

**Time and Date**

2.00 pm on Tuesday, 23rd February, 2016

Place

Council Chamber - Council House

1. **Apologies**
2. **Minutes of the Meeting held on 12 January 2016** (Pages 5 - 24)
3. **Exclusion of the Press and Public**
To consider whether to exclude the press and public for the items of private business for the reasons shown in the report.
4. **Return of Councillor Rupinder Singh elected as Councillor for the Lower Stoke Ward in the City on 11 February, 2016.**
5. **Coventry Good Citizen Award**
To be presented by the Lord Mayor
6. **Correspondence and Announcements of the Lord Mayor**
7. **Petitions**
8. **Declarations of Interest**

Matters Left for Determination by the City Council/Recommendations for the City Council

9. **Leasehold Disposal of Land, Cox Street** (Pages 25 - 42)
From the Cabinet, 9 February 2016

It is anticipated that the following matters will be referred as recommendations from the Cabinet, 23 February 2016. The reports are attached. The relevant recommendations will be circulated separately.

10. **2016/17 Council Tax Setting Report** (Pages 43 - 50)
11. **Budget Report 2016/17** (Pages 51 - 98)

Item for Consideration

12. **Approval of the Draft Order to establish a West Midlands Combined Authority** (Pages 99 - 120)

Report of the Chief Executive

Other Business

13. **Statements**

Private Business

Matters Left for Determination by the City Council/Recommendations for the City Council

14. **Leasehold Disposal of Land, Cox Street** (Pages 121 - 132)

From the Cabinet, 9 February 2016

(Listing Officer: P Beesley, Tel 024 7683 1377)

Chris West, Executive Director, Resources, Council House Coventry

Monday, 15 February 2016

Note: The person to contact about the agenda and documents for this meeting is Carolyn Sinclair/Suzanne Bennett 024 7683 3166/3072

Membership: Councillors F Abbott, N Akhtar, P Akhtar, M Ali, A Andrews, M Auluck, R Auluck, R Bailey, S Bains, L Bigham, J Birdi, J Blundell, R Brown, K Caan, D Chater, J Clifford, G Crookes, G Duggins, D Galliers, D Gannon, A Gingell, M Hammon (Chair), L Harvard (Deputy Chair), J Innes, D Kershaw, T Khan, A Khan, R Lakha, R Lancaster, M Lapsa, J Lepoidevin, A Lucas, P Male, K Maton, J McNicholas, C Miks, K Mulhall, J Mutton, M Mutton, H Noonan, J O'Boyle, E Ruane, T Sawdon, P Seaman, B Singh, D Skinner, T Skipper, H Sweet, K Taylor, R Thay, S Thomas, S Walsh and D Welsh

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Carolyn Sinclair/Suzanne Bennett
024 7683 3166/3072

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Coventry City Council

Minutes of the Meeting of Council held at 2.00 pm on Tuesday, 12 January 2016

Present:

Members: Councillor M Hammon (Lord Mayor)

Councillor N Akhtar	Councillor A Khan
Councillor P Akhtar	Councillor R Lakha
Councillor M Ali	Councillor R Lancaster
Councillor A Andrews	Councillor M Lapsa
Councillor M Auluck	Councillor J Lepoidevin
Councillor R Auluck	Councillor A Lucas
Councillor R Bailey	Councillor P Male
Councillor S Bains	Councillor K Maton
Councillor L Bigham	Councillor J McNicholas
Councillor J Birdi	Councillor C Miks
Councillor J Blundell	Councillor J Mutton
Councillor R Brown	Councillor M Mutton
Councillor K Caan	Councillor H Noonan
Councillor D Chater	Councillor J O'Boyle
Councillor J Clifford	Councillor E Ruane
Councillor G Crookes	Councillor T Sawdon
Councillor G Duggins	Councillor B Singh
Councillor D Galliers	Councillor D Skinner
Councillor D Gannon	Councillor H Sweet
Councillor L Harvard	Councillor R Thay
Councillor J Innes	Councillor S Walsh
Councillor D Kershaw	Councillor D Welsh
Councillor T Khan	

Honorary Alderman J. Gazey

Apologies: Councillor F Abbott, A Gingell, P Seaman, T Skipper and S Thomas, Mrs. J. Wright (Honorary Alderman)

Public Business

98. Minutes of the meeting held on 1 December 2015

The minutes of the meeting held on 1 December 2015 were signed as a true record.

99. Exclusion of the Press and Public

RESOLVED that the press and public be excluded under Section 100(A)(4) of the Local Government Act 1972 relating to the private report headed "Freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry" on the grounds that the report involved the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as it contained information relating to the financial and business affairs of a particular person (including the authority holding that information) and that

in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

100. **Coventry Good Citizen Award**

On behalf of the City Council, the Lord Mayor presented Amanda Atkins and Kris Townshend with the Good Citizen Award. Their citation read:

“Amanda and Kris are carers who have gone far beyond their normal duties to offer an extremely high standard of support to an end of life patient.

They showed great respect and dignity to him and would call in to see him even on their days off. His comfort and well-being were their primary concern. They worked diligently and professionally and showed great compassion; they excelled in the care they gave to their patient at his time of greatest need.

Their support also extended to the close family of their patient who were treated with respect and kindness. Their unselfish approach to such a delicate situation illustrates the reason that Kris and Amanda are worthy Good Citizen Award winners.”

101. **New Year's Honours**

The Lord Mayor congratulated the following Coventry citizens who had been included in the recent New Year's Honours List.

- **BEM** to Pete Chambers, for his voluntary services to music in the city.
- **BEM** to Dennis Davison, a D-Day veteran for services to World War II commemoration and memorialisation and setting up the charity, Normandy Day UK
- **BEM** to Keelie Jayne Hill, a teaching assistant at Sherbourne Fields School for her services to youngsters with special educational needs and disabilities.
- **OBE** to Sean Moore a Coventry Firefighter for his services to national and international search and rescue.

The Lord Mayor had written on behalf of the City Council to all the recipients sending congratulations.

102. **Councillor Alison Gingell and Councillor Tony Skipper**

On behalf of the City Council, the Lord Mayor extended best wishes to Councillor Alison Gingell and Councillor Tony Skipper in respect of their recent illnesses.

Regarding Councillor Alison Gingell, in accordance with the Constitution, it was moved by the Leader, Councillor Lucas and seconded by Councillor Blundell that her ongoing illness was a good and sufficient reason for her non-attendance at meetings.

RESOLVED that, for the reason given above, the City Council approve the continuing absence of Councillor Alison Gingell.

103. Petitions

RESOLVED that the following petitions be referred to the appropriate City Council bodies:

(a) Request that the Council take appropriate measures regarding parking issues in Stoke Row – 20 signatures, presented by Councillor Bains.

(b) Request for parking controls on Cannon Park Road – 42 signatures, presented by Councillor Blundell.

104. Declarations of Interest

Councillor Noonan declared an interest in the matter the subject of Minute 111 (New Coventry Local Plan – Publication Draft (2011-2031) and the Updated Local Development Scheme (2016).

The Lord Mayor, Councillor Hammon, declared a disclosable pecuniary interest in the matter the subject of Minute 112 (Coventry City Centre Area Action Plan (AAP) – Publication Draft.

As the debates on the items above were combined with the agenda items the subject of Minutes 109 and 110 below, Councillors Noonan and Hammon withdrew from the meeting during consideration of and voting on all of the items in Minutes 109 to 112.

When the Lord Mayor withdrew from the meeting, the Deputy Lord Mayor, Councillor Harvard, took the Chair.

105. The 2016/17 Council Tax Base Report

Further to Minute 87 of the Cabinet, the City Council considered a report of the Executive Director of Resources, which established the 2016/17 Council Tax base for tax setting purposes.

The Council Tax base, being the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax, represented the estimated number of Band D equivalent chargeable dwellings for the year. It also took into account the authority's estimated Council Tax collection rate.

The necessary calculations were made in accordance with the Local Authorities (Calculation of Council Tax base) Regulations 2012 to establish the Council Tax base for the City Council and its parishes. These regulations applied to financial years beginning 1 April 2013 onwards, and included the impact of the change from awarding Council Tax benefit to the introduction of a Council Tax Support Scheme (also known as the Council Tax Reduction Scheme).

On 23 June 2015 the City Council agreed a reorganisation order to establish a parish and parish council for the Finham area of the City with effect from 1st April 2016. The reorganisation order included details of the proposed budget requirement for the first year of the new parish. As a result, this report included, for the first time, the details of the tax base for the new Finham parish, together with the grant to be paid to Finham Parish Council to compensate it for the reductions made as part of the Council Tax Support Scheme.

Under the Support Scheme, the Council Tax base was reduced according to the amount of reductions awarded under the scheme, as the authority would be foregoing the relevant Council Tax income and instead would receive grant income outside of the Council Tax arrangements. These reductions were reflected in the calculation of the Council Tax base, in order to calculate the correct amount of band D Council Tax for the billing authority (Coventry City Council), the major precepting authorities (West Midlands Police and Crime Commissioner and the West Midlands Fire and Rescue Authority), and the local precepting authorities (Allesley Parish Council, Finham Parish Council and Keresley Parish Council)

Proposals would not set the actual level of Council Tax in Coventry and that would be set by Council on the 23rd February 2016. The determination of the tax base is one part of the process and must occur before 31st January each year.

RESOLVED that the City Council approve:

1. That the Council Tax collection rate for 2016/17 be set at 98.3%.
2. That, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amounts calculated by the City Council for 2016/17 shall be:

a net tax base of 77,525.1 for the whole of the City Council area made up as follows:

Allesley Parish	318.3
Finham Parish	1,467.8
Keresley Parish	226.2
All Other Coventry City Council Wards	<u>75,512.8</u>
TOTAL	77,525.1

3. That the following grant payments should be made to parish councils to reflect the impact in 2016/17 of Council Tax reductions on their tax bases.

Allesley Parish	£621
Finham Parish	£3821
Keresley Parish	£354

TOTAL

£4,796

106. Revision of the Local Council Tax Support Scheme

Further to Minute 90 of the Cabinet, the City Council considered a report of the Executive Director of Resources, which set out the outcome of consultation on proposals for a new Council Tax Support Scheme and made recommendations for the introduction of a new scheme.

Council Tax Support (CTS) was a means tested discount to help low income households with the cost of Council Tax payments. The existing CTS scheme in Coventry broadly mirrored the Council Tax Benefit (CTB) scheme, previously administered under the framework from the Department for Work and Pensions (DWP).

Since the Government announced that CTB was to be localised from April 2013 every council has had the responsibility for designing its own scheme of support. In localising support, the Department for Communities and Local Government had also cut funding by 10 per cent in 2013/14. Notwithstanding this reduction in funding, the Council initially made the decision to implement a new Council Tax Support scheme which effectively mirrored the previous CTB scheme, meaning no change in the level of financial assistance received by recipients. Due to the 10 per cent reduction in funding from central government, this meant that the Council had to find approximately £3 million of additional resources to maintain the equivalent level of support under the CTS scheme.

The report indicated that the Council faced significant funding pressures for 2016/17 and beyond. Although the Pre-Budget Report previously approved by Cabinet contained proposals that would move the Council towards a balanced Budget in 2016/17, large shortfalls existed in the budget for later years. Given these medium term funding pressures, the 2015/16 Budget Report included a £3 million saving target for CTS from 2016/17. This formed part of the Council's 2015/16 budget consultation process.

It was acknowledged that reducing the CTS scheme was only one of a number of difficult and challenging decisions that the Council would need to take as it reduced and redesigned services to ensure that the Council maintained a sustainable financial position in the wake of unprecedented reductions in funding. Additional cuts to services in other areas to make up the £3 million savings would cause significant impacts across the Council when all service areas were looking at ways of reducing costs.

In proposing to now revise its CTS scheme, the Council would be following the majority of English councils who had now similarly reduced the levels of discounts offered under local schemes than were funded under CTB. In 2015/16 only 42 out of 326 councils had protected all recipients from a cut in support. On average, councils in England had cut scheme discounts compared with levels of benefits previously provided, by 20 per cent.

The rules governing support for pensioners, who comprised approximately 39 per cent of the caseload in Coventry, would continue to be prescribed nationally.

People of pension age did not receive any reduction in entitlement under a local scheme when compared to the previous CTB scheme. This meant that pensioners would not be impacted by any proposals to revise the local CTS scheme although this inevitably had the impact of loading the weight of a cut onto people of working age.

Following a period of formal public consultation on the proposed changes, which was undertaken from 17th August 2015 to 26th October 2015, and consideration of the consultation analysis and Equalities Consultation Assessment appended to the report, it was proposed that a minimum contribution approach to pass on a 15 per cent reduction in support to all working age people should be adopted. This approach would apply a blanket reduction regardless of individual circumstances or the type or level of income of the customer. The advantage of this approach would be to disperse the cut across the widest possible section of customers to minimise the average impact. The average weekly award of £20.09 (in a Band A property) would reduce by £3.01 to £17.08, leaving the Council to collect the annual balance of around £156.52 from each of these households (around £2.4 million additional charges if applied equally to all working age residents).

The Cabinet had noted that the Finance and Corporate Services Scrutiny Board (1) had considered the Local Council Tax Support Scheme at their meeting on 11 November 2015. They had recommended that, in considering the proposals, the Cabinet should be mindful of Council policy to protect the most vulnerable in the City and to consider other options to achieve the required savings. The Cabinet Member for Strategic Finance and Resources indicated that these issues had been taken into account when looking at various alternative options as identified within the report.

RESOLVED that the City Council:

- 1 Note the outcomes of the consultation responses, resulting equality impacts and other information in this report, then make a decision on the proposed new Council Tax Support (CTS) Scheme**
- 2 Approve the proposed Council Tax Support scheme as set out in appendix 1 of the report and delegate authority to the Director of Resources to make final detailed changes to the Scheme and to implement the scheme from 1 April 2016.**

107. Freehold Purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry

Further to Minute 95 of the Cabinet, the City Council considered a report of the Executive Director of Place, which set out proposals for the freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry.

A corresponding private report detailing confidential aspects of the proposals was also submitted to the meeting for consideration (Minute 116 below refers).

An opportunity had arisen to make an investment purchase of the freehold of an industrial estate let to small businesses where the Council was currently the long leaseholder. In doing so it would convert the Council's current depreciating asset

into an appreciating one, on a self-funding basis that avoided future rent increases to the Council and removed dilapidations claims against the Council at the end of the lease.

RESOLVED that the City Council approve the adjustment of the capital programme to reflect the expenditure.

108. **Motion without Notice**

In accordance with Paragraph 10.1 of the Constitution, it was moved by Councillor Gannon, seconded by Councillor McNicholas and agreed:

(a) That the debates in respect of the following Minutes be combined:

- 109. Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA)**
- 110. Nuneaton and Bedworth Borough Council New Borough Plan – Publication Draft and Supporting Documents**
- 111. New Coventry Local Plan – Publication Draft (2011-2031) and the updated Local Development Scheme (2016)**
- 112. Coventry City Centre Area Action Plan (AAP) – Publication Draft**

(b) That time limits be suspended to enable 3 Councillors from each Group (Councillors Maton, Lucas and A Khan and Councillors Blundell, Crookes and Lepoidevin) to each have one untimed speech, to be indicated by the Councillor at the start of their speech.

109. **Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA)**

Further to Minute 102 of the Cabinet, the City Council considered a report of the Executive Director of Place, which sought approval of a Memorandum of Understanding in relation to the planned distribution of housing within the Coventry and Warwickshire Housing Market Area (HMA).

The Memorandum of Understanding (MoU) sought to ensure the housing needs of the Coventry and Warwickshire HMA were planned for in full during the current round of Local Plans. It responded to the fact that Coventry was unable to accommodate its full housing needs as well as the recommendations made by the Planning Inspector currently considering the Warwick District Council Local Plan. In doing so the MoU would supersede a previous agreement made at the Coventry and Warwickshire Shadow Economic Prosperity Board (sEPB) in November 2014 and presented to Council in March 2015.

The MoU, attached as Appendix 1 to the report submitted, was presented to the sEPB on 29th September 2015 and was accompanied by a covering report (also part of Appendix 1), which recommended the MoU be endorsed by each of the six authorities – Coventry City, Rugby Borough, Warwick District, North Warwickshire Borough, Stratford on Avon District and Nuneaton and Bedworth Borough.

The MoU had been jointly developed over the summer of 2015 by all six authorities with further support from Warwickshire County Council. Its development had been supported by an officer and member reference group of the sEPB and had been informed by updated evidence on population projections, economic growth forecasts and household formation rates. It also contained points of agreement that related to the levels of housing needs and how that housing should be distributed across the Housing Market Area. This distribution supported both demographic and workforce growth as well as considering mitigation and commuting flows between the six authorities.

The report submitted set out the housing needs and a housing requirement to be taken forward into plan making, and the impact on each of the local authority areas. In summary, for Coventry, the objectively assessed housing need indicated that 42,400 homes would be required. This figure was reduced by 3,800 through aligning population and economic growth and 14,000 through redistribution to other local authority areas. This resulted in a housing requirement for the City of 24,600.

The MoU was supported by all Members of the sEPB except representatives of Nuneaton and Bedworth Borough Council (NBBC), who remained concerned about their own capacity and their ability to plan for an additional 4,020 homes identified as a result of their functional relationship to the City. The lack of support from NBBC at this time was considered further in the proposed response to their Borough Plan, which was also being considered at this meeting.

The approval of the MoU would provide a solid and transparent platform from which to plan for new homes across Coventry and Warwickshire in the coming years. Endorsement of the MoU would also help enable the Council to fulfil its obligations in relation to the Duty to Co-operate and to meet the housing requirements of the housing market area, as required by national planning policy.

RESOLVED that the City Council endorse the Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA) as attached at Appendix 1 of the report submitted.

In respect of the above, a recorded vote was required in accordance with Paragraph 18.3 of the City Council's Constitution. The Councillors voting for, against or abstaining in respect of the recommendations were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillors:	Councillors:	
N. Akhtar	Andrews	
P. Akhtar	Bailey	
Ali	Birdi	
M Auluck	Blundell	
Dr R Auluck	Crookes	
Bains	Lapsa	
Bigham	Lepoidevin	
Brown	Male	
Caan	Sawdon	
Chater	Skinner	

Clifford
Duggins
Galliers
Gannon
Innes
Kershaw
A Khan
T Khan
Lakha
Lancaster
Lucas
Maton
Miks
J Mutton
M Mutton
O'Boyle
Ruane
Singh
Sweet
Thay
Walsh
Welsh
Deputy Lord Mayor

For: 33
Against: 10
Abstentions: 0

110. **Nuneaton and Bedworth Borough Council New Borough Plan - Publication Draft and Supporting Documents**

Further to Minute 103 of the Cabinet, the City Council considered a report of the Executive Director of Place, which sought endorsement of an officer response to Nuneaton and Bedworth Borough Council's new Borough Plan – Publication Draft and supporting documents.

Nuneaton and Bedworth Borough Council (NBBC) formally published their New Borough Plan for a period of representations on the 26th October 2015. The period of representations ran for 6 weeks until the 18th December 2015 in accordance with national Regulations relating to the submission of Local Plans. In addition to the Borough Plan, NBBC had also published an updated Statement of Community Involvement as well as a site options document for Gypsy and Traveller sites and the first stage of the Community Infrastructure Levy for consultation. Given the timescales involved, officers had submitted an officer representation to NBBC to ensure initial comments had been provided. It was this representation that was attached as Appendix 1a to the report submitted and presented to members for their endorsement or amendment. To reflect the relevance of the Borough Plan to the Duty to Co-operate a joint officer response had also been prepared by Coventry City Council, Warwick District Council, Rugby Borough Council, North Warwickshire Borough Council and Stratford on Avon District Council. This joint response was closely aligned to the City Council's own response and was attached as Appendix 1b to the report.

In summary, the City Council was unable to support the Borough's plan at this time for the following reasons:

- The Borough Plan did not (as currently presented) make any positive attempts to plan for the unmet housing need originating from Coventry;
- Instead, the Borough Plan sought to delay any action until further work was completed on the NBBC Strategic Housing Land Availability Assessment. This meant the Plan was not supported by an up to date evidence base and meant all development options may not have been subject to appropriate consideration in terms of infrastructure needs or Sustainability Appraisal;
- A number of development proposals were identified on the city's administrative boundary which would represent extensions to the city's urban area. Although these may be acceptable in principle the City Council had received limited notification of such proposals or invitations to comment on potential infrastructure implications; and
- The Borough Plan also sought to delay any support for the city's unmet need by suggesting further consultation may be required. For the reasons set out above, further consultation was inevitable to secure a sound plan and help respond to the unmet need arising from Coventry.

In relation to the supporting documents, the Council's response highlighted the following key points:

The Statement of Community Involvement (SCI) - Additional reference needed to be added to Appendix A to ensure neighbouring authorities were considered under the duty to cooperate.

The Community Infrastructure Levy and the Infrastructure Delivery Plan - The importance of cross boundary infrastructure, especially in relation to sites adjacent the city boundary.

Gypsy and Traveler site options - The document proposed a number of sites that could potentially be allocated to meet the needs of the Gypsy and Traveler community. This included a site at Burbages Lane, Ash Green, located approximately 75m from the city's boundary. Although there was unlikely to be any concern in principle, the supporting text was unclear about the full extent of the site and the impact it may have on an adjoining Local Wildlife Site, the wider Green Belt and the settled traveller community situated on Burbages Lane within the city's administrative boundary.

RESOLVED that the City Council endorse:

- 1. The officer representations to Nuneaton and Bedworth's new Borough Plan – Publication Draft and supporting documents, as set out at Appendix 1a;**

2. The joint sub-regional officer representations to Nuneaton and Bedworth's new Borough Plan – Publication Draft, as set out at Appendix 1b.

In respect of the above, a recorded vote was required in accordance with Paragraph 18.3 of the City Council's Constitution. The Councillors voting for, against or abstaining in respect of the recommendations were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillors:		Councillors:
N. Akhtar		Andrews
P. Akhtar		Bailey
Ali		Birdi
M Auluck		Blundell
Dr R Auluck		Crookes
Bigham		Lapsa
Brown		Lepoidevin
Caan		Male
Chater		Sawdon
Clifford		Skinner
Duggins		
Galliers		
Gannon		
Innes		
Kershaw		
A Khan		
T Khan		
Lakha		
Lancaster		
Lucas		
Maton		
Miks		
J Mutton		
M Mutton		
O'Boyle		
Ruane		
Singh		
Sweet		
Thay		
Walsh		
Welsh		
Deputy Lord Mayor		

For: 32

Against: 0

Abstentions: 10

111. New Coventry Local Plan - Publication Draft (2011-2031) and the updated Local Development Scheme (2016)

Further to Minute 104 of the Cabinet, the City Council considered a report of the Executive Director of Place, which sought approval of the New Coventry Local Plan for a period of public consultation.

The Office for National Statistics recognised Coventry as the fastest growing city outside Greater London with continuing job growth and two successful universities. The Local Plan responded to the growth and the policies and proposals within it to provide a blueprint to support the Council's overarching aim of re-establishing itself as a Top Ten City.

The Plan identified out how and where the city would grow, develop and change and how the Council would work jointly with its partners and neighbouring authorities to support and facilitate this growth. It would be managed through a range of policies, designations and allocations, which would cover a broad selection of policy areas, including:

- Sustainable Development and the Duty to Cooperate;
- Housing;
- The Economy, Jobs and Employment;
- Public Health;
- Retail, Social, Community and Leisure Uses;
- The Green Belt and the Wider Green Environment;
- Heritage and Conservation;
- Urban and Landscape Design;
- Accessibility and Transport;
- Environmental Management, Climate Change and Minerals and Waste; and
- Infrastructure Provision.

An Objectively Assessed Need for Housing had been identified of 42,400 homes for Coventry between 2011 and 2031. This had been informed by the Government's most recent population projections. It was not possible however to accommodate this level of housing within the City's administrative boundaries, with the Council's housing land supply identifying a capacity of approximately 25,000 homes. A Memorandum of Understanding had therefore been prepared with the six Warwickshire authorities to propose how the remaining housing need would be redistributed and planned for (see Minute 102 above). The total capacity for new homes was approximately 400 homes higher than the housing requirement agreed in the Memorandum of Understanding with Warwickshire. This helped provide some flexibility to the City's housing land supply, which was a requirement of national guidance. Included as part of this growth were two proposed urban extensions at Keresley and Eastern Green. These two areas represented the first sizeable planned expansion of Coventry's urban area in over 50 years.

In addition to housing needs the plan also responded to the need for employment land. A total requirement of 354ha had been identified, which reflected both the need for new land but also an allowance for qualitative improvements to the City's employment land offer. The plan made provisions for 128ha of employment land within Coventry's boundaries (but with a further 89ha of employment land at Ansty Park and Ryton Park in Rugby Borough). The remaining requirement was

expected to be largely delivered as part of the Gateway proposals in Warwick District.

This would however require the removal of approximately 600ha of land from Coventry's existing Green Belt to provide approximately 6,600 of these new homes and 41.5ha of the new employment land (potentially supporting the creation of 7,000 new jobs). The Cabinet noted, however, that only 48% of the land removed from the Green Belt was likely to be developed, meaning less than 10% of the City's existing Green Belt would be built on over the course of the plan. This was due to assets such as ancient woodlands being protected by other policy designations and new developments incorporating new publicly accessible and useable green spaces to ensure high quality environments. The majority of the remaining supply would be on brownfield land.

