

COUNCIL OF THE CITY OF COVENTRY

28th October, 2008

PRESENT

Lord Mayor (Councillor Matchet)

Deputy Lord Mayor (Councillor Harrison)

Councillor Adalat	Councillor Maton
Councillor Andrews	Councillor McNicholas
Councillor Arrowsmith	Councillor Mulhall
Councillor Asif	Councillor J Mutton
Councillor Bailey	Councillor Mrs Mutton
Councillor Bains	Councillor Nellist
Councillor Mrs Bigham	Councillor Noonan
Councillor Blundell	Councillor O'Boyle
Councillor Charley	Councillor O'Neill
Councillor Chater	Councillor Miss Reece
Councillor Cliffe	Councillor Ridge
Councillor Clifford	Councillor Ridley
Councillor Crookes	Councillor Ruane
Councillor Mrs Dixon	Councillor Sawdon
Councillor Duggins	Councillor Skinner
Councillor Field	Councillor Skipper
Councillor Foster	Councillor Smith
Councillor Gazey	Councillor Mrs Sweet
Councillor Mrs Johnson	Councillor Taylor
Councillor Kelly	Councillor Townshend
Councillor Kelsey	Councillor Mrs. Waters
Councillor Khan	Councillor Williams
Councillor Lakha	Councillor Windsor
Councillor Lapsa	
Councillor Lee	
Councillor Mrs. Lucas	

Apologies:- Councillor Auluck
Councillor Harvard
Councillor Ms Lancaster

61. **Minutes**

The minutes of the meeting held on 16th September, 2008, were signed as a true record.

62. **Coventry Good Citizen Award – Gabrielle Back**

On behalf of the Council, the Lord Mayor and His Honour Judge Hodson, Honorary Recorder, presented Gabrielle Back with the Citizen of the Month Award for October 2008. Her citation read:-

"Gabrielle Back has devoted her life to education and has taught many students to be aware of their surroundings and how they can contribute on both a local and global scale. To be a teacher for over 30 years and still enjoy it is nothing short of amazing".

63. **Martin Dickens**

The Lord Mayor referred to the recent death of Martin Dickens, the City Council's former Head of Highways in the City Services Directorate. Martin first joined the Council in January 2005 as a Building and Consultancy Services Manager in a secondment role. He then became Interim Head of Highways in June 2006, which was subsequently made permanent. He retired on the grounds of ill health on 21st September 2008. Members noted that a letter had been sent to Martin's family, expressing the Council's sincere condolences.

64. **Ron Newby, MBE**

The Lord Mayor referred to the recent death of Ron Newby.

Ron was the founder and Chief Executive of the international children's charity, Global Care, since 1983, an organisation where many Lord Mayors have had the privilege to be patron. The City Council supported Global Care in their relief efforts in Sri Lanka following the tsunami in 2004. Members noted that, in the absence of the Lord Mayor, the Deputy Lord Mayor had written to Ron's family, expressing the Council's sincere condolences.

65. **Petitions**

RESOLVED that the following petitions be referred to the appropriate Council body or external organisation:-

- (a) **Request for the installation of a bus shelter outside Stoke Green Private Social Club** – 120 signatures, presented by Councillor Townshend.
- (b) **Request to remove parking restrictions on Broomfield Road** – 77 signatures, presented by Councillor Bailey.
- (c) **Call to improve facilities on Morris Common** – 2,872 signatures, presented by Councillor Field.
- (d) **Request for resurfacing of Valley Road** – 17 signatures, presented by Councillor Bains.
- (e) **Request to ban heavy goods vehicles from driving through Ball Hill during normal business hours** – 134 signatures, presented by Councillor Bains.

(f) **Objection to extension and development at the Croft Hotel, 23 Stoke Green – 30 signatures presented by Councillor Townshend.**

66. **Declarations of Interest**

Councillors Cliffe, Foster and Noonan declared personal interests in Minute 71 below relating to "Project Transform – Submission of an Outline Business Case". These members remained in the meeting for consideration of this item and took part in the discussion.

67. **Coventry City Council's Response to the Home Office Consultation on Policing – "From the Neighbourhood to the National"**

The Council considered a report of the Assistant Chief Executive, setting out the proposed Council's response to the Home Office's consultation on policing – "From the Neighbourhood to the National".

The report had also been considered by the Scrutiny Co-ordination Committee at their meeting on 17th September, 2008 and the Cabinet at their meeting on 23rd September, 2008, (their minutes 51/08 and 80/08 respectively refer).

It was noted that, owing to time constraints associated with the deadline of 10th October, 2008, for the return of responses to the consultation, retrospective Council approval was being sought.

The report indicated that, on 17th July, 2008, the Home Office had published a Green Paper on Consultation on Policing. The Paper responded to ideas and recommendations that had resulted from the Independent Review of Policing, conducted by Sir Ronnie Flanagan and the Engaging Communities in Fighting Crime Review, led by Louise Casey. The report set out the key issues contained in each of seven chapters that made up the Consultation Paper. The proposed responses answered a number of questions, mainly focussing on the more strategic issues. It was pointed out that there was not a response for all of the chapters.

