



Finance and Corporate Services Scrutiny Board (1)

Time and Date

10.00 am on Wednesday, 2nd September, 2015

Place

Committee Rooms 2 and 3 - Council House

Public Business**1. Apologies and Substitutions****2. Declarations of Interest****3. Exclusion of Press and Public**

To consider whether to exclude the press and public for the item(s) of private business for the reasons shown in the report.

4. Minutes

(a) To agree the minutes of the meeting held on 1 July 2015 (Pages 3 - 6)

(b) Matters Arising

5. Outstanding Issues Report

Outstanding issues have been picked up in the Work Programme

6. Discretionary Housing Payments 2015-16 (Pages 7 - 8)

Briefing note

7. Public Consultation - Local Council Tax Support Scheme (Pages 9 - 34)

Briefing note.

8. Coventry Investment Fund Update (Pages 35 - 44)

Briefing note.

9. Work Programme 2014-15 (Pages 45 - 50)

Report of the Scrutiny Co-ordinator

10. Any other items of Public Business

Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved

Private Business

11. **Coventry Investment Fund Update** (Pages 51 - 52)

Briefing note.

Chris West, Executive Director, Resources, Council House Coventry

Monday, 24 August 2015

Notes:1)The person to contact about the agenda and documents for this meeting is Carolyn Sinclair, Governance Services, Council House, Coventry, alternatively information about this meeting can be obtained from the following web link:

<http://moderngov.coventry.gov.uk>

2) Council Members who are not able to attend the meeting should notify Carolyn Sinclair as soon as possible and no later than 9am on the day of the meeting giving their reasons for absence and the name of the Council Member (if any) who will be attending the meeting as their substitute.

3) Scrutiny Board Members who have an interest in any report referred to this meeting, but who are not Members of this Scrutiny Board, have been invited to notify the Chair by 12 noon on the day before the meeting that they wish to speak on a particular item. The Member must indicate to the Chair their reason for wishing to speak and the issue(s) they wish to raise.

Membership: Councillors S Bains, J Blundell, D Chater, G Duggins, D Gannon (By Invitation), R Lakha, J Mutton (Chair), T Sawdon, T Skipper and D Welsh

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting
OR if you would like this information in another format or
language please contact us.

Carolyn Sinclair

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Coventry City Council
Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held
at 10.00 am on Wednesday, 1 July 2015

Present:

Members: Councillor J Mutton (Chair)
 Councillor S Bains
 Councillor J Blundell
 Councillor D Chater
 Councillor L Harvard
 Councillor R Lakha
 Councillor D Skinner
 Councillor T Skipper
 Councillor D Welsh

Employees:

Chief Executives: J Moynihan
Resources: A Bellingeri
 V Castree
 L Commane
 P Jennings
 C Sinclair
 C West

Apologies: Councillor G Duggins, D Gannon and T Sawdon

Public Business

1. Declarations of Interest

There were no declarations of interest.

2. Minutes

The minutes of the meeting held on 16 March 2015 were agreed. There were no matters arising.

3. Outstanding Issues Report

Outstanding issues have been picked up in the Work Programme.

4. Update on Customer Journey Programme and Customer Services performance

Further to Minute 3/14 of the Board at which they had requested a 6-month progress report, Members considered a briefing note which provided an update on the Customer Journey programme and Customer Service performance.

The briefing note set out details of the savings needing to be delivered through the Kickstart and Customer Journey programme by 2017/18 and detailed the on-going work to encourage customers to self-serve online. Progress since the August 2014 report included:

- New payment system
- Redesigned website
- Online self-serve (MyAccount)
- Centralised customer services
- Telephone queuing facility
- Commencement of fundamental redesign of service delivery

The briefing note also set out services challenges:

- Loss of contact centre staff (early retirement/voluntary redundancy programme)
- Changing services can lead to increase in calls
- Unpredictable demand in some areas
- Technology challenges in advance of upgrades and replacement of telephone system
- Legislative changes such as the Care Act placed additional obligations on the Council.

Members questioned officers on a number of issues and discussion ensued specifically in respect of the work being undertaken to encourage customers to transact business online particularly in respect of how vulnerable clients and those who did not have computers could access services.

It was reported that efficiencies would only be possible if the Council is able to reduce the number of expensive forms of contacts such as face to face and by telephone, to self-service. The following initiatives would assist customers:

- Self-serve facilities would be provided at Broadgate house, including a “meet and greet” service to help customers use them.
- In Adult Social Care, a focus on customers being given the right advice and signposting at the first point of contact supported by social workers located in the contact centre.
- Social media to highlight online services.
- Increasing direct debit uptake to pay council tax

A new, reliable telephone system, a review of voice mail messages and a complete review of letters/communications, together with proactive web and twitter messaging would help reduce the number of calls.

Arising from the discussion, Members recommended that the Cabinet Member consider the risk register and requested a breakdown of the type of calls received in order to identify where service improvement was needed. Addressing those areas of improvement would then lead to fewer calls/contacts.

RESOLVED that the Board note actions being taken and progress in respect of the Customer Journey programme and recommend that the Cabinet Member for Strategic Finance and Resources, consider the risk register related to the Customer Journey programme and Kickstart.

