/07, into 2007/08 and projected forward into 2008/09, amounting to £15m. This had reduced the overall level of resource available for those three financial years and had led to a significantly lower level of programme than would otherwise have been possible in 2008/09. The report indicated the projected capital receipts and it was noted that these would be used to fund the proposed future Capital Programme. The Management Board would continue to take action to review how the

Capital Programme would be balanced in future years.

The report also provided detailed information in respect of other budgets; the Council Tax and the Impact on Future Years; Fees, Charges and Grants; Budget Risks; the Robustness of the Budget; Adequacy of Reserves; Treasury Management; the Prudential Code; and Leasing.

RESOLVED that the City Council be recommended to:-

(1) Determine that its budget requirement calculated for the financial year 2008/09 in accordance with the requirements of Section 32 of the Local Government Finance Act 1992 be £257,717,192 (a council tax rise for the City Council of 2.7%) as outlined in Paragraph 5.1, Table 1 of the report submitted.

(2) Note the implications of the budget for the 2009/10 and 2010/11 financial years as detailed in Section 8 of the report and instruct the Management Board, to implement the strategy outlined in the report submitted, to deliver a fully balanced budget in the medium term.

(3) Approve the fees and charges as detailed in Section 9 of the report.

(4) Note the Director of Finance and Legal Services' comments confirming the robustness of the budget and adequacy of reserves, as detailed in Sections 12 and 13 of the report.

(5) Approve the Capital Programme of £91m for 2008/09 and the future years' commitments arising from this programme of £82m in 2009/10 to 2012/13 as detailed in Section 10 and Appendix 7 of the report.

(6) Note those schemes in Section 10, Table 15 and Appendix 7 of the report as being of high priority for inclusion in future programmes, subject to the 2009/10 and future budget setting process.

(7) Authorise the Head of Housing Policy and Services to vire between the elements of the Housing Capital Programme in line with previous years to achieve spend during the year, as detailed in Paragraph 10.16 of the report.

(8) Approve the allocation of Department for Children, Schools and Families (DCSF) Capital funding approvals for Modernisation, Basic Needs and Schools Access, as set out in Paragraph 10.17 and Appendix 8 of the report.

(9) Authorise employees to progress the proposals for increasing primary pupil places (as outlined in Paragraph 2 and Appendix 8) to Design Stage, and in particular, authorise the use of the original consultants and contractor for the extension of Aldermoor Farm Primary School as outlined in Paragraph 10.18 of the report.

(10) Approve the proposed Treasury Management Strategy for 2008/09 (Section 14) and the revised investment policy (Appendix 9), and to adopt the prudential indicators and limits described in Section 15 and summarised in Appendix 10 of the report.

199. **Council Tax Report 2008/09**

Further to Minute 189/07, the Cabinet considered a report of the Director of Finance and Legal Services, which calculated the Council Tax level for 2008/09 that resulted from the Collections Fund revenue estimates for the year and made appropriate recommendations regarding the Council Tax levy for the City.

The Cabinet noted that the figures in the recommendations represented a Council Tax increase, from 2007/08 figures, of 2.70 per cent for the City's Council Tax and 2.76 per cent overall (including the effect of the precepts from the Police and Fire Authorities).

It was also noted that the recommendations followed the structure of resolutions drawn up by the Local Authority Associations to ensure that the legal requirements were fully adhered to in setting the Council Tax and, as a consequence, the wording of the proposed resolutions was necessarily complex.

RESOLVED that the City Council be recommended to:-

(1) Note that at its meeting on 29th January 2008 the Council's Cabinet approved the following amounts as its Council Tax base for the year 2008/09 in accordance with Regulations made under Section 33(5) of the Local Government Finance Act 1992:

a) 89,174.6 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year;

b)