The Community Safety Manager had drawn the Cabinet's attention to the main concerns detailed in the draft responses and that the Cabinet had discussed some of the issues raised and had expressed support for the views outlined therein. The Cabinet had also noted that the Scrutiny Co-ordination Committee had strongly supported the response on the proposal to introduce directly elected crime and policing representatives. This would make co-operation between police authorities and local authorities much more difficult, since these representatives may be elected on a different platform, perhaps of a very narrow or extreme nature, which would not reflect the wider wishes of local people.

The Cabinet had also decided to convey the response to the West Midlands Police Authority at their meeting on 25th September 2008 and had suggested that, as well as submitting their own individual responses, the Metropolitan District Councils might wish to look to submitting a joint response to the Police Authority.

It was noted that Councillor Mutton, on behalf of the main Opposition Group, had supported the proposal to submit a joint response and had asked the Chair of the Cabinet (Councillor Taylor) (who had agreed), in his capacity as Chair of the West Midlands Local Government Association, to suggest, at their next meeting, that they too might wish to submit a joint response.

RESOLVED that the City Council endorse the recommendation to formally approve the strengthened response to this Home Office Consultation which, in order to meet the consultation date of 10th October 2008, had already been sent to the Home Office.

68. 2007–2008 Annual Report of the Audit Sub-Group as the Council's Audit Committee

Further to Minute 17/08 of Scrutiny Board (1), the Council considered a report of the Director of Finance and Legal Services on the work of the Audit Sub-Group as the Council's Audit Committee.

The Council noted that the report had also been considered by Scrutiny Board (1), Audit Sub-Group at their meeting on 23rd July, 2008 (their Minute 3/08 refers).

The report indicated that, in September 2006, an Audit Sub-Group had been established, separate from Scrutiny Board (1), to allow more time to be devoted to audit issues. The terms of reference of the Sub-Group required them to carry out responsibilities appropriate to an audit committee, including those defined by COPRA in its guidance titled "Audit Committees – A Practical Guide for Local Authorities". As part of its role, the Audit Sub-Group was required to report annually to the City Council on its work as an audit committee.

In accordance with the requirements referred to above, the report outlined the work carried out by the Audit Sub-Group during 2007-2008, together with work planned for 2008-2009.

Scrutiny Board (1) had recommended the City Council to note the activity of the Audit Sub-Group as the Council's Audit Committee during 2007-2008.

RESOLVED that the City Council note the recommendation referred to above.

69. Proposed Amendment to the Constitution – Whistleblowing Procedure

Further to Minute 17/08 of the Standards Committee, the Council considered a report of the Director of Customer and Workforce Services that outlined proposed changes to the Council's Constitution in respect of the responsibility for monitoring the Council's Whistleblowing Policy, following consideration of this matter by the Constitution Working Group.

The report indicated that the Whistleblowing Policy, which had been in place since October 2007, allowed individuals who wished to raise concerns in a confidential manner of any wrong doing within the Council, relating to unlawful conduct, financial malpractice, or dangers to the public, or the environment. The Policy was intended to

encourage and enable individuals to raise serious concerns within the Council rather than overlook a problem. The Policy supported the Council's Fraud and Corruption Policy, complimented other specific investigative procedures and was developed to support vulnerable groups (i.e. safeguarding children and vulnerable adult protection.)

The report had also explained that the policy applied to all employees of the Council, including temporary employees as well as agency workers and employees seconded to third party organisations; contractors working for the Council and teaching and school employees, subject to its adoption by governing bodies. The report also referred to the two reporting mechanisms available as part of the Policy, depending on the nature of the concern/allegation.

It was further reported that, given the importance placed upon the Whistleblowing Policy within the Council, monitoring was a critical part of the overall Council arrangements. The role of monitoring this policy was reflected in the Constitution. However, the monitoring role for whistleblowing was included in the terms of reference of both the Standards Committee and the Audit Sub-Group.

The Constitution Working Group had considered this issue at their meeting on 9th September, 2008, and whilst there was no definite guidance in place over who should undertake this monitoring role, the Constitution Working Group considered that responsibility for monitoring the Council's whistleblowing policy should be solely within the remit of the Audit Sub-Group, given that:-

- There was a direct link between whistleblowing and the Council's Policy and Strategy in respect of fraud and corruption, which was subject to monitoring and review by the Audit Sub-Group.
- The Council's Internal Audit Service, whose activity was monitored by the Audit Sub-Group, currently investigates the majority of whistleblowing allegations.
- Most allegations were as a result of a breach in the Council's policy and/or procedures. The Audit Sub-Group was responsible for overseeing that management action was taken to address control weaknesses identified either as a result of audit or fraud work.

Scrutiny Board (1) had recommended therefore that parts 2.9.6 and 3.7.1 of the Council's Constitution relating to the functions of the Standards Committee be amended as follows:-

To remove the following role/function from the terms of reference from the Standards Committee – "to monitor and review the Council's whistleblowing procedure" in the light of the fact that:-

- It was already in Section 4.5.2.3 of the Constitution, within the terms of reference of the Audit Sub-Group.
- The Audit Sub-Group, through its terms of reference and work plan, was better positioned to monitor the Council's whistleblowing policy.