The Plan had also continued to ensure the most sensitive and highest value green spaces remained protected in the most appropriate and robust way. This led to the re-designation of some areas previously referred to as Green Belt being redefined to the new national designation of Local Green Space and reflected the fact they did not meet the purposes of Green Belt policy but perhaps more importantly reflected their importance to local communities within the more urbanised parts of the City. It was also noted that Local Green Space designations carried a very similar level of protection as Green Belt policy.

Notwithstanding the levels of growth expected within Coventry's boundaries, the City would not be able to achieve its ambition of becoming a Top 10 City again without the support of its neighbouring authorities, and continued working through the Duty to Cooperate. This reflected the City's tight administrative boundaries and that a substantial amount of the City's housing and employment needs would be delivered in Warwickshire, whilst links to the wider Birmingham conurbation would also be vital for longer term economic growth. The report indicated that there was a genuine chance therefore that some of the development could be brought forward adjacent to the City's boundaries, most notably to the north, east and south. The Local Plan identified its support for such proposals where they supported the sustainable growth of the City, but recognised that the final decisions rested with respective authorities. Indeed, recent proposals such as the Coventry Gateway and the growth of Warwick University were prime examples of how such developments could be achieved.

The version of the Local Plan included at Appendix 1 of the report submitted was the Publication Draft, which meant it was the version of the plan the Council believed was suitable to submit for public examination. It had been developed over a number of years and had full regard to a wide range of consultation responses, a robust evidence base and the Council's responsibilities under the statutory Duty to Cooperate.

The Plan had been prepared in accordance with relevant National Legislation and Planning Regulations, which meant, prior to submission, the plan must be published for a statutory period of 6 weeks public engagement (referred to as a period of representations) which focused on the Plans "soundness" and "legal compliance". This would commence on 18th January 2016.

It would however be necessary to consider all representations to the plan and potentially propose minor amendments prior to its submission to the Secretary of State for Public Examination. In order to avoid the need for a further report to full Council and the delay to the process that would result, it was intended that the Council delegate responsibility for this to the Executive Director of Place, in consultation with the Cabinet Member for Business, Enterprise and Employment, the Chair of the Business, Economy and Enterprise Scrutiny Board (3) and the Chair of Planning Committee. This delegated power would also include a special meeting of Scrutiny Board 3 and the Planning Committee in March 2016. In the event that significant issues were highlighted with the Local Plan that would affect its legal compliance or overarching soundness and result in the need for major amendments, a further report would be submitted to Cabinet and Council for their consideration.

Accompanying this stage of the new Local Plan was an update of the Local Development Scheme (LDS). The LDS was a mandatory requirement of the Planning and Compulsory Purchase Act and set out which documents the Council would produce to establish its new planning policies and when they would be produced. The LDS contained four separate documents planned for development. These included the Local Plan, the City Centre Area Action Plan, the Community Infrastructure Levy (CIL) and a Supporting Housing Delivery Development Plan Document.

The following amendment (in italics) was moved by Councillor Blundell, seconded by Councillor Crookes and lost:-

“Recommendation 2) delete the word “approves” and insert the word “note”

Recommendation 3) delete the word “approves” and insert the word “note”

Recommendation 4) After the words “Authorise a period of” delete the words “six weeks” and insert the words “three months”. Delete the word “statutory, then delete the remainder of the sentence, then insert the words “to include all aspects of the Local Plan”;

Recommendation 5) Delete part of the first line from “Delegate Authority” up to and including “Chair of Planning Committee” and insert the words “Bring back to Full Council”. In line 4, delete the word “statutory”. In the 5th line, delete the word “minor”. In the 5th line after “amendments to the Local Plan”, delete the words in brackets “(where this is necessary to correct any errors and aid clarity)”.

Recommendations now to read:

Recommendations

The Council is recommended to:

- 1) Consider the responses received to the Local Plan – Delivering Sustainable Growth: September 2014, which are referenced in Para 3.1 and 3.2, summarised in Appendix 3 and contained in full on the Councils website;*

- 2) *Note the "Local Plan Publication Draft (2011-2031)" document;*
- 3) *Note the updated Local Development Scheme (2016);*
- 4) *Authorise a period of three months public engagement to include all aspects of the Local Plan;*
- 5) *Bring back to Full Council to take full account of the responses received to the period of public engagement, propose amendments to the Local Plan and submit the plan to the Secretary of State for a period of Public Examination."*

RESOLVED that the City Council:

1. **Note the responses received to the Local Plan – Delivering Sustainable Growth: September 2014, which are referenced in Paragraphs 3.1 and 3.2, and summarised in Appendix 3 (page 595) of the report submitted and contained in full on the Councils website.**
2. **Approve the "Local Plan Publication Draft (2011-2031)" document.**
3. **Approve the updated Local Development Scheme (2016).**
4. **Authorise a period of six weeks statutory public engagement beginning on 18th January 2016 and ending on 29th February 2016.**
5. **Delegate authority to the Executive Director of Place, in consultation with the Cabinet Member for Business, Enterprise and Employment, the Chair of Scrutiny Board 3 and the Chair of Planning Committee, to take full account of the responses received to the statutory period of public engagement, propose minor amendments to the Local Plan (where this is necessary to correct any errors and aid clarity) and submit the plan to the Secretary of State for a period of Public Examination.**

In respect of the above, a recorded vote was required in accordance with Paragraph 18.3 of the City Council's Constitution. The Councillors voting for, against or abstaining in respect of the recommendations were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillors:	Councillors:	
N. Akhtar	Andrews	
P. Akhtar	Bailey	
Ali	Birdi	
M Auluck	Blundell	
Dr R Auluck	Crookes	
Bigham	Lapsa	
Brown	Lepoidevin	
Caan	Male	
Chater	Sawdon	
Clifford	Skinner	
Duggins		

Galliers
Gannon
Innes
Kershaw
A Khan
T Khan
Lakha
Lancaster
Lucas
Maton
Miks
J Mutton
M Mutton
O'Boyle
Ruane
Singh
Sweet
Thay
Walsh
Welsh
Deputy Lord Mayor

For: 32
Against: 10
Abstentions: 0

112. Coventry City Centre Area Action Plan (AAP) - Publication Draft

Further to Minute 105 of the Cabinet, the City Council considered a report of the Executive Director of Place, which sought approval of the City Centre Area Action Plan for a period of public consultation. The Plan was attached as Appendix 1 to the report.

At a time when Coventry's population continued to grow, its city centre would continue to be a focal point, but must respond in order to stop a period of decline, primarily within its retail offer. This was placed in context through the Council's Shopping and Centres Study (2014), which identified Coventry as the country's 13th biggest city but with a retail centre ranked 58th. As such, there was a clear disparity between the City's population and the quality of its retail offer.

In recent years however, significant investment in city centre public realm improvements had complemented substantial investments in job creation such as the new Severn Trent head offices and hi-tech business at the University Technology Park. Likewise, more people were now living in the city centre following delivery of new homes over the last 10 years. Coventry University also continued to grow, not only in terms of its student numbers, but also its national and global reputation and the size and quality of its campus.

The Area Action Plan looked to build upon these recent successes and provide a platform for the future to help guide and deliver new developments and investment. It included well known and established proposals such as Friargate, City Centre South and the completion of Belgrade Plaza, but also introduced new

ideas and aspirations. For example, new residential led regeneration around the area north of Corporation Street and Fairfax Street, continued growth of the Technology Park, new approaches to city centre parking provision and longer term aspirations for the regeneration of the northern half of the City's retail area.

In addition to new buildings, the Area Action Plan provided a fundamental focus on urban and landscape design, environmental quality, protection of historic assets, green infrastructure, water courses and new routes and linkages helping people move around the city centre and its adjoining areas in an easier and more coherent way. These aspects would all be fundamental in continuing to improve the overall feel and safety of the city centre and the quality of its built environment.

The development of an Area Action Plan was therefore essential to help provide a clear overview of how all these different aspects could work together to improve the city centre whilst shaping and directing future development. The Cabinet noted however, that the Area Action Plan could not define exactly how specific sites would be developed, but it could set clear markers and provide a firm steer as to how development could be brought forward. This provided a blueprint for the city centre, allowing it to respond to the rapid change that it was expected to face in the coming years.

In this context, the Area Action Plan had been developed in two specific sections. The first would consider overarching policy guidance focused around the four key areas of city centre heritage; the built environment; the natural environment; and accessibility.

The second section would provide a more detailed overview of the Principal Areas that have been identified around specific characteristics, two further regeneration areas to the north of the city centre, focused around Bishop Street and Fairfax Street; and an area of planned stability with small infill opportunities to the south of the city, focused around Warwick Row.

The version of the Area Action Plan included at Appendix 1 of the report was the Publication Draft, which meant it was the version of the plan the Council believed was suitable to submit for public examination. It had been developed over a number of years and had full regard to a wide range of consultation responses, a robust evidence base and the Council's responsibilities under the statutory Duty to Cooperate.

The Plan had been prepared in accordance with relevant National Legislation and Planning Regulations, which meant prior to submission the plan must be published for a statutory period of 6 weeks public engagement (referred to as a period of representations) which would focus on the Plans "soundness" and "legal compliance". This would commence on 18th January 2016.

It would however be necessary to consider all representations to the plan and potentially propose minor amendments prior to its submission to the Secretary of State for Public Examination. In order to avoid the need for a further report to full Council and the delay to the process that would result, it was intended that the Council delegate responsibility for this to the Executive Director of Place, in consultation with the Cabinet Member for Business, Enterprise and Employment, the Chair of the Business, Enterprise and Economy Scrutiny Board (3) and the

Chair of Planning Committee. This delegated power would also include a special meeting of Scrutiny Board 3 and the Planning Committee in March 2016. In the event that significant issues were highlighted with the Area Action Plan that would affect its legal compliance or overarching soundness and result in the need for major amendments, a further report would be submitted to Cabinet and Council for their consideration.

The following amendment (in italics) was moved by Councillor Blundell, seconded by Councillor Crookes and lost:

Recommendation 2) delete the word “approves” and insert the word “note”;

Recommendation 3) After the words “Authorise a period of” delete the words “six weeks” and insert the words “three months”. Delete the word “statutory”, then delete the remainder of the sentence. Insert the words “to include all aspects of the City Centre Area Action Plan”;

Recommendation 4) Delete part of the first line from “Delegate Authority” up to and including “Chair of Planning Committee” and insert the words “Bring back to Full Council”. In the 5th line, delete the word “minor”. In the 5th line after “amendments to the Area Action Plan”, delete the words in brackets “(where this is necessary to correct any errors and aid clarity)”.

Recommendations now to read:

The Council is recommended to:

- 1) Consider the responses received to the City Centre Area Action Plan – The Preferred Approach, which are referenced in Para 3.1 and 3.2, summarised in Appendix 2 and contained in full on the Council’s website;*
- 2) Note the "City Centre Area Action Plan – Publication Draft (2011-2031)" document;*
- 3) Authorises a period of three months public engagement to include all aspects of the City Centre Area Action Plan;*
- 4) Bring back to Full Council to take full account of the responses received to the period of public engagement, propose amendments to the Area Action Plan and submit the plan to the Secretary of State for a period of Public Examination.*

RESOLVED that the City Council:

- 1. Note the responses received to the City Centre Area Action Plan – The Preferred Approach, which are referenced in Paragraphs 3.1 and 3.2, and summarised in Appendix 2 (page 719) of the report submitted and contained in full on the Council’s website.**
- 2. Approve the "City Centre Area Action Plan – Publication Draft (2011-2031)" document.**
- 3. Authorise a period of six weeks statutory public engagement beginning on 18th January 2016 and ending on 29th February 2016.**
- 4. Delegate to the Executive Director of Place, in consultation with the Cabinet Member for Business, Enterprise and Employment, the Chair of Scrutiny Board 3 and the Chair of Planning Committee, to take full**

account of the responses received to the statutory period of public engagement, propose minor amendments to the Area Action Plan (where this is necessary to correct any errors and aid clarity) and submit the plan to the Secretary of State for a period of Public Examination.

In respect of the above, a recorded vote was required in accordance with Paragraph 18.3 of the City Council's Constitution. The Councillors voting for, against or abstaining in respect of the recommendations were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillors:	Councillors:	
N. Akhtar	Andrews	
P. Akhtar	Bailey	
Ali	Birdi	
M Auluck	Blundell	
Dr R Auluck	Crookes	
Bigham	Lapsa	
Brown	Lepoidevin	
Caan	Male	
Chater	Sawdon	
Clifford	Skinner	
Duggins		
Galliers		
Gannon		
Innes		
Kershaw		
A Khan		
T Khan		
Lakha		
Lancaster		
Lucas		
Maton		
Miks		
J Mutton		
M Mutton		
O'Boyle		
Ruane		
Singh		
Sweet		
Thay		
Walsh		
Welsh		
Deputy Lord Mayor		

For: 32
Against: 10
Abstentions: 0

113. **Question Time**

The following Members answered oral questions (and supplementary questions) as set out:

	Question Asked By	Question Put To	Subject Matter
1	Councillor Male	Councillor Maton	Classification of the Green Belt
2	Councillor Birdi	Councillor Lancaster	Maintenance of Canal Foot Bridge
3	Councillor Blundell	Councillor A Khan	Mayoral display shields
4	Councillor Lapsa	Councillor Lancaster	Penalty Notices

114. **Statements**

- (a) The Cabinet Member for Children and Young People, Councillor Ruane, made a statement in respect of the “Children’s Services Improvement Plan.”

Councillor Andrews responded to the Statement.

- (b) The Leader, Councillor Lucas, made a statement in respect of the “Expansion of Jaguar Land Rover.”

Councillor Blundell responded to the Statement.

115. **Debates**

There were no debates.

116. **Freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry**

Further to Minute 107 above, the City Council considered a private report of the Executive Director of Place, which set out confidential aspects of proposals for the freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry.

RESOLVED that the City Council approve the adjustment of the capital programme to reflect the capital expenditure.

(Meeting closed at 6.10 pm)

Council – 23rd February 2016
Recommendation from Cabinet
9th February 2016

Coventry City Council

Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 9th February 2016

Present:

Members: Councillor A Lucas (Chair)
Councillor F Abbott
Councillor D Gannon
Councillor D Kershaw
Councillor A Khan (Deputy Chair)
Councillor R Lancaster
Councillor K Maton
Councillor E Ruane

Non-Voting Opposition Members: Councillor A Andrews
Councillor J Blundell

Deputy Cabinet Members: Councillor R Brown
Councillor J Clifford

Other Members Councillor Bailey
Councillor Birdi
Councillor Crookes
Councillor Noonan

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive), F Collingham

People G Quinton (Executive Director),

Place M. Yardley (Executive Director), D Cockroft, R Moon,
A Simpson

Resources B Hastie, H Lynch, P Jennings, L Knight, M Salmon

Apologies: Councillor R Auluck
Councillor K Caan
Councillor J McNicholas
Councillor J Mutton
Councillor M Mutton
Councillor S Thomas

RECOMMENDATION

113. Leasehold Disposal of Land Cox Street

The Cabinet considered a report of the Executive Director of Place that set out proposals for the leasehold disposal of land at Cox Street.

A corresponding private report detailing confidential aspects of the proposals was also submitted to the meeting for consideration.

The report indicated that there was an opportunity for the Council to secure a capital receipt for the leasehold disposal of part of Cox Street surface car park. This would lead to a significant investment in the city centre, delivering a purpose built, self-managed, high quality, 1,000 bed, student residential scheme and bringing new life to that part of the city centre.

It was noted that during the past 12 months, Coventry had made massive strides towards its goal of being a top 10 city as it continued its fast-track transformation. The city had continued to change and attract investment as it worked towards a brighter future, creating jobs and a better city.

Both the University of Warwick and Coventry University had continued to thrive and bring in talented students from across the world and were ranked in the Guardian's top 20 of UK universities. In addition, Coventry was named Modern University of the Year 2015 and had invested hundreds of millions of pounds in the city centre, announcing plans for a new headquarters, an international student centre and a business incubation unit.

The university, which had already breathed new life into empty city centre buildings by creating student accommodation and would develop the site left vacant by the Council when it moves to Friargate.

The focus, both of the university and developers, would be to create new accommodation in the city centre. Purpose built student accommodation in the city centre would have a number of advantages: helping to support regeneration in the city centre; bringing vitality during the day and at night; and reducing the requirement for houses in multiple-occupation in local communities. It was considered that should more students be based in the city centre then houses currently used by students would become available for families to rent or buy.

The Cabinet were advised that a car park strategy was being written which would help to guide how many car spaces were needed in the city centre and where. It was already clear that across the city some car parks were under used. The proposed changes to Cox Street were consistent with future demand projections in the emerging strategy.

Cox Street car park wasn't used to capacity either during the week or at weekends. In addition to the retained spaces in Cox Street there were also three

other car parks close by, Lower Ford Street, Grove Street and White Street which could provide parking provision. The proposed development would include approximately 170 car parking spaces, under the building, which the developer would make available to the public.

Since the publication of the report the Council had received an additional, unsolicited conditional offer from a third party, dated 8th February 2016. The offer was similar in terms of the proposed type of student housing development as well as financially.

It was incumbent on the Council to explore this additional offer. As such revised recommendations were submitted, the purpose of which were to obtain approval in principle the land disposal but provide an opportunity for officers, in consultation with relevant Cabinet Members, to explore the alternative offer now presented.

RESOLVED that the Cabinet recommend that Council:

- 1) Subject to consideration of the private report on the agenda, approve a leasehold disposal in the Council's land on terms no less favourable than those contained in the private report now submitted.**
- 2) Delegate authority to the Assistant Director for City Centre and Development Services, Executive Director of Resources and Assistant Director of Legal and Democratic Services as appropriate, in consultation with Cabinet Member for Business, Enterprise and Employment, to enter into negotiations with the parties and conclude the documentation required to complete the lease.**
- 3) Delegate authority to the Executive Director of Resources and Assistant Director of Legal and Democratic Services to complete the necessary legal documentation in this matter and collect the agreed consideration.**
- 4) Approve the commencement of the process to remove part of the land in Cox Street from the off street parking order.**

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A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet
Council

9th February 2016
23rd February 2016

Name of Cabinet Member:

Cabinet Member for Business, Enterprise and Employment – Councillor K Maton

Director Approving Submission of the report:

Executive Director of Place

Ward(s) affected:

St Michael's

Title:

Leasehold Disposal of Land Cox Street

Is this a key decision?

Yes, due to the level of potential receipt

Executive Summary:

This report outlines an opportunity for the Council to secure a capital receipt for the leasehold disposal of part of Cox Street surface car park to CODE Student Housing. This will lead to a significant investment in the city centre, delivering a purpose built, self-managed, high quality, 1000 bed, student residential scheme and bringing new life to this part of the city centre. CODE deliver high quality developments and in 2013 were voted 'Best student private halls provider in the UK' by The National Student Housing Survey.

In the past 12 months, Coventry has made massive strides towards its goal of being a top 10 city as it continues its fast-track transformation. The city has continued to change and attract investment as it works towards a brighter future, creating jobs and a better city.

The University of Warwick and Coventry University have continued to thrive and bring in talented students from across the world. Both are ranked in the Guardian's top 20 of UK universities. Coventry was named Modern University of the Year 2015 and has invested hundreds of millions of pounds in the city centre, announcing plans for a new headquarters, an international student centre and a business incubation unit.

The university, which has already breathed new life into empty city centre buildings by creating student accommodation, will develop the site left vacant by the Council when it moves to Friargate.

The focus, both of the university and developers, is to create new accommodation in the city centre. Purpose built student accommodation in the city centre has a number of advantages. It helps to support regeneration in the city centre – bringing vitality during the day and at night and it means fewer houses in multiple-occupation are needed in local communities. If more students are based in the city centre then houses currently used by students will be available for families again – to rent or buy.

A car park strategy is being written which will help to guide how many car spaces are needed in the city centre and where. It is already clear that across the city some car parks are under used. The proposed changes to Cox Street are consistent with future demand projections in the emerging strategy.

Cox Street car park isn't used to capacity – during the week or at weekends. In addition to the retained spaces in Cox Street there are also three other car parks close by, Lower Ford Street, Grove Street and White Street which can provide parking provision. The proposed development will include approximately 170 car parking spaces, under the building, which the developer will make available to the public.

Recommendations:

Cabinet is asked to recommend to Council:

- 1) Approval of the leasehold disposal in the Council's land in accordance with the terms contained in the private report on your agenda.
- 2) Delegation of authority to the Assistant Director for City Centre and Development Services, Executive Director of Resources and Assistant Director of Legal and Democratic Services as appropriate following consultation with Cabinet Member for Business, Enterprise and Employment to conclude the documentation required to complete the lease.
- 3) Delegation of authority to the Executive Director of Resources and Assistant Director of Legal and Democratic Services to complete the necessary legal documentation in this matter and collect the agreed consideration.
- 4) Approval to commence the process to remove part of the land in Cox Street from the off-street parking order.

Council is asked to:

- 1) Approve the leasehold disposal in the Council's land in accordance with the terms contained in the private report on your agenda.
- 2) Delegate authority to the Assistant Director for City Centre and Development Services, Executive Director of Resources and Assistant Director of Legal and Democratic Services as appropriate following consultation with Cabinet Member for Business, Enterprise and Employment to conclude the documentation required to complete the lease.
- 3) Delegate authority to the Executive Director of Resources and Assistant Director of Legal and Democratic Services to complete the necessary legal documentation in this matter and collect the agreed consideration.
- 4) Approve the commencement of the process to remove part of the land in Cox Street from the off street parking order.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 23rd February 2016

Report title:

1. Context (or background)

- 1.1 Cox Street Car park is a 319 space, short stay, pay on foot, surface car park opposite Fairfax Street Swimming Pool and Leisure centre.
- 1.2 Within the car park there are 8 designated disabled parking bays and 3 Electric Vehicle Charging bays.
- 1.3 The whole car park extends to approximately 2.115 acres (0.8560 hectares).
- 1.4 Car park occupancy data taken across a typical 7 day a week, 3 month period shows the usage of the car park as:
 - Approximately 600 vehicles a day use the car park.
 - The average peak occupancy rate recorded across the period was 86% between 12 noon and 1pm.
 - 81% of the car park users stayed between 1 and 3 hrs, with the most popular duration of stay being up to 2 hrs at 40%.
 - The maximum peak occupancy rate recorded on any single day (Tuesday) was 96% between 12pm and 1pm.
 - The lowest peak occupancy rate recorded on any single day (Friday) was 74% between 12 noon and 1pm
 - The intended destinations for those using the car park and prepared to confirm were:-
 - 36% - Swimming Pool and Leisure Centre
 - 25% - Shopping
 - 6% - Coventry University
 - 4% - Coventry Cathedral
 - 3% - Britannia Hotel
 - 26% - other business including drop off / pick up bus station, Sightseeing including Transport Museum, Herbert Art Gallery and Museum and Bingo.

This identifies the level of car parking which is currently required and help to assess need during and post development which is dealt with in section 2 of your report.

- 1.5 Coventry University currently has 23,000 students studying with them annually and anticipate that within 5-6 years they anticipate growing to circa 30,000 students, a 30% increase in student numbers.
- 1.6 Coventry University welcomes approximately 6000 first year students to the city, which will increase. To support this growth and compete with other Universities, Coventry is aspiring to be able to provide each 'fresher' with the ability to live within purpose built halls for a year, should they wish. They would also like to have capacity to enable returning students to also live in halls if they so choose. This is particularly of interest to their international students.
- 1.7 Coventry has approximately 5000 student bed spaces in the city centre made up of both purpose built and converted accommodation. 1300 bed spaces are currently owned and managed by Coventry University.
- 1.8 Coventry University is in the process of delivering directly and in partnership an additional 2200 bed spaces the city centre over the next 3 years through at three locations.

- 1.9 Warwick University currently accommodate circa 560 post graduate students in Coventry City Centre as well as a growing number of undergraduates. Due to Warwick's projected growth and ongoing development constraints at their campus, it is anticipated that they could be looking to secure circa 2000 additional bed spaces in Coventry over the next few years.
- 1.10 It is therefore considered that there is still a need and capacity for additional purpose built student accommodation in Coventry City Centre, which is borne out by the interest shown by the current development discussions.
- 1.11 CODE has been recognised as a quality student housing provider, currently based and operating in Leicester. The National Student Housing Survey 2013, CODE was voted "Best Private Hall Provider" from more than 120 Universities in the UK. In addition at the Landlord and Letting Awards they have been voted the national winner "Student Landlord of the Year" 2013 and 2014 as well as the national winner for "Best Customer Service" 2013 and 2014. Coventry University have visited their operation in Leicester and are supportive of their approach to student living.

2. Options considered and recommended proposal

- 2.1 The proposal is to grant a new 150 year lease to facilitate the development of up to a 1000 bed student housing scheme on the site, providing accommodation for students of both Coventry and Warwick University, supporting their continued growth.
- 2.2 An unconditional, market level, offer has been made by CODE, for part of the Cox Street surface car park. This form of offer reduces risk to the Council as it is not reliant on the developer securing planning permission. The financial details of which are incorporated in the private part of your report.

