

**COUNCIL OF THE CITY OF COVENTRY**

**9th December, 2008**

PRESENT

Lord Mayor (Councillor Matchet)

Deputy Lord Mayor (Councillor Harrison)

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

Apologies:-  
Councillor Asif  
Councillor Mrs Bigham  
Councillor Harvard  
Councillor Mrs Sweet

**77. Minutes**

The Minutes of the meeting held on 28th October, 2008, were signed as a true record.

**78. Coventry Good Citizen Award – Janet Colgrave**

On behalf of the Council, the Lord Mayor and Councillor Taylor presented Janet Colgrave with the Citizen of the Month Award for December 2008. Her citation read:-

"Janet Colgrave has given a life line to many elderly people for over 25 years by managing the Risen Christ Day Centre in Wyken. Her excellent leadership is borne out of selfishness, dedication, and sheer hard work. She is responsible for over 30 dedicated volunteers, including drivers and escorts who transport 60 plus people to the centre every day. She also runs a lunch club for people over 65 three times a week. Janet is a friend to both staff and clients, being always cheerful and ready with a smile and always thinks of others before herself."

**79. Petitions**

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

- (a) **Objection to the Plans for Tesco Stores to Erect a Wind Turbine at the Store in Dorchester Way** – 28 signatures, presented by Councillor Mrs Dixon.
- (b) **Request to Reconsider Decision not to Provide a Commitment of Regular Funding to Coventry Society for the Blind** – 594 signatures, presented by Councillors Andrews and O'Boyle.
- (c) **Petition Against Eight Foot Fencing Being Erected Around the Grassed Areas Around Aldermoor Lane Clinic** – 18 signatures, presented by Councillor Townshend.
- (d) **Objection to the City Council's Proposals for the Neighbourhood Warden Teams** – 176 signatures, presented by Councillor O'Boyle.
- (e) **Objection to Proposed Demolition of Wooden Fence Alongside Pedestrian Entrance to Rivermead Estate** – 109 signatures, presented by Councillor Ridley.

**80. Declarations of Interest**

There were no declarations of interest.

**81. Authority to Submit an Outline Business Case for the Sidney Stringer Academy**

The Council considered a joint report of the Director of Children, Learning and Young People and the Director of Finance and Legal Services which provided an update on discussions in relation to the establishment of Sidney Stringer Academy as part of the Swanswell Learning Quarter and which sought authority to submit an Outline

Business Case (OBC) to Partnerships for Schools (PfS) and the Department for Children, Schools and Families (DCSF). DCSF are the Government Department leading the Academies Programme nationally. PfS is the vehicle responsible for managing the delivery of the Academies Programme.

The report also detailed changes from the original Expression of Interest (EoI), submitted in December 2006 and set out the detail of the OBC and supporting documentation.

It indicated that, on 12 December 2006, the Cabinet approved the submission of the EoI to develop the Sidney Stringer Academy as part of the Swanswell Learning Quarter, to replace the current Sidney Stringer School.

This EoI was subsequently approved by the then-Department for Education and Skills and the feasibility stage of the project commenced.

In March 2008, following a period of extensive public consultation, the Cabinet Member (Children, Learning and Young People) authorised the publication of statutory notices to close the existing school, subject to the Secretary of State agreeing to open a new Sidney Stringer Academy, initially in the existing buildings, in September 2010.

One objection to the proposal was received, which was considered by the Cabinet Advisory Panel (School Organisation) on 4 June 2008, which recommended that the Cabinet approve the proposal.

At its meeting on 17th June 2008, the Cabinet agreed the closure of Sidney Stringer School, subject to the establishment of a new Sidney Stringer Academy.

Throughout the feasibility stage, a number of options for the location of the Academy had been discussed, with agreement reached amongst the Sponsors on a preferred option.

The Sponsors identified in the EoI (City College Coventry, Coventry City Council - Lead Sponsors, Coventry University and Jaguar Cars) remained committed to the project, although a change in the financial circumstances of the City College had meant that the financial nature of their sponsorship had been amended.

The Outline Business Case set out the options appraisal, cost estimates, affordability assessment and procurement strategy for the Sidney Stringer Academy in sufficient detail to allow the Government to confirm capital funding and give approval to the Council to commence the procurement of a contractor to deliver the new buildings via the PfS National Framework. Employees, together with the Council's external advisors, and in consultation with the Sponsors, had developed a first draft of the OBC. This would be formally submitted to PfS following Council approval. The Executive Summary for the OBC was included at Appendix 1 to the report submitted, whilst a full hard copy of the OBC was available for viewing in Room 250, Civic Centre 1, and in electronic form in the Members' Lounges.