RESOLVED that the City Council approve the recommendation to amend the Council's Constitution by removing responsibility for monitoring and reviewing the Council's whistleblowing procedure by amending the terms of reference of the Standards Committee as referred to above.

70. Proposed Amendments to the Constitution – Petition Procedure Rules

The Council considered a joint report of the Director of Customer and Workforce Services and the Director of Finance and Legal Services, which outlined proposed changes to the petition procedure rules set out in Part 4.9 of the City Council's Constitution.

The Council noted that the report had been considered by the Standards Committee at their meeting on 16th October 2008 (their Minute 18/08 refers), and that the Constitution Working Group had also met to consider these issues.

The report proposed a change to Paragraph 4.9.7.1 of the City Council's Constitution, in order to clarify that only the Member submitting the petition, the Petition Spokesperson and the appropriate Ward Councillors would be informed of the decision, once the petition had been considered. Previously, this paragraph of the Constitution had, in some circumstances, been interpreted as meaning that each individual petitioner should personally receive some sort of notification about the decision. It was also proposed that, where further action was required to be taken in relation to the petition, the appropriate Directorate would be required to keep the Member and Petition Spokesperson informed of any progress.

The second issue related to the length of time that some petitions had been in the system without being considered. Paragraph 4.9.2.3.7 of the Constitution indicated that petitions should normally be considered within two months of receipt. The exceptions to this were those petitions which related to planning and licensing applications, which were considered at the same time as the application, rather than within the two month period, because of issues relating to the predetermination of applications. Currently, there were a number of petitions that related to planning issues that were over two years old, and had not been considered because a planning application had either never been submitted or had not progressed as far as being considered by the Planning Committee. In addition, recently, there had been criticism that no action had been taken on older petitions and that they had been lost in the system. Consequently, the Constitution Working Group had considered the introduction of a time limit for all petitions relating to planning and licensing issues and raised concern that petitioners were submitting petitions that potentially may never be considered. They had also indicated that there was a clear difference between those petitions which related to an application that had been submitted and where there was ongoing progress, against those petitions where an application had never been/may never be received.

It was therefore proposed that any petition relating to a planning or licensing issue for which an application had not been received within a twelve month period and where there was no ongoing progress, would automatically be considered by the relevant Cabinet member, so avoiding the issue of predetermination and the petition kept on file in for future reference. The petition would then be removed from the

'petition tracing register', but it would preclude any new petition being submitted in the future, should the issue arise again.

Consequently, the Standards Committee had recommended the City Council to amend Part 4.9 of the Constitution relating to the petition procedure rules as follows:-

- (i) That Paragraph 4.9.7.1 of the Constitution regarding the notification of decisions relating to petitions be amended to read as follows:-

"Following consideration of the decision, the Member submitting the petition, together with the Petition Spokesperson and the relevant Ward Councillors will be notified in writing by the Director of Customer and Workforce Services of the decision. Should any further action be required to the petition, the appropriate directorate would keep the member and petition spokesperson informed of any progress."

- (ii) That the following be inserted at the end of paragraph 4.9.4.2:-

"That any petition relating to a planning or licensing issue, for which an application has not been received within a 12 month period and where there is no ongoing progress, the petition will automatically be considered by the relevant Cabinet Member and the petition put on file in the Planning or Licensing Departments for future reference".

RESOLVED that the City Council agree to amend Part 4.9 of the Constitution relating to the petition procedure rules as referred to above.

71. Projects Transform – Submission of an Outline Business Case for PFI Credits

The Council considered a joint report of the Director of Finance and Legal Services and the Director of City Services requesting approval for the submission of an Outline Business Case (OBC) with Solihull Metropolitan Borough Council and Warwickshire County Council to the Department of Environment, Food and Rural Affairs (DEFRA) for Private Finance Initiative (PFI) Credits for a sub-regional residual waste treatment facility.

The Council noted that the report had also been considered by Scrutiny Board (3) at their meeting on 20th October, 2008, the Cabinet at their meeting on 21st October, 2008 (their Minutes 53 and 91/08 refers) and also by Solihull Metropolitan Borough Council at their meeting on 14th October, 2008 and by Warwickshire County Council at their earlier meeting on 21st October, 2008.

The report explained that, for some time, the joint owners of the Energy from Waste Facility (EfW) at London Road, (Coventry City Council and Solihull Metropolitan Borough Council) had been considering possible future options for its replacement, as the existing Plant was approaching the end of its useful life. In view of the Plant's age, Coventry and Solihull Waste Disposal Company Limited (CSWDC) (the operators of the Plant) had commissioned a survey of its condition from independent engineering consultants in 2005. This revealed that the Plant should be capable of maintaining its current operation for the next 10 to 20 years. A further report that was commissioned

as part of work leading up to the submission of the Expression of Interest for PFI Credits, and was subsequently approved by the Cabinet on 11th March 2008, to balance the engineering findings with the earlier condition survey against the economic model for replacement of the plant. This concluded that the optimum date for replacing the plant was 2017.

