



Coventry City Council

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## **Council Meeting**

21 February 2012

**Booklet 1**

Recommendation Minutes

# **INDEX TO MINUTES**

**Cabinet – 14<sup>th</sup> February 2012**

## CABINET

14<sup>th</sup> February 2012

### Cabinet Members

Present: -

Councillor Mrs Bigham  
Councillor Clifford  
Councillor Duggins (Deputy Chair)  
Councillor Harvard  
Councillor A. Khan  
Councillor J. Mutton (Chair)  
Councillor O'Boyle  
Councillor Skipper  
Councillor Townshend

### Non-Voting Opposition

Representatives present:- Councillor Blundell  
Councillor Foster

### Other Councillors

Present: -

Councillor Mrs Lucas  
Councillor McNicholas  
Councillor Mutton  
Councillor Walsh

### Employees Present:-

F. Collingham (Chief Executive's Directorate)  
C. Forde (Finance and Legal Services Directorate)  
J. Forde (Acting Director of Public Health)  
R. Garcia (Children, Learning and Young People's Directorate)  
C. Green (Director of Children, Learning and Young People)  
B. Hastie (Finance and Legal Services Directorate)  
S. Iannantuoni (Customer and Workforce Services Directorate)  
P. Jennings (Finance and Legal Services Directorate)  
L. Knight (Customer and Workforce Services Directorate)  
K. Malone (Customer and Workforce Services Directorate)  
M. Morrissey (City Services and Development Directorate)  
J. Murphy (Finance and Legal Services Directorate)  
J. Norton (City Services and Development Directorate)  
H. Peacocke (Customer and Workforce Services Directorate)  
C. Pearson (City Services and Development Directorate)  
M. Reeves (Chief Executive)  
C. Steele (Chief Executive's Directorate)  
J. Venn (Chief Executive's Directorate)  
B. Walsh (Director of Community Services)  
C. West (Director of Finance and Legal Services)  
A. Williams (City Services and Development Directorate)

### Apologies

Councillor Kelly

## **Public business**

### **108. Declarations of Interest**

Councillor Townshend declared a personal interest in the matter referred to in Minute No. 116 below, headed "Transforming Public Health". He remained in the meeting during the consideration and voting on this matter.

### **109. Exclusion of Press and Public**

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the item of business referred to in Minute 123 below relating to Coventry's District Heating Scheme, Heatline – Appointment of Commercial Partner on the grounds that this item involves the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of that Act.

### **110. 2012/13 Council Tax Setting**

The Cabinet considered a report of the Director of Finance and Legal Services, which calculated the Council Tax level for 2012/13.

The report indicated that, as part of the 2011/12 budget setting process, Councils were compensated by central Government for maintaining tax levels at, or below, the previous year's level. This reward took the form of a grant equivalent to a 2.5% increase in Council tax. This scheme had been maintained and extended into 2012/13 to provide additional grant to Councils that maintained fixed or reduced Council Tax levels. As a result of maintaining its Council tax at 2010/11 levels, Coventry received £2.9m in 2011/12.

It was recommended that Council Tax levels for 2012/13 remain unchanged, which would result in the Council receiving a cumulative Council Tax Freeze Grant of £5.9m (£2.9m related to the previous year's freeze and an additional £3m for this year).

However, it was noted that the Government did not intend to provide Council Tax Freeze grants indefinitely. The compensation provided for not increasing the tax in 2011/12 would be provide for a period of four years (2011/12 – 2014/15) and the compensation provided for not increasing the tax in 2012/13 was for one year only.

The report further indicated that the precepts from both the West Midlands Fire and Rescue Authority and the West Midlands Police Authority would not be confirmed until they held their budget setting meetings on 13<sup>th</sup> February 2012 and 16<sup>th</sup> February 2012 respectively. As a result, provisional figures were provided based on the assumption of no change for both the police and fire authorities.