The Council would restrict the use of the site to that of predominantly student housing. If the developer was unable to secure a suitable planning permission the Council would have the option to buy back the site.

- 2.3 The part of Cox Street car park being considered for development is approximately 1.234 acres (0.4994 hectares) representing about 57% of the total car park. This equates to 192 designated car parking spaces, outlined in red on the reports attached plan.
- 2.4 144 car parking spaces, predominantly located under the ring road, would remain available at Cox Street to serve this part of the city centre during and after the development.
- 2.5 The level of income these spaces generate and how these proposals affect it are considered in your private report.
- 2.6 Based on car parks average occupancy rates, this would create a need to identify approximately 130 alternative car parking spaces in the locality during the construction period.
- 2.7 White Street coach park could be re-designated as a car park providing a maximum of 156 spaces. This would help to absorb the weekday displacement from the part closure of Cox Street car park spaces during the week and in turn retain the car park income.
- 2.8 Grove Street's car park, having 188 spaces and Lower Ford Street's car park having 152 spaces are both long stay car parks which are well used during the week. However they operate at between 62% and 72% capacity at their peak times during the weekends,

which means they have capacity to provide alternative weekend parking. Both car parks are a short walk from the sports centre and swimming baths.

- 2.9 In addition the developer is presenting the Council with the option that they could construct the proposed scheme in such a way that they would create approximately 170 parking spaces under the building, at ground floor level. These spaces would be available to the public and complement the retained Cox Street spaces remaining available until and if a decision to close the Fairfax Street swimming pool and leisure centre is made and implemented.
- 2.10 The 8 disabled spaces in Cox Street which front Fairfax Street could be relocated into the retained 144 spaces in the reduced Cox Street car park under the ring road or incorporated into the Lower Ford Street Car Park. Consideration is also being given as to whether on street disable bays could be created on Fairfax Street along the frontage of the car park. Currently this space is used for coach drop off and pick up's.
- 2.11 To ensure that the alternative car parks are used effectively and provision is made in the correct locations, a car park strategy is in the early stage of development.
- 2.12 The potential development site in Cox Street has not been formally marketed however the unconditional offer for the leasehold interest in the site has been independently valued and is verified as representing 'best consideration' under section.123 of the Local Government Act 1972.

Options

- 2.13 The Council could reject the offer from the developer and retain the car park serving the city centre and particularly the swimming pool and leisure centre leaving the market to choose alternative sites to deliver these future schemes but could result in the Council not directly benefiting financially from this current buoyant market.
- 2.14 Discussions are currently continuing around the future of the swimming pool and leisure centre on Fairfax Street. If it is decided to relocate this facility, parking levels would reduce in this area. Development of part of Cox Street would bring additional investment in this area and help to bring additional activity to this part of the city centre.
- 2.15 An option could be to wait until after any decision is made regarding the future of the swimming pool and leisure centre before deciding on this development proposal. However there is a need for new accommodation being available from 2017 and due to the length of construction periods would mean that development needs to commence this year.

Recommendation

- 2.16 Progress with the leasehold disposal of part of Cox Street to facilitate the provision of purpose built student residential accommodation next to Coventry University.

3. Results of consultation undertaken

- 3.1 No public consultation has taken place around the proposed disposal of land however there will be an opportunity for the public to comment on the future planning applications submitted around the development proposals.

4. Timetable for implementing this decision

- 4.1 If the recommendation to proceed to dispose of the land is adopted then the intention would be to instruct legal services to produce the sale documentation and seek to agree and complete the leasehold disposal within three months from the date of the report.
- 4.2 As the offer is unconditional the documents could be completed without requiring to wait for planning consent to be granted.
- 4.3 The developer is indicating that the development would take approximately 16 months to build from the grant of planning.

5. Comments from Executive Director of Resources

5.1 Financial implications

Removal of 192 car park spaces in Cox Street would result in a reduction of revenue at this car park.

The level of premium received by the Council for the land disposal would enable a 'buy out' the majority of this income reduction. However at this time it can reasonably be assumed that the shortfall would be bridged by ensuring displaced users are effectively signposted to alternative car park spaces elsewhere in the city centre.

A car parking strategy, which is to be reported to members in the next few months', will outline current car park usage data as well as modelling future supply and location demand expectations for car parking in the city over the next 10+ years. This is likely to require additional investment to deliver the right parking solutions in the optimum locations. As such and subject to the presentation of future business cases, it may be more beneficial to use this receipt for this purpose rather than facilitating the 'buyout' of existing income targets.

5.2 Legal implications

In accordance with Section 56 of the City of Coventry (Off-Street Parking Places) Order 2005 the Council may by notice sign or barrier displayed in the parking place close the parking places or any part thereof for any period.

Notwithstanding the provisions of Section 56 above in consideration of the significant impact that the removal of 192 car parking spaces may have it is considered, for the sake of transparency, that the Council places a notice in the local newspaper for two consecutive weeks detailing the proposal to remove the 192 car parking spaces. Any objections received will be considered by Cabinet Member for Public Services.

The consideration received by the Council for the long leasehold disposal of the Property, represents the best value reasonably obtainable by the Council as verified by an independent valuers and is verified by the Council's Valuation Panel. This will satisfy the Council's requirement to obtain best value under Section 123 of the Local Government Act 1972.

The Executive Director, Resources (officers within Legal Services) will complete the legal documentation in connection with the long leasehold disposal in accordance with appropriate procedures and will collect the agreed consideration upon completion of the disposal.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The long lease of the land to facilitate development would support the growth and development of Coventry's Universities would assist them with encouraging a creative, active and vibrant city which will also indirectly assist with producing a more prosperous Coventry by providing the skills and knowledge for businesses in the area. The construction of new facilities can also be seen as making Coventry an attractive and enjoyable place to be as well as providing construction jobs and jobs providing the services required to deliver the student housing.

6.2 How is risk being managed?

As the offer is unconditional, the key risk is that the Council can deduce a good title to the land. If issues arise then legal colleagues would seek to resolve these. If still unable to satisfy, the purchaser would 'take a view' if they wished to proceed with the purchase.

We are advised that funds are in place to acquire the interest and deliver the development however due to the level of capital required financial checks are being carried out. No transfer would take place until the appropriate levels of funds are held by the solicitors.

6.3 What is the impact on the organisation?

The impact to the organisation is set out in the financial section of this report but the conclusion being that the land transfers improves the Council's overall financial position.

6.4 Equalities / EIA

Under the public sector equality duty (s149 Equality Act 2010) the Council must eliminate discrimination, advance equality of opportunity between persons who share a relevant protected characteristic, and foster good relations. It applies when the Council is "exercising a function" so it does not matter whether the function is statutory or not. This process will form part of the off street parking order consideration.

6.5 Implications for (or impact on) the environment

The transfer of the land will facilitate the potential development of new structures on the land. The details of the buildings will be considered by planning committee as part of a detailed planning application.

6.6 Implications for partner organisations?

The land transfers will indirectly assist Coventry University in delivering purpose built student accommodation to aid the attraction and growth of students.

Coventry Sports Trust is fully engaged regarding the existing leisure facilities and their relocation. Clearly they are concerned around the potential loss of car spaces outside their facility but the alternative option should be workable for them.

Report author(s):**Name and job title:**

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Directorate:

Place

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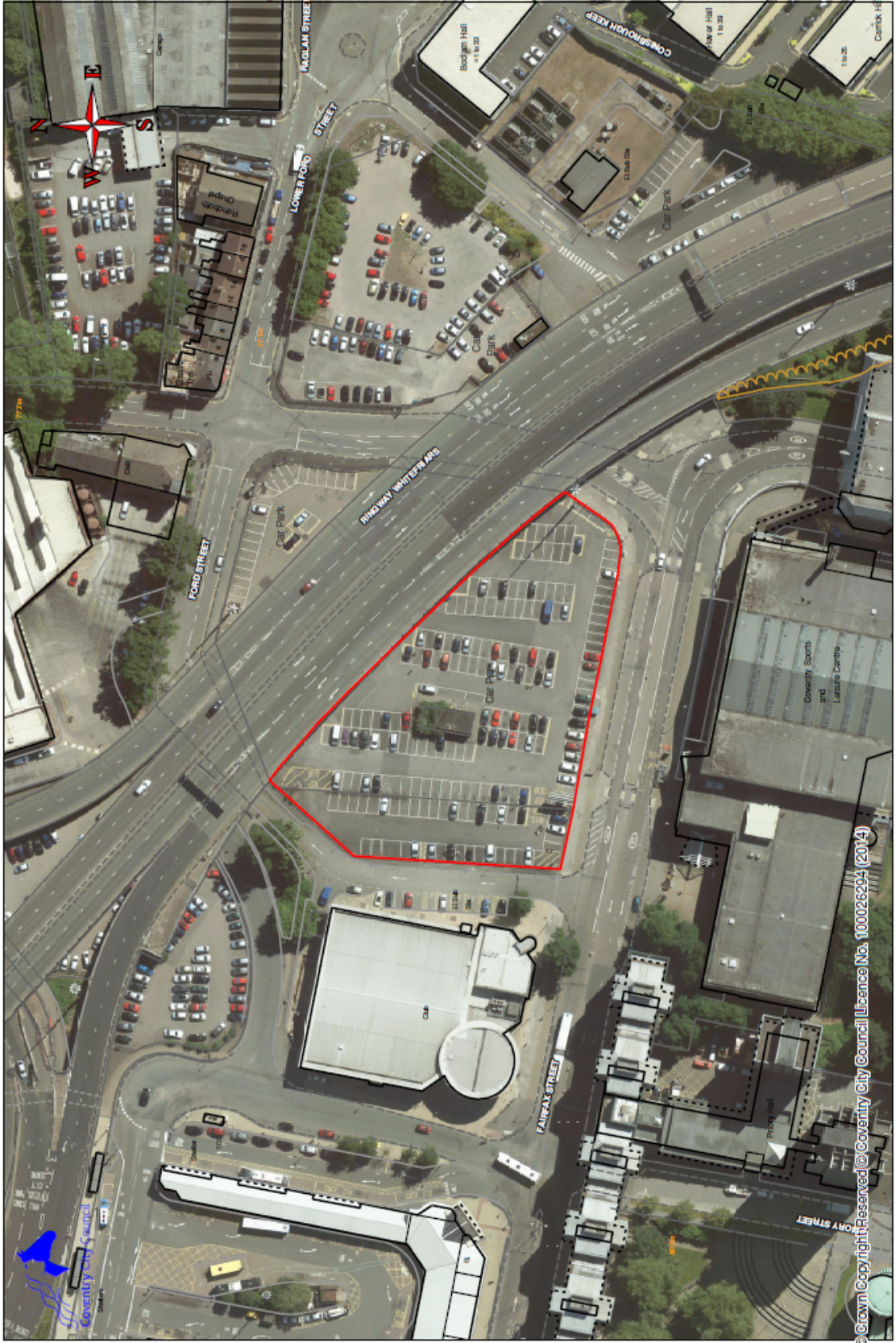
Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Resources	06/01/16	18/01/16
Paul Bowman	Parking Services Manger	Place	04/01/16	06/01/16
David Cockroft	Assistant Director	Place	06/01/16	08/01/16
Names of approvers for submission: (officers and Members)				
Phil Helm	Finance Manager	Resources	04/01/16	06/01/16
Julie Sprayson	Property Lawyer	Resources	04/01/16	06/01/16
Martin Yardley	Executive Director	Place	11/01/16	13/01/16
Councillor K Maton	Cabinet Member for Business, Enterprise and Employment	-	14/01/16	15/01/16

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Cox Street Car Park, Coventry.

Scale at A4 1 : 1250



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Plan Production Date: 30/04/2014 This plan is for identification purposes only.

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet
Council

9th February 2016
23rd February 2016

Name of Cabinet Member:

Business, Enterprise & Employment – Councillor K Maton

Director Approving Submission of the report:

Executive Director of Place

Ward(s) affected:

St Michael's

Title:

Leasehold Disposal of Land Cox Street - addendum

Is this a key decision?

Yes due to the level of potential receipt

Executive Summary:

Further to the publication of the original report, the Council has received an additional, unsolicited conditional offer from a third party dated 8th February 2016. The offer is similar in terms of the proposed type of student housing development as well as financially.

It is incumbent on the Council to explore this additional offer. As such it is proposed that the recommendations of the original report are replaced with those outlined below.

The purpose of the changes is to approve the principle of the land disposal but providing an opportunity for officers, in consultation with relevant Cabinet Members, to explore the alternative offer now presented.

Recommendations:

Cabinet is asked to recommend that Council:

- 1) Subject to consideration of the private report on the agenda, to approve a leasehold disposal in the Council's land on terms no less favourable than those contained in the private report on your agenda.
- 2) Delegate authority to the Assistant Director for City Centre and Development Services, Executive Director of Resources and Assistant Director of Legal and Democratic Services as appropriate in consultation with Cabinet Member for Business, Enterprise & Employment to enter into negotiations with the parties and conclude the documentation required to complete the lease.
- 3) Delegate authority to the Executive Director of Resources and Assistant Director of Legal and Democratic Services to complete the necessary legal documentation in this matter and collect the agreed consideration.
- 4) Approve the commencement of the process to remove part of the land in Cox Street from the off street parking order.

Council is asked to :

- 1) Subject to consideration of the private report on the agenda, to approve a leasehold disposal in the Council's land on terms no less favourable than those contained in the private report on your agenda.
- 2) Delegate authority to the Assistant Director for City Centre and Development Services, Executive Director of Resources and Assistant Director of Legal and Democratic Services as appropriate in consultation with Cabinet Member for Business, Enterprise & Employment to enter into negotiations with the parties and conclude the documentation required to complete the lease.
- 3) Delegate authority to the Executive Director of Resources and Assistant Director of Legal and Democratic Services to complete the necessary legal documentation in this matter and collect the agreed consideration.
- 4) Approve the commencement of the process to remove part of the land in Cox Street from the off street parking order.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 23rd February 2016

Report title: Leasehold Disposal of Land Cox Street - Addendum

1. Context (or background)

- 1.1 The background information provided in your original Public and Private reports is still relevant to the new offer as the use and proposed development is similar.

2. Options considered and recommended proposal

- 2.1 The alternative options considered and specific information around the impacts around the reallocation of car parking spaces is still relevant to the new offer.
- 2.2 The conditional, market level, offer which has been received in the last 24 hrs means that any due diligence has yet to be undertaken.
- 2.3 The revised recommendations in this addendum would enable officers to explore the offer submitted and in consultation with the relevant Cabinet Members, determine which represents 'best consideration' under section.123 of the Local Government Act 1972 for the Council.

Recommended proposal

- 2.4 To approve the principle for a leasehold disposal of part of Cox Street to facilitate the provision of purpose built student residential accommodation next to Coventry University.

3. Results of consultation undertaken

- 3.1 As per original report.

4. Timetable for implementing this decision

- 4.1 Due to the additional offer, further time will be required to consider it.
- 4.2 It is however recognised that in the original report there was a need to deliver student housing within a time frame to enable it to be made available to a new intake of students during the summer ahead of a new academic year. As such it would be for this to be dealt with as soon as practically possible.

5. Comments from Executive Director of Resources

- 5.1 Financial implications

The financial comments of the original report are still relevant to this addendum report.

- 5.2 Legal implications

The legal comments of the original report are still relevant to this addendum report

6. Other implications

- 6.1 The implications as outlined in the original report are still relevant to this addendum report.

Report author(s):

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Directorate:

Place

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Public report Cabinet Report

**Cabinet
Council**

**23 February 2016
23 February 2016**

Name of Cabinet Member:

Strategic Finance and Resources - Councillor Gannon

Director Approving Submission of the report:

Executive Director of Resources

Ward(s) affected:

City Wide

Title:

2016/17 Council Tax Setting Report

Is this a key decision?

Yes - Council are being recommended to approve the Council Tax levels for 2016/17

Executive Summary:

This report calculates the Council Tax level for 2016/17 and makes appropriate recommendations to the Council, consistent with the Budget Report 2016/17 on the same agenda. The report recommends a 3.9% increase in the City's Council Tax. Some figures and information are necessarily provisional at this stage due to the Fire Authority's precept not having been confirmed. These are shaded in grey.

The report incorporates the impact of the Council's gross expenditure and the level of income it will receive through grants, fees and charges. This results in a Council Tax requirement, as the amount that its expenditure exceeds all other sources of income.

The report includes a calculation of the Band D Council Tax that will be needed to generate this Council Tax requirement, based on the City's approved Council Tax base. The 2016/17 Band D Council Tax that is calculated through this process is increased by £54.25 from the 2015/16 level.

In previous years the City Council has had the flexibility to increase Council Tax by up to 2% without holding a local referendum on the matter. The Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of 1.9%. In recognition of the increasing pressure on adult social care (ASC) services across the country the Government have increased this flexibility by a further 2%, up to a maximum of 4%. The recommendations within the Budget Report 2016/17 include taking up this additional 2% flexibility in order to increase the resources available to fund ASC services in the city. As a result, the budget is being proposed on the basis of increasing Council Tax by 3.9%.

At the time of writing this report the precept from the West Midlands Fire and Rescue Authority has not been confirmed. The provisional figures provided in this report are based on indicative figures. The Fire Authority is due to set its precept on the 15th February 2016.

Members should note that the recommendations follow 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 resolutions is necessarily complex.

Recommendations:

That Cabinet recommend to Council the approval of recommendations (1) to (5).

Council are recommended:

(1) To note the following Council Tax base amounts for the year 2016/17, as approved by Council on 12th January 2016, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended) ("the Act"):

a) 77,525.1 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

- b) Allesley 318.3
- Finham 1,467.8
- 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 2016/17 in accordance with Sections 31A, 31B and 34 to 36 of the Act :

(a) £692,642,421 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) £581,800,332 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) £110,842,089 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 its Council Tax requirement for the year;

(d) £1,429.76	(2)(c)	=	£110,842,089
	(1)(a)		77,525.1

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) £30,037 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts*);

$$(f) \text{ £1,429.37} = \frac{(2)(d) - (2)(e)}{(1)(a)} = \frac{\text{£1,429.76} - \frac{\text{£30,037.00}}{77,525.1}}$$

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	£1,429.37
Allesley	£1,454.90
Finham	£1,443.31
Keresley	£1,435.81

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 Finham	Parish of Keresley
	£	£	£	£
A	952.91	969.93	962.20	957.20
B	1,111.73	1,131.59	1,122.57	1,116.74
C	1,270.55	1,293.24	1,282.94	1,276.27
D	1,429.37	1,454.90	1,443.31	1,435.81
E	1,747.01	1,778.21	1,764.05	1,754.88
F	2,064.65	2,101.53	2,084.79	2,073.95
G	2,382.28	2,424.83	2,405.51	2,393.01
H	2,858.74	2,909.80	2,886.62	2,871.62

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) To note that for the year 2016/17 the Police and Crime Commissioner for the West Midlands 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	Police and Crime Commissioner for the West Midlands	West Midlands Fire Authority
	£	£
A	74.37	37.35
B	86.76	43.58
C	99.16	49.80
D	111.55	56.03
E	136.34	68.48
F	161.13	80.93
G	185.92	93.38
H	223.10	112.05

(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 2016/17 for each part of its area and for each of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,064.63	1,081.65	1,073.92	1,068.92
B	1,242.07	1,261.93	1,252.91	1,247.08
C	1,419.51	1,442.20	1,431.90	1,425.23
D	1,596.95	1,622.48	1,610.89	1,603.39
E	1,951.83	1,983.03	1,968.87	1,959.70
F	2,306.71	2,343.59	2,326.85	2,316.01
G	2,661.58	2,704.13	2,684.81	2,672.31
H	3,193.89	3,244.95	3,221.77	3,206.77

(5) That the Council determines that its relevant basic amount of Council Tax for 2016/17 is not excessive in accordance with the principles approved under Sections 52ZC and 52ZD of the Act.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 23 February 2016

**Report title:
2016/17 Council Tax Setting Report**

1. Context (or background)

- 1.1 The purpose of this report is to seek approval for the City's 2016/17 Council Tax. The total planned spending (Gross Expenditure) in 2016/17 will be met in part by grant income (including Revenue Support Grant), and fees and charges. Any spending that is in excess of these income streams must be met from Council Tax and is referred to as the 'Council Tax Requirement'.
- 1.2 The details of the planned spending for 2016/17 are proposed in the 'Budget Report 2016/17' that is being considered by the Council in conjunction with this Council Tax Setting Report.
- 1.3 In previous years the City Council has had the flexibility to increase Council Tax by up to 2% without holding a local referendum on the matter. The Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of 1.9%. In recognition of the increasing pressure on adult social care (ASC) services across the country the Government have increased this flexibility by a further 2%, up to a maximum of 4%. The recommendations within the Budget Report 2016/17 include taking up this additional 2% flexibility in order to increase the resources available to fund ASC services in the city. As a result, the budget is being proposed on the basis of increasing Council Tax by 3.9%.
- 1.4 At the time of writing this report the precept from the West Midlands Fire and Rescue Authority has not been confirmed. A report, with confirmed final figures, will be presented at the Council meeting on the 23 February 2015.
- 1.5 On 23 June 2015 the City Council agreed a reorganisation order to establish a parish and parish council for the Finham area of the city with effect from 1 April 2016. The reorganisation order included details of the proposed budget requirement for the first year of the new parish. As a result, this report includes, for the first time, the details of the tax amounts to be levied in the new Finham parish.

2. Options considered and recommended proposal

- 2.1 The total Band D Council Tax in 2015/16 was £1,536.61. The figures calculated in this report represent a 3.9% increase from the 2015/16 figures for the City's Council Tax, and a 3.9% increase in total.

Total Council Tax, excluding any element for Parish Precepts, can be broken down as:

	Band D £	Increase from 2015/16 %	Proportion of total bill %
Coventry City Council	1,429.37	3.9	89.5
Police and Crime Commissioner for the West Midlands	111.55	4.7	7.0
West Midlands Fire Authority	56.03	2.0	3.5
Total Coventry Council Tax	1,596.95	3.9	100.0

- 2.2 The Band D Council Tax is used by Government as the national comparator. However, for Coventry, this does not reflect the demographics of the area and the make-up of the property mix; Coventry's property base is weighted towards Bands A to C. The average Council Tax bill in Coventry is £934.98, after allowing for all discounts and exemptions.
- 2.3 The total or "headline" council tax calculated for each band, for households of 2 or more adults with no reductions, and for households of 1 adult (who receive a 25% discount), is summarised below:

Valuation Band	Value of Property As at April 1991	Proportion of Band D	Chargeable Dwellings		Council Tax	
			No.	%	2 + Adults ¹ £	1 Adult ¹ £
Band A dwellings entitled to Disabled Persons Relief		5/9	131	0.1	887.19	665.40
A	Up to £40,000	6/9	53633	40.5	1,064.63	798.47
B	£40,001 to £52,000	7/9	39793	30.0	1,242.07	931.55
C	£52,001 to £68,000	8/9	21971	16.6	1,419.51	1,064.63
D	£68,001 to £88,000	9/9	8745	6.6	1,596.95	1,197.71
E	£88,001 to £120,000	11/9	4477	3.4	1,951.83	1,463.87
F	£120,001 to £160,000	13/9	2264	1.7	2,306.71	1,730.04
G	£160,001 to £320,000	15/9	1336	1.0	2,661.58	1,996.18
H	Over £320,000	18/9	94	0.1	3,193.89	2,395.41
			132,444	100.0		

¹ These amounts may be subject to penny rounding when the actual bill is produced

3. Results of consultation undertaken

The proposals in the Pre-Budget Report have been subject to seven weeks public consultation ending on the 21 January 2016. The details arising out of this consultation period have been reported in Appendix 1 of the budget report.

4. Timetable for implementing this decision

The proposals in this report take effect for the financial year starting 1st April 2016

5. Comments from Executive Director of Resources

5.1 Financial implications

A £1m increase or decrease in either the City Council's 2016/17 Council Tax requirement or Government grant, would lead to a £12.90 increase or decrease in Band D Council Tax (£7.55 in the average Council Tax per chargeable dwelling). Every £1 added to or removed from the Council Tax level will raise or reduce Council Tax income by £77,525.

5.2 Legal implications

A statutory duty is placed on the Council, as billing authority, to set for each financial year an amount of council tax for different categories of dwellings according to the band in which the dwelling falls. The requirements to calculate and set a Council Tax are set out in the Local Government Finance Act 1992 and are detailed in the report. The Localism Act 2011 made significant changes to this Act, requiring authorities to calculate a Council Tax requirement for the year, not a budget requirement as was previously required. The Local Government Finance Act 2012 made minor changes to the 1992 Act, clarifying the effect of the changes made to the way non-domestic rates income is distributed.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The budget report on today's agenda outlines the very tight resource constraints facing the Council and the planned approach to identify savings options that are intended to minimise any adverse impact on the quality and level of services provided and the achievement of key objectives.

6.2 How is risk being managed?

A non-collection rate is built into estimates of Council Tax income. Collection performance is monitored on a regular basis.

6.3 What is the impact on the organisation?

See Budget Setting 2016/17 Report, Council 23 February 2016.