PfS had confirmed with the Council that the National Framework of suitably-qualified contractor-led teams was available to be used for this project. This process

sees six teams invited to bid for the work; two teams are then selected to prepare scheme proposals prior to a preferred bidder being appointed.

The proposal was for a seven-form of entry Academy, with 300 post-16 places, to be built in the Swanswell Learning Quarter as a direct replacement for the existing Sidney Stringer School.

A number of options had been discussed during the feasibility stage. The preferred option was for the majority of the Academy to be situated on the site of the existing school, with a Vocational Centre located on the opposite side of Primrose Hill Street. This would allow good connectivity with both the Academy and the City College.

As a result of this preferred option, some amendments had been made to the area of land to be utilised by the Academy. The EoI suggested an approximate size of site to be transferred to the Trust of 36,422m<sup>2</sup> (9 acres). The final area to be transferred was 27,127m<sup>2</sup> (6.7 acres) to reflect the Sponsors' preferred design solution and educational vision. The amount to be transferred on the learning quarter site had been reduced and would release an area for future complementary development. The City Council and the Sponsors had satisfied themselves that sufficient land would be transferred on the learning quarter site to allow for appropriate social and informal spaces, servicing and access requirements.

A plan of the proposed Academy site was attached at Appendix 6 to the report submitted.

Further to public consultation, it had also been proposed that the Sponsors' choice of specialism, Design and Technology, be supplemented by the existing school's Mathematics specialism. This reflected the hard work of the school in improving standards in mathematics and the excellent results achieved. Sponsors supported this work being built upon in the new Academy.

The final change made to the scheme since the EoI reflected the City College's financial circumstances, which preclude them from making the commitment previously suggested. Suitable alternative arrangements had been made, which had been agreed by the DCSF. The details of these arrangements were set out in paragraph 5.3.6 of the report submitted.

There were a number of financial implications which impact on the Council as the procuring authority and as Sponsor, and these were detailed in the report.

As regards Government funding, the report indicated that, unlike BSF, new Academies were funded by capital grant, not through the Private Finance Initiative. As part of the OBC approval process, PfS were expected to confirm the following through the Funding Allocation Model (FAM):

- Capital (grant) funding of £26.2m at construction start (including £0.68m carbon reduction funding).
- ICT hardware funding of £1.96m.

With regards to Academy Construction Costs, the Council's technical advisors were currently estimating the capital construction costs at £28m, which would generate a capital affordability gap of £1.8m. However, discussions with PfS to finalise the technical costings for OBC purposes are ongoing. Both PfS and the technical advisors were working to reduce the capital costs of the scheme to a more affordable level prior to OBC submission. These costings would then reflect the likely price that would be bid back once the procurement stage begins. PfS will not fund a project contingency and do not advise that a contingency is included in the costings. This is because the nature of the Design and Build contract includes transfer of risk to the successful bidder for a fixed price.

As regards funding the Capital Affordability Gap, employees had received in principle special dispensation from Ministers to explore a number of options to bridge a capital affordability gap, should this remain once the technical costings have been finalised. These options include the ability for the Council to make its £1m sponsorship contribution in the form of a capital contribution rather than as a sponsorship contribution to the endowment fund. A second option was the application of an element (estimated at £0.4m) of the anticipated Sidney Stringer fire insurance settlement from Zurich towards the capital gap. PfS's view was that this allowance would usually be clawed back by PfS once received from the insurers, and employees were still negotiating on this point. If a capital gap remains after applying the £1m sponsorship contributions and the fire insurance settlement, then DCSF would consider allowing the Council to claw back the PfS share of capital receipts generated through the BSF programme. The PfS total share of capital receipts that could be clawed back was estimated at £4.4m. The final funding solution would need to be formally agreed with DCSF in advance of the Council submitting its OBC and well in advance of the Council signing the Design and Build contract (at which point the Council is committed to making construction payments). The table below illustrates the potential funding solution, based on the current estimated technical capital costs.