The Cabinet noted that the recommendations followed the structure of resolutions drawn up by the Chartered Institute of Public Finance and Accountancy, to ensure that legal requirements are fully adhered to in setting the tax. As a consequence, the wording of the proposed resolution was necessarily complex. In addition, the Cabinet were advised that the recommendations were set out to comply with the new requirements of the Localism Act 2011. However, some aspects of this Act were only approved by

Parliament within the last seven days and work had been continuing to identify the precise form of words required as a result of this legislation. It was therefore proposed that a further recommendation be added to indicate that the Council determines its relevant basic amount of Council Tax for 2012/13 was not excessive, in accordance with principles approved under Sections 52ZC and 52ZD of the Act.

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

(1) Note the following Council Tax base amounts for the year 2012/13, as approved by Cabinet on 3<sup>rd</sup> January 2012, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) ("the Act"):

(a) 89,393.9 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

(b) 

Allesley	362.8
Keresley	226.2

Being the amounts calculated by the Council as its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

(2) That the following amounts be now calculated by the Council for the year 2012/13 in accordance with Sections 31A, 31B and 34 to 36 of the Act:

a) £740,161,568 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils (*Gross Expenditure and reserves required to be raised for estimated future expenditure*);

b) £621,816,823 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act. (*Gross Income including reserves to be used to meet the Gross Expenditure but excluding Council Tax income*);

c) £118,344,745 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 31A(4) of the Act, as it's Council Tax requirement for the year;

d)	£1,323.86	$\frac{(2) \text{ c}}{(1) \text{ a}}$	=	$\frac{£118,344,745}{89,393.9}$
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Being the amount at (2) c) above divided by the amount at (1) a) above, calculated by the Council in accordance with Section 31B 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*);

e)	£5,100.00	being the aggregate amount of all special items referred to in Section 34(1) of the Act ( <i>Parish Precepts</i> );
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f)	£1,323.80	$= \frac{(2) \text{ d} - (2) \text{ e}}{(1) \text{ a}} =$	$\frac{£1,323.86 - £5,100.00}{89,393.9}$
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Being the amount at (2) d) above, less the result given by dividing the amount at (2) e) 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*);

g)	Coventry Unparished Area	£1,323.80
	Allesley	£1,333.72
	Keresley	£1,330.43

Being the amounts given by adding to the amount at (2) f) 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*);

h)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Keresley
	£	£	£
A	882.53	889.14	886.95
B	1029.62	1037.34	1034.78
C	1176.71	1185.53	1182.60
D	1323.80	1333.72	1330.43
E	1617.98	1630.10	1626.08
F	1912.16	1926.49	1921.74
G	2206.33	2222.86	2217.38
H	2647.60	2667.44	2660.86

Being the amounts given by multiplying the amounts at (2) g) 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) That it be noted that for the year 2012/13 the West Midlands Police Authority and West Midlands Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwelling shown below:

Valuation Band	West Midlands Police Authority	West Midlands Fire Authority
	£	£
A	66.30	31.89
B	77.35	37.20
C	88.40	42.52
D	99.45	47.83
E	121.54	58.46
F	143.64	69.09
G	165.74	79.72
H	198.89	95.66

- (4) That having calculated the aggregate in each case of the amounts at (2) h) and (3) above, the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2012/13 for each part of its area and for each part of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Keresley
	£	£	£
A	980.72	987.33	985.14
B	1144.17	1151.89	1149.33
C	1307.63	1316.45	1313.52
D	1471.08	1481.00	1477.71
E	1797.98	1810.10	1806.08
F	2124.89	2139.22	2134.47
G	2451.79	2468.32	2462.84
H	2942.15	2961.99	2955.41

- (5) That the Council determines that its relevant basic amount of Council Tax for 2012/13 is not excessive in accordance with the principles approved under Sections 52ZC and 52ZD of the Act.

#### 111. 2012/13 Budget Setting

The Cabinet considered a report of the Director of Finance and Legal Services, which outlined the proposed final revenue budget for 2012/13, following a period of public consultation on a range of budget options which were previously considered by the Cabinet on 29<sup>th</sup> November 2011.

2012/13 was the second year of four covered by the current Spending Review which set out the Government's spending plans incorporating significant reductions in the real level of resources available to local government. The Council faced financial pressures of an unprecedented level over the next few years and the final settlement for 2012/13 confirmed a further reduction in Formula Grant of £12m.