6.4 Equalities / EIA

No further implications

6.5 Implications for (or impact on) the environment

No further implications

6.6 Implications for partner organisations?

No further implications

Report author(s): Phil Baggott

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Lead Accountant**

Directorate: Resources

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Paul Jennings	Finance Manager Corporate Finance	Resources	4/2/2016	11/2/2016
Names of approvers: (officers and members)				
Lara Knight	Governance Services Co- ordinator	Resources	4/2/2016	8/2/2016
Carol Bradford	Lawyer, Regulatory Team. Legal Services	Resources	4/2/2016	8/2/2016
Barry Hastie	Assistant Director Financial Management	Resources	4/2/2016	11/2/2016
Director: Chris West	Executive Director of Resources	Resources	4/2/2016	11/2/2016
Members: Cllr Damian Gannon	Cabinet Member (Strategic Finance and Resources)		4/2/2016	11/2/2016

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Public report Cabinet Report

Cabinet
Council

23 February 2016
23 February 2016

Name of Cabinet Member:

Strategic Finance and Resources - Councillor Gannon

Director Approving Submission of the report:

Strategic Management Board

Ward(s) affected:

All

Title:

Budget Report 2016/17

Is this a key decision?

Yes - The report sets the Council's Revenue Budget for 2016/17 incorporating revenue spending and savings decisions for 2016/17 and future financial years and the Capital Programme for 2016/17 to 2019/20.

Executive Summary:

This report follows on from the Pre-Budget Report approved by Cabinet on 26th November 2015 which has since been subject to a period of public consultation. The proposals within this report will now form the basis of the Council's final revenue and capital budget for 2016/17 incorporating the following details:

- Gross budgeted spend of £693m (£26m and 4% lower than 2015/16).
- Net budgeted spend financed by Revenue Support Grant, Council Tax and local Business Rates of £233.4m (£7m and 3% lower than 2015/16).
- A Council Tax Requirement of £110.8m (£8.6m and 8% higher than 2015/16), reflecting a City Council Tax increase of 3.9% detailed in the separate Council Tax Setting report on today's agenda.
- A Capital Programme of £117m (£3m and 2% more than the latest estimated 2015/16 programme) including expenditure funded by Prudential Borrowing of £70m;
- A Treasury Management Strategy, incorporating the Minimum Revenue Provision policy.

The allocation of Government funding for 2016/17 was confirmed in the Local Government Finance Settlement announced on 8 February 2016. The Settlement signals a continued reduction in local government funding over the next 4 years with a planned reduction of £40m in Coventry's Settlement Funding Assessment – the sum of Revenue Support Grant, Top-Up Funding and an estimate of Coventry's local share of Business Rates.

In previous years the City Council has had the flexibility to increase Council Tax by up to 2% without holding a local referendum on the matter. The Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of 1.9%. In recognition of the increasing pressure on Adult Social Care (ASC) services across the country the Government have increased this flexibility by a further 2%, up to a maximum of 4%. The recommended Budget within this Report assumes the taking up this additional 2% flexibility in order to increase the resources available to fund ASC services in the city. As a result, the budget is being proposed on the basis of increasing Council Tax by 3.9%. This proposed increase will be the equivalent of between 70 and 80p per week for a typical Coventry household.

The overall Budget in this report reflects reductions in Government funding that had already been anticipated and savings programmes that were approved as part of 2015/16 Budget Setting. Going into 2016/17 Budget Setting the Council faced a financial gap of £13m and new financial pressures of £10m have emerged since, in particular in relation to Adult Social Care. These have been balanced by higher than planned resources available to the Council, as well as a series of savings options to balance the budget. Overall the report incorporates a package of changes that allows the Council to continue to deliver its key policies, as set out in the Council Plan.

Despite the financial pressure it faces the Council is maintaining an ambitious approach to investing in the City. The proposed Capital Programme amounts to £117m in 2016/17 and includes major schemes such as the Friargate and the City Centre Leisure facility developments, and Coventry Station Master Plan.

The annual Treasury Management Strategy, incorporating a revised Minimum Revenue Provision policy, is also proposed, covering the management of the Council's investments, cash balances and borrowing requirements.

Recommendations:

That Cabinet recommend to Council the approval of recommendations (1) to (5).

Council are recommended to:

- (1) Approve the spending and savings proposals in **Appendix 2**.
- (2) Approve the total 2016/17 revenue budget of **£693m** in **Table 1** and **Appendix 3**, established in line with a 3.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.
- (3) Note the Executive Director of Resources' comments confirming the robustness of the budget and adequacy of reserves in **Section 5.1.3 and 5.1.2**.
- (4) Approve the Capital Programme of £117m for 2016/17 and the future years' commitments arising from this programme of £170m between 2017/18 to 2019/20 detailed in **Section 2.3** and **Appendix 4**.
- (5) Approve the proposed Treasury Management Strategy for 2016/17 in **Section 2.4**, incorporating the revised Minimum Revenue Provision policy, the revised Investment Strategy and Policy at **Appendix 5** for immediate implementation and the prudential indicators and limits described in **Section 2.4.11** and summarised in **Appendix 6**.

List of Appendices included:

Appendix Number	Title
1	Public Consultation Responses
2	Spending & Savings Proposals
3	Summary Revenue Budget
4	Capital Programme 2016/17 to 2020/21
5	Investment Strategy and Policy
6	Prudential Indicators

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes

23rd February 2016

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Report title: Budget Report 2016/17

1. Context (or background)

1.1 Overall Context

- 1.1.1 This report seeks approval for the 2016/17 Revenue Budget and corresponding Council Tax rise, Capital Programme, Treasury Management Strategy and Prudential Indicators. The report includes the 2016/17 Government grant allocation and estimates of the Council's medium term revenue financial position. For the first time the Government has outlined an indicative 4 year funding position for local government, agreement on which will be the subject of further announcements by Government.
- 1.1.2 The revenue budget proposals in this report follow on from the Pre-Budget Report approved by Cabinet on 26th November 2015. They have been established in line with the Council's current Medium Term Financial Strategy and Council Plan,
- 1.1.3 In December the Government announced the provisional Local Government Finance Settlement for 2016/17 to 2019/20. This signalled a continuation of public sector spending reductions up to at least 2020, when the Government has targeted a Budget surplus.
- 1.1.4 Resources available to Coventry have fallen by c£80m over a four year period to 2015/16 and the Settlement Funding Assessment for Coventry announced in December shows annual reductions to 2019/20 with a total further fall of £40m over the coming four years.
- 1.1.5 In previous years the City Council has had the flexibility to increase Council Tax by up to 2% without holding a local referendum on the matter. The Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of 1.9%. In recognition of the increasing pressure on Adult Social Care (ASC) services across the country the Government have increased this flexibility by a further 2%, up to a maximum of 4%. The recommended Budget within this Report assumes taking up this additional 2% flexibility in order to increase the resources available to fund ASC services in the city. As a result, the budget is being proposed on the basis of increasing Council Tax by 3.9%. Council Tax Freeze Grant is no longer available for authorities that choose to freeze Council Tax in 2016/17 and beyond.
- 1.1.6 The Government is currently consulting on changes to the New Homes Bonus Grant. As well as proposed changes to the scheme's distribution methodology the key change will be a reduction in the amount allocated to New Homes Bonus nationally in future years with the relevant resources being used notionally to fund the Better Care Fund. Notwithstanding the consultation outcome, future reductions in Coventry's New Homes Bonus have been built into the medium term position within this report. In a further change, national funding in respect of the Care Act has been transferred into in the Settlement to replace a previous specific grant. This amounts to £2m for 2016/17 and will be applied to spending that was previously funded by the grant.
- 1.1.7 Separate from the Settlement, the Government had previously announced that the scheme under which local authorities retain 49% of business rates raised locally will be extended by 2020 to 100% of business rates. This will substantially increase the proportion of local authority income that is raised locally. However, the initial expectation is that any such increase will be required to fund services in the future that are currently paid for by other resources such that the Council is unlikely to be better off in total.

- 1.1.8 In addition to the significant on-going cash reduction in general Government resources for the Council through the Settlement Funding Assessment, further reductions in some specific grants have been set out in recent and previous announcements for 2016/17. Section 1.2.4 provides more detail.
- 1.1.9 The Council's Medium Term Financial Strategy and Pre-Budget reports, considered in November 2015 by Council and Cabinet respectively, set out the national and local context in which the budget is set, as well as the policies that that underpin the Council financial plans.
- 1.1.10 In May 2015 the Council's Cabinet agreed in principle to create a combined authority with other local councils with the aim of facilitating collaboration and joint working to improve economic development, regeneration and transport in the region. In October, Coventry City Council and the other six West Midlands Metropolitan District Councils approved a scheme document, which provides the legal basis for the establishment of a Combined Authority. Following the publication of the scheme document a devolution deal statement of intent was signed by the Leaders of the seven constituent councils and the three relevant Local Enterprise Partnership Chairs in November. The proposed devolution deal is dependent on approval by each constituent authority and if approved could represent a funding package totalling £8bn. The Combined Authority is due to be established in 2016/17 and will affect some of the budgeting arrangements of its member authorities in future. However, there are no clear details of these changes at present and the Council's 2016/17 Budget Setting proposals have not been affected significantly by the impending Combined Authority implementation. The only exceptions to this are the proposed £0.5m contribution to the set-up and running costs of the authority detailed in Appendix 2 line 17 and the potential change to its treasury and MRP policies set out in Section 2.4.
- 1.2 Revenue Resources
- 1.2.1 The Council's total revenue expenditure is funded from a combination of resources as set out in the table below:

Table1: Resources to Fund the Budget

2015/16 £000s		2016/17 £000s	(Increase)/ Decrease £000s	Increase/ (Decrease) %
(102,171)	A: Council Tax Requirement	(110,817)	(8,646)	8%
(57,976)	B: Business Rates (Local Share)	(58,447)	15,633	(11%)
(80,221)	C: Revenue Support Grant and Top-Up**	(64,117)		
(398,328)	D: Specific Grants (see section 3.4) **	(380,187)	18,141	(5%)
(80,021)	E: Fees, Charges & Other Income*	(79,074)	947	(1%)

(240,368)	Funding of Net Budget (A + B + C)	(233,381)	6,987	(3%)
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(718,717)	Funding of Gross Budget (A + B + C + D + E)**	(692,642)	26,075	(4%)
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*Line E: Fees and Charges, includes Council Tax and Business Rates Collection Fund surpluses and contributions from reserves.

**Line C, D and Funding of Net Budget: 2015/16 values have been re-stated to allow valid comparisons with 2016/17 to take account of Care Act funding being switched into the Revenue Support Grant.

1.2.2 The resource projection figures in the table above use the Final Local Government Finance Settlement position for 2016/17. For the first time the Government has set out four year figures for each local authority's Settlement Funding Assessment:-

Table 2: Coventry's Settlement Funding Assessment

		2016/17	2017/18	2018/19	2019/20
Coventry's Settlement Funding Assessment	£m	(121.6)*	(110.1)	(103.6)	(97.3)
Decreases on Previous Year	£m	15.7	11.5	6.5	6.3
	%	11.4%	9.5%	5.9%	6.1%

* This is lower than the combined total of items B and C shown in Table 1 above which reflects an updated estimate of Business Rates income. The analysis in this table reflects notional Government predictions of Business Rates.

1.2.3 The 2010/11 equivalent Settlement Funding Assessment provided £1,642 of funding for every household in the city in 2010/11. Since then, the number of Coventry households has increased as overall resources have been cut. The equivalent funding per household figure for 2016/17 is estimated at £887, a fall over the period of £755.

1.2.4 Specific Grants – In overall terms specific revenue grant funding has decreased between 2015/16 and 2016/17 from £398m to £380m. Within this, the total level of funding received to fund city schools (including the Dedicated Schools Grant and Pupil Premium Grant) is expected to be £189m, compared with £210m in 2015/16. Housing Benefit Subsidy payments have been estimated at £114m, whilst other significant grants/movements include:

- A Public Health Grant of £23.1m which includes £5.4m for the recently introduced new burden of 0-5 Public Health commissioning but otherwise represents a £0.5m or 2.3% cut from the revised 2015/16 grant.
- Over £12m relating to adult social care, similar to 2015/16 levels, driven mostly by the changing relationship between the social care and health sectors and including grants relating to the the Independent Living Fund and the Better Care Fund (BCF). Previous grant funding of c£2m relating to the Care Act has now been incorporated into the overall grant settlement from Government.
- Assumed funding for Adult Education of £5.6m (£1.2m decrease)
- New Homes Bonus Grant of £9.4m (£2.3m increase)

- Education Services Grant estimated at £3.6m (£0.3m decrease)
- Grants received in lieu of Business Rates amounting to £2.3m such as Small Business Rates Compensation Grant (£0.4m decrease)
- Housing Benefit Administration Grant of £1.5m (£0.1m decrease) and Discretionary Housing Payment grant of £0.8m.
- Troubled Families Grant £1.2m (no change).

Due to the ongoing delays in the finalisation of the national BCF guidance for 2016/17, the existing Better Care Fund Programme will be rolled forward into the new year. Any subsequent in year changes to the programme will be reported accordingly.

2. Options considered and recommended proposal

2.1 Section Outline

2.1.1 The remainder of the report details the specific proposals recommended for approval. Section 2.2 below outlines the savings and cost pressures reflected in the proposed budget, with the detail provided in **Appendix 2**. Approval is being sought for these and the overall budget and Council Tax Requirement in **Appendix 3**. These are based on a City Council Tax rise of 3.9%, reflecting a 1.9% “base” rise plus 2% in respect of Adult Social Care.

2.1.2 The report seeks approval for a 2016/17 Capital Programme of £117m compared with an initial 2015/16 programme of £118m. The Programme is considered in detail in **Section 2.3** and **Appendix 4**.

2.1.3 The report is also required formally to seek Council approval for the Treasury Management Strategy (**Section 2.4**), the Investment Strategy and Policy (**Appendix 5**) and the Prudential Indicators (**Section 2.4.11** and **Appendix 6**).

2.2 Revenue Budget

2.2.1 The budget includes the saving and expenditure proposals included within the Pre-Budget Report approved by Cabinet on 26th November 2015 as a basis for Pre-Budget consultation. A line by line impact of how these proposals affect the base budget is given in **Appendix 2** with an indication of where there have been changes to the figures included within the Pre-Budget Report. The changes since the Pre-Budget Report are shown in the table below. These changes enable the Council to deliver a balanced budget for 2016/17.

Table 3: Changes to Pre-Budget Report Position

	Appx 2 Line Ref	2016/17 £m	2017/18 £m	2018/19 £m	2018/19 £m
Pre-Budget Report Position		2.3	9.7	27.6	43.0
Revenue Support Grant Resources	1	(2.3)	(0.2)	(8.1)	(12.4)
New Homes Bonus	1a	(1.5)	(1.5)	2.1	2.3
Council Tax Base	3	0.4	0.4	0.3	0.3
Council Tax – 2% Social Care	4a	(2.1)	(4.4)	(6.9)	(9.5)
Inflation Contingencies	6	0.4	0.7	1.0	1.4
Adult Social Care	13	2.1	4.4	6.9	9.5

Combined Authority Contribution	17	0.5	0.5	0.5	0.5
Integrated Transport Authority	18	0.2	0.0	(0.2)	(0.2)
Apprenticeship Levy	19	0.0	0.9	0.9	0.9
Total Budget Gap		0.0	10.5	24.1	35.8

2.2.2 These changes represent:

- 1 & 1a – The original planning estimates have been revised.
- 3 – The final Tax-base position reported to Cabinet in January 2016 reduced the overall level of benefit by £0.5m compare to the pre-budget position.
- 4a & 13 – The proposed additional 2% Council Tax charge to resource the associated growing Adult Social Care costs.
- 6 – Payment of the Living Wage, at £8.25 per hour from 2016/17, as determined by the Living Wage Foundation.
- 17 – Proposed funding of the development of West Midlands Combined Authority proposals ahead of its establishment in 2016/17.
- 18 – Updated ITA levy reflecting Coventry's larger proportionate population across the West Midlands and savings in later years above those planned.
- 19 - Levy of 0.5% of the pay bill to be applied by Government to larger organisations to fund Apprenticeship schemes.

2.2.3 The proposed Combined Authority is due to be established during 2016/17. It is expected that there will be initial costs of preparing for and operating the Combined Authority, which the seven Metropolitan district councils will need to meet as its Constituent Members. It is proposed that each authority will include £500,000 in their budgets to provide for such potential revenue costs and to enable the Combined Authority to move quickly into implementing its programme. The actual initial budget for the Combined Authority will be agreed in due course and it is expected that the Combined Authority will be able to raise its own revenue resources from 2017/18 onwards.

2.3 Capital Programme

2.3.1 In **Appendix 4** there are proposals for a Capital Programme of £117m. This compares with the current projected 2015/16 programme of £114m. The proposals include continued very significant investment in highways and public realm works programmes, construction of the Council's new administrative office building in the Friargate Business District and Coventry station master plan.

2.3.2 The 2016/17 Programme requires £70m of funding from Prudential Borrowing, £31m of which relates to the Friargate building. A further £10m relates to non-scheme specific borrowing resulting from spending decisions made in previous years. There is a strong likelihood that non-specific borrowing requirement will be avoided in 2016/17 as a result either of in-year re-profiling of expenditure above the 5% re-scheduling level or as a result of other additional funding being received in-year ahead of the need to spend. Also, the Executive Director of Resources will continue to recommend to members an intention to reduce the overall need to borrow, by applying capital receipts as they arise which will reduce capital financing costs over the longer term. In addition, it is intended that close control should continue to be exercised on the approval of any new capital spending commitments in the coming years to ensure that the Council minimises the level of new unfunded capital financing costs.

- 2.3.3 The full programme is detailed in **Appendix 5** with the main items being as follows:
- A total investment of £9.6m has been made into the City's Highways and Public Realm infrastructure. This includes £6.3m of grant funded works plus a £3.3m Council funded highways investment programme.
 - £34.8m of planned expenditure on the administrative office building in the forthcoming Friargate Business District and ICT infrastructure.
 - A £12.4m programme in 2016/17 for Education/Children and Young People relating to investments in schools across the city. This programme is lower than previous programmes reflecting the published reductions in Coventry's Basic Need funding allocations provided by Government.
 - Expenditure funded from the Government's Growth Deal and Growing Places funds to support programmes and projects in partnership with the private sector and associated infrastructure schemes to help create economic growth, employment and additional business rates.
 - Further spending on the long-term Coventry Investment Fund (CIF) programme of £13.4 million to stimulate the local economy and create jobs.
 - Investment of £5.5m to progress the Nuckle scheme improving the railway links between Nuneaton and Coventry and completing the leasing of new trains and a new platform at Coventry station.
 - A £2.9m programme of Disabled Facilities Grants.
- 2.3.4 In addition to the Prudential Borrowing referred to above, the other main sources of funding for the capital expenditure shown above are £40m of Capital grants and £6m of revenue funding and capital receipts. The sources of grant funding are as follows.

Table 5: Capital Grant Funding

	£m
Growth Deal	21
Sub-regional & Government funding for the NUCKLE rail project and Highways	6
Education Funding Agency	4
All Other Grants/Contributions	9
Total	40

- 2.3.5 In line with the Medium Term Financial Strategy, the Council's approach to revenue funding will be to continue to fund the remaining on-going programmes of capital spend (in the areas of highways and ICT) from on-going revenue budgets. Any further revenue funding of capital will be minimised wherever practical, in particular where the capital expenditure is of a one-off nature. Therefore, within the 2015/16 and 2016/17 Capital Programmes any revenue funding for one-off capital schemes assumed previously has been replaced with Prudential Borrowing relevant in the main to the Customer Service Centre, the Destination Leisure Facility and the Friargate project. This will allow around £5m of one-off revenue funding being released to part-fund the one-off revenue cost requirement outlined in the Staffing Reductions and Voluntary Redundancy report to Cabinet in November 2015.
- 2.3.6 Some of the risks relating to major projects are outlined in section 5.1.4.7 below and these are relevant to a significant proportion of the Capital Programme. At the time of writing this report, the Council is reviewing a potential affordability gap on several major

infrastructure schemes that may require some recasting of the overall highways and Public Realm programmes. It is too early to enable finalisation of the details of this and a forthcoming report to Cabinet and Council will provide an up to date position together with a new bid for external grant funding plus any further solutions that may be required. Whatever the outcome of this, there will be no further call on corporate capital resources to manage these schemes. It is appropriate to raise this matter now due to the proximity of the report, expected in early March, to setting the Council's budget.

2.3.7 Forecast Capital Programme

The Programme included has been evaluated to identify the likely realistic profile of spend, to maximise the amount of expenditure against which we can apply grant resources and to maximise the resources available corporately to the Council to fund the Capital Programme.

A summary of the proposed programme including existing commitments and funding sources is outlined below. This includes expenditure rescheduled into 2016/17 as a result of the 2015/16 budgetary control process. Full details of the proposed programme are included in **Appendix 4**.

Table 6: 2016/17 – 2019/20 Capital Programme (Expenditure & Funding)

Expenditure	2	2	2	2
	016/17 £'000	017/18 £'000	018/19 £'000	019/20 £'000
Business, Enterprise and Employment	76,008	62,827	6,716	3,000
Strategic Finance and Resources	4,066	1,400	1,250	1,250
Health and Adult Services	2,851	2,851	2,851	2,851
Education, Children & Young People	12,984	13,775	7,405	3,158
Public Services	17,270	14,272	7,468	7,013
Culture, Leisure, Sports & Parks	9,918	12,408	12,408	1,671
Community Development, Co-operatives & Social Enterprise	105	0	0	0
Total Approved Programme	123,202	107,533	38,098	18,943
Allowance for Rescheduling	(6,160)	475	3,496	1,133
Programme after Rescheduling	117,042	108,008	41,594	20,076

Funding	2	2	2	2
	016/17 £'000	017/18 £'000	018/19 £'000	019/20 £'000
Prudential Borrowing	69,824	56,123	20,387	4,154
Grants & Contributions	39,863	44,889	16,762	12,195

Capital Receipts	2,600	3,375	550	0
Revenue Contributions	3,404	3,391	3,500	3,500
Leasing	1,351	230	395	227
Total	117,042	108,008	41,594	20,076

- 2.3.8 Other significant Schools capital work programmes are excluded from the Programme and will be the subject of future reports to members. Between 2018 and 2022 the Council will need to expand secondary schools by the equivalent of up to 14 forms of entry to meet rising demand for places and support delivery of the City's Special Educational Needs Broad Spectrum policy where suitable facilities for a further primary and secondary broad spectrum school are required. In addition, 6 grant funded replacement schools have been funded and delivered as part of the Government's Priority School Building Programme (PSBP) by the Education Funding Agency outside of the Council's Capital Programme. The final scheme – President Kennedy – will be completed in April 2017. The programme has helped to address some of the worst condition schools in the City. Funding has been found within the 2015/16 and 2016/17 Capital Programme to begin to address some of the backlog of significant condition issues that exist across the City's school estate primarily driven by the age and construction type of buildings. The Programme is seeking to address those building issues which if not addressed could lead to a school having to close e.g. roofs and boilers.
- 2.3.9 The Coventry and Warwickshire Local Enterprise Partnership has agreed an expansion to its Growth Deal with the Government which will see an extra £15.3m invested in Coventry and Warwickshire between 2016 and 2021. This is in addition to the £74.1m of funding committed by the Government on 7 July 2014. This funding will be used over the lifetime of its Deal (2015-2021) to create up an estimated 4000 new jobs, 1400 new homes built and the potential to generate £220m public and private investment.
- 2.3.10 The programme includes an on-going 5% allowance for the rescheduling of expenditure between years with an adjustment shown at a corporate programme level. This recognises the potential benefits of maintaining a degree of flexibility through the year and the fact that the Council is often faced with rescheduling due to factors outside its control. Any potential new demands that arise over time as new initiatives are identified will need to be subject to rigorous review to balance their priority and affordability. The Council will continue to re-evaluate the future Capital Programme taking into account economic circumstances, its ability to generate capital receipts and the profile of other areas of significant investment that it manages.
- 2.3.11 At the time of writing decisions are awaited on a planning application and associated funding application for a new bridge across the A45 to assist in Jaguar Land Rover expansion plans. If approved, this could add grant funded expenditure in the region of £35m to the Council's Capital Programme and when any details are confirmed this will be incorporated into 2016/17 capital monitoring reports.
- 2.3.12 In the coming year the Council expects to work closely with its partners in the proposed West Midlands Combined Authority to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas. This will require new ways of delivering capital investment involving a variety of mechanisms appropriate to each investment programme. It is possible that some of the capital

investment will be delivered by the West Midlands Districts. The Council may need to use prudential borrowing to fulfil its agreed part of this and any borrowing costs incurred by the Council will be neutralised by the Combined Authority once its financial arrangements are fully in place.

2.4 Treasury Management

2.4.1 Treasury management entails the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. Local authorities are required to maintain an overarching annual Treasury Management Strategy which is the subject of this section of the report.

2.4.2 In addition, authorities are required to set out:

- An Investment Strategy and Policy detailing out how investment risk is managed (**Appendix 5**);
- A suite of prudential indicators for treasury and capital programme management (**Appendix 6**);
- A Minimum Revenue Provision (MRP) statement detailing the way it calculates the prudent provision for the repayment of borrowing (**Section 2.4.6**).