5. Revenue and Capital Outturn Report 2014-2015

The Board noted the 2014/15 Revenue and Capital Outturn report. The report had also been considered by Cabinet on 17 June, Audit and Procurement on 22 June and Council on 23 June.

The report outlined the final revenue and capital outturn position for 2014/15 and reviewed treasury management activity and 2014/15 Prudential Indicators reported under the Prudential Code for Capital Finance.

The overall financial position included the following headline items:

- Revenue overspending of £2.2m which will be balanced to nil after a planned contribution from the General Fund Balance.
- £10.3m of costs due to early retirement and voluntary redundancy. This follows and is consistent with approval of the programme of staffing reductions agreed by Cabinet in August 2014.
- Headline variations including an over-spend of £6.4m within the People Directorate and an under-spend of £5.7m within the Asset Management Revenue Account.
- Capital Programme expenditure of £101m and capital spending of £22m rescheduled into 2015/16.
- Overall reserve balances increasing from £81m to £84.5m

Arising from discussion, a question was asked about an anomaly in the data relating to expenditure in respect of grants covering the Disabled Facilities Grant. It was agreed that this would be looked at by officers and reported to members of the Board by email.

6. Work Programme 2015-16

The Board noted the work programme for the year. Work was ongoing to identify dates for all items currently listed in the “dates to be determined” section of the document. The Chair indicated that, should the amount of business exceed the number of meetings currently scheduled, it may be necessary to convene an additional meeting to ensure all business identified in the work programme is dealt with by the end of the municipal year.

7. Any other items of Public Business

There were no other items of public business.

(Meeting closed at 11.10 am)

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Coventry City Council

Briefing note

Revenues and Benefits Resources

To: Scrutiny Board 1

Date: 22nd July 2015

From

Tim Savill

Telephone 024 76 832607

Tim.savill@coventry.gov.uk

Subject: Discretionary Housing Payments

Discretionary Housing Payments 2015/2016

Background

Discretionary Housing Payments (DHP) are used to help people who are experiencing difficult circumstances with their housing costs. Where people do not have the financial means to remain in, or secure a tenancy, they can apply for a DHP for short term help.

The DHP policy was approved by Cabinet in March 2013. The Welfare Reforms, introduced from April 2013 resulted in considerable demands on this area of work.

In 2014/15, we received a budget of £811,865 from the Department for Works and Pensions (DWP) and this was all awarded. Coventry is among 37% of councils which spends their full DHP allocation (based on latest DWP data available in 2013/14).

For the current financial year the DHP funding was reduced to £619,313. DWP have advised that this was mainly as a result of lower numbers of people affected by the welfare reforms than originally estimated.

Current Position Quarter 1 April 2015 – June 2015.

For quarter 1 (April – June) our overall Housing Benefit caseload reduced by 2,056, compared to same period last year and we have also experienced a reduction in DHP applications.

The table below shows the comparisons between the number of applications received and awarded for this period and the current financial position.

	Q1 2014/2015	Q1 2015/2016
Housing Benefit caseload(end of June)	39,254	37,198
DHP Budget allocated for year	£811,865	£619,313
Number of DHP applications received 1st quarter	1046	441
Number of DHP applications awarded 1 st quarter	170	112
Amount awarded in 1 st quarter	£187,913	£160,895

We received 58% less applications for help than for the same period last year and therefore the number of successful applications has reduced. The amount awarded has also reduced by £27,000.

Successful applications for help due to under occupancy (as a result of the removal of the 'spare room subsidy') have reduced from 72 to 41. We have also seen a reduction in applications for on-going weekly shortfalls in rent.

The table below shows this in more detail for the first quarter of the last two years:

	2014/2015 No of awards	2015/2016 No of awards
Benefit Cap	2	1
Spare Room Subsidy	72	41
LHA Restrictions	12	12
General shortfall, arrears, bonds	84	58

There has been an increase in applications for help with rent arrears. We have worked closely with Registered Social Landlords and encouraged applications for help at an early stage. This helps to limit those considered for potential eviction action.

Due to the nature of season fluctuations and short awards, it is difficult to provide a financial profile but the average weekly spend needs to be kept around £12,000 to remain in budget. For the first quarter we are averaging about £11,500 per week. We are therefore on target to maximise the support from the budget of £619,313.

Tim Savill
Head of Benefits



Coventry City Council

Briefing note

To: Finance and Corporate Services Scrutiny Board (1) Date: 2 September 2015

Subject: Public consultation – Local Council Tax Support Scheme

1 Purpose of the note

The report *Public Consultation – Local Council Tax Support Scheme* was considered at the Cabinet meeting of 11 August 2015. This note introduces the content of that Cabinet Report and details the recommendation for Scrutiny Board 1.

2 Recommendation

Finance and Corporate Services Scrutiny Board (1) is requested to:

- 1) consider the contents of the Cabinet Report - *Public Consultation – Local Council Tax Support Scheme*;
- 2) forward their comments to the Cabinet Member – Strategic Finance and Resources in order that the views of the Scrutiny Board can be considered as part of the consultation process.