It was noted from the report that, whilst energy recovery remained an integral part of the City's approach to sustainable waste management for the foreseeable future, it was also recognised, notwithstanding the advice given in the report referred to above, that the EfW plant was beyond its original design life and would inevitably become increasingly unreliable over time. If the EfW plant experienced greater 'engineering down-time', the City would become increasingly reliant on landfill as a 'fall back' means of disposal with consequent increases in waste disposal costs.

The report also explained that Warwickshire County Council was currently the CSWDC's largest customer, but still disposed of approximately 180,000 tonnes (59%) using landfill facilities. This compared to around 12% of Coventry's municipal waste. The County Council had already brought some of their residual waste to the London Road EfW plant for energy recovery, but this remained a relatively modest total of their waste. Not only did this proportion present environmental challenges for the County Council and the sub-region but, having regard to the recent changes in waste legislation, it also presented significant financial challenges. It was for these reasons that in December 2007, the respective Cabinets of the three Councils (Coventry, Solihull and Warwickshire) approved a Memorandum of Understanding (MOU). This established a framework in which the three councils could work collaboratively at sub-regional level in connection with the sustainable management of waste. There were clear environmental, business and financial advantages for all three Councils in working this way.

The MOU established a Sub-Regional Members' Advisory Panel to steer the Sub-Regional Waste Partnership, with three members being nominated to represent each Council. The Sub-Regional Partnership had since been named "Project Transform" and had as its aim to turn waste into resources.

The report also confirmed that, in October 2007, the Government announced that £2bn of PFI credits would be made available to address the needs for enhanced diversion of municipal waste from landfill. A national driver for this was to ensure that the UK met its obligations under the European Landfill Directive. The Government had indicated that this would be the last round of centrally funded investment in waste infrastructure and, therefore, the final opportunity for councils to obtain financial support to deliver their waste strategies and the diversion of waste from landfill sites. Notwithstanding the extremely tight timescale for submitting Expressions of Interests (EoI's) for PFI credits to DEFRA, the Sub-Regional Waste Partnership was able to meet the deadline of 31st March, 2008. DEFRA had subsequently confirmed that the Coventry, Solihull and Warwickshire Sub-Regional EoI had been accepted and that partner authorities were invited to proceed to the next stage, this being the submission of an Outline Business Case (OBC) by 31st October, 2008, which created another extremely tight timeline.

Mindful of the very tight timeline for submission of the OBC and to the fact that the estimated PFI credits for the project would be £128m, work had been targeted in

submitting the OBC to DEFRA to ensure that the partners could potentially access this funding, especially as the Government had indicated that this would be the final round of PFI credits for waste infrastructure.

It was noted that, at its meeting on 10th September 2008, the Members' Advisory Panel had requested the appropriate officers to examine all alternative solutions in order to demonstrate that the PFI continued to represent best value for money.

The report went on to consider the format of the Outline Business Case arrangements for attracting prospective bidders to become the PFI contractor and the key elements of the proposed project. This included a predicted affordability gap of £4.1m per annum from 2015/16 onwards. It was noted that the total cost of the project, over the 25 year life of the contract, was £1bn, of which the City Council's share was £391m. This would be payable as a monthly charge to the PFI contractor, funded from revenue budgets.

In summarising the key financial elements within the report, it was considered important to note that a number of assumptions, as listed in the report, underpinned the financial elements. These assumptions were considered to be critical to the predicted costs and elements of the financial model and were especially sensitive to variations. The key financial elements also included procurement costs associated with the PFI, which were estimated to be £2.1m, the Council's contribution being £0.8m.

It was also noted that the OBC Executive Summary, as set out as Appendix A to the report, detailed the Council's submission for PFI credits. Subject to the Council's approval, it was anticipated that, between the date of submission and the end of March, 2009, a likely date for any decision on the OBC submission, the Council and its partners would explore other suitable alternatives. It was also stressed that the submission of the OBC did not legally bind the Council to any particular course of action.

The report also referred to the fact that the Cabinet, at their meeting on 12th August, 2008, had considered Coventry's Draft Municipal Waste Management Strategy: 2008-20. This draft strategy was now part way through an extensive 12 week consultation period. It was anticipated that a post-consultation version of the strategy would be considered early in 2009. This strategy mapped out a holistic approach to the management of the City's municipal waste and followed the guiding principles of the waste management hierarchy, as set out in the report.

The draft strategy also set out an approach to meet the Council's obligations under the Waste Strategy for England 2007, especially with regard to recycling performance targets. The report did not seek to repeat the content of the draft strategy, merely to place it, which was primarily concerned with energy recovery and waste treatment, within this broader strategic context. Whilst energy recovery was undoubtedly considered to be an important element of the Council's proposed approach to waste management, it represented merely one component of a more integrated approach.

It was noted that Scrutiny Board (3), at their meeting on 20th October, 2008, had supported the recommendations in the report and had endorsed the proposals

contained therein to proceed with the submission of an Outline Business Case for PFI credits.

In accordance with Paragraph 4.1.45 of the Constitution, Councillor Noonan, in moving this recommendation, altered Recommendation 2.8 of the report to read:-

"Endorse the recommendations of the Members Advisory Panel of Project Transform to require officers to investigate, evaluate and report back to full Council on all possible alternative solutions to ensure that the PFI project represents best value to the City Council".