2.4.3 The detailed objectives that underpin the Treasury Management Strategy are:

Borrowing, to:

- Maintain adequate liquidity so that cash requirements are met;
- Minimise the cost of debt whilst maintaining long term certainty in interest rate exposure;
- Manage the total debt maturity profile, having no one future year with a disproportionate level of debt repayments;
- Undertake the restructuring of debt, in order to minimise the costs through actively reviewing opportunities for rescheduling.

Investment, to:

- Maintain the capital security of sums invested,
- Maintain adequate liquidity;
- Maximise the revenue benefit by retaining external investments, repaying existing loans and avoiding new borrowing as appropriate given prevailing and forecast interest rates.

The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk and the successful identification and control of risk are integral to the treasury activities and include the following: credit risk; liquidity risk; market or interest rate risk; refinancing risk and legal or regulatory risk

2.4.4 Interest Rate Forecast

In the current economic conditions it is expected that base rate (currently 0.5%) will begin to rise in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. However, persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that there is a chance that the first rate increase may be even later than this.

The impact of a low base rate is that shorter term borrowing costs and investment returns remain low. Longer term interest rates, for capital programme borrowing through the Public Works Loans Board (PWLb), are influenced by other factors, in particular the

price of UK government gilts. These gilts are forecast to have a shallow upward path due to continuing concerns about the Eurozone, emerging markets and other geopolitical events weigh on risk appetite, while inflation expectations remain subdued. During 2015/16 longer term PWLB rates have been in the region of 3.2% to 3.9%. Longer term rates are variable and are set by the PWLB twice a day. Arlingclose, the City Council's treasury advisers, provide regular interest rate forecasts and commentaries.

2.4.5 Borrowing

Based on current estimated levels of spend the expected long term debt position of the authority at 31st March 2016 is as follows:

Table 8: Estimated Long Term Borrowing at 31st March 2016

Type of Debt	Total £m
PWLB	209.4
Money Market Loans	59.0
Stock Issue	12.0
Transferred Debt (other authorities)	16.5
PFI, Finance Lease & Other	75.0
Total Long Term Liabilities	371.9

The main funding sources currently used by Coventry are:

- The Public Works Loans Board (PWLB) or any successor body - this is, in effect, the Government. Loans may be obtained at variable or fixed rates of interest.
- Money Market Loans - these are loans obtained from financial institutions and include LOBO (lender's option, borrower's option) loans typically with an initial fixed rate for 3-4 years, then variable thereafter. Should the lender exercise the option and seek to increase the rate beyond a certain level the borrower can choose to repay the loan, refinancing it at that point in time. This is, in effect, a call option for the lending bank. Coventry has £58m of such loans and in the event of a "call" one approach that would be considered would be to repay the loan, refinancing it from another source, such as the PWLB;
- Stock Issue (Bond issue) – this is the authority's £12m stock issue;
- UK Local Authorities – traditionally inter local authority borrowing has been used to manage shorter term cashflow demands, but there is now greater potential for longer term arrangements;
- PFI & Finance Leases - under accounting rules, liabilities to make payments under PFI schemes and finance leases are included within the City Council's balance sheet.

In addition, the City Council will consider other sources available to local authorities and may invest with these if appropriate: capital bond market investors; UK pension funds (excluding the West Midlands Pension Fund); vehicles set up by local authorities to enable joint local authority bond issues; forward starting loans (where the interest rate is fixed in advance, but the cash is received in later years) and other institutions authorised by the Prudential Regulation Authority.

Given the revenue budget and associated capital programme outlined in this report, the estimated underlying borrowing requirement for the City Council for each of the capital programme years from 2016/17 is summarised below:

Table 9: 2016/17 Borrowing Requirement (excluding PFI & finance leases)

Underlying Borrowing Requirement	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New funds to finance the Capital Programme	69.8	56.1	20.4	4.2
Minimum Revenue Provision (debt repayment provision)	(9.0)	(11.8)	(13.2)	(14.5)
Forecast increase in borrowing requirement	60.8	44.3	7.2	(10.3)

This implies a significant increase in the Council's underlying need to borrow over the coming years due to previous decisions taken by Council on schemes such as the Friargate and the City Centre Leisure Facility. Such costs are factored into the Council's medium term budget forecasts.

Issues that the City Council will take into account in its approach to borrowing include:

- Although local authorities have scope to borrow in advance of need, essentially borrowing on the basis of future planned capital spend, it is proposed that the City Council's current practice of not borrowing in advance of need continues unless circumstances change;
- Non-capital programme factors including the level of short term cashflow balances, the use of reserve balances and the maturity of long term debt such as PWLB and, potentially, LOBO market loans;
- The impact of short term rates, including base rate, being lower than long term rates. This means that where the proceeds of long term borrowing are temporarily held as investment balances, there is a short term "cost of carry" reflecting the difference in short to long term rates. This is an immediate disincentive to undertake long term borrowing, even when long term rates are historically low;
- The potential to reschedule debt through redeeming existing borrowing early and replacing it with borrowing at lower interest rates. This will only be done if revenue benefits justify it, taking into account early repayment costs. However, the lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has tended to reduce the opportunities for local authorities to benefit through debt restructuring.

In the light of forecast interest the level of investment balances, the objectives underpinning the Treasury Management Strategy and the forecast borrowing requirement for 2016/17 and future years, the Executive Director Resources will undertake the most appropriate form of borrowing depending on prevailing interest rates at the time.

2.4.6 **Minimum Revenue Provision (MRP)** - Local authorities are required to make prudent provision for the repayment of long term capital programme borrowing through a

revenue charge (MRP). The aim of prudent provision is to ensure that the revenue charge broadly reflects the period over which benefit is derived from the capital spend e.g. broadly the life of an asset purchased or built.

In common with many authorities the City Council's approach to calculating MRP and the set aside of capital receipts to repay debt has been reviewed. The purpose of the review has been to identify budgetary resources which could be released to help manage the Council's bottom line during a period of severe budgetary constraint, whilst ensuring that the Council continued to make prudent provision for the repayment of debt. The proposed changes are:-

- In respect of the **pre 2008 debt liability** to replace the current 4% reducing balance method of calculation with a fixed amount calculated at 2% of the outstanding debt liability, giving a 50 year straight line charge. The 50 year duration is appropriate given that many of the Council's existing assets are in excess of 50 years old and still in use. In addition, the council also has significant land holdings with no determinable asset life. The change in the calculation will alter the profile of forecast MRP, reducing it in the short term, but increasing it thereafter. However, the proposed revised "fixed amount" approach, unlike the existing "4% reducing balance" approach will eventually repay all debt, so will reduce the Council's debt burden in the long run. The impact on MRP will be calculated with effect from 2007/08;
- No longer make any **voluntary revenue provision or set aside capital receipts to repay debt** above the minimum required, unless separately approved in line with financial procedure rules. The authority is currently budgeting to make additional voluntary revenue provision across a number of areas including in respect of the costs of loan stock refinancing carried out in 2002 and also as a general provision to reduce debt. In addition, it is intended that future planned MRP may be reduced by an amount equivalent to the total voluntary revenue provision and capital receipts set aside in previous years. This will reflect the fact that past sums were set aside beyond the minimum level required, but this will only be done where it is regarded as prudent, taking into account considerations of affordability;
- To use the "annuity" rather than the "equal instalments" method of calculating MRP where this is appropriate. A feature of the annuity method is that it sets aside less MRP in early years, with a catch up as time progresses. Guidance for local authorities makes clear that the annuity method is relevant to schemes which drive regeneration and achieve administrative and cost efficiencies. Both the Friargate and City Centre Leisure Facility schemes will fall into this category;

The Capital Finance Regulations (SI 2008/414) require the approval of an MRP Statement setting out the authority's approach. It is proposed that the policy is revised with effect from 2015/16 and is:-

- For capital expenditure incurred before 1st April 2008, the Council will set MRP as a fixed charge of 2% pa of the relevant element of the Capital Financing Requirement, adjusted for the Adjustment A;
- For supported capital expenditure incurred after 1st April 2008, MRP will be based either on the estimated asset life of the assets, using either the annuity or equal instalments calculation method or a depreciation calculation, or as a fixed charge of 2% pa of the relevant element of the Capital Financing Requirement;

- From 1st April 2008 for all capital expenditure met from unsupported or prudential borrowing MRP will be based on the estimated asset life of the assets, using either the annuity or equal instalments calculation method or a depreciation calculation
- MRP for leases brought onto the balance sheet under accounting rules will match the annual principal repayment for the associated deferred liability;
- Voluntary revenue provision will not be made and capital receipts not set aside set aside to repay debt, unless approved in line with the financial procedure rules;
- Separate arrangements will apply to any MRP arising from Combined Authority capital expenditure, as set out below in section 2.4.7.

2.4.7 **West Midlands Combined Authority MRP** - The agreed Combined Authority Devolution Deal proposes the establishment of a Collective Investment Fund to support investment in the region. It is possible that some of this investment may be delivered by individual districts, and funded from prudential borrowing. MRP on capitalised loan advances to other organisations or individuals will not be required. Instead, the capital receipts arising from the capitalised loan repayments will be used as provision to repay debt. However, revenue MRP contributions would still be required equal to the amount of any impairment of the loan advanced. MRP on investments in Equities will be made on an annuity profile over 20 years, as recommended by Government Guidance. Any borrowing costs incurred by the Council will be neutralised by the Combined Authority once its financial arrangements are fully in place.

2.4.8 **Investments** ~ The City Council holds investments, representing income received in advance of expenditure plus balances and reserves held. It is expected that the level of investments will fall in future years as capital programme spend is incurred and existing borrowing matures for repayment.

In line with statutory guidance, the order of objectives in investing the Council's funds remains:

- security of capital;
- liquidity or accessibility of the council's investments;
- yield or return.

The main investments used by the City Council are:

- Call accounts and deposits with banks, building societies, local authorities and the government, largely for fixed durations and rates of interest. During 2015/16 the amount held in these investments has ranged between £60m and £80m;
- Pooled funds such as Collective Investment Schemes (CIS) and Money Market Funds (MMF), which enable local authorities and other investors to diversify their investments. During 2015/16 the amount held in these investments has ranged between £30m and £50m.
- Corporate Bonds, which are investments issued by companies other than banks and registered providers. These allow local authorities to reduce their exposure to bail in risk. During 2015/16 the amount held in these investments has been anything up to £25m

The use of call accounts and Money Market Funds helps ensure the liquidity of funds available to the City Council.

Credit risk remains central to local authority investment management. Whilst the risk of banking failures has reduced, it has not dissipated altogether. Unqualified support by governments is now unlikely, in part as the result of regulatory changes. This means that in the event of a banking failure, it is almost certain that unsecured creditors and corporate investors would suffer some losses. This change in the nature of investment risk reflects a move away from “bail out” by government to “bail in” by corporate investors. Recent changes in legislation means “bail in” has an even greater effect on the authority as Local Authority unsecured investments are one of the first investment classes subject to “bail in”. These trends increase the importance of the diversification of investments as a way of mitigating the potential impact of “bail in” risk.

Given the increasing risk and continued low returns from short term unsecured bank investments, the Authority aims to keep diversifying into more secure assets classes.

The Council’s proposed Investment Strategy and Policy (**Appendix 5**) deals with the management of counterparty or “credit risk” by determining how City Council lending or depositing limits are set. Although credit ratings are key components in the management of credit risk, in line with best practice, other sources of information are used. In this respect the counterparty advice that the City Council gets from Arlingclose, the Council’s Treasury Management advisors, is significant.

Given the need to ensure an appropriate level of diversification across counterparties and the threat of “bail in” risk it is proposed that:

- a) the maximum limit for unsecured investments with individual counterparties is increased to £10m. Similarly, for secured investments which are not subject to “bail in”, the maximum limit will be increased to £20m. These limits were established through advice from the Council’s Treasury advisors using the Council’s maximum investment balance for the year, including investments temporarily used to meet cashflow needs (total £200m). Unsecured counterparties have a limit of 5% of this total & secured counterparties have a limit of 10% of this total;
- b) Counterparties will only be used if they have a credit rating of BBB+ or better and are recommended as a suitable counterparty by the Council’s treasury advisors. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority’s current account bank;
- c) Non-credit rated building societies and challenger banks are included on the counterparty list as an unsecured bank deposit with no credit rating with a £1m investment limit. An unrated building society or challenger bank will only be used where independent credit analysis by the City Council’s advisors shows them to be suitably creditworthy. In addition, the regulatory framework governing building societies and insolvency regime provides comfort;
- d) Corporate bonds are included on the counterparty list with an increased £10m investment limit. A corporate bond is an investment issued by companies other than banks and registered providers. These investments are not subject to bail in, but are exposed to the risk of the company going insolvent. As a result, corporate bonds will only be used when the company has a credit rating of BBB+ or better;
- e) Category or Group investment limits are set to manage the impact of systemic exposure, including for example to building societies as a sector and groups of separate legal entities regulated in the same sovereign state;

- f) Registered providers are included on the counterparty list with an increased £10m investment limit. These are loans and bonds issued by Registered Providers of Social Housing, formally known as Housing Associations. As providers of public services, these bodies retain a high likelihood of receiving government support if needed;
- g) The minimum sovereign rating for countries, other than the UK, in whom counterparties are located is A-, with any investments in countries with a rating below AA+ being classified as non-specified investments, subject to a total limit of £5m;
- h) The maximum limit for investments longer than 364 days is increased from £10m to £30m to reflect the generally higher level of Council investment balances as well as the scope to increase returns by investing for longer periods.

The Council will be prepared to lend to the West Midlands Combined Authority. Such lending may be as part of arrangements agreed with the Combined Authority and other constituent authorities.

Separately, the City Council holds investments or provides loans for operational or policy reasons, for example, in order to stimulate economic development and growth. Such operational investments and loans will be assessed and reported on, on a case by case basis. This will include a full assessment of the risk, including credit risk, and how this will be managed.

The development of the Coventry Investment Fund, with the drive for economic growth at its heart, is a prime example of such an initiative. An investment board makes decisions on which projects to invest in with delegated responsibility from Council and Cabinet. A risk assessment for each project is performed and this is taken into account as part of the due diligence process. The fund also has an evaluation process that considers the following criteria:

- Business Rate Growth/Return on Investment
- Strategic Fit to Council's Vision and Aspirations
- Deliverability
- Jobs Created

2.4.9 **Treasury Management Advisors** - The authority employs Arlingclose consultants to provide treasury management advice. A key element of this is the provision of advice on credit risk and the supply of information on credit ratings from the 3 rating agencies, referred to above. Regular review meetings with the consultants provide a vehicle through which quality is managed. In addition, within the City Council, senior managers within the Resources Directorate meet on a periodic basis to review treasury issues, including the use of consultants.

2.4.10 **Treasury Management Staff Training** - The authority's process of performance management, of which Competency Based Appraisals are central, addresses the training requirements of individuals. Staff with involvement in treasury issues attend events, including training courses, seminars and networking sessions focused on treasury management as appropriate.

2.4.11 **The Prudential Code** - The current capital finance framework rests on the principle that local authorities can borrow whatever sums they see fit to support their capital programmes, as long as they are affordable in revenue terms. The framework requires

that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. The indicators are explained below:

Revenue Related Prudential Indicators

Within **Appendix 6** indicators 1 and 2 highlight the revenue impact of the proposed capital programme. These show that the revenue costs of financing the Council's capital expenditure as a proportion of its income from Council Tax and government grant is forecast to increase from 14.03% in 2016/17 to 16.82% in 2018/19. This increase reflects the effect of increased levels of prudential borrowing funded spend within the capital programme. In addition, the impact on a Band D Council Tax of the current proposed programme compared to the programme approved last year is set out in indicator 2. This also shows an increase to 2018/19 for broadly the same reasons.

Capital and Treasury Management Related Prudential Indicators

These indicators, set out in **Appendix 6**, include:

- Authorised Limit (Indicator 6) - This statutory limit reflects the level of borrowing which could be afforded in the short term, but is not sustainable. It is the forecast maximum borrowing need with some headroom for unexpected movements.
- Operational Boundary (Indicator 7) - This is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.
- Gross Debt less than "Year 3" Capital Financing Requirement (Indicator 3) - The Council needs to be certain that gross external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for 2016/17 and the next two financial years. The CFR is defined as the Council's underlying need to borrow, after taking into account other resources available to fund the Capital Programme. This revised indicator is designed to ensure that over the medium term, gross borrowing will only be for a capital purpose.
- Interest Rate Exposures, Debt Maturity Structure and Investments Longer than 364 Days (Indicators 10, 11 & 12) - The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position. Indicator 11, Maturity Structure of Borrowing, includes a limit of 40% of total debt that can mature in less than 12 months. This takes into account the potential need to take out short term borrowing to meet day to day cashflow requirements, as well as the potential for LOBO market loans to be "called" for repayment.
- Other indicators highlight Planned Capital Spend (Indicator 4), Actual Debt at 31st March 2015 (Indicator 8) and the adoption of the Treasury Management Code (Indicator 9).

All these prudential limits need to be approved by full Council, but can be revised by Council during the financial year. Should it prove necessary to amend these limits, a further report will be brought to Cabinet, requesting the approval of full Council of the changes required.

2.4.12 Leasing - The City Council uses operating leases for non-fixed plant and equipment and the Capital Programme includes £1.4m of spend to be resourced from leasing in 2016/17. Leasing will only be used where this is value for money compared with other forms of funding, such as unsupported borrowing.

3. Results of consultation undertaken

3.1 The proposals in this report have been subject to public consultation ending on the 21st January 2016. The Council hosted a survey on its website asking for people's views of the budget proposals. This survey was publicised through the Council website and Facebook pages. In addition, a meeting was held with the Chamber of Commerce during January. The details arising from this consultation are set out in Appendix 1.

3.2 The changes that have been made between the Pre-Budget Report and this report are detailed in **Section 2.2.1**.

4. Timetable for implementing this decision

4.1 Many of the individual expenditure and savings identified within this report will be implemented from 1st April 2016. The proposed profile of these changes are set out in Appendix 2.

5. Comments from Executive Director, Resources

This report is concerned wholly with financial matters. The proposals within this report represent the basis of the Council's 2016/17 revenue and capital budget supported by the Council Tax Report that will be considered alongside this one.

5.1.1 Financial implications - Medium Term Position

This budget produces a balanced position for 2016/17. However, from 2017/18 there is currently projected to be an increasing budget gap, based on the four year settlement, as set out in Section 2.2.1.

5.1.2 Financial Implications – Reserves

The Local Government Act 2003 requires the Chief Financial Officer (the Executive Director of Resources) to give assurance on the adequacy of reserves of the Authority for which the budget provides. The final position of reserve balances carried forward into 2016/17 will not be known until finalisation of the 2015/16 accounts and reserve levels will be reviewed at that time. The Council's total reserve balances of £85m at the end of 2014/15 are set out in the table below. Of the overall balance, £18m belongs to schools and are outside the Council's control. Explanations for the remaining balances were set out in the Council's Financial Outturn Report considered by Cabinet in June 2015.

Table 10: Summary of Reserve Movements in 2014/15

	1st April 2014 £000	(Increase)/ Decrease £000	31st March 2015 £000
General Fund Balance	(7,328)	2,168	(5,160)
Private Finance Initiatives	(10,333)	(728)	(11,061)
Potential Loss of Business Rates Income	(6,400)	(700)	(7,100)
Early Retirement and Voluntary Redundancy	(2,800)	(2,309)	(5,109)

Achievement of Future Savings	(2,800)	(624)	(3,424)
Children's Social Care	(4,000)	1,000	(3,000)
Leisure Development	(3,181)	1,722	(1,459)
Public Health	(2,527)	1,125	(1,402)
Health and Social Care Schemes	(1,785)	368	(1,417)
Vehicle Purchase Programme	(1,290)	(257)	(1,547)
Troubled Families	(1,088)	378	(710)
Schools (specific to individual schools)	(18,499)	449	(18,050)
Schools (related to expenditure retained centrally)	(3,645)	(2,826)	(6,471)
Insurance Fund	(3,348)	436	(2,912)
Management of Capital	(1,869)	(143)	(2,012)
Other Corporate	(1,988)	(382)	(2,369)
Other Directorate	(4,878)	(1,555)	(6,434)
Other Directorate funded by Grant	(2,480)	(1,997)	(4,478)
Capital Grant Unapplied Account	(756)	372	(384)
Total Usable Reserves	(80,995)	(3,503)	(84,499)

The level of reserves has been one of the points raised in the Budget consultation exercise, with comment that the Council should use reserves to fund services. However, it is important to be clear that all of the balances above are held for a clear identifiable purpose and that they either have existing planned expenditure commitments against them or that they are held to protect the Council manage unforeseen risks, potential or known insurance claims or Business Rate volatility. Local authority reserves must also be viewed in the context of the risks that are faced, including in respect of pension liabilities and other factors set out below, in section 5.1.4.

The Council's external auditors, Grant Thornton, have expressed the view that the level of the Council's General Fund reserves remains low and that this should continue to be an area that is kept under review. In addition, analysis provided by the Local Government Association shows that Coventry has a relatively low level of unringfenced reserves as a proportion of its net expenditure level when compared with all other Councils (28% giving it a ranking of 268 out of 353 local authorities or 19 out of 36 Metropolitan Districts).

Taking all this into account, it is the view of the Executive Director of Resources that overall levels are adequate to support the recommended budget for 2016/17 although approaching the minimum acceptable level for a Council of this size in the current financial climate. This judgement is based on the following:

- i) The Council is adequately provided for in terms of its reserves compared to its overall level of budget and better provided for than some other similar authorities.
- ii) The level of insurance reserves is sufficient to meet any likely calls on them (within reasonable limits of assessed risk).
- iii) The level of reserves is sufficient to support contributions to 2016/17 directorate-based budgets (including schools) and Corporate commitments both for capital and revenue purposes.

- iv) The level of uncommitted General Fund Reserves provides a sufficient level of short-term resource to meet any other unforeseen eventualities (within reasonable limits of assessed risk) balanced against pressures to not hold an excessive level of reserve balances.

The Council's policy on reserve usage is set out in the Medium Term Financial Strategy. The overriding aim is to ensure that reserve usage is focused on delivery of the Council's corporate priorities, recognising that reserves can only be used once and that they should not be used to support on-going expenditure. A number of these reserves are dedicated to specific purposes, such as schools and insurance, and the remainder have been brought together and are scrutinised by the Strategic Management Board in order to ensure the best use possible for the corporate objectives of the authority.

5.1.3 Financial Implications – Assurance on the Robustness of the Estimates

Under the terms of the Local Government Act 2003, the Chief Financial Officer is required to give assurance on the robustness of the estimates included in the budget. In the view of the Executive Director of Resources the budget being recommended to the City Council is supported by robust estimates of income and expenditure. This judgement is based on the following:

- i) The budget has been set within the guidelines of the authority's Medium Term Financial Strategy, approved by members, that sets out the broad policies and assumptions that lie behind the Council's medium term financial planning process.
- ii) There is a medium term financial plan in place that sets out the known changes to the current budget over three years incorporating the concept of strictly controlled Directorate budgets, known policy changes and best estimates of the impact of inflationary pressures and expectations of resources.
- iii) The authority operates an integrated medium term policy and financial planning process that incorporates a comprehensive and detailed assessment of the new policy and technical changes that will affect the proposed budget and the medium term budgetary position of the authority.
- iv) Individual Directorates, working to strict budgets, prepare detailed service budgets that are the financial representation of the authority's statutory duties and corporate service objectives for the coming year.
- v) The authority's individual Directorates have been involved in the make-up of the information included in the policy and financial planning process through the Strategic Management Board.
- vi) As discussed above, the Authority's level of reserve balances is sufficient to meet other unforeseen eventualities, within reasonable limits of assessed risk that may potentially need to be met by the authority.

Both of the authority's political groups were provided with information on the policy and financial planning process and were consulted on the options available to enable them to take a full part in the final budget setting decisions.

Despite these statements about robustness of estimates and reserves, the scale of savings targets incorporated in the 2016/17 budget and the challenges facing the Council in the next few years is unprecedented and will require regular monitoring and potentially corrective action.

5.1.4 Financial Implications - Budget Risks

- 5.1.4.1 In setting the budget and implementing the policies that sit behind it, the Council inevitable carries some risk. The major financial risk are set out below and will be managed through existing processes, including in year financial monitoring.