Allesley	**383.4**
Keresley	**222.2**

being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

(2) Calculate the following amounts for the year 2008/09 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

a) £704,082,192 being the aggregate of the amounts that the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act, other than any expenditure estimated to be incurred which will be charged to a Business Improvement District (BID) revenue account as set out in Section 43(2)(a) of the Local Government Act 2003. (Gross Expenditure including the amount required for the working balance);

b) **£446,365,000** **being the aggregate of the amounts that the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act, other than any income estimated to be received which will be credited to a BID revenue account as set out in Section 43(2)(b) or (c) of the Local Government Act 2003. (Gross Income including reserves to be used to meet the Gross Expenditure);**

c) **£257,717,192** **being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 32(4) of the Act, as its budget requirement for the year;**

d) **£146,650,628** **being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of Formula Grant (the sum of Revenue Support Grant and National Non Domestic Rates) [£145,403,117] and the amount of the sums which the Council estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with the Act as amended by the 1994 Regulations (Council Tax Surplus) [£1,242,485] and pursuant to the Collection Fund (Community Charge) directions under Section 98(4) of the Local Government Finance Act 1988 (Community Charge Surplus) [£5,026].**

e) **£1,245.50** $= \dfrac{2(c) - 2(d)}{1(a)} = \dfrac{257{,}717{,}192 - 146{,}650{,}628}{89{,}174.6}$

being the amount at 2(c) above, less the amount at 2(d) above, all divided by the amount at 1(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year. (Average Council Tax at Band D for the City including Parish Precepts).

f) **£4,950** **being the aggregate amount of all special items referred to in Section 34(1) of the Act. (Parish Precepts);**

g) **£1,245.44** = $2(e) - \frac{2(f)}{1(a)}$ = $1{,}245.50 - \frac{4{,}950}{89{,}174.6}$

being the amount at 2(e) above, less the result given by dividing the amount at 2(f) above by the amounts at 1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of the area to which no special item relates. (Council Tax at Band D for the City excluding Parish Precepts);

h)

Coventry Unparished Area	**1,245.44**
Allesley	**1,254.05**
Keresley	**1,252.87**

being the amounts given by adding to the amount at 2(g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate. (Council Taxes at Band D for the City and Parish).

i)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Keresley
	£	£	£
A	830.29	836.03	835.24
B	968.68	975.38	974.46
C	1107.06	1114.71	1113.66
D	1245.44	1254.05	1252.87
E	1522.20	1532.72	1531.28
F	1798.97	1811.41	1809.70
G	2075.73	2090.08	2088.11
H	2490.88	2508.10	2505.74

being the amounts given by multiplying the amounts at 2(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

(3) Note that for the year 2008/09 the West Midlands Police Authority and West Midlands Fire Authority have stated that the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:

Valuation Band	West Midlands Police Authority	West Midlands Fire Authority
	£	£
A	63.11	30.49
B	73.63	35.58
C	84.15	40.66
D	94.67	45.74
E	115.71	55.90
F	136.75	66.07
G	157.79	76.23
H	189.34	91.48

(4) Set the following amounts as the amounts of Council Tax for the year 2008/09 for each of the categories of dwellings shown below, having calculated the aggregate in each case of the amounts at 2(i) and 3 above, in accordance with Section 30(2) of the Local Government Finance Act 1992:

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Keresley
	£	£	£
A	923.89	929.63	928.84
B	1077.89	1084.59	1083.67
C	1231.87	1239.52	1238.47
D	1385.85	1394.46	1393.28
E	1693.81	1704.33	1702.89
F	2001.79	2014.23	2012.52
G	2309.75	2324.10	2322.13
H	2771.70	2788.92	2786.56

200. **Licensing Act 2003 – Legislative Reform Order – Proposal to Introduce a Simplified Process for Minor Variations to Premises Licences and Club Premises Certificates**

The Cabinet considered a report of the Director of City Services, which outlined the contents of a consultation document "Licensing Act 2003 – Legislative Reform Order – Proposal to Introduce a Simplified Process for Minor Variations to Premises Licenses and Club Premises Certificates" and detailed the proposed response for submission to the Department for Culture, Media and Sport (DCMS). The consultation document and proposed response were appended to the report submitted.

The Cabinet noted that the report had been considered by the Licensing and Regulatory Committee at their meeting on 5th February 2008 and a briefing note which outlined the issues raised at that meeting was circulated.

DCMS sought comments on a proposal to amend the Licensing Act 2003 to provide for a new 'minor variations' process. The plan was to reduce the administrative burden on businesses and non-commercial organisations.

The proposed changes fit around the Government's drive for 'Better Regulation' in terms of simplifying regulatory oversight of business activities and with the general thrust of the 'Hampton Review' recommendation of reducing the administrative burden of regulation.

