

**EXTRAORDINARY MEETING OF THE
COUNCIL OF THE CITY OF COVENTRY**

10th August, 2010

PRESENT

Lord Mayor (Councillor Kelsey)

Deputy Lord Mayor (Councillor Mulhall)

Councillor Abbott	Councillor Mrs Lepoidevin
Councillor Andrews	Councillor Mrs Lucas
Councillor Asif	Councillor McNicholas
Councillor Auluck	Councillor Maton
Councillor Bailey	Councillor J. Mutton
Councillor Bains	Councillor Mrs. M. Mutton
Councillor Blundell	Councillor Nellist
Councillor Charley	Councillor Noonan
Councillor Chater	Councillor O'Boyle
Councillor Cliffe	Councillor Ridley
Councillor Clifford	Councillor Ruane
Councillor Crookes	Councillor Sawdon
Councillor Mrs. Dixon	Councillor Sehmi
Councillor Duggins	Councillor B Singh
Councillor Field	Councillor Skinner
Councillor Gazey	Councillor Skipper
Councillor Harvard	Councillor Smith
Councillor Mrs. Johnson	Councillor Mrs Sweet
Councillor Kelly	Councillor Taylor
Councillor A Khan	Councillor Townshend
Councillor T Khan	Councillor Walsh
Councillor Lakha	Councillor Welsh
Councillor Lancaster	Councillor Williams
Councillor Lapsa	

Apologies: Councillor Mrs Bigham
 Councillor Foster
 Councillor Hammon
 Councillor Harrison
 Councillor Lee

Public Business

41. Declarations of Interest

The following Members declared interests in the matters referred to in the minutes indicated:-

Interests in Recommendations

Minute 43 – Response to the Government's £6.2bn In-Year Cuts

Councillors Chater and Lakha declared personal interests as they were both Trustees of organisations detailed in the report. Having regard to the National Code of Local Government Conduct and the City Council's Constitution, both Councillors Chater and Lakha remained in the meeting for consideration of this item and voted on the proposal.

42. Chair of Licensing and Regulatory Committee

Further to Minute 27/10 of the Cabinet, the Council considered a report of the Director of Customer and Workforce Services and the Director of Finance and Legal Services which recommended the nomination of Chair to the Licensing and Regulatory Committee in the absence of the existing Chair, Councillor Harrison, who was currently unwell and was not expected to be able to carry out his duties as Chair for the foreseeable future. As it was not known as to how long Councillor Harrison would be unavailable, it was considered prudent to nominate a long-term alternative.

RESOLVED that the City Council endorse the Cabinet decision to appoint Councillor Chater as a long term alternative Chair of the Licensing and Regulatory Committee during Councillor Harrison's absence.

43. Response to the Government's £6.2bn In-Year Cuts

The Council considered a report of the Director of Finance and Legal Services which detailed the in-year cuts that had been applied to grants received by the City Council as part of the national coalition Government's announcement of £6.2bn of cuts across the public sector in 2010/11. It also contained proposals to reduce spending in some grant related areas in order to achieve the required level of savings. The reductions signalled in the emergency budget would be confirmed in the forthcoming Comprehensive Spending Review and would impact on funding levels from the beginning of 2011/12. The £6.2bn cuts were to be applied in the current financial year.

On July 5th, the Treasury announced a further £1.5bn of in-year savings. The fine details of these savings were still awaited although some of them would impact on the Department for Education and the Department for Communities and Local Government. On the same day, the Government ended the Building Schools for the Future Programme which will bring the £350m scheme to rebuild and refurbish secondary schools in Coventry to a halt.

Of the £6.2bn that was to be saved nationally by cutting spending across the public sector, roughly £1.2bn was to be delivered directly by Local Government. Precise details were still emerging about how these reductions in funding would impact at a local authority level, but the City Council had now been notified of cuts to a number of grant regimes, most notably Area Based Grant (ABG). The specific grant regimes being cut in year are as follows:-

Table 1 – Grant Reductions 2010/11

	<u>£m</u>
CLYP related Area Based Grants (ABG)	2.3
Local Enterprise Growth Initiative (ABG)	0.8
Local Authority Business Growth Initiative	0.3
Supporting People Admin (ABG)	0.2
Prevent (ABG)	0.1
TOTAL	<hr/> 3.7 <hr/>

Some of these grant streams were already assumed to be falling out next year and broadly the Government's announcement involved terminating these grants early. There were some exceptions to this for instance in some areas of the education related grants where many of the grants had existed for a long time and had become considered as funding core services. Nevertheless, if the Council did not make savings to meet this reduction in grant from broadly within the areas that they fund, the Council would need to make compensating savings elsewhere in the short-term and reduce the affected grant streams in the long-term in any case. This was not felt to be an appropriate response to the problem.