- 5.1.4.2 **Overall Risks** - In considering the Council's corporate objectives in the context of its financial position, resources have been allocated to meet corporate priorities, and savings have been identified. In these circumstances there are inherent risks that need to be managed:
- a) That new resources are used effectively to deliver corporate objectives. Operational management arrangements and quarterly monitoring reports will address this issue specifically,
 - b) That on-going spending and income is controlled to budgets. This pressure is certain to increase due to on-going national financial circumstances and, therefore, compliance with the Council's budgetary control rules remains essential,
- 5.1.4.3 **Children's Social Care Services** – The volume of cases and the cost of care continues to represent a large service and budget pressure. The current proposed budget scales back the £10m pa additional resources provided in 2015/16 to £8m from 2017/18. It is essential that work underway is progressed to ensure safe and secure methods are found to deliver services to children within budget.
- 5.1.4.4 **Delivering the Base Programme** – the existing base programme includes a number of continuing major developments including : Kickstart; Customer Journey and Connecting Communities. These schemes are fundamental in improving the efficiency of the Council through the development of new ways of working and interacting with our customers. Savings from these areas rise to £25m ny 2017/18 and if not managed successfully or implemented in the planned timescale, will have a significant financial impact on the authority and its ability to deliver services.
- 5.1.4.5 **Health and Adult Social Care** – This area continues to operate within a very dynamic environment with expanding users numbers and increasingly complex care packages which continue to represent a large service and budget pressure. This area of activity is naturally difficult to predict and the Council needs to take some significant steps to ensure an appropriate balance between the budgets in this area and the level of activity in line with Council policy.
- 5.1.4.6 **Local Government Finance Changes** – the regime in which local authorities work is increasingly one in which risk is transferred from central to local government. This increased localisation will continue in the longer term as the proportion of business rates retained locally increases from 49% to 100% by 2020. In addition, the supplementary increase in Council Tax through the 2% Adult Care precept will run in parallel to the reduction of RSG. The combined effect of these changes, as well as the potential reduction in other programmes such as New Homes Bonus, presents local authorities with both an opportunity and a resource risk. The buoyancy of local income sources, through the expansion of the Business Rate and Council Tax bases, is an ever more crucial issue for local authorities.
- 5.1.4.7 **Major Projects** – The Council is involved in a number of major projects and an increasing number of complex financial transactions that give it some exposure to a degree of financial and reputational risk. These include projects such as:
- Friargate – The building of a brand new office block and work with an external development agency to regenerate a new business district.
 - City Centre Leisure Facility – The development of regionally significant water facility on the site of the Christchurch and Spire House office buildings.

- The Nucleo phase 1 project to build the stations is now complete and stations are open. The second phase to improve local rail connections bring in the enhanced train service and new platform at Coventry is now progressing alongside the development of the Station Masterplan (Cabinet 3rd March 2015)
- Working with local partners including the Local Enterprise Partnership and involving initiatives such as the Growth Deal and Growing Places to invest in business, regeneration and infrastructure locally.
- A range of significant highway and city centre infrastructure projects including the Swanswell Viaduct, utilising resources from the Incentive fund and S106
- New Regeneration projects at the Burges working in partnership with CDP Development to revitalise the area.
- The planned scheme to build a new bridge across the A45 to assist in Jaguar Land Rover expansion plans.
- Financial arrangements made on commercial terms to help support local organisations and businesses such as the Coombe Abbey Hotel.

These projects all carry an element of risk, incorporating a mix of external funding risk, risk of default, risk of overruns and over-spending, complex legal arrangements and other reputational eventualities. The Council is clear that its involvement in these projects is vital to help regenerate the city and make Coventry a better place to live, work and do business in. Overwhelmingly, these arrangements have self-funding business cases that keep the Council's financial costs to a minimum.

5.1.4.8 **Pensions** – The Council faces inevitable but non-quantifiable increases in past service pension costs over the medium term which, as the Council becomes smaller, threaten to become a massive burden relative to the size of the overall budget. It is important that the Council continues a dialogue with the West Midlands Pension Fund as discussions begin in relation to the forthcoming actuarial revaluation. The Council will want to focus on maintaining a sustainable long-term view on recovery of past service pension deficits.

5.1.4.9 **West Midlands Combined Authority** - The forthcoming Combined Authority will be responsible for delivering a significant programme of projects including a number within Coventry, and are subject to some relatively novel funding mechanism involving several interdependencies. The programme inevitably carries significant risks. The programme will be subject to detailed delivery plans and rigorous project management arrangements as well as on-going financial monitoring of Business Rates growth on which the financial plans are predicated. There is a specific risk around Business Rates. It is not clear how Business Rate reform will relate to the assumptions that part of the business rate growth in the West Midlands will be used to fund infrastructure projects. This will be raised with Government in its forthcoming consultation on Business Rate reform.

5.2 **Legal implications**

This report reflects the Council's statutory obligations in setting a balanced budget. The report also meets the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place in line with Section 25 of the Local Government Act 2003. The Public Sector Equality duty under section 149 of the Equalities Act 2010 requires that decision makers must have on-going due regard to avoid discrimination and advance opportunities for anyone with the relevant protected characteristics. Due regard requires more than just an awareness of the equality duty, it requires rigorous analysis by the public authority, beyond broad options.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The Council, in common with all local authorities, will continue to be faced with challenging resource constraints over the coming years, which will inevitably have an increasing impact on front-line services. However, the budget is developed within the context of the approved Medium Term Financial Strategy, which in turn rests on the principles set out for the City within the Council Plan. In this way pre budget proposals are aligned to existing policy priorities.

6.2 How is risk being managed?

The inability to deliver a balanced budget is one of the Council's key corporate risks. The proposals within this report are aimed directly at trying to mitigate this risk. The scale and scope of the savings that will be included in the Council's bottom line budget position are such that they represent a significant risk of non-achievement in the future. The savings programmes set out within this report will be monitored robustly to ensure that Strategic Management Board and members are kept up to date with the progress of these reviews.

6.3 What is the impact on the organisation?

The size of the revenue gap to be managed means that the Council will have to change radically to meet the challenges that it faces, both in terms of the way it works and the services it provides. This will mean that savings will need to be made on employees budgets. The current Early Retirement and Voluntary Redundancy programme is central to this. Reduced employee numbers across the Council plus the need to do things differently and a new focus on the City Centre will further accentuate the importance of new ways of working under Kickstart and will change the nature of the services provided, and the way the Council works.

6.4 Equalities / EIA

Most of the savings contained in this year's Budget Report are largely technical in nature in that they do not have a direct impact on services or the Council Workforce. None of these savings are anticipated to have a negative impact and no Equality and Consultation Analyses (ECA) are therefore required in these areas. The Government has introduced legislation which allows the Council to raise Council Tax in order to meet additional costs of Adult Social Care. Any potential equality impacts arising from this will be explored more fully once it is known how this will be implemented at a local level. Cost pressures in relation to Adult and Children's social care and waste disposal largely reflect demographic and/or market pressures and will not impact significantly on the nature of services in question and again, there is no requirement to carry out an ECA. An area of potential positive impact this year relates to expenditure in the area of Deprivation of Liberty Safeguards.

6.5 Implications for (or impact on) the environment

No specific impact.

6.6 Implications for partner organisations?

Although previous budgeted changes such as Connecting Communities will result in changes in the relationships between the Council and its partners the new revenue proposals in this report are focussed overwhelmingly on internal matters. The Council's Capital Programme will continue to change the face of transport and infrastructure in the city and offer further opportunities through regeneration and investment schemes for cooperation and interaction between the Council, local businesses and other providers of public sector services. The continued development of Combined Authority proposals will continue to involve the Council in close working relationships with councils across the sub-region.

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CONSULTATION ON THE COUNCIL'S BUDGET PROPOSALS JANUARY 2016

1. Introduction

- 1.1. Between December 2015 and January 2016, the Council undertook a seven week period of consultation on its budget proposals for 2016/17, prior to making the final decision on its budget.
- 1.2. The Council reported on its priorities, the budget setting context and local financial position and gave an outline of the proposals to balance the Council's 2016/17 budget. The Council asked consultees for their views on its proposals for delivering services in the future while achieving the saving needed.

2. Consultation Process

- 2.1. The Council hosted a survey on its website asking for people's views of the budget proposals. This survey was publicised through the Council website and Facebook pages. There were a total of 22 respondents, 11 of whom left comments. The results of the survey are summarised in section 3.
- 2.2. In addition, a meeting was held with the Chamber of Commerce during January to understand the views of the Chamber on the council's budget proposals. The issues raised during the meeting are summarised in section 4.

3. Outcomes of the Consultation on the Council's Budget Proposals

- 3.1. The main themes and issues are summarised below.
- 3.2. A full list of comments from the meetings, online survey and written feedback can be received by contacting insight@coventry.gov.uk.

Feedback from the on line survey and written feedback

- 3.3. The feedback from the online consultation identified some similar themes. The majority of comments received suggested ways in which the Council could save money without making changes to services. For example, some respondents suggested that the Council use its reserves to continue to fund services, whilst others suggested exploring joint working with other councils. Some respondents suggested that the Council could work in different ways to reduce the impact of the cuts, e.g. fortnightly waste collections; allowing communities to take ownership/management of some local services.
- 3.4. A number of respondents highlighted that the both the budget report and consultation should be improved in order to make it more meaningful to local people.

4. Feedback from Consultation Meeting

- 4.1. A presentation was given, which generated a discussion on a number of areas, although no comments were made on the Council's proposed budget. The topics discussed included the Council's plans for regeneration and developing new social and aspirational housing; proposals on redefining local authority boundaries; and HS2.

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2016/17 Budget Financial Proposals

	2016/17	2017/18	2018/19	2019/20	Commentary/Implications
	£000	£000	£000	£000	
Summary Position					
Position Brought Forward	13,147	15,766	27,994	38,941	
Total Resource Changes	(10,075)	(6,346)	(7,825)	(11,630)	
Potential Savings Options	(12,804)	(12,830)	(13,752)	(13,504)	
Expenditure Pressures	9,732	13,862	17,771	22,027	
Updated Bottom Line	0	10,452	24,188	35,834	

Resource Changes						
1	Government Revenue Support Grant Resources (Change to Pre-Budget Report)	(2,357)	(169)	(2,561)	(4,247)	Revised estimate of reductions in Government Revenue Support Grant. Following the final Local Government Finance Settlement these reductions are lower than previously assumed. The overall settlement includes grants rolled in, mostly relating to the Care Act (Adult Social Care) and amounting to £2m rising to £3.3m over the period. A corresponding level of expenditure is also assumed in this area.
1a	New Homes Bonus (Change to Pre-Budget Report)	(1,471)	(1,523)	2,061	2,307	The original planning estimate has been revised following the Local Government Finance Settlement reflecting higher grant resources up to 2017/18. From 2018/19 New Homes Bonus will be reduced at a national level and the resources used to fund the Better Care Fund. Coventry's New Homes Bonus will go down in these later years.
2	Business Rates and Top-Up Grant	3,295	3,295	3,675	4,083	September inflation rates used by Government to calculate Top-Up Grant and Business Rates increases (0.8%) are much lower than those assumed at the start of the year (3%).
3	Council Tax-Base (Change to Pre-Budget Report)	(2,153)	(3,533)	(4,140)	(4,299)	This represents a significant improvement in the level of Council Tax income that is likely to be available. It reflects increases in the city's tax-base and continuing reductions in the level of Council Tax Reduction Scheme payments. The final Tax-Base position reported to Cabinet in January reduced the overall level of benefit by c£0.5m pa compared with the Pre-Budget position.
4	Council Tax - Estimated Outturn	(5,257)	0	0	0	Combined 2014/15 actual Council Tax surplus and 2015/16 projected surplus in excess of previous estimates. This reflects the in-year impact of the factors described at item 3 above plus the positive impact of improved Council Tax collection performance.
4a	2% Social Care Precept (Change to Pre-Budget Report)	(2,132)	(4,416)	(6,860)	(9,474)	Government regulations have been set to allow Councils to increase Council Tax by a further 2% in excess of the previous 2% level, over which Councils would be required to hold a referendum with the additional resource being used to fund growing Adult Social Care pressures. The Government's assumption is that Councils will use this flexibility and the Budget in this report has been based on this assumption. A corresponding expenditure pressure line is included at item 13.
	Total Resource Changes	(10,075)	(6,346)	(7,825)	(11,630)	

Potential Savings Options						
5	Asset Management Revenue Account	(3,023)	(1,156)	(1,631)	(329)	<p>This corporate budget incorporates the revenue financing costs of capital spending. Continuing low interest rates and the re-profiling of capital spend mean that there will be a significant saving in this area although steps taken to re-base the budget last year mean that the savings are lower in relative terms than they have been in previous years.</p>
6	Inflation Contingencies (Change to Pre-Budget Report)	(3,132)	(3,829)	(5,006)	(6,665)	<p>This assumes that pay awards will not exceed 1% (against a previous assumption of 2%) in the years beyond 2015/16 and that only contractual non-employee expenditure budgets are inflated. Also this line will re-balance employee budgets and remove existing corporate budget flexibility. In addition to the Pre-Budget position this assumes payment of the Living Wage as determined by the Living Wage Foundation. In 2016/17 this rises to £8.25 ph</p>
7	Procurement Saving	(1,000)	(1,000)	(1,000)	(1,000)	<p>Savings from implementation of the existing Procurement Strategy involving close scrutiny of all new contractual arrangements. Although the 2015/16 Procurement saving is unlikely to be achieved in-year, plans already in hand indicate that full-year savings will be available to deliver this increased target next year.</p>
8	PFI Re-Modelling	(200)	(200)	(200)	(200)	<p>Re-examine existing PFI financing arrangements and adjust these where opportunities arise.</p>
9	Minimum Revenue Position Policy	(3,099)	(3,195)	(2,465)	(1,860)	<p>Revision of the Council's Minimum Revenue Provision Policy - this deals with the way in which the Council needs to set aside revenue budgets to repay debt. This is being reviewed now in line with the approach being taken by many Councils and the overall approach will be to repay debt over a longer time period. The MRP Policy and final financial implications are set out in full in the main Report. The Council's approach remains prudent approach and is being agreed with its external auditors.</p>
10	Reduce Cost of Children's Social Care	(1,000)	(2,000)	(2,000)	(2,000)	<p>The 2015/16 Budget increased the Children's Social Care budget by £10m on-going plus £3m one-off (of which £2m has been committed in 2015/16). It was recognised at the time that this was not sustainable over the medium term. Work is now underway to begin to reduce caseloads, reduce agency staffing levels and begin to examine transformation savings. The plan is now to reduce the requirement to £9m plus £2m one-off in 2016/17 (needing a further £1m of one-off funding) and £8m in 2017/18.</p>
11	Re-Cashflow Private Finance Initiative (PFI) Balances	(1,000)	(1,000)	(1,000)	(1,000)	<p>The Council's 3 PFI schemes operate long-term financial models that result in net positive cash-flow balances over the earlier part of the scheme lifetimes. This proposal is to utilise these positive balances in these early years at the rate of £1m per year. In 2025, a current long-term financial Council debt repayment commitment comes to an end and the relevant budget can be switched to cover the PFI commitment. The £1m saving would end at that point.</p>
12	Member Review Group	(350)	(450)	(450)	(450)	<p>Savings identified by a task and finish member review group which reviewed recurrent areas of underspend. This includes £200k rising to £300k from the costs of purchasing Council vehicles and £50k savings from Directorate underspends in each of the Resources, Place and Chief Executive's Directorates.</p>
Total Potential Savings Options		(12,804)	(12,830)	(13,752)	(13,504)	

Expenditure Pressures						
13	Adult Social Care (Change to Pre-Budget Report)	6,632	9,916	13,860	17,974	The Council is experiencing cost increases across all areas of Adult Social Care. This involves a complex combination of contributory factors including higher service user numbers, greater cost of care packages and greater service visibility resulting from the Care Act. There are also likely to be emerging market cost pressures in future years. This includes updated assumptions about the likely cost of future Adult Social Care costs including those assumed to be funded from the implementation of the Social Care Precept.
14	Catering Service Ending	629	629	629	629	The Council's School Catering service ceased on 31st August 2015 having failed to trade successfully over a number of years. This proposal meets the residual income target and contributions towards centralised charges and overheads left following the ending of the service.
15	Deprivation of Liberty Safeguards (DoLS)	400	400	400	400	The Deprivation of Liberty Safeguards ensures that if it is necessary to deprive people in care homes of their liberty in order to care for them safely then permission must be sought following strict processes. A March 2014 Supreme Court judgement extended this requirement such that an assessment is still needed for individuals who were not openly trying to leave care. This matter, including the estimated cost to the Council of £0.4m, was considered by Health and Social Care Scrutiny Board 5 on 3rd November 2015.
16	Waste Costs	1341	1476	1613	1755	The Council is facing large increases in waste disposal costs due to several factors: Growth in household waste forecast to be 1% per annum, growth in the number of households forecast to be 1180 new households pa, gate fee increases for household waste and gate fee increases for recycled waste.
17	Combined Authority Contribution (Change to Pre-Budget Report)	500	500	500	500	Initial estimate of cost of supporting development of Combined Authority proposals ahead of its proposed establishment during 2016/17.
18	Integrated Transport Authority Levy (Change to Pre-Budget Report)	230	21	(151)	(151)	Updated position on ITA levy reflecting higher costs for Coventry resulting from its larger % of population across the West Midlands and savings above those planned for future years.
19	Apprenticeship Levy (Change to Pre-Budget Report)	0	920	920	920	Levy of 0.5% of pay-bill from April 2017
Total Expenditure Pressures		9,732	13,862	17,771	22,027	

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Revenue Budget

Appendix 3

2015/16 Restated*	CABINET MEMBER PORTFOLIOS	Budget Decisions Brought Forward £'000	Pre-Budget and Final Budget Changes £'000	2016/17 Final Budget £'000
(6,174)	Business, Enterprise & Employment	314	85	(5,775)
76,980	Children & Young People	(1,842)	(2,087)	73,051
4,071	Community Dev't, Co-operatives & Social Enterprise	(1,257)	(41)	2,773
15,982	Culture, Leisure, Sports & Parks	277	(214)	16,045
12,741	Education	1,228	(200)	13,769
71,735	Health and Adult Services	(751)	8,348	79,332
875	Policy and Leadership	(242)	(9)	624
17,836	Public Services	3,419	741	21,996
8,846	Strategic Finance and Resources	1,284	(203)	9,927
202,892	TOTAL CABINET MEMBER PORTFOLIOS	2,430	6,420	211,742
22,501	Borrowing & Investments	2,995	(3,099)	22,397
(7,026)	Contingencies & Corporate Budgets	(435)	(8,863)	(16,324)
15,658	Levies From Other Bodies	(801)	230	15,087
5	Parish Precepts	1	24	30
7,000	Revenue Contribution to Capital Spend	(3,328)	78	3,750
(662)	Contributions to / (from) Reserves	1,384	(4,023)	(3,301)
240,368	NET BUDGET AFTER SPECIFIC GRANTS, FEES & CHARGES	2,246	(9,233)	233,381
	Financed by:			
(80,221)	Central Government Resources	20,063	(3,959)	(64,117)
(102,171)	Council Tax	(4,641)	(4,005)	(110,817)
(57,976)	Business Rates	(4,520)	4,049	(58,447)
(240,368)	TOTAL RESOURCES	10,902	(3,915)	(233,381)

2015/16 Restated* £'000	CABINET MEMBER PORTFOLIOS	Gross Expenditure £'000	Gross Income £'000	2016/17 Final Budget £'000
(8,995)	Business, Enterprise & Employment	12,552	(18,327)	(5,775)
76,980	Children & Young People	83,828	(10,777)	73,051
4,071	Community Dev't, Co-operatives & Social Enterprise	2,817	(44)	2,773
15,982	Culture, Leisure, Sports & Parks	19,623	(3,578)	16,045
12,741	Education	216,802	(203,033)	13,769
71,735	Health and Adult Services	133,699	(54,367)	79,332
875	Policy and Leadership	757	(133)	624
20,657	Public Services	44,396	(22,400)	21,996
8,846	Strategic Finance and Resources	130,959	(121,032)	9,927
202,892	TOTAL CABINET MEMBER PORTFOLIOS	645,433	(433,691)	211,742
22,501	Borrowing and Investments	23,417	(1,020)	22,397
(7,026)	Contingencies & Corporate Budgets	2,349	(18,673)	(16,324)
15,658	Levies From Other Bodies	15,087	0	15,087
5	Parish Precepts	30	0	30
7,000	Revenue Contribution to Capital Spend	3,750	0	3,750
(662)	Contributions to / (from) Reserves	2,576	(5,877)	(3,301)
240,368	NET BUDGET AFTER SPECIFIC GRANTS, FEES & CHARGES	692,642	(459,261)	233,381
	Financed by:			
(80,221)	Central Government Resources			(64,117)
(102,171)	Council Tax			(110,817)
(57,976)	Business Rates			(58,447)
(240,368)	TOTAL RESOURCES			(233,381)

* Restated to reflect changes in portfolios between years

CAPITAL 4 YEAR PROGRAMME BY PORTFOLIO'S**CABINET MEMBER: BUSINESS, ENTERPRISE & EMPLOYMENT**

CAPITAL SCHEME	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Kickstart Office	32,922	4,914	1,233	0	39,069
Growth Deal	8,726	1,200	3,410	0	13,336
Growth Deal 2	3,060	5,640	1,050	2,250	12,000
Coventry Investment Fund (CIF)	11,569	29,317	0	0	40,886
Nuckle 1.2	5,490	9,510	0	0	15,000
Growing Places	5,342	0	0	0	5,342
Coventry Station Masterplan	6,703	10,602	472	0	17,777
Warwick Road Station Access	814	0	0	0	814
Far Gosford Street	201	0	0	0	201
Canley Regeneration	489	0	0	0	489
New Deal for Communities	25	25	25	224	299
London Road	200	1,093	0	0	1,293
Burges	0	526	526	526	1,578
Refit - Guaranteed energy savings	467	0	0	0	467
TOTAL APPROVED PROGRAMME	76,008	62,827	6,716	3,000	148,551

RESOURCES	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Corporate Resources	7,536	1,800	575	224	10,135
Prudential Borrowing	43,408	32,456	683	0	76,547
Grant	25,064	28,571	5,458	2,776	61,869
TOTAL RESOURCES	76,008	62,827	6,716	3,000	148,551

CABINET MEMBER: CHILDREN, YOUNG PEOPLE & EDUCATION

CAPITAL SCHEME	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Condition	3,348	2,240	1,300	2,430	9,318
Basic Need	4,500	3,750	4,846	0	13,096
Devolved Formula Capital	511	460	414	373	1,758
Broad Park House (Breaks for Disabled Grant)	315	0	0	0	315
Early Years	405	0	0	0	405
Plas Dol-y-moch Expansion	550	0	0	0	550
Pathways to Care (Support to Foster Carers)	200	210	220	230	860
Leased Equipment	25	25	25	25	100
Broad Spectrum School	3,000	6,990	500	0	10,490
Suitability/Access	130	100	100	100	430
TOTAL APPROVED PROGRAMME	12,984	13,775	7,405	3,158	37,322

RESOURCES	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Corporate Resources	8,483	9,790	2,220	330	20,823
Grant	3,926	3,035	5,160	2,803	14,924
Leasing	25	25	25	25	100
Prudential Borrowing	550	0	0	0	550
Section 106	0	925	0	0	925
TOTAL RESOURCES	12,984	13,775	7,405	3,158	37,322

CABINET MEMBER: PUBLIC SERVICES

CAPITAL SCHEME	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Public Realm Phase 3	2,000	0	0	0	2,000
Highways Maintenance	4,933	4,707	4,725	4,725	19,090
Vehicle & Plant Replacement	4,994	2,265	1,675	748	9,682
Whitefriars Housing Estates	1,409	0	0	0	1,409
Integrated Transport Programme	1,153	1,540	1,068	1,540	5,301
Highways S106	1,183	0	0	0	1,183
Canely Crematorium - New Burial Graves	97	0	0	0	97
Challenge Fund - Swanswell Viaduct	421	5,146	0	0	5,567
Challenge Fund - WM Network Renewal Project	1,080	614	0	0	1,694
TOTAL APPROVED PROGRAMME	17,270	14,272	7,468	7,013	46,023

RESOURCES	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Corporate Resources	3,239	2,500	2,500	2,500	10,739
Prudential Borrowing	5,026	2,060	1,305	546	8,937
Grant	6,257	9,507	3,293	3,765	22,822
Leasing	1,326	205	370	202	2,103
Section 106	1,422	0	0	0	1,422
TOTAL RESOURCES	17,270	14,272	7,468	7,013	46,023

CABINET MEMBER: CULTURE, LEISURE, SPORTS & PARKS

CAPITAL SCHEME	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
City Centre Destination Leisure Facility	9,580	12,308	12,308	1,571	35,767
Play Areas	238	0	0	0	238
Investment in Sporting Facilities	100	100	100	100	400
TOTAL APPROVED PROGRAMME	9,918	12,408	12,408	1,671	36,405

RESOURCES	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Corporate Resources	100	100	100	100	400
Prudential Borrowing	9,580	12,308	12,308	1,571	35,767
Section 106	238	0	0	0	238
TOTAL RESOURCES	9,918	12,408	12,408	1,671	36,405

CABINET MEMBER: HEALTH & ADULT SERVICES

CAPITAL SCHEME	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Disabled Facilities Grants (Better Care Fund)	2,851	2,851	2,851	2,851	11,404
TOTAL APPROVED PROGRAMME	2,851	2,851	2,851	2,851	11,404

RESOURCES	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Grant	2,851	2,851	2,851	2,851	11,404
TOTAL RESOURCES	2,851	2,851	2,851	2,851	11,404

CABINET MEMBER: STRATEGIC FINANCE & RESOURCES

CAPITAL SCHEME	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
ICT Change team	3,130	900	750	750	5,530
ICT Operations Team	936	500	500	500	2,436
TOTAL APPROVED PROGRAMME	4,066	1,400	1,250	1,250	7,966

RESOURCES	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Corporate Resources	2,661	1,300	1,250	1,250	6,461
Prudential Borrowing	1,305	100	0	0	1,405
Revenue Contribution to Capital Outlay	100	0	0	0	100
TOTAL RESOURCES	4,066	1,400	1,250	1,250	7,966

CABINET MEMBER: COMMUNITY DEVELOPMENT, CO-OPERATIVES & SOCIAL ENTERPRISE

CAPITAL SCHEME	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Housing Policy (Siskin Drive)	105	0	0	0	105
TOTAL APPROVED PROGRAMME	105	0	0	0	105

RESOURCES	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Grant	105	0	0	0	105
TOTAL RESOURCES	105	0	0	0	105

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COUNCIL INVESTMENT STRATEGY AND POLICY

1. Governance

In respect of investments, the key requirement of the Government's "Guidance on Local Government Investments" initially issued on 12th March 2004 by the ODPM, and revised by Communities and Local Government (CLG) in April 2010, is for local authorities to draw up an annual investment strategy for the management of its investments. The strategy is to be approved by full Council.