Having considered the relevant issues contained in the report, the proposed alteration to Recommendation 2.8 of the report, as referred to above, and the comments of Scrutiny Board (3), the Council was recommended to:-

- (1) Approve the submission of the Outline Business Case for the award of PFI credits for a residual waste treatment facility to DEFRA by 31st October, 2008.
- (2) Approve the funding of the predicted affordability gap of £4.5m for 2015/16 (£152m over the 25 years of the life of the contract) for Coventry City Council to deliver the residual waste treatment facility under PFI, on the basis that the project achieves financial close.
- (3) Approve the creation of a joint executive committee comprising of the three local authorities (Coventry City Council, Solihull Metropolitan Borough Council, and Warwickshire County Council), with Coventry City Council acting as the lead authority and the contracting vehicle for implementing the project through the completion of a joint working agreement with Solihull Metropolitan Borough Council and Warwickshire County Council.
- (4) Proceed with the PFI procurement on the basis of an affordability gap of £6.3m for 2015/16 (£184m over the 25 years) to £9.0m for 2015/16 (£267m over the 25 years) for the whole Waste System Cost (i.e. the residual waste treatment facility, landfill and wider waste facility to meet provisions within the Council's waste strategy) and confirm the Council's commitment to meeting this affordability gap on the basis that the project achieves financial close.
- (5) Confirm that this affordability range (referred to in (4) above) is for the whole system cost, which includes some activities that would need to be funded to achieve the wider waste objectives of the Council, regardless of proceeding within the PFI project.
- (6) Endorse the recommendations of the Member Advisory Panel of Project Transform to require officers to investigate, evaluate and report back to full Council on all possible alternative solutions to ensure that the PFI project represents best value to the City Council.
- (7) Delegate authority to the Director of City Services and the Director of Finance and Legal Services, in consultation with the Cabinet Member

(City Services) and the Cabinet Member (Finance and Value for Money), to make any necessary amendments to the Outline Business Case, prior to its submission to DEFRA on 31st October 2008.

- (8) Approve Coventry City Council's contribution of £0.8m to the total procurement costs of £2.1m.
- (9) Approve the sub-regional framework as appended to the report.

In connection with the consideration of the recommendations referred to above, the Council also considered an explanatory note that was circulated at the Council meeting, explaining the affordability gaps relating to Project Transform. The explanatory note set out further details regarding the amounts of expenditure that the Council were being requested to approve as part of the submission of the Outline Business Case (OBC). This had been based on a number of assumptions regarding waste growth and financial costs. It was confirmed that the Council would not be committed to any expenditure until the contract had been signed which was forecasted to be in March 2011.

It was further explained that the Council was required to fund the total cost associated with its waste treatment solution (whole system costs). Within these costs, the amounts required to achieve 50% recycling would be incurred, irrespective of whether or not it was decided to proceed with the PFI contract, and would form part of bids made within the annual budget setting process.

It was noted that the affordability gap of £4.5m for 2015/16 (referred to in Recommendation (2) above) represented the best estimate of the additional costs of the new residual waste treatment facility (the PFI project).

It was also noted that the affordability gap range of £6.3m for 2015/16 represented the £4.5m (referred to in Recommendation (2) above) plus a further £1.8m, which constituted the estimated cost of reaching a recycling rate of 50% by 2020 as detailed in Paragraph 9.9 of the main report. The figure of £1.8m would be incurred irrespective of whether or not the Council proceeded with the PFI project. The maximum affordability gap of £9m (also referred to in Recommendation (4) above), provided for an analysis of the impact of a number of changes to the assumptions, as required by the Government, which included increases in capital and operating costs. Also included within the £9m was a figure of £7.1m, to cover the predicted costs of the PFI project range from the City Council's expected costs of £4.5m to a maximum forecast of £7.1m. The whole system cost (i.e. the PFI project cost plus associated recycling costs) ranged from an expected cost of £6.3m to a maximum cost of £9m.

The explanatory note explained that the recommendations were presented in this way in order to comply with the Government's requirements for the submission of the OBC. It was also confirmed that these financial approvals would only come into effect if the Council approved the signing of the PFI contract following a successful submission to DEFRA, a full tendering process and the investigation of possible alternative solutions to ensure that the PFI project represented best value for money.

With regard to the above mentioned recommendations, Councillor Field proposed the following amendment, which was seconded by Councillor Nellist and lost:-

"The following recommendations be added to the report, the Council:-

2.12. Commits itself to the key objectives of reducing and reusing waste and the reduction of residual waste to the irreducible minimum.

2.13. Following the next review of the waste flow model (when 2007/08 data is available):

- a. Determines any additional actions and investments, and their feasibility, which are required to achieve improved recycling and composting rates over the current assumptions in the OBC, with the target range of 55-60% for Coventry by 2020, and with continued increases over the project lifespan to 2040.
- b. Seeks to persuade our partner authorities to adopt a similar approach to improving recycling and composting targets.
- c. Based on the above re-sizes, its requirements for the residual waste treatment over the period to 2040 accordingly, in line with best value principles.