The report indicated that the £3.7m savings needed to be made by the Council in the current financial year. At this stage, it was important to take action that planned to save far more than £3.7m in a full year and to identify and make progress on these savings for the following reasons;

- Further announcements were still being made that may impose further cuts upon the Council's grant streams. The proposals in the report would help the Council to manage any such additional cuts.
- It was inevitable that specific grant funding streams would be severely affected in future years' Government spending settlements. Taking some decisive pre-emptive action now in some of these grant funded areas was essential to help the Council maintain a sound financial footing.
- Early action taken in this area would maximise the degree of flexibility that the Council would be able to exercise in the future with regard to focussing on its policy priorities (although it was clear that this flexibility would be severely curtailed compared with recent years).
- With nearly one third of the year already gone the Council needed to set a stretching savings target to maximise the likelihood of saving the full cash effect of £3.7m in 2010/11.
- In addition to the savings identified, there were likely to be employee severance costs that would need to be funded.

Given the point made above that many of these grant streams would end in any case, the curtailment of some of these schemes now was largely an issue of timing – the Council would have been faced with the ending and/or reduction in scale of these schemes in the very near future anyway. Any further delay in the making of these savings would threaten the Council's ability to achieve the required amount this year.

An Appendix to the report outlined the areas recommended to receive a reduced level of funding. These savings proposals are summarised in the table below. For each of the lines in the table there was a brief explanation in the appendix with the potential implications of the reduction.

Table 2 – Summary of Proposed Spending Reductions

	<u>£m</u>
CLYP related Area Based Grants	1.39
Connexions	0.25
Local Enterprise Growth Initiative	0.83
Local Authority Business Growth Initiative	0.30
Supporting People	1.00
Prevent	0.08
Local Public Service Board allocation	0.63
Coventry Partnership Funding	0.03
TOTAL	<u>4.51</u>

Given that these cuts in funding at a national level had been announced part way through the financial year, the report indicated that it was important that savings proposals were implemented as quickly as possible. There had, therefore, been little opportunity for a wide ranging consultation on where these cuts should be applied – these proposals restricted spending cuts largely to the areas of funding that have been cut at a national level as part of the overall programme £6.2bn worth of savings. Officers had aimed to identify areas where funding had not yet been committed so that these savings could be achieved in year. Clearly, in some cases, this would lead to a reduction in the level of services being provided. Service Directors would be responsible for ensuring that spending was reduced as quickly as possible and that the overall levels of savings detailed in each area was achieved within the financial year. Achievement of the savings would be monitored through existing budgetary control reporting arrangements.

RESOLVED that the City Council approves the in-year cuts funding totalling £4.51m as detailed in the report.

Note: In respect of the above, a recorded vote was required in accordance with paragraph 4.1.71 of the City Council's Constitution. The Councillors voting for and against the Recommendation were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillor Abbott Andrews Asif Auluck Bailey Bains Blundell Charley Chater Cliffe Clifford Crookes Mrs. Dixon Duggins	Councillor Nellist	

Field
Gazey
Harvard
Mrs. Johnson
Kelly
A Khan
T Khan
Lakha
Lancaster
Lapsa
Mrs Lepoidevin
Mrs Lucas
McNicholas
Maton
Mulhall
J. Mutton
Mrs. M. Mutton
Noonan
O'Boyle
Ridley
Ruane
Sawdon
Sehmi
B Singh
Skinner
Skipper
Smith
Mrs Sweet
Taylor
Townshend
Walsh
Welsh
Williams
Lord Mayor

Result: 48 for
1 against
0 abstentions

(Meeting closed: 3.20 pm)