2. Principles Governing Investment Criteria

The fundamental principle governing the City Council's investment criteria is the security of its investments, although investment return will be a consideration. The Council will ensure:

- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counter parties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments, taking into account known and potential cashflow requirements.

3. Types of Investments Available to the City Council

Government guidance on local authority investments categorises investments as either specified or non-specified. Specified investments are:

- denominated in sterling;
- due to be repaid within 12 months;
- not deemed capital expenditure investments under statute;
- invested in one of: UK Government, UK local authority or a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations as those having a credit rating of A- or higher that are domiciled in the UK or a non UK country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

All other investments are classified as non-specified.

The total limit for all non-specified investments is £70m, with specific "sub" limits of:

	£m
Total Long Term Investments	£30m
Total Investments without credit ratings (excluding MMFs)	£10m
Total Investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+ (minimum A-)	£5m
Total Investments in counterparties rated below A- (minimum BBB+)	£32m

4. Counterparties and Investments to be Used by the City Council

The Executive Director Resources will maintain a counterparty list based on the criteria set out below. The credit rating criteria stated below are those determined by the Fitch crediting rating agency. In addition, the Council also has regard to the 2 other agencies that undertake credit ratings: Standards and Poor's and Moody's, in determining the lowest acceptable credit quality.

The following investments can be used by the City Council:

Credit Rating	Banks Unsecured	Banks Secured	Corporates	Registered Providers
AAA	£10m 5 years	£20m 5 years	£10m 2 Years	£10m 5 years
AA+	£10m 5 years	£20m 5 years	£10m 2 Years	£10m 5 years
AA	£10m 4 years	£20m 5 years	£10m 2 Years	£10m 5 years
AA-	£10m 3 years	£20m 4 years	£10m 2 Years	£10m 5 years
A+	£10m 2 years	£20m 3 years	£10m 2 Years	£10m 5 years
A	£10m 13 months	£20m 2 years	£10m 2 Years	£10m 5 years
A-	£10m 6 months	£20m 13 months	£10m 2 Years	£10m 5 years
BBB+	£5m 100 days	£10m 6 months	£5m 2 Years	£5m 2 years
BBB or BBB-	£5m next day only*	£10m 100 days	n/a	n/a
None	£1m 6 months	n/a	n/a	£5m 5 years
Uk Government**	£ Unlimited - 50 Years			
Local Authorities***	£10m - 25 Years			
Pooled funds	£10m per fund			

*This only relates to institutions with which the authority performs its banking activities (I.E. HSBC). Unsecured investments will not be made with institutions rated lower than BBB+.

**This relates to investments with the DMO, Treasury bills & gilts.

***This includes Combined Authorities

In addition to the following category or group limits will apply:

	Cash limit
Any single organisation, except the UK Central Government	£20m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management	£50m per manager
Negotiable instruments held in a broker's nominee account	£70m per broker
Foreign countries	£20m per country
Registered Providers	£50m in total
Unsecured investments with Building Societies	£20m in total
Loans to unrated corporates	£20m in total
Money Market Funds	£95m in total

Investment limits apply at the time the investment is made.

In the event of the City Council's own banker falling below the minimum criteria, balances held at the bank would be minimised as far as possible. In particular, no fixed term deposits would be made with the bank. In such circumstances any balances held would then be classified as non-specified investments.

In addition to credit rating information, in line with best practice, the authority will, through its treasury advisers, consider other information when assessing credit risk and determining organisations with whom the authority will invest. Such information will include:

- Credit Default Swaps (an indicator of risk based on the cost of insuring against non-payment);
- Sovereign support mechanisms;
- Share prices;
- Corporate developments;
- Financial media reviews and commentaries.

The table above sets out the *maximum* limits that provide a sound approach to investment. However, in light of any uncertainty, the Executive Director Resources will, as appropriate, restrict further investment activity to those counterparties considered of higher quality than the minimum. Examples of such precautionary restrictions can include limiting investments to specific organisations, their duration or both. In addition, country limits, whereby investments in certain foreign regulated institutions are restricted will be used to manage risk.

5. Investment Instruments to be Used by the City Council

The City Council may lend or invest money using any of the following financial instruments:

- interest-bearing bank accounts;
- fixed term deposits and loans;
- callable deposits where the Authority may demand repayment at any time (with or without notice);
- callable loans where the borrower may demand repayment at any time;
- certificates of deposit;

- bonds, notes, bills, commercial paper and other marketable instruments; and
- money market funds and other pooled funds.

6. The Monitoring of Investment Counter parties

The credit rating of counter parties will be monitored regularly. The Council receives credit rating information from its advisers, Arlingclose, on a weekly basis. As and when ratings change, the Council will be notified immediately by Arlingclose by telephone and email. There will be a minor time delay between rating changes and the Council receiving notification, and on occasion ratings may be downgraded when an investment has already been made. Any counter party failing to meet the criteria will be removed from the list immediately by the Executive Director Resources and new counter parties which meet the criteria will be added to the list.

In addition, Arlingclose, the City Council's treasury advisers, provide analysis and advice that pulls together credit rating and other information. This facilitates the management of credit risk on a broader base than would credit ratings alone.

7. Financial Derivatives

Due to some uncertainty over Councils' legal powers to use stand-alone financial derivative instruments, and the risks associated with their use, the City Council does not intend to use such investment derivatives.

8. Operational Investments and Loans

Separately, the City Council holds long-term investments or provides loans for operational or policy reasons, for example, in order to stimulate economic development and growth. Depending on the nature of the spend these can be accounted for as capital expenditure. Investments made in the past include Birmingham Airport Holdings Ltd, the Coventry and Solihull Waste Disposal Company and the creation of the Coventry Investment Fund.

Operational investments and loans will be assessed and reported on, on a case by case basis. This will include a full assessment of the risk, including credit risk, and how this will be managed.

An investment board, which is a committee of Cabinet, makes decisions on which projects The Coventry Investment Fund should invest in with delegated responsibility from Council and Cabinet. A risk assessment for each project is performed and this is taken into account as part of the due diligence process. The Coventry Investment Fund also has an evaluation process that considers the following criteria:

- Business Rate Growth/Return on Investment
- Strategic Fit to Council's Vision and Aspirations
- Deliverability
- Jobs Created

Summary Prudential Indicators

Appendix 6

	Forecast 15/16 £000's	Forecast 16/17 £000's	Forecast 17/18 £000's	Forecast 18/19 £000's
1 Ratio of financing costs to net revenue stream:				
(a) General Fund financing costs	34,331	32,742	35,466	38,371
(b) General Fund net revenue stream	238,357	233,381	229,267	228,155
General Fund Percentage	14.40%	14.03%	15.47%	16.82%
2 Estimates of Council Tax Impact ~ Proposed Programme		£172.77	£172.76	£190.48
Estimates of Council Tax Impact ~ Feb 15 Programme		£199.26	£221.39	
3 Gross Debt & Capital Financing Requirement				
Gross debt including PFI liabilities	371,919	429,600	463,736	459,544
Capital Financing Requirement	395,033	452,714	493,463	496,719
Gross Investments	-109,278	-48,444	-25,000	-25,000
Gross Debt to Net Debt:				
Gross debt including PFI liabilities	371,919	429,600	463,736	459,544
less investments	-109,278	-48,444	-25,000	-25,000
less transferred debt reimbursed by others	-16,471	-15,438	-14,187	-12,812
Net Debt	246,170	365,718	424,549	421,733
4 Capital Expenditure (Note this excludes leasing)				
General Fund	115,691	107,778	41,199	19,849
5 Capital Financing Requirement (CFR)				
Capital Financing Requirement	395,033	452,714	493,463	496,719
Capital Financing Requirement excluding transferred debt	378,562	437,277	479,276	483,907
6 Authorised limit for external debt				
Authorised limit for borrowing	419,260	404,411	433,806	436,110
+ authorised limit for other long term liabilities	75,028	72,865	70,469	67,797
= authorised limit for debt	494,289	477,277	504,276	503,907
7 Operational boundary for external debt				
Operational boundary for borrowing	379,260	364,411	408,806	416,110
+ Operational boundary for other long term liabilities	75,028	72,865	70,469	67,797
= Operational boundary for external debt	454,289	437,277	479,276	483,907
8 Actual external debt				
actual borrowing at 31 March 2015	297,841			
+ PFI & Finance Leasing liabilities at 31 March 2015	70,720			
+ transferred debt liabilities at 31 March 2015	17,411			
= actual external debt at 31 March 2015	385,972			
9 CIPFA Treasury Management Code ~ has the authority adopted the code?				Yes
10 Interest rate exposures for borrowing				
Upper Limit for Fixed Rate Exposures	403,847	391,297	424,079	418,935
Upper Limit for Variable Rate Exposures	80,769	78,259	84,816	83,787
11 Maturity structure of borrowing - limits	actual	lower	upper	
under 12 months	10%	0%	40%	
12 months to within 24 months	3%	0%	20%	
24 months to within 5 years	15%	0%	30%	
5 years to within 10 years	11%	0%	30%	
10 years & above	61%	40%	100%	
12 Investments longer than 364 days: upper limit	10,000	30,000	30,000	30,000

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Council

23 February 2016

Name of Cabinet Members:

Cabinet Member for Policy and Leadership – Councillor A Lucas

Cabinet Member for Business Enterprise and Employment – Councillor K Maton

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

City-wide

Title:

Approval of the Draft Order to establish a West Midlands Combined Authority

Is this a key decision?

Not applicable

Executive Summary:

A combined authority is a statutory body that facilitates the collaboration and joint working between local authorities to drive economic prosperity for the area. On 13 October 2015 Coventry City Council resolved that it should join the proposed West Midlands Combined Authority (WMCA) after considering the information available including the West Midlands statutory governance review and Statement of Intent for the Combined Authority and the results of the local engagement and consultation process. Council further resolved to approve the Scheme for a West Midlands Combined Authority which was submitted to the Secretary of State for Communities and Local Government.

The next step in the creation of a WMCA is for an Order to be laid before Parliament by the Secretary of State. The Order, if made, will be the statutory basis on which a WMCA is established.

Assurance work around the Devolution Deal continues and this will be subject of a future report to Council for full consideration and debate.

Recommendations:

Council is asked to note that the following recommendations are subject to the draft Order being provided by the Department for Communities and Local Government (DCLG) to the Constituent Councils on 22 February 2016 therefore available for the Council meeting of 23 February 2016.

Council is recommended to:

1. Formally approve the draft Order.
2. Delegate approval of any minor drafting amendments of the Order to the Chief Executive following consultation with the Leader of the Council
3. Endorse the Draft Constitution for the West Midlands Combined Authority for adoption.
4. Agree that approval to make any technical amendments to the Combined Authority Constitution on behalf of the City Council is delegated to the Chief Executive following consultation with the Leader of the Council.
5. Delegate to the Chief Executive, following consultation with the Leader of the Council, authority to consider and continue any further and future assurance and due diligence work around the Devolution Deal and WMCA.

List of Appendices (web links to documents as indicated)

Appendix 1 Draft Order from the Secretary of State (to follow)

Appendix 2 Proposed Combined Authority Constitution

<https://westmidlandscombinedauthority.org.uk/media/1112/item-2-1-working-draft-ca-constitution.pdf>

Appendix 3 Papers provided to The Secretary of State from the shadow WMCA:

Governance Review:

<https://westmidlandscombinedauthority.org.uk/media/1107/west-midlands-governance-review-without-appendices.pdf>

The Scheme:

<https://westmidlandscombinedauthority.org.uk/media/1047/26-october-2015-appendix-1-west-midlands-combined-authority-scheme.pdf>

Engagement and consultation summaries:

<https://westmidlandscombinedauthority.org.uk/media/1110/combined-authority-consultation-analysis-summary-150216.pdf>

Other useful background papers:

Cities and Local Government Devolution Act 2016

<http://www.legislation.gov.uk/ukpga/2016/1/contents/enacted/data.htm>

Local Democracy, Economic Development and Construction Act 2009

<http://www.legislation.gov.uk/ukpga/2009/20/contents>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes

Report title: Approval of the Draft Order to establish a West Midlands Combined Authority

1. Context (or background)

- 1.1 The seven Metropolitan Councils of the West Midlands (Birmingham City Council, City of Wolverhampton Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council and Walsall Metropolitan Borough Council) conducted a Review of Strategic Governance in 2014 to assess whether the arrangements for economic development, regeneration and transport as they stood should continue or would benefit from improvements. This review highlighted the positive joint working to date that has been in place through informal arrangements, and then considered the options for the future. It considered change against the key statutory tests under the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA):
- The exercise of statutory functions relating to economic development, regeneration and transport
 - The effectiveness and efficiency of transport
 - The economic conditions in the area
- 1.2 This concluded that the establishment of a combined authority for the West Midlands was best placed to support business to further growth and to create jobs, to secure an improvement in the region's economic conditions. The Combined Authority would draw together strategic work across transport, economic development, employment and skills, improving outcomes and providing opportunity for the region. The Governance Review is appended to this report with the suite of documents submitted to the Secretary of State at appendix 3.
- 1.3 A Scheme was then drafted to form the legal basis for the creation of the new body containing the membership, powers, functions and voting arrangements. At its meeting on 13 October 2015 Council endorsed these proposals and agreed that Coventry City Council should formally become a Constituent member of the WMCA.
- 1.4 The Scheme was submitted to Government on 26 October 2015 (appendix 3)
- 1.5 As part of its consideration of joining a combined authority in the West Midlands the City Council undertook a period of engagement and consultation. Feedback from this engagement and consultation was considered by Council when making the decision to join the West Midlands Combined Authority. Prior to making the decision to make an order establishing a combined authority, the Secretary of State must be assured that no further consultation is necessary. In discussion with DCLG it was agreed that the shadow West Midlands Combined Authority would undertake a period of consultation running until 8 February 2016 to inform the Secretary of State's decision; this builds on the previous engagement undertaken by the seven constituent Councils.
- 1.6 The summary of the consultation has been sent to the Secretary of State and DCLG and is at appendix 3
- 1.7 The proposal for the Combined Authority is based on the published Scheme. In November 2015, following the publication of the Scheme document, a proposed devolution deal was signed by the Leaders of the seven Constituent Councils and the three Local Enterprise Partnership Chairs.

- 1.8 The development of the devolution deal, for the benefit of the Citizens of Coventry and the West Midlands region, is ongoing; working in partnership with PwC and Grant Thornton assurance and due diligence work around the establishment of WMCA and devolution deal is progressing. The proposed devolution deal is dependent on a separate approval by each constituent authority. This report is not dealing with that approval. Any decision by the Council in respect of a devolution deal or of an elected Mayor of the Combined Authority will be subject of a further report and debate.
- 1.9 The Secretary of State is now considering his intention to establish the West Midlands Combined Authority, subject to his consent the Constituent Councils will be provided with the draft Order on 22 February 2016 (to follow as appendix 1) and Council is now being asked to consider consenting formally to that draft Order, with any final drafting amendments delegated to the Chief Executive following consultation with the Leader. In the event the draft Order is not received from DCLG on the 22 February 2016 to meet the timescale for the Order being laid before Parliament consideration can be given to the meeting being adjourned, for this item only, to allow for its receipt.
- Once consent is given to the Order the Secretary of State will invite Parliament to approve the Order to establish the Combined Authority, and for the abolition of the West Midlands Integrated Transport Authority, which will be subsumed within the West Midlands Combined Authority.
- 1.10 Subject to the above approvals and the passage of the Orders through Parliament, the Combined Authority's inaugural meeting will be held in June 2016 at which point it will agree its Constitution and ways of working. This will enable the Combined Authority to assume democratic responsibility for the functions of the West Midlands Integrated Transport Authority, and Passenger Transport Executive (PTE) (Centro), as well as accepting transfer of its assets and liabilities.

2.0 Remit and membership of the Combined Authority

- 2.1 The remit of the Combined Authority for the West Midlands Combined Authority will be strategic economic development, regeneration, transport, employment and skills functions that can be better delivered collaboratively across the West Midlands. The Combined Authority will remain a focused strategic decision making body, with responsibility over those strategic issues where it is mutually beneficial for local authorities, Centro, and the Local Enterprise Partnerships to work together. It is not a 'super Council' and each Council will maintain its independence and sovereignty.
- 2.2 As a statutory organisation, the Combined Authority requires a Constitution to be in place to describe how it will operate its functions. Council is asked to endorse the draft Constitution for the Combined Authority for adoption; the draft constitution is at appendix 2.
- 2.3 Each Constituent Council will be represented on the Combined Authority by two members. This is to ensure that Constituent Members are the majority (there are seven Constituent Members and currently eight Non-Constituent Members). The Non-Constituent members will appoint one representative. The draft Constitution of the Combined Authority provides for Constituent Councils to appoint two Members to the Combined Authority, along with two substitute Members. Subject to approval of the recommendations made today Council will be asked to approve nominated members at its Annual General Meeting on 19 May 2016.

- 2.4 Overview and Scrutiny and Audit Committees of the West Midlands Combined Authority will be established and appointments to those committees will be made to ensure arrangements are in place to review or scrutinise decisions made, or other action taken, in connection with the discharge of any of its functions.

3. Options considered and recommended proposal

- 3.1 Council is recommended to continue its journey towards becoming an instrumental member of the West Midlands Combined Authority by approving the draft Order that the Secretary of State intends to lay before Parliament to enable the statutory creation of the West Midlands Combined Authority. Consequential to that decision Council is asked to endorse the adoption of the proposed constitution for the West Midlands Combined Authority.

4. Timetable for implementing this decision

- 4.1 Subject to approval of the draft order, and its finalisation by DCLG, the Secretary of State will lay the order before parliament for consideration. Subject to Parliament approval it is envisaged that the Secretary of State will make the Order in June 2016 and on the day the Order is made the West Midlands Combined Authority will come into force; this will be its vesting day.

5. Comments from Executive Director of Resources

5.1 Financial implications

The Councils' Budget Setting report, which appears elsewhere on this agenda, contains a proposal for a contribution of £500,000 pa. towards the costs of establishing the WMCA on a footing to enable it to move swiftly into delivery and implementation. A similar contribution will be made by the other six Constituent members.

5.2 Legal implications

The Local Democracy, Economic Development and Construction Act 2009 (as amended) allows two or more local authorities to form a combined authority which is a separate public body and which may exercise certain functions of the member authorities.

The decision to create a combined authority rests with the Secretary of State. The Secretary of State may only make an order creating the new Combined Authority if he is satisfied that:

- to do so is likely to improve the exercise of statutory functions in the area or areas to which the order relates,
- the constituent councils consent,
- public consultation has been undertaken

In making the Order the Secretary of State must have regard to the Scheme that has been prepared and published.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard)?

The aim of setting up the West Midlands Combined Authority is to promote economic growth and improve the provision of transport. This is in line with the Council's aim to be a top ten city and to deliver prosperity and social justice by ensuring that local people, including those who are most disadvantaged, are able to benefit from that growth.

6.2 How is risk being managed?

The Combined Authority will be a statutory organisation and its members would be required to manage the risks associated with its activities.

6.3 What is the impact on the organisation?

The setting up of a combined authority and the negotiation of a devolution deal will use the time and resources of Councillors and senior officers. A combined authority will not replace the Council and its responsibilities and services will remain the same.

6.4 Equalities / EIA

The setting up of a combined authority enables local authorities to work collaboratively to improve economic outcomes and transport in the area. No adverse impact on any group protected under the Equality Act is anticipated by this decision. Once set up a combined authority is expected to meet the requirements of the Equality Act as a public sector body.

6.5 Implications for (or impact on) the environment

None identified at this stage.

6.6 Implications for partner organisations?

Partner organisations will be encouraged to take part in the consultation process outlined above.

Report author(s):

Julie Newman

Name and job title:

Legal Services Manager (People)

Directorate:

Resources

Tel and email contact:

02476 833544

Enquiries should be directed to the above people.

Contributor/approver	Title	Directorate or	Date doc	Date response
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name		organisation	sent out	received or approved
Jaspal Mann	Equalities Officer	Chief Executive		11.2.16
Suzanne Bennett	Governance Services	Resources		11.2.16
Names of approvers for submission: (officers and members)				
Fran Collingham	Assistant Director - Communications	Chief Executive		11.2.16
Chris West	Executive Director	Resources		11.2.16
Martin Reeves	Chief Executive	Chief Executive		10.2.16
Councillor A. Lucas	Cabinet Member for Policy and Leadership			
Councillor K. Maton	Cabinet Member for Business			

This report is published on the council's website: www.coventry.gov.uk/meetings

Draft Order laid before Parliament under section 85 of the Transport Act 1985, section 94 of the Local Transport Act 2008 and section 117(2) of the Local Democracy, Economic Development and Construction Act 2009, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2016 No.

LOCAL GOVERNMENT, ENGLAND

TRANSPORT, ENGLAND

The West Midlands Combined Authority Order 2016

Made - - - -

Coming into force - -

1st June 2016

This Order is made in exercise of the powers conferred by section 85 of the Transport Act 1985(a) (“the 1985 Act”), sections 84, 91 and 93 of the Local Transport Act 2008(b) (“the 2008 Act”) and sections 103 to 105 and 114 to 116 of, and paragraph 3 of Schedule 5A to, the Local Democracy, Economic Development and Construction Act 2009(c) (“the 2009 Act”).

The Secretary of State, having regard to a scheme prepared and published under section 109 of the 2009 Act, considers that the making of this Order is likely to improve the exercise of statutory functions in the area or areas to which this Order relates.

The Secretary of State is satisfied that the area to which this Order relates meets the conditions set out in section 103 of the 2009 Act.

The councils for the local government areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton, whose areas are within the area for which the combined authority is to be established consent to the making of this order.

The Secretary of State has consulted—

- (a) the councils for the area comprised in the West Midlands integrated transport area,
- (b) the West Midlands Integrated Transport Authority,
- (c) the West Midlands Passenger Transport Executive,

(a) 1985 c 67. Section 85 was amended by the Local Transport Act 2008 (c. 26) Schedule 4, paragraphs 18 and 30 and by S.I. 2009/107.
(b) 2008 c 26. [Section 91 was amended by the Local Democracy, Economic Development and Construction Act 2009 (c 20) Schedule 6, paragraphs 112 and 129.]
(c) 2009 c.20. Section 103 was amended by sections 12 and 14 of the Cities and Local Government Devolution Act 2016 (c. 1). Section 104 was amended by sections 8 and 14 of, and Schedule 5 to, the Cities and Local Government Devolution Act 2016. Section 105 was amended by sections 6, 9 and 14 of the Cities and Local Government Devolution Act 2016. Section 114 was amended by Schedule 5 to the Cities and Local Government Devolution Act 2016. Section 116 was amended by Schedule 5 to the Cities and Local Government Devolution Act 2016. Section 117 was amended by section 13 of the Localism Act 2011 (c. 20) and Schedule 5 to the Cities and Local Government Devolution Act 2016.

(d) such other persons as the Secretary of State considered appropriate.

The councils for the [metropolitan districts] whose areas are comprised in the West Midlands integrated transport area have consented to the making of this order.

The Secretary of State considers that consultation required by section 110(2) of the 2009 Act has been carried out.

In making this Order, the Secretary of State has had regard to the need to reflect the identities and interests of local communities, and to secure effective and convenient local government.

A draft of this instrument has been approved by a resolution of each House of Parliament pursuant to section 85 of the 1985 Act, section 94 of the 2008 Act and section 117(2) of the 2009 Act^(a).

Accordingly, the Secretary of State makes the following Order:

PART 1

General

Citation and commencement

1. This Order may be cited as the West Midlands Combined Authority Order 2016 and shall come into force on 1st June 2016.

Interpretation

2. In this Order—

“the 2009 Act” means the Local Democracy, Economic Development and Construction Act 2009;

“combined area” means the area consisting of the areas of the constituent councils;

“the Combined Authority” means the West Midlands Combined Authority as constituted by article 3;

“constituent councils” means the councils for the local government areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton;

“the Executive” has the meaning given by article 6(1);

“the ITA” means the West Midlands Integrated Transport Authority;

“Local Enterprise Partnership” means the board of—

(a) the Black Country Local Enterprise Partnership;

(b) Greater Birmingham and Solihull Local Enterprise Partnership; and

(c) Coventry and Warwickshire Local Enterprise Partnership ;

“non-constituent council” means the councils for the local government areas of Cannock Chase, Nuneaton and Bedworth, Redditch, Tamworth and Telford and Wrekin.