2.14. Endorses the key principles of the OBC procurement strategy, specifically that the specification for bidders will be output based, that bids will be assessed in accordance with agreed evaluation criteria, and that bids for alternatives to EfW will be given equal treatment to EfW bids.

2.15 Requires a further report to full Council once the result of the PFI bid is known.

RESOLVED that the City Council approve the recommendations of the Cabinet, as amended, as referred to above, in respect of the submission of an Outline Business Case for PFI credits to the Department of Environment, Food and Rural Affairs in respect of Project Transform.

72. Building Schools for the Future (BSF) – The Outline Business Case (OBC)

Further to Minute 92/08 of the Cabinet, the Council considered a joint report of the Director of Children, Learning and Young People and the Director of Finance and Legal Services requesting approval to the proposals set out in the Coventry Building Schools for the Future (BSF) Outline Business Case (OBC) which was due to be submitted formally to the Department of Children, Schools and Families (DCSF) and Partnerships for Schools (PFS) during November 2008. The joint report explained that the DCSF are the government department leading the BSF Programme nationally and that PFS are the vehicles responsible for managing the delivery of the BSF Programme.

The report further explained that the BSF was launched in 2003 as a major Government initiative aimed at transforming teaching and learning in secondary education. The implementation for BSF Programme would require spending of £45bn over a 15 year period for either rebuilding or remodelling every school in England. There would also be significant investment in ICT.

It was also reported that BSF is a national programme, and that the DCSF established partnerships for Schools (PfS) as the National Programme Manager to assist all local authorities to deliver BSF at local level. The Programme was to be implemented in a number of waves (numbered 1 to 15), with only a limited number of local authorities being allowed to participate in each wave. Initially, the Programme was prioritised for those areas in most need, but this criteria alone had led to significant delays. PfS had therefore introduced a "readiness to deliver" criteria for Wave 4, and the City Council, with its excellent track record of delivering complex PFI projects, was awarded Wave 4 status in the national programme.

In Coventry, the BSF programme covered 21 secondary schools and special secondary schools across 17 sites. The construction value was around £315m and it was anticipated that half of the City's secondary schools would be rebuilt and half would be remodelled from 2012 onwards. There would be additional funding of £30m used for ICT. Each school had produced "Change Management Plans" for BSF, and a transformation project under the leadership of the Directorate of Children, Learning and Young People had been launched to ensure that the change process was achievable and sustainable. Ultimately, BSF was all about improving the life chances of the young people of Coventry.

The report also confirmed that approval for the OBC would secure, in principle, funding for the whole of the City Council's BSF Programme, which would be in the form of PFI credits for the schools to be rebuilt, and conventional DCSF grant would be used to fund the Design and Build Remodelling Schemes and ICT. OBC approval would also permit the Council to advertise in the Official Journal of the European Union (OJEU) for a Local Education Partnership (LEP) and to commence the formal procurement process that would enable bidders to submit final tenders by February 2010.

It was also reported that the Government's core funding for the BSF had been designed to support most, but not all of the anticipated financial commitments required to deliver the programme. Other than the Strategic Partnership Agreement (SPA) and Shareholders' Agreement (SHA), the three main BSF contracts were the PFI contract for the new build schools, the Design and Build contract for the remodelled schools and the ICT contract. Each of these contracts had anticipated a gap between the funding and the actual cost. This was partly due to specific costs that the Government would not allow to be paid for the core BSF funding (e.g. project contingency) and partly due to the fact that existing schools budgets were insufficient to fund the level of facilities management and lifecycle requirements that would be necessary under the BSF contracts. Through the OBC, the Council needed to demonstrate how these gaps would be met and Appendix B of the report set out the Council's proposed affordability gap management strategy. Consultations were being held with schools with regard to these proposals. School governing bodies would also need to sign letters of financial commitment for the OBC and the Council were required to confirm the programme as affordable at the OBC stage, based on the supporting affordability analysis, which had been set out in Appendix C of the report.

In terms of facilities management, the report indicated that, unlike the New Build PFI schools (where building fabric maintenance, cleaning, catering, grounds maintenance and repairs were automatically provided for the duration of the contract), the Council was required to put forward an appropriate maintenance model for the

conventionally funded remodelling for Design and Build school schemes. After consulting with schools, and financially modelling a number of different scenarios, it had been agreed to put forward proposals for facilities management services Design and Build schools. These were set out in Section 4.2 of the report.

The report confirmed that, to date, over 25 interviews had been held with potential bidders in connection with the scheme, many of which were already established LEP partners in local authority BSF schemes elsewhere. Enthusiasm for Coventry's BSF scheme remained high, despite the current economic downturn, and it was anticipated that there would be strong interest when the scheme was marketed. Ongoing dialogue with these interested parties was continuing and a "formal bidders" day was being planned for early January 2009.