The Council responded to the anticipated reduction in resource levels through its abc programme of transformation projects and other approaches designed to meet the financial challenge. The report set out a range of recommended savings and spending proposals that together produced a balanced budget whilst allowing the Council to continue to deliver its key policies. The abc programme involved a number of projects which were reviewing fundamentally the Council's current service provision with the objectives of achieving improved services to customers as well as significant cost reductions. The report indicated that the medium term financial plan anticipates significant further future savings from the abc programme to help balance the Council's budget. However, although these proposals would enable the Council to set a balanced budget for 2012/13, the medium term financial position still showed a revenue budget gap of £14m in 2013/14 and £27m in 2014/15.

The Cabinet noted that Legislative changes to the way the Council was required to show its budget meant that the Council Tax Setting report which had also been submitted to this meeting (Minute 110 refers), recommended a 'Council Tax Requirement' for 2012/13 rather than the 'Budget Requirement' that had been recommended in previous years. The implications of this were detailed within the report submitted. The Council Tax Requirement for 2012/13 was £118.3m. On the previously reported Budget Requirement basis, the Council's net revenue budget funded by Formula Grant and Council Tax would



decrease by £9.7m from £277.1m in 2011/12 to £267.4m in 2012/13. The total or gross revenue budget, which also included spending funded by specific grants and fees and charges, would be £740.2m.

The budget recommended was based on no increase in the Council Tax above the 2011/12 levels. On this basis the Government had agreed to fund, on a one-off basis, a Council Tax-Freeze Compensation Grant equivalent to a 2.5% increase in Council Tax or £2.96m. The Cabinet noted that when the grant falls out after 2012/13, this would represent a loss of resources to the City Council.

The report proposed a Capital Programme of £57m for 2012/13 and £111m for the period 2013/14 to 2016/7. In the main, this consisted of schemes and programmes that had already been approved plus programmes of essential expenditure in the areas of property, highways maintenance and ICT infrastructure plus a new £1m programme of pavement maintenance and provision for new cemetery facilities at the Lenton's Lane site. The 2012/13 programme required a level of prudential borrowing of £9m to support investment in specific schemes. The revenue impact of repaying this borrowing was taken into account in the revenue budget.

The Council was also required to approve its Treasury Management Strategy and Prudential Indicators on an annual basis and these were incorporated within the report submitted.

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

- (1) Approve the final spending and savings proposals as detailed in Appendix 4 of the report.**
- (2) Approve the total 2012/13 revenue budget of £740.2m detailed in table 2 and Appendix 3 of the report, established in line with a zero city Council Tax increase, acceptance of the Council Tax Freeze Compensation Grant and the Council Tax Requirement recommended in the Council Tax Setting report.**
- (3) Note the Director of Finance and Legal Services' comments confirming the robustness of the budget and adequacy of reserves, as detailed in Section 9 of the report.**
- (4) Approve the Capital Programme of £57m for 2012/13 and the future years' commitments arising from this programme of £111m in 2013/14 to 2016/17 as detailed in Section 6 and Appendix 5 of the report.**
- (5) Approve the proposed Treasury Management Strategy for 2012/13 (Section 7), the revised Investment Policy (Appendix 6) for immediate implementation, the revised Treasury Management Policy Statement (Appendix 7) and adopt the prudential indicators and limits described in Section 7 and summarised in Appendix 8.**

## 116. **Transforming Public Health**

The Cabinet considered a report of the Chief Executive, which outlined the preparations the Council was making to implement changes resulting from the 2011 Health and Care Social Care Bill, including the transfer of the Director of Public Health into the local authority.

The Cabinet noted that the report had also been considered by the Health and Social Care Scrutiny Board (Scrutiny Board 5) at their meeting held on 25<sup>th</sup> January, 2012. A briefing note detailing their consideration of the matter, along with their recommendations, was appended to the report. It was further noted that the report would also be considered by the Health and Wellbeing Board on 12<sup>th</sup> March 2012.

The 2011 Health and Social Care Bill, introduced by the national coalition Government, proposed a range of changes to the National Health Service, including the transfer of the majority of public health functions from PCT to upper tier local authorities. There had been significant extensions to timescales for the passage of this legislation through Parliament, and the report indicated that there may therefore be some delays to the original timescales for implementation of the proposed changes.