This was identified in the DCMS Simplification Plan, published in December 2006, as one area of regulation where the Department could reduce the administrative burden on businesses and non-commercial organisations.

There was perhaps some conflict with the desire of local communities to exercise greater control over the licensing of the sale of alcohol and the links that were seen between inappropriate alcohol consumption and crime and anti-social behaviour. This was locally embedded for Coventry in the Community Safety Strategy and Alcohol Harm Reduction Strategy.

The Legislative and Regulatory Reform Act 2006 enabled a Minister of the Crown, with the approval of Parliament, to make a legislative reform order to remove or reduce a burden falling directly or indirectly on any person. Section 34 of the Licensing Act provided that the holder of a premises licence may apply for a variation of the licence. A variation was required for any change to the licence, including changes to any feature shown on the plan of the premises. Section 84 of the Act made comparable provision in relation to club premises certificates.

The Government proposed that the 2003 Act be amended to make provision for a new 'minor' variations process. This would allow applicants to make small alterations to their licences or certificates for a reduced fee and without having to advertise the variation or copy it to all responsible authorities.

The report submitted detailed the current process that licence holders were required to follow in applying for variations to their licence, including the requirement for advertising the variation in order that interested parties may comment on the proposed variation, should they wish to. The Cabinet noted that a significant number of applications to vary a licence (approximately 30 per cent nationally) were for 'minor' changes such as the re-location of a bar; moving safety equipment to a more appropriate location; or adding the performance of dance to a licence that already permits all other regulated entertainment, which were less likely to impact on the four licensing objectives of the prevention of crime and disorder; public safety; prevention of public nuisance; and protection of children from harm.

The report indicated that the average cost of a variation was estimated to be approximately £610, which was charged on the same basis as for a full licence application. This figure included application fees (approximately £225 per premise) and other related fees, which were detailed in paragraph 2.7 of the consultation document. at appendix A of the report. However, additional costs may apply to some variations which included professionally-drawn revised plan of the premises and/or obtaining legal help, which could raise the average cost of a variation to £950 (excluding fees) or £1,170 (including fees).

Nationally, on average, there are 20,000 variation applications per year, although Coventry had received 69 applications for a variation in the last 12 months.

DCMS considered that the current procedure for varying a licence constituted a burden under section 1 of the Legislative and Regulatory Reform Act 2006, within the scope of all four definitions in section 1, which were a financial cost; an administrative inconvenience; an obstacle to efficiency, productivity or profitability; and a sanction, criminal or otherwise, for doing or not doing anything in the course of an activity.

DCMS have therefore outlined two options for removing the identified burden in the consultation document and a third option to do nothing.

Option 1 proposed to amend the Act to introduce a new process for minor variations, broadly defined as any variation that does not impact adversely on the promotion of the licensing objectives. This would leave licensing authorities to decide whether a variation is ‘minor’ within the broad parameters described above and have regard to general criteria and case studies provided in the statutory Guidance made under the 2003 Act. Licensing authorities would be required to consult relevant responsible authorities, as they judge necessary, depending on the individual circumstances of the variation.

Option 2 proposed to amend the Act to introduce a new minor variations process as Option 1, but constrain licensing authority discretion by specifying on the face of the Act which variations should be included in, and/or excluded from, a minor variation process.

The report outlined that the proposed response to the consultation should be that Option 3 be the preferred option, to do nothing. In particular, there was concern in respect of removing the requirement to advertise a variation, which enables local residents to submit representations, removing the requirement to enable all Responsible Authorities to check and monitor variation applications, the definition of ‘minor' variations and the administrative burden being increased on the licensing authority.

The Cabinet noted that Scrutiny Board 3, at their meeting on 16th January 2008 had endorsed the report and the proposed response to DCMS.

In considering the briefing note from the Licensing and Regulatory Committee, the Cabinet were advised that the issues detailed in paragraphs 3.2(a) and (b) had already been addressed. The Cabinet agreed to incorporate into the response to the DCMS, the proposal detailed in paragraph 3.2(c), which indicated that licensed trade is different in character from the retail trade generally, particularly with regard to its potential impact on public order and for this reason weakening controls under the banner of a generalised 'better regulation' initiative, may not be appropriate.

RESOLVED that the City Council be recommended to approve the draft response appended to the report submitted for submission to the DCMS.