RESOLVED that the City Council approve the following recommendations of the Cabinet, to:-

- (1) Approve the OBC document for submission to Partnerships for Schools (PfS) and the Department of Children, Schools and Families (DCSF), the Executive Summary for which is set out in Appendix A to the report.**
- (2) Authorise the commencement of the procurement process for the BSF Programme sample schemes, subsequent to the approval of the OBC by the PfS and DCSF.**
- (3) Approve the affordability gap management strategy for the OBC, as set out in Appendix B of the report.**
- (4) Approve the draft letter, as set out in Appendix B, of the report, and to delegate authority to the Director of Finance and Legal Services (Section 151 officer) to finalise this letter within the financial principles referred to in the report.**
- (5) Approve the indicative BSF Investment Strategy as set out in Sections 3.2 to 3.4 of the report.**
- (6) Approve the proposals to establish an ICT Contract Management Structure before Financial Close, as set out in Section 3.1 of the report.**
- (7) Approve the proposals for facilities management services in Design and Build schools, as set out in Section 4.2 of the report.**
- (8) Reaffirm the Council's commitment to the adoption of the Local Education Partnership (LEP) model for its BSF procurement.**
- (9) Delegate authority to the Director of Children, Learning and Young People and the Director of Finance and Legal Services, in consultation with the Cabinet Member (Children, Learning and Young People) and the Cabinet Member (Finance and Value for**

Money) to agree any minor changes to the OBC and supporting documentation prior to its submission to PfS and DCSF.

- (10) Delegate authority to the BSF Programme Board to:-
- (i) Agree the valuation criteria for the procurement process based on the BSF evaluation methodology, including the selection process for:-
 - (a) Pre-qualification;
 - (b) The invitation to participate in Competitive Dialogue (ITPD);
 - (c) The invitation to continue dialogue (ITCD).
 - (ii) Agree the list of bidders to whom the ITPD would be issued.
 - (iii) Agree the short list of bidders following evaluation of the ITPD submissions, to whom the ITCD will be issued;
 - (iv) Deselect one of the bidders (if appropriate) prior to call for final tender following the evaluation of the ITCD submissions.
 - (v) Approve any changes to programme team costs on the basis that these will be recovered from schools.
- (11) Delegate authority to enter into detailed contractual negotiations with the short listed bidders to whom ITCD is issued during the competitive dialogue process.
- (12) Approve the draft OJEU (Official Journal of the European Union) Notice, as set out in Appendix E of the report.
- (13) Request that further reports are brought to future meetings of the Cabinet, seeking inter alia, approval of the final business case and the appointment of the preferred bidders, the award of the contract, and contract management structures to implement the BSF Programme and the disposal of surplus school sites and to note that, at this present stage, the Council is making no legally binding decisions.

73. City Council's Response to the DCLG Consultation on Reforming the Local Authority Business Growth Incentives (LABGI) Scheme

Further to Minute 93/08 of the Cabinet, the Council considered a report of the Director of Finance and Legal Services setting out the Council's proposed response to the Government's consultation on the Local Authority Business Growth Incentives (LABGI) scheme.

The report explained that the Department of Communities and Local Government (DCLG) had published a consultation document entitled "Reforming the Local Authority Business Growth Incentives (LABGI) scheme. The existing LABGI scheme had given an incentive to local authorities to encourage local economic and business growth by allocating non-ringfenced specific grant as a reward for the growth in the rateable value of local businesses. During the three years of this first scheme, the City Council had received over £9m.

The report explained that the consultation had requested local authorities to comment on what they thought would be the most appropriate sub-regional grouping of authorities for calculating LABGI grant, the timescales over which it should be assessed and the upper and lower limits on grant payments. It also asked a range of questions of a relatively technical nature about the precise way in which changes in rateable value should be calculated. The report submitted also contained the Council's proposed draft response to this consultation that was required to be submitted to the DCLG by 20th November 2008.

In terms of proposed sub-regional groupings of authorities for calculating LABGI grant, it was noted that Coventry had previously been grouped within the West Midlands Sub-Region. However the Council's proposed response was that Coventry should be grouped with Solihull and Warwickshire because of the strong economic development links between the three authorities. Strong partnership arrangements already existed for this area, including the Coventry, Solihull and Warwickshire Forum and the Coventry, Solihull and Warwickshire Partnership.

The report also commented that the Government were planning to distribute £150m to local authorities over the next two years through the revised LABGI scheme and, depending on which sub-regional groupings were used, it was estimated that the City Council would receive between £250,000 and £340,000 in 2009/10, and between £490,000 and £670,000 in 2010/11. If Coventry was placed in a sub-region with Solihull and Warwickshire, it was likely that the LABGI grants would be towards the top of these ranges. The Council's current budget plans assumed that they would receive £300,000 in 2009/10 and £600,000 in 2010/11.

The other main thrust of the City Council's proposed response was to encourage the Government to keep the scheme as simple and transparent as possible, without a complicated calculation methodology.

It was also noted that the report has also been submitted to Scrutiny Co-ordination Committee at their meeting on 22nd October, 2008 (their Minute 77/08 refers) and a briefing note indicating that the Committee supported the response and did not wish to put forward any additional points for consideration by the Council, was circulated at the Council meeting.

RESOLVED that the Council, having considered the views of the Scrutiny Co-ordination Committee, accept the recommendations of the Cabinet to approve the Council's proposed response to the Department of Communities and Local Government (DCLG) consultation on the Local Authority Business Growth Incentives (LABGI) scheme as set out in Appendix 1 to the report.