Table 1: Sidney Stringer Academy costs and funding

	£m
Capital costs	(28)
Funded by:	
PfS FAM funding	26.2
Council contributions (sponsorship and fire insurance)	1.4
PfS share of capital receipts	0.4

In the event that the final OBC technical costs could be met within the FAM allocation, the Council would be required to revert to making the £1m contribution in the form of an endowment and agreeing a schedule of payments with DCSF.

The Council intended to fund its £1m contribution (whether this be required as a capital contribution in the event that there is a capital gap, or as an endowment contribution in the event that no capital gap exists, or a combination of the two options) through future Section 106 receipts. The receipt of Section 106 monies was dependent on the timing and size of housing developments. In the current economic market, there was a risk that this funding may not be realised as quickly or at the level anticipated. The Council currently anticipate receiving this cash on a phased basis between

2011/12 and 2014/15. However, the Council would need to make its £1m contribution towards the gap, or towards the endowment fund, before all of the Section 106 receipts are realised. The Council would usually look to manage this cash flow requirement through the wider capital programme. However, this may not be possible due to wider financial constraints and the Council may need to Prudentially Borrow in order to fund the required Council contributions. On a worst-case scenario basis, the revenue cost of this Prudential Borrowing was around £0.4m in total. The Council were working with PfS to establish if there are any ways that they can assist with this issue, including the payment timings of the FAM funding allocation. However, the Council may need to exercise the use of Prudential Borrowing and fund the revenue impact of this should all other alternatives be exhausted.

The alternative to exercising the Prudential Borrowing requirement may mean that the scheme could not go ahead through the National Framework procurement route. Reverting to including the school within the BSF programme would reduce the capital funding available from PfS by £6m and create a significant, unfunded, affordability gap. In addition, the process of re-inclusion of the Sidney Stringer Academy within BSF may have additional timescale implications for the wider BSF programme, with associated delay and cost.

The draft Section 151 letter (Appendix 2 to the report submitted), which forms part of the OBC, confirms the Council's commitment to fund the capital costs within the affordability parameters detailed in the report.

The report indicated that the capital ICT costs could be accommodated within the funding made available through the FAM. The Sponsors will need to commit in principle at OBC stage to fund the revenue costs of the ICT Managed Service (Appendix 5 to the report submitted refers). These are anticipated at £120 per pupil per annum once the full ICT Managed Service contract is in place.

As regards Hard Facilities Management (FM) and Lifecycle costs, the Academy Trust would need to buy into suitably-procured lifecycle and hard FM services. The OBC identifies that the annual cost of delivering hard FM within the new school would be in the region of £133k per annum. The school currently spends less than this (£105k per annum assuming 2% of its Dedicated Schools Grant (DSG) allocation consistent with other BSF schools), but would need to incorporate the costs of hard FM into the budgeting process and achieve an affordable solution.

The Academy would be funded directly by DCSF on broadly the same basis as the City Council allocates funding to its secondary schools through the Fair Funding Formula. The City Council calculate what would have been the school's budget share had they continued to be local authority-funded and submit to the DCSF. The DCSF then reduce the City DSG allocation by this amount, and they also top-slice a further amount in relation to expenditure for education that is managed centrally. The Academy would be provided with revenue funding from the DCSF through a General Annual Grant (GAG).

It is anticipated that the Academy Trust would need to meet the costs of the hard FM services through its GAG.

Given affordability constraints, a pragmatic solution to lifecycle maintenance was proposed, which involves the establishment of a lifecycle sinking fund, to ensure that the new building was maintained going forward. The costs of lifecycle within the new school were anticipated to be £168k per annum, with a further requirement of £58k per annum should lifecycle of fixtures, fittings and equipment be included. The Academy Trust would need to set aside sufficient funding from the capital funding allocations it receives in order to make payments into the sinking fund. The school's forecast Devolved Formula Capital allocation, which is one of the funding sources that could be used to fund lifecycle costs, is £65k per annum.

As part of the sponsorship of Academies, Sponsors are typically expected to donate a total of £2m into an endowment fund. As noted earlier, the Council had provisionally received dispensation from Ministers to make its financial sponsorship commitment of £1m by way of a capital contribution (£1m) if a capital gap exists. The financial commitment of the remaining Sponsors towards the endowment fund was as follows:

- City College Coventry £100k
- Coventry University £75k
- Jaguar Cars £25k

The Donation to Trust letter (Appendix 3 to the report submitted) confirms these commitments.