The changes outlined in the Bill were to include the transfer to upper tier local authorities of the Director of Public Health, and the accompanying and requisite legal powers and budget for the Director of Public Health to discharge their duties as required from 1<sup>st</sup> April 2013. The proposals were outlined in "Healthy Lives, Healthy People" and further elaborated on in more recent guidance.

The report outlined the preparations the Council was making for these changes and the decisions and steps that were required to complete this transfer, in order to place Coventry in the best possible position for the future. These steps and decisions would enable the Council, through using the abc methodology, to undertake a transformational change and integrate public health across the whole Council instead of replicating the current system. In summary, the proposals included:

- The appointment of a substantive Director of Public Health for Coventry to the local authority, subject to the current legislative framework.
- Determination and agreement of a new transformational vision, service design and operating framework for Public Health which recognised the opportunities and challenges ahead, but integrated across the whole of the City, making Public Health a core aspect of everything the Council does for the citizens of Coventry.
- Agreement with the NHS Coventry and the Department of Health on how the Council could implement these arrangements as soon as possible and formalise that with a clear agreement and Memorandum of Understanding.
- Taking steps to change and transform the City Council as an organisation and to integrate Public Health at the highest levels, with the Director of Public Health becoming a member of the Management Board and making necessary constitutional changes to give the Cabinet Member (Health and

Community Services) and the Director of Public Health the necessary authority to lead the organisation in reducing health inequality, improving health and wellbeing and supporting the citizens of Coventry to live longer, healthier and more independent lives.

Having considered the briefing note submitted by Scrutiny Board 5, the Cabinet noted that the Board supported the recommendations contained in the report and agreed the additional recommendations proposed by the Board.

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

- (1) In conjunction with the requisite NHS and other health and academic bodies as required by legislation, appoints a Director of Public Health, and report to the Chief Executive.**
- (2) Delegate authority to the Chief Executive, in consultation with the Cabinet Member (Policy, Leadership and Governance) to enter into a memorandum of understanding, in order to facilitate the transfer of the relevant public health functions (including services, staff and resources) from NHS Coventry to the Coventry City Council, prior to legislative requirements. The transfer will be undertaken as a transformational exercise, ensuring that the function will be fit for the future, and will be completed as part of the abc programme.**
- (3) Delegate appropriate decision-making responsibility to the Cabinet Member (Health and Community Services) and the Director of Public Health commensurate with the role, and to note that a further report detailing amendments to the Council's constitution will be submitted to the Council for approval prior to May 2012.**
- (4) Agree the role of the shadow Health and Wellbeing Board, and note the revised terms of reference, and continue to appoint members through the Annual General Meeting of the Council.**
- (5) Agree that the Health and Social Care Scrutiny Board and the Scrutiny Co-ordination Committee be involved in the early stages of the transformational change programme.**
- (6) That the Constitution Working Group be asked when considering the incorporation of the Health and Wellbeing Board into the Council's Constitution, to consider enabling participation by all elected Members in this important area of Council decision-making.**
- (7) Note that the Chair of the Scrutiny Co-ordination Committee and the Chair of Scrutiny Board 5 would be holding an all-Member seminar on the abc Transforming Public Health Review on 5<sup>th</sup> March 2012.**

120. **Coventry's District Heating Scheme, Heatline – Appointment of Commercial Partner**

The Cabinet considered a report of the Director of City Services and Development, which outlined the current position in relation to Coventry's District Heating Scheme, Heatline, along with proposal for the appointment of a commercial energy partner.

A corresponding private report detailing confidential financial aspects of this matter was also submitted to this meeting (Minute 123 below refers).

In addition, the Cabinet considered a petition bearing 7 signatures submitted by Ms J Green, on behalf of the Friends of the Earth, which opposed the proposals within the report.

As part of the sustainability and low carbon agenda for the City, the Council was developing a heating network called Heatline. Initially this was for the city centre, in partnership with Coventry University and their estate. The aspiration was that the scheme would grow and expand over the next 25 years, providing a number of locations across the City Centre with a renewable source of energy.