(a) Section 117 was amended by section 13 of the Localism Act 2011 (c. 20).

PART 2

Establishment of a combined authority for West Midlands

Establishment

- 3.—(1) There is established a combined authority for the combined area.
- (2) The combined authority is to be a body corporate and is to be known as the West Midlands Combined Authority.
- (3) The functions of the Combined Authority are those functions conferred or imposed upon it by this Order or by any other enactment (whenever passed or made), or as may be delegated to it by or under this Order or any other enactment (whenever passed or made).

Constitution

4. Schedule 1 (which makes provision about the constitution of the Combined Authority) has effect.

Funding

- 5.—(1) The constituent councils must meet the costs of the Combined Authority reasonably attributable to the exercise of the functions mentioned in article 10 (economic development and regeneration).
- (2) The amount payable by each of the constituent councils is to be determined by apportioning the costs of the Combined Authority referred to in paragraph (1) between the constituent councils in such proportions as they may agree or, in default of such agreement, in proportion to the total resident population at the relevant date of the area of each council concerned as estimated by the Registrar General.
- (3) For the purposes of paragraph (2) the relevant date in relation to a payment for a financial year is 30th June in the financial year which commenced two years prior to the current financial year.

PART 3

Transport

Passenger Transport Executive

- 6.—(1) In this order “the Executive” means the West Midlands Passenger Transport Executive established by the West Midlands Passenger Transport Area (Designation) Order 1969(a)
- (2) The Executive shall be dissolved and all the functions, property, rights and liabilities of the Executive shall be transferred to the ITA.
- (3) Subject to article 8(4) and Schedule 2 and to the following provisions of this article, any reference in any enactment (whenever passed or made) to a passenger transport executive or to passenger transport executives is to be treated, in its application to the combined area, as if it were to the West Midlands Combined Authority.
- (4) Paragraph (3) does not apply to the following enactments—
- (a) In the Audit Commission Act 1998(b)—
- (i) sections 11(2)(g);
- (ii) section 30(1), (3) and

(a) S.I. 1969/97.
(b) 1998 c. 18.

- (iii) in Schedule 2, paragraph 4.
 - (b) paragraph 28 of Schedule 1 to the Freedom of Information Act 2000(a)
 - (c) Schedule 2 to the Local Government Act 1988(b)
 - (d) section 33 of the Railways Act 2005(c)
 - (e) sections 95, 96, 97, 104(2) and (3) and 137(5) of the Transport Act 1985; and
 - (f) section 162(4) of the Transport Act 2000(d).
- (5) The West Midlands Passenger Transport Area (Designation) Order 1969 is revoked

Abolition and transfer of functions

7.—(1) The West Midlands integrated transport area is dissolved and the ITA is abolished.

(2) On the abolition of the ITA—

- (a) its functions; and
- (b) its property, rights and liabilities

are transferred to the Combined Authority.

Adaption of enactments

8.—(1) This article has effect in consequence of article 7.

(2) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport area or
- (b) any reference which falls to be read as a reference to such an area,

is to be treated as including a reference to the combined area.

(3) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport authority or
- (b) any reference which falls to be read as a reference to such an authority,

is to be treated as including a reference to the Combined Authority.

(4) Paragraphs (2) and (3) do not apply to Part 2 of the Transport Act 1968 which is amended in accordance with Schedule 2.

Continuity

9.—(1) Nothing in article 6, 7 or 8 affects the validity of anything done by or in relation to the ITA or the Executive before 1st June 2016.

(2) There may be continued by or in relation to the West Midland Combined Authority anything (including legal proceedings) which—

- (a) relates to any of the functions, property, rights or liabilities transferred to the West Midlands Combined Authority; and
- (b) is in process of being done by or in relation to the ITA or the Executive immediately before 1st June 2016.

(3) Anything which—

- (a) was made or done by or in relation to the ITA or the Executive for the purposes of or otherwise in connection with any of the functions, property rights or liabilities transferred and

(a) 2000 c. 36. . Paragraph 8 was substituted by the Local Transport Act 2008, Schedule 4, paragraph 64.

(b) 2000 c. 36. . Paragraph 8 was substituted by the Local Transport Act 2008, Schedule 4, paragraph 64

(c) 2005 c. 14.

(d) 2000 c. 38. Section 162 was amended by sections 15(6), 26(9), 27(2), 40(2), 77(5) and 131 of, and Schedule 4, Part 3, paragraphs 41, 46(1), (2)(a) and (2)(c) and Schedule 7, Part 2 to, the Local Transport Act 2008.

(b) is in effect immediately before the transfer takes effect,

has effect as if made or done by or in relation to the West Midlands Combined Authority.

(4) The West Midlands Combined Authority shall be substituted for the ITA or, where appropriate, the Executive in any instruments, contracts or legal proceedings which—

- (a) relate to any of the functions, property, rights or liabilities transferred; and
- (b) are made or commenced before the transfer takes effect.

(5) A reference in this article to anything made or done by or in relation to the ITA or the Executive includes a reference to anything which by virtue of any enactment is to be treated as having been made or done by or in relation to the ITA or the Executive.

(6) Without prejudice to the generality of this article a levy issued by the ITA under section 74 of the Local Government Finance Act 1988 and in accordance with the Transport Levying Bodies Regulations 1992(a) to the constituent councils in respect of the financial year beginning 1st April 2016 is to have effect for that year as if it had been so issued by the Combined Authority.

PART 4

Additional functions

Economic development and regeneration functions

10.—(1) The functions of the constituent councils set out in Schedule 3 are exercisable by the Combined Authority in relation to its area.

(2) The functions are exercisable concurrently with the constituent councils.

(3) Any requirement in any enactment for a constituent council to exercise such a function may be fulfilled by the exercise of that function by the Combined Authority.

Incidental provisions

11. The following provisions shall have effect as if the Combined Authority were a local authority for the purposes of these provisions—

- (a) section 142(2) of the Local Government Act 1972(b) (power to arrange for publication of information etc. relating to the functions of the authority); and
- (b) section 222 of the Local Government Act 1972(c) (power to prosecute and defend legal proceedings).

12.—(1) The Combined Authority shall have the power to exercise any of the functions described in subsection (1)(a) and (b) of section 88 of the Local Government Act 1985(d) (research and collection of information) whether or not a scheme is made under that section.

(2) For the purposes of paragraph (1) of this article, paragraphs (a) and (b) of section 88(1) of the Local Government Act 1985 shall have effect as if a reference to “that area” were a reference to the combined area.

13. Section 13 of the Local Government and Housing Act 1989(e) (voting rights of members of certain committees) has effect as if—

(a) S.I. 1992/2789, amended by S.I. 2012/213 and S.I. 2015/27.

(b) Section 142 was amended by the Local Government Act 1986 (c. 10), section 3(1)(a) ; there are other amendments which are not relevant to this instrument.

(c) To which there are amendments not relevant to this instrument.

(d) 1985 c. 51.

(e) 1989 c. 42. Section 13 was amended by was amended by the Education Act 1993 (c. 35) Schedule 21(II) paragraph 1 and by Schedule 37(I) paragraph 96; by the Police and Magistrates' Courts Act 1994 (c. 29) Schedule 9(I) paragraph 1 and by Schedule 4(I) paragraph 36; by the Environment Act 1995 (c. 25) Schedule 24 paragraph 1; by the Education Act 1996 (c.

- (a) in subsection (4) after paragraph (h) there were inserted—
 - (i) subject to subsection (4A), a committee appointed by the West Midlands Combined Authority;□; and
- (b) after subsection (4) there were inserted—
 - (4A) A person who is a member of a committee falling within paragraph (i) of subsection (4) or a sub-committee appointed by such a committee shall for all purposes be treated as a non-voting member of that committee or sub-committee unless that person—
 - (a) is a member of one of the constituent councils as defined by article 2 of the West Midlands Combined Authority Order 2016; or
 - (b) is given voting rights by resolution of the Combined Authority in accordance with paragraph 4(4) of Schedule 1 to that Order.□.

14. Regulation 64 of the Local Government Pension Scheme Regulations 2013(a) (special circumstances where revised actuarial valuations and certificates must be obtained) shall have effect as if after paragraph (8) there were inserted—

□(8A) Paragraph (8B) applies where the existing employer is the West Midlands Integrated transport Authority (“the ITA”) and the liabilities of the fund in respect of benefits due to the ITA’s current and former employees (or those of any predecessor authority) have been or are to be transferred to the West Midlands Combined Authority as a result of the establishment of the combined authority by article 3(1) of the West Midlands Combined Authority Order 2016.

(8B) Where this paragraph applies, no exit payment is due under paragraph (1) and paragraph (2) does not apply.□

15.—(1) The Local Government Pension Scheme Regulations 2013 are amended as follows.

(2) In Part 2 of Schedule 3 (appropriate administering authority)—

- (a) in column 1 of the table insert at the end—
 - an employee of the West Midlands Combined Authority established by the West Midlands Combined Authority Order 2016.□;
- (b) in column 2 of the table insert at the end—
 - “[Wolverhampton City Council.”.]

Signed by authority of the Secretary of State for Communities and Local Government

Name
Parliamentary Under Secretary of State
Department for Communities and Local Government

Date

56) Schedule 37(I) paragraph 96 and by Schedule 38(I) paragraph 1; by the School Standards and Framework Act 1998 (c. 31) Schedule 30 paragraph 22; by the Children Act 2004 (c. 31) Schedule 5(4) paragraph 1; by the Local Democracy, Economic Development and Construction Act 2009 Schedule 6 paragraph 81; by the Marine and Coastal Access Act 2009 (c. 23) Schedule 14 paragraph 14 and by Schedule 22(4) paragraph 1; by the Public Service Pensions Act 2013 (c. 25) Schedule 8 paragraph 15; by S.I. 2001/1517; and by S.I. 2010/1158.

(a) S.I.2013/235, amended by S.I. 2014/1146 and S.I. 2014/1146.

SCHEDULE 1
Constitution

Membership

1.—(1) The Combined Authority shall comprise of twenty two members as provided for in the following sub-paragraphs.

(2) Each constituent council must appoint two of its elected members to be members of the Combined Authority.

(3) Each non-constituent council shall appoint one of its elected members to be a member of the Combined Authority.

(4) Each constituent council must appoint another two of its elected members to act as members of the Combined Authority in the absence of the members appointed under sub-paragraph (2) (“the substitute member”).

(5) Each non-constituent council must appoint another one of its elected members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (3) (“the substitute member”).

(6) Each Local Enterprise Partnership must nominate one of its members to be a member of the Combined Authority (“the Local Enterprise Partnership Members”).

(7) Each Local Enterprise Partnership must nominate one of its members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (5) (“the substitute member”).

(8) The Combined Authority must appoint the members nominated by the Local Enterprise Partnerships as members of the Combined Authority (“Local Enterprise Partnership Members”).

(9) The Combined Authority must appoint the other member nominated by each Local Enterprise Partnership to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (6).

(10) A person ceases to be a member or substitute member of the Combined Authority if they cease to be a member of—

- (a) the constituent council or non-constituent council that appointed them; or
- (b) the Local Enterprise Partnership that nominated them.

(11) A person may resign as a member or substitute member of the Combined Authority by written notice served on the proper officer of the council that appointed them or, as the case may be, the chair or vice-chair of the Local Enterprise Partnership that nominated them, and the resignation takes effect on receipt of the notice by the proper officer of the council or chair or vice-chair of the Local Enterprise Partnership (as the case may be).

(12) Where a member or substitute member’s appointment ceases by virtue of sub-paragraph (10) or (11)—

- (a) the constituent council or the non-constituent council that made the appointment must, as soon as practicable, give written notice of that fact to the Combined Authority and appoint another of its elected members in that person’s place;
- (b) the Local Enterprise Partnership that made the nomination must, as soon as practicable, give written notice of that fact to the Combined Authority and nominate another of its members in that person’s place.

(13) The combined authority shall appoint a member nominated under sub-paragraph (12)(b) at the next ordinary meeting of the Combined Authority.

(14) A constituent council or non-constituent council may at any time terminate the appointment of a member or substitute member appointed by it to the Combined Authority and appoint another one of its elected members in that person’s place.

(15) Where a constituent council or non-constituent council exercises its power under sub-paragraph (14), it must give written notice of the new appointment and the termination of the previous appointment to the Combined Authority and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(16) A Local Enterprise Partnership may at any time terminate the appointment of a member or substitute member nominated by it to the Combined Authority and nominate another of its members in that person's place.

(17) Where a Local Enterprise Partnership exercises its power under sub-paragraph (16), it must give written notice of the new nomination and the termination of the previous appointment to the Combined Authority.

(18) The Combined Authority must appoint a member nominated under sub-paragraph (17) and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(19) For the purposes of this paragraph, an elected mayor of a constituent council or non-constituent council is to be treated as a member of the constituent council or non-constituent council.

Chairman and vice-chairmen

2.—(1) The Combined Authority must in each year appoint a chairman and one or more vice-chairmen from among its members and the appointments are to be the first business transacted after the appointment of members of the Combined Authority, at the first meeting of the Combined Authority, and in subsequent years at the annual meeting of the Combined Authority.

(2) A person ceases to be chairman or vice-chairman of the Combined Authority if they cease to be a member of the Combined Authority.

(3) If a vacancy arises in the office of chairman or vice-chairman, an appointment to fill the vacancy is to be made at the next ordinary meeting of the Combined Authority, or, if that meeting is to be held within 14 days of the vacancy arising, at the meeting following that meeting.

Proceedings

3.—(1) Subject to the following sub-paragraphs, any questions that are to be decided by the Combined Authority are to be decided by a two-thirds majority of the constituent members and substitute members, acting in place of constituent members, present and voting on that question at a meeting of the Combined Authority.

(2) No business is to be transacted at a meeting of the Combined Authority unless at least five members, or substitute members, appointed by at least five of the constituent councils are present at the meeting.

(3) Each member, or substitute member acting in that member's place, is to have one vote and no member or substitute member is to have a casting vote.

(4) If a vote is tied on any matter it is deemed not to have been carried.

(5) Members appointed by the non-constituent councils or appointed from the Local Enterprise Partnerships shall be non-voting members of the Combined Authority but may be given voting rights by resolution of the Combined Authority.

(6) Questions relating to the following matters require a unanimous vote in favour by all constituent council members, or substitute members, acting in place of those members, present and voting on that question to be carried—

- (a) approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the Combined Authority;
- (b) the conferral of further functions on the Combined Authority;

- (c) voting rights for members of the Combined Authority appointed otherwise than from among the elected members of the constituent councils;
- (d) the exercise of its functions in accordance with section 113A of the 2009 Act;
- (e) amendments to the standing orders of the Combined Authority; and
- (f) such other plans and strategies as may be determined by the Combined Authority and set out in its standing orders.

(7) The proceedings of the Combined Authority are not invalidated by any vacancy among its members or substitute members or by any defect in the appointment or qualifications of any member or substitute member.

Committees

4.—(1) The Combined Authority must appoint at least one member of each of the constituent councils and the non-constituent councils to the overview and scrutiny committee appointed by the Combined Authority.

(2) No business is to be transacted at a meeting of the overview and scrutiny committee unless at least five constituent council members, or substitute members acting in place of those members, from at least five of the constituent councils are present at the meeting.

(3) Each member of the overview and scrutiny committee appointed from the constituent councils is to have one vote and no member is to have a casting vote.

(4) Members appointed from the non-constituent councils and the Local Enterprise Partnerships to the overview and scrutiny committee, or to any other committee or sub-committee of the Combined Authority, shall be non-voting members of that committee or sub-committee but may be given voting rights by resolution of the Combined Authority.

(5) An The Combined Authority must appoint an appropriate person(a) to be the chair of the overview and scrutiny committee appointed by the Combined Authority

(6) If a vote is tied on any matter it is deemed not to have been carried.

(7) Where an overview and scrutiny committee appointed by the Combined Authority makes a report or recommendation under paragraph (1)(2)(b) of Schedule 5A the committee may—

- (a) publish the report or recommendations;
- (b) by notice in writing require the Combined Authority to—
 - (i) consider the report or recommendations;
 - (ii) respond to the overview and scrutiny committee indicating what (if any) action the Combined Authority proposes to take; and
 - (iii) if the overview and scrutiny committee has published the report or recommendations under paragraph (a), publish the response.

(8) A notice served under sub-paragraph (7)(b) must require the Combined Authority to comply with it within two months beginning with the date on which the Combined Authority received the reports or recommendations or (if later) the notice.

(9) The Combined Authority must comply with a notice given under sub-paragraph (7)(b).

(10) Sub-paragraphs (7)(a) and (9) are subject to section 9FG of the Local Government Act 2000(b) and to any provision made under section 9GA(8) and the Combined Authority is to be treated as a local authority for these purposes.

Records

5.—(1) The Combined Authority must make arrangements for the names of members and substitute members present at any meeting to be recorded.

(a) See paragraph 3(5) of Schedule 5A to the 2009 Act.

(b) 2000 c. 22. Sections 9FG and 9GA were inserted by the Localism Act 2011 (c. 20), section 21 and Schedule 2.

(2) Minutes of the proceedings of a meeting of the Combined Authority, or any committee or sub-committee of the Combined Authority, are to be kept in such form as the Combined Authority may determine.

(3) Any such minutes are to be signed at the same or next suitable meeting of the Combined Authority, committee or sub-committee as the case may be, by the person presiding at that meeting.

(4) Any minute purporting to be signed as mentioned in sub-paragraph (3) is to be received in evidence without further proof.

(5) Until the contrary is proved, a meeting of the Combined Authority, committee or sub-committee, a minute of whose proceedings has been signed in accordance with this paragraph, is deemed to have been duly convened and held, and all the members and substitute members present at the meeting are deemed to have been duly qualified.

(6) For the purposes of sub-paragraph (3) the next suitable meeting is the next following meeting or, where standing orders made by the Combined Authority provide for another meeting of the authority, committee or sub-committee, to be regarded as suitable, either the next following meeting or that other meeting.

Standing orders

6. The Combined Authority may make standing orders for the regulation of its proceedings and business and may vary or revoke any such orders.

Remuneration

7. No remuneration is payable by the Combined Authority to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the Combined Authority.

SCHEDULE 2

Article 8(4)

Modification of Part 2 of the Transport Act 1968

1. The Transport Act 1968(a) is amended as follows.

2.—(1) Section 9 (areas, authorities and executives) is amended as follows.

(2) In subsection (1)(c)—

(a) in sub-paragraph (i), after “England and Wales” there is inserted “(except as mentioned in sub-paragraph (ia))”;

(b) after sub-paragraph (i) there is inserted—

□(ia) in relation to the area of the West Midlands Combined Authority, that Authority;□.

(3) After subsection (6) there is inserted—

□(6A) This section applies in relation to the West Midlands Combined Authority as if—

(a) subsections (2) to (4) were omitted; and

(b) in subsection (5), the words “the Executive and any subsidiary of the Executive” were omitted.□

3. In section 9A (general functions of Authorities and Executives), after subsection (11) there is inserted—

(a) 1968 c. 73; section 9 was amended by the Local Government (Scotland) Act 1973 (c. 65) Schedule 18, paragraph 1; by the Transport Act 1985 (c. 67) sections 57(1), 58(2), Schedule 3, paragraph 3, Schedule 8; by the Local Government (Scotland) Act 1994 (c. 39) Schedule 13, paragraph 80(2); and in relation to England and Wales only by the Local Transport Act 2008 (c. 26) section 98(4), Schedule 4, paragraph 2 and Schedule 7, Part 4 and by S.I. 2011/908.

- (12) This section applies to the West Midlands Combined Authority as if—
 - (a) the duty under subsection (3) were a duty for the Authority to secure the provision of such public passenger transport services as it considers appropriate for meeting any public transport requirements within its area which in view of the Authority would not be met apart from any action taken by it for that purpose;
 - (b) subsection (3A) were omitted;
 - (c) in subsection (5)—
 - (i) the words “for the Executive of that area” were omitted;
 - (ii) for the words “by the Executive for that area, and the Executive” there were substituted “and”;
 - (d) in subsections (6) and (7), the references to “the Executive” were omitted.□
- 4.** In section 10 (general powers of the Executive), after subsection (9) there is inserted—
 - (10) This section applies to the West Midlands Combined Authority as if—
 - (a) in subsection (1)—
 - (i) in paragraph (xxiii), the words “subject, in the case of a disposal of land, to the approval of the Authority” were omitted, and
 - (ii) an other reference to the approval of the Authority were omitted;
 - (b) in subsection (7), the words “the approval of the Authority or” were omitted.□
- 5.** In section 11 (financial duty of Executive), after subsection (3A) there is inserted—
 - (3B) Subsection (3A) applies to the West Midlands Combined Authority as if the words from “and the Authority” to “the application thereof” were omitted.□
- 6.** In section 12 (borrowing powers of Executive), after subsection (7) there is inserted—
 - (8) This section does not apply to the West Midlands Combined Authority.□
- 7.** In section 13 (power to make grants)—
 - (a) The existing text is renumbered as subsection (1);
 - (b) After that subsection there is inserted—
 - (2) This section does not apply to the West Midlands Combined Authority.□
- 8.** In section 14 (accounts of Executive), after subsection (3) there is inserted—
 - (4) This section does not apply to the West Midlands Combined authority.□
- 9.** In section 15 (further functions of Authority), after subsection (7) there is inserted—
 - (8) This section does not apply to the West Midlands Combined Authority.□
- 10.** In section 15A (additional provisions as to control of Executive by Authority), after subsection (3) there is inserted—
 - (4) This section does not apply to the West Midlands Combined authority.□
- 11.** In section 16 (publication of annual report by Authority and Executive and prevention of improper conduct of subsidiary activities), after subsection (2) there is inserted—
 - (2A) In its application to the West Midlands Combined Authority, subsection (2) has effect as if—
 - (a) the words “jointly by the Authority and the Executive” were omitted;
 - (b) “and the Executive” (in the second place) were omitted; and
 - (c) for “their respective” there were substituted “its”.□

Economic development and regeneration functions

1. Such functions of the constituent authorities as are exercisable for the purpose of economic development and regeneration in reliance on the general power of competence under section 1 of the Localism Act 2011(a).
2. The power under section 144 of the Local Government Act 1972(b) (the power to encourage visitors and provide conference and other facilities).
3. The duties under sections 15ZA, 15ZB, 15ZC, 17A and 18A(1)(b) of the Education Act 1996(c) and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).
4. The duty under section 69 of the 2009 Act (duty to prepare an assessment of economic conditions).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order establishes the West Midlands Combined Authority.

Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”) provides for the establishment of combined authorities for the areas of two or more local authorities in England. Combined authorities are bodies corporate which may be given power to exercise functions relating to transport and to economic development and regeneration in their area.

The Secretary of State may only establish a combined authority for an area where a scheme for such an authority has been published under section 109 of the 2009 Act. This Order has been made following the publication of such a scheme on 26 October 2015 by the constituent councils whose areas together make up the combined area of the new authority. The scheme is available at: <https://westmidlandscombinedauthority.org.uk/media/1047/26-october-2015-appendix-1-west-midlands-combined-authority-scheme.pdf>.

Part 2 of the Order establishes the new authority, to be known as the West Midlands Combined Authority, and makes provision for its constitution and funding.

Article 4 of and Schedule 1 to the Order make provision for the constitution of the West Midlands Combined Authority. This is supplemental to the provision that is made by Part 1A of Schedule 12 to the Local Government Act 1972 (see paragraph (6A) of that Schedule, as amended by the 2009 Act).

Article 5 makes provision for the funding, by the constituent councils, of the costs of the Combined Authority.

Part 4 confers additional functions on the West Midlands Combined Authority.

(a) 2011 c.20.

(b) Section 144 was amended by the Local Government (Miscellaneous Provisions) Act 1976 (c.57), section 81, Schedule 2; by the Local Government, Planning and Land Act 1980 (c.65), section 194, Schedule 34; and by the Local Government Act 1985 (c.51), sections 1 and 102 and Schedule 17. There are other amendments which are not relevant to this instrument.

(c) 1996 c.56. Sections 15ZA, 15ZB, 15ZC, 18A, 514A and 560A were inserted by the Apprenticeships, Skills, Children and Learning Act 2009 (c. 22), sections 41, 42, 45 to 48 and by S.I. 2010/1158. Section 15ZA was amended by the Children and Families Act 2014 (c. 6) Schedule 3(1) paragraph 5, by the Deregulation Act (c. 20) Schedule 14(2) paragraph 44 and by S.I. 2015/1852. Section 15ZC was amended by S.I. 2015/1852. Section 18A was also amended by the Education Act 2011 (c. 21), sections 30 and 82 and by the Children and Families Act 2014 Schedule 3(1) paragraph 8. Section 514A was amended by the Children and Families Act 2014 Schedule 3(1) paragraph 50. Section 560A was amended by the Children and Families Act 2014 Schedule 3(1) paragraph 54.

Article 10 confers functions of the constituent councils relating to economic development and regeneration. These are set out in Schedule 2 to the Order and are to be exercised concurrently with the constituent councils.

Articles 11 to 15 make some general, incidental provisions relating to the West Midlands Combined Authority to enable it to carry out its functions effectively.

A full regulatory impact assessment has not been prepared as this instrument will have no impact on the costs of business or the voluntary sector.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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