The future operation and maintenance of the Academy would not be the financial responsibility of the Council. The financial contributions would be limited to its contribution as one of the consortium of Sponsors. The commitment letters and the OBC place obligations on the Academy Trust, which was a distinct and separate legal entity from the individual Sponsor organisations. The Directors of the Academy Trust would have to carry out these legal obligations and there are sanctions, particularly contained within the Funding Agreement, for non-performance of these obligations.

With regard to other financial implications, the Council had confirmed that DCSF would fund £0.3m of procurement costs in relation to the project through the FAM allocation. The outturn costs may exceed this funding level and the Council would be working with DCSF, the school and the Sponsors to fully fund the procurement of the scheme.

As part of the Swanswell Initiative, the Council was obligated to make a premium payment to Advantage West Midlands (AWM) upon disposal of sites within the Learning Quarter, which were originally purchased with AWM funds. The value of this premium would be calculated at the point at which the lease is assigned to the Academy Trust. The premium was currently estimated at £0.1m and was funded from the Council's existing Swanswell budget.

In terms of human resources, all staff (teaching and non-teaching) employed by the existing Sidney Stringer School at the point of transfer, with the exception of the head teacher, would be protected by TUPE Regulations and would transfer to the employment of the Academy on their current terms and conditions. Any subsequent

changes to this would need to go through the normal processes of consultation and negotiation.

Secondary schools in Coventry operate within a series of federations between themselves, further education colleges, the universities and other education and training providers. Such partnerships were essential to the delivery of effective education and were encouraged by the DCSF. The Sponsors have committed that the Academy would be a full and active participant in these arrangements.

As regards legal implications, as a Sponsor, Coventry City Council would have to sign a Funding Agreement and the Memorandum and Articles of Association of the Academy Trust (a summary of the content of these was attached at Appendix 7 to the report submitted), Lifecycle and Hard FM Management Letter (Appendix 4), and Provision of ICT Letter (Appendix 5).

As procuring authority, Coventry City Council would be required to sign the Section 151 Officer Letter confirming the affordability of the scheme.

In terms of property implications, the Academy would be an independent school and a separate legal entity from the City Council. It would be necessary for the City Council to transfer the required land to the Academy Trust on a 125-year lease for a peppercorn rent. This includes land on both the Learning Quarter and existing Sidney Stringer site.

The learning quarter site remaining in the Council's ownership, after the Academy site has been created, was capable of independent development.

The Council operates a risk register for this project (detailed at Appendix 8 to the report submitted). There were a number of financial risks associated with this project that were detailed within the report and within the risk register.

Subject to the approval of the recommendations in the report submitted, the OBC would be submitted to PFS and the DCSF. Should the outcome be positive, the procurement process would commence to find a suitable Panel Member to construct the new facilities. It was proposed that the new facilities would be available for occupation during the 2011/12 academic year.

**RESOLVED that, after due consideration of the options and proposals contained in the report and matters referred to at the meeting, the City Council:**

- (1) Approves the changes made to the scheme since the original EoI, which are detailed in Section 4 of the report submitted.**
- (2) Authorises the submission of an Outline Business Case for the Sidney Stringer Academy to replace the current Sidney Stringer School on the basis outlined in the report submitted, an executive summary of the Outline Business Case having been attached as Appendix 1 to the report submitted and a copy of the full draft having been made available to members.**



- (3) With regard to the estimated capital costings detailed in Section 5.3 of the report submitted, delegates authority to the Director of Finance and Legal Services, in consultation with the Deputy Leader, to agree any final changes to the funding arrangements within the parameters stated in the report.**
- (4) Approves the draft Section 151 Letter (Appendix 2 to the report submitted refers) and delegates authority to the Director of Finance and Legal Services to sign this on behalf of the City Council within the financial principles stated within the report.**
- (5) Approves the use of Prudential Borrowing, if required, to fund the Council's capital or sponsorship contributions to the project, it being noted that this temporary borrowing will be repaid when capital receipts can be generated.**
- (6) Approves the draft funding agreement and delegates authority to the Director of Children, Learning and Young People to sign this on behalf of the City Council.**
- (7) Approves the draft Donation to Trust letter (Appendix 3 to the report submitted) and delegates authority to the Director of Finance and Legal Services to sign this on behalf of the City Council within the financial principles stated within the report.**
- (8) Approves the draft Lifecycle and Hard FM letter (Appendix 4 to the report submitted) and delegates authority to the Director of Children, Learning and Young People to sign this on behalf of the City Council.**
- (9) Approves the draft Provision of ICT letter (Appendix 5 to the report submitted) and delegates authority to the Director of Children, Learning and Young People to sign this on behalf of the City Council.**
- (10) Delegates 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 Deputy Leader, to agree any minor changes to the OBC and supporting documentation prior to its submission to PfS and the DCSF on behalf of the City Council.**
- (11) Approves the commencement of the procurement of a major construction company for the new Academy from the PfS National Framework, once the OBC has been approved by PfS and DCSF.**
- (12) Delegates authority to the Director of Children, Learning and Young People to agree the evaluation criteria for procurement based on the BSF Academy Evaluation methodology, including the selection of the shortlist of two bidders following evaluation of**