74. Scrutiny Boards' Annual Report to the City Council 2007/08

The Council considered the Scrutiny Boards' Annual Report to the City Council for 2007/08.

The report provided an overview of the Council's Scrutiny activity during 2007/08 and demonstrated the useful work carried out by the Scrutiny Co-ordination Committee and the Scrutiny Boards. It was noted that the Audit Sub-Group of Scrutiny Board (1) which carries out the functions of the City Council's Audit Committee and reports separately to the Council on its work, had also continued to develop, following the good start made in 2006/07.

RESOLVED that the Scrutiny Boards' Annual Report to the City Council for 2007/08 be accepted.

75. Question Time

The appropriate Members provided a written response to all the questions set out in the Questions Booklet, together with an oral response to the supplementary questions put to them at the meeting. The following Members answered oral questions put to them by other Members as set out below, together with supplementary questions on the same matters:-

Number	Question Asked By	Question Put To	Subject Matter
1.	Councillor O'Boyle	Councillor Noonan	Condition of cobbled area at the rear of Cathedral Lanes Shopping Centre
2.	Councillor Mrs. Bigham	Councillor Ridley	Conservation of historical features of the City when carrying out new development – condition of cobbled surface in Cuckoo Lane.
3.	Councillor Field	Councillor Sawdon	Provision of examination facilities for victims of sexual attacks

4.	Councillor Nellist	Councillor Taylor	Item raised at West Midlands City Region Shadow Board in respect of an American style accelerated development zone
5.	Councillor Chater	Councillor Taylor	Letter to Voluntary Organisations regarding a possible 3% reduction in Council funding.
6.	Councillor Mrs Mutton	Councillor Blundell	Corporate Parenting responsibilities
7.	Councillor Field	Councillor Noonan	Request for road safety improvements in Valley Road
8.	Councillor O'Boyle	Councillor Williams	Future of City Warden Service
9.	Councillor Kelly	Councillor Noonan	Details of a recent survey arising from the "Scambusters Campaign"
10.	Councillor Kelly	Councillor Blundell	Targeting of resources to vulnerable people etc. (e.g. youth services)
11.	Councillor Kelly	Councillor Blundell	Building Schools for the Future
12.	Councillor Kelly	Councillor Blundell	Transport services to Castle Wood School
13.	Councillor Kelly	Councillor Blundell	School Crossing Patrol at Deedmore School site.
14.	Councillor Kelly	Councillor Blundell	Completion of CRB checks on School Escorts
15.	Councillor Harrison	Councillor Blundell	Transport services to certain special schools
16.	Councillor Skipper	Councillor Ridley	Governance arrangements for working with New Deal for Communities
17.	Councillor Townshend	Councillor Foster	Tribunal Hearing in relation to equal pay claims arising from Single Status
18.	Councillor Townshend	Councillor Foster	Water feature at The War Memorial Park
19.	Councillor O'Boyle	Councillor Ridley	Refurbishment of Winchester Street and Colchester Street

RESOLVED that:-

- (1) **Site visits be arranged between the appropriate Members and officers arising from the questions referred to in questions 1, 2 and 19 above.**
- (2) **In relation to questions 3,4,9,14,15,17 and 18 above, written responses be submitted to all Members of the Council in accordance with paragraph 4.1.25 of the Constitution.**

76. **Debate – Recent Government Action to Provide Financial Support to the Banking System**

Councillor Nellist moved the following motion, which was seconded by Councillor Windsor:-

"This Council believes the partial nationalisation of several leading banks will neither prevent the developing economic recession nor give the Government sufficient power to reconstruct the banking system, ensuring bank workers' and other workers' jobs (particularly in manufacturing industry) can be saved, and mortgage holders threatened with repossession can keep their homes;

Condemns the payment in the financial year which ended April 2008 of £16 billion in bonuses to city bankers responsible for this failed and flawed financial system;

Notes that the 40% fall in the stock market in the last twelve months has condemned huge numbers of people coming up to retirement to sharply reducing living standards and believes that the pensions industry should be nationalised and that similar guarantees to those the Government has provided to savers with deposits in British banks should be provided to those about to retire;

and calls on the Government to transform current and planned PFI schemes to directly funded, and fully accountable, public works."

The following amendment was moved by Councillor Mutton and seconded by Councillor Duggins:-

"This Council believes the partial nationalisation of several leading banks will help prevent the developing economic recession and give the Government sufficient power to reconstruct the banking system, ensuring bank workers' and other workers' jobs (particularly in manufacturing industry) can be saved, and mortgage holders threatened with repossession can keep their homes;

Condemns the payment in the financial year which ended April 2008 of £16 billion in bonuses to city bankers responsible for this failed and flawed financial system and calls for greater regulation;

Notes that the 40% fall in the stock market in the last twelve months has contributed to huge numbers of people coming up to retirement having sharply reduced living standards and believes that the pensions industry should be better regulated and that similar guarantees to those the Government has provided to savers with deposits in British banks should be provided to those about to retire;

and supports the work of the Prime Minister and the Treasury Team in their mature and measured response in leading the world in responding to this global economic crisis."

RESOLVED that the motion and the amendment as set out above be not adopted.