The initial aim of the project was to utilise the steam, which was a by-product of the incineration process, to be supplied by Coventry and Solihull Waste Disposal Company (CSWDC), and to maximise carbon dioxide savings for the City. The Cabinet were advised that utilising the steam to generate heat in this way would have a number of benefits including the reduction of carbon dioxide emissions, conservation of natural resources, reduction of the carbon tax liability, improvement of the carbon footprint for individual participants and the city as a whole, and help with meeting the Government's carbon reduction targets and improving Coventry's credentials both nationally and internationally as a green dynamic city. It was anticipated that this in turn would bring added benefits such as inward investment and job opportunities.

The scheme itself would comprise of a network of insulated underground pipes to deliver heat, in the form of hot water, from the point of generation (the Energy from Waste (EfW) plant on London Road) to the end users.

The Council had secured £1.6m grant funding from the Homes and Communities Agency (HCA) to part fund the cost of installing the main heating pipeline from the EfW plant into the city centre. In addition, numerous feasibility studies had been done showing the clear viability and opportunity of the scheme. The total estimated cost of the capital investment was £10m and the commercial energy partner was expected to finance the remainder of the cost after the HCA grant.

Once the HCA grant had been secured, the Council entered into procurement, in order to appoint a commercial partner to design, build, finance and operate Heatline. The main end user of the heat in the city centre would initially be the Council officers and leisure facilities, such as the city centre sports centre, the transport museum and the Herbert Art Gallery and Museum along with the University and Cathedral. There would be potential to expand the network over future phases, with the plan in the future to expand the district heating network to residential properties within the vicinity of the city centre, the proposed Friargate and Royal Mail sorting office development and the wider City Centre

redevelopment.

Short listed bidders had returned tenders, which would be evaluated using the fixed evaluation criteria throughout January and February, with a decision on whether to proceed with the scheme and which bidder to appoint being made at the end of February, early March to ensure that the conditions of the HCA grant were satisfied. The report outlined the proposed framework and set of tolerances for making those decisions, within the timescales required under the HCA agreement.

**RESOLVED that, after due consideration of the options and proposals contained in the report and matters referred to at the meeting and subject to consideration of the private report on this matter, the Cabinet recommends that Council:**

- (1) On completion of the tender evaluation, to enter into contracts with the selected contractor within the financial parameters set out and on the terms detailed within the report.**
- (2) Give delegated authority to the Cabinet Member (Sustainability and Local Infrastructure), Director of City Services and Development and the Director of Finance and Legal Services to complete and award a contract to the selected contractor based on the recommendations of officers who will undertake the evaluation of the bids received.**
- (3) Complete supply agreement with the University and the Cathedral conditional upon completion of the Heatline infrastructure by the selected contractor.**
- (4) Underwrite the known project management costs for Heatline of up to £150,000.**

### **Private Business**

#### **123. Coventry's District Heating Scheme, Heatline – Appointment of Commercial Partner**

Further to Minute 120 above, the Cabinet considered a report of the Director of City Services and Development, which detailed confidential financial information in respect of the current position in relation to Coventry's District Heating Scheme, Heatline, along with proposal for the appointment of a commercial energy partner.

Additional information was tabled at the meeting, which provided important information that had arisen in respect of the grant from the HCA, since the Cabinet report was written, and on which the Cabinet were requested to base their decision.

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

- (1) On completion of the tender evaluation, to enter into contracts with the selected contractor within the financial parameters set out and on the terms detailed within the report.**
- (2) Give delegated authority to the Cabinet Member (Sustainability and Local Infrastructure), Director of City Services and Development and the Director of Finance and Legal Services to complete and award a contract to the selected contractor based on the recommendations of officers who will undertake the evaluation of the bids received.**
- (3) Complete supply agreement with the University and the Cathedral conditional upon completion of the Heatline infrastructure by the selected contractor.**
- (4) Underwrite the known project management costs for Heatline of up to £150,000.**
- (5) To enter into a legal agreement to accept a further infrastructure investment, to the sum indicated in the addendum to the report, from the Homes and Communities Agency to help fund the Coventry Heatline Scheme.**
- (6) To notify the four bidders of the additional investment of capital into the scheme and seek from them revised prices to reflect the lower capital cost of the scheme to them.**

Meeting closed at: 4.00 pm