**the Preliminary Invitation to Tender, to whom the full Invitation to Tender will be issued.**

- (13) Delegates authority to the Director of Children, Learning and Young People to engage with the shortlisted bidders on aspects of the design and build programme.**
- (14) Notes that there is no financial commitment on the City Council at this stage and that further reports will be brought to the Cabinet, seeking approval of the Full Business Case and appointment of preferred bidder, award of contract and contract management structure to implement the building of the Sidney Stringer Academy.**

**82. Quarter 2 2008/09 Revenue Monitoring and Corporate Capital Monitoring and Treasury Management Report (July to September 2008)**

Further to the Council Minute 111/07, from the meeting held on 19th February, 2008, approving the City Council's Revenue Budget of £257.7m and the Capital Programme of £91.3m, the Council considered a report of the Director of Finance and Legal Services advising of the Quarter 2 revenue and capital forecast outturn position for 2008/09. This was based upon the spending and income after six months of the financial year and the actions being taken to ensure that net spending was managed within the Council budget. The report also reviewed treasury management activity during the year, including borrowing, lending and investment. In addition, 2008/09 prudential indicators were reported on under the prudential code for capital finance.

**RESOLVED that after careful consideration of the options and proposals contained in the report and the matters referred to at the meeting, the City Council:-**

- (1) Notes that at the end of September (Quarter 2), the forecast revenue outturn position was £262.5m against a budget of £257.7m representing a forecast overspend of £4.8m.**
- (2) Continues to instruct all senior managers and budget holders to take all possible action to balance budgets in 2008/09.**
- (3) Approves the revised capital estimated outturn position for the year of £87.3m, incorporating:-**
  - (i) £2.7m additional spending, the majority of which to be funded by external grant monies (Appendix 2 of the report submitted refers).**
  - (ii) £6.1m rescheduling of expenditure into 2009/10, the majority of which was corporately funded (Appendix 4 of the report submitted refers) (this spending level, compared with resources available to fund the Capital Programme, represents a funding shortfall of £9m in 2008/09).**

- (4) Instructs all budget holders to withhold from incurring non-essential expenditure until the new financial year and ask the Capital Working Group to identify all non-essential expenditure.
- (5) Approves the revision to the Treasury Management Strategy and Investment Policy, increasing the amount that can be invested with the Government's Debt Management Office from £10m to £20 (Section 8.1 of the report submitted refers).

**83. Adjustment to Appointments to Outside Bodies**

**RESOLVED** that the City Council approves the appointment of Barry Hastie as the Council's representative to the Board of Coventry Best for Business (Business Improvement District) in place of Councillor Ridley, with immediate effect.

**84. Question Time**

Councillor Sawdon provided a written response to the question set out in the Questions Booklet, together with oral responses to the supplementary questions put to him 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:-

<b>No.</b>	<b>Question Asked By</b>	<b>Question Asked To</b>	<b>Subject Matter</b>
1	Councillor Kelly	Councillor Blundell	Safeguarding children issues in light of recent tragic case of Baby P
2	Councillor Townshend	Councillor Foster	City Council's budget
3	Councillor Field	Councillor Blundell	Funding for the Sidney Stringer Academy
4	Councillor Townshend	Councillor Foster	Outcome of Single Status Employment Tribunal and associated legal costs

**85. Statement by the Leader of the Council**

There was no statement by the Leader.

**86. Notice of Motion**

Councillor Skipper moved the following motion which was seconded by Councillor Kelly:-

"This Council calls on the Leader, Councillor Taylor to reconsider his decision not to support an International Children's Games being held in Coventry in 2012".

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