3 Background

Council Tax Support (CTS) is a means tested discount to help low income households with the cost of council tax payments. The Council awarded over £27.6 million in council tax support in 2014/15 to approximately 33,500 households in the City.

The Council is undertaking a 10 week public consultation about changing the CTS scheme to deliver savings for the Council.

4 The consultation

The consultation runs from 17 August to 25 October.

Following the consultation, and the completion of the final Equality and Consultation Analysis, a report will be prepared for consideration by Cabinet and by full Council. If a revised scheme is approved it will be implemented from 1 April 2016.

Tim Savill
Head of Revenues and Benefits
Ext: 2607

Cabinet

11 August 2015

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor Gannon

Director Approving Submission of the report:

Executive Director of Resources

Ward(s) affected:

City-wide

Title:

Public Consultation – Local Council Tax Support Scheme

Is this a key decision?

No – although this matter affects all wards, as the proposals are for a period of consultation, the matter is not deemed to be a key decision.

Executive Summary:

Council Tax Support (CTS) is a means tested discount to help low income households with the cost of council tax payments. The Council awarded over £27.6 million in council tax support in 2014/15 to approximately 33,500 households in the City.

Since the Government announced that Council Tax Benefit (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 (DCLG) also cut funding by 10 per cent in 2013/14. The funding received from the Government is no longer separately identified, making it very difficult to quantify exactly the level of cost to the Council now. However, if the amount included notionally for CTS within the Council's overall Government funding has reduced in line with headline funding cuts this would mean that the amount of local CTS funding will fall to below £22m for 2015/16. Hence, the existing scheme is already costing the Council up to £5 million per annum more than the level of government resource that has been allocated to fund the responsibility.

The Council faces significant funding pressures for 2016/17 and beyond. Assuming all savings are delivered in 2015/16, there is still a £13.1 million shortfall in the budget for 2016/17. Given this level of funding pressure, 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. This report recommends that the Council should undertake a public consultation on a draft scheme of support to replace the current Council Tax Support scheme which will deliver savings of £3 million by reducing the level of discount awarded to recipients.

Recommendations:

Cabinet is requested to:

- 1) Approve a ten week public consultation on a draft council tax support scheme and options
- 2) Approve the publication of a draft scheme based on the preferred option (including the removal of the 'second adult rebate') in accordance with The Local Government Finance Act 1992 (as substituted by the 2012 Act)
- 3) Delegate authority to the Director of Resources to approve the contents of the public consultation document.
- 4) Refer the issue to the Finance and Corporate Services Scrutiny Board (1) as part of the consultation process.
- 5) Receive a further report Cabinet detailing the results of the consultation and the equality consultation assessment for consideration of a final decision on a new scheme and it's publication.

List of Appendices included:

Equalities and Consultation Analysis

Background papers:

None

Other useful papers:

Localising support for council tax in England consultation – Department for Communities and Local Government

<https://www.gov.uk/government/consultations/localising-support-for-council-tax>

Local Government Finance Act 2012

<http://www.legislation.gov.uk/ukpga/2012/17/contents/enacted>

Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<http://www.legislation.gov.uk/uksi/2012/2885/contents/made>

New Policy Institute – national review of all council tax support schemes

<http://counciltaxsupport.org/>

Has it or will it be considered by Scrutiny?

Yes – it will go to the Finance and Corporate Services Scrutiny Board (1) as part of the consultation.

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

No

Will this report go to Council?

No

Report title:

Public consultation – Local Council Tax Support Scheme

1. Context (or background)

- 1.1 Council Tax Support (CTS) is a means tested discount to help low income households with the cost of Council Tax payments. The existing CTS scheme in Coventry, broadly mirrors the Council Tax Benefit (CTB) scheme, previously administered under the framework from the Department for Work and Pensions (DWP).
- 1.2 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 DCLG 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% 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.
- 1.3 The Council awarded over £27.6 million in council tax support in 2014/15 to approximately 33,500 households in the City. This has steadily reduced from a level of around £29.3 million two years ago.
- 1.4 The funding received from Government to provide CTS schemes is no longer separately identified making it very difficult to quantify exactly the level of cost to the Council now. However, if the amount included notionally for (CTS) within the Council's overall Government funding has reduced in line with headline funding cuts this would mean that the amount of local CTS funding will fall to below £22m for 2015/16. Hence, the existing scheme is now costing the Council up to £5 million per annum more than the level of funding notionally allocated by government to meet this responsibility.
- 1.5 The Council faces significant funding pressures for 2016/17 and beyond. Assuming all savings are delivered in 2015/16, there is still a £13.1 million shortfall in the budget for 2016/17. Given this level of funding pressure, 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. Reducing the CTS scheme is only one of a number of difficult and challenging decisions that the Council will need to take as it reduces and redesigns services to ensure that the Council maintains 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 are looking at ways of reducing cost.
- 1.6 In proposing to now revise its CTS scheme, the Council will be following the majority of English councils who have now similarly reduces the levels of discounts offered under local schemes than were funded under CTB. In 2015/16 only 42 out of 326 councils have protected all recipients from a cut in support. On average, councils in England have cut scheme discounts compared with levels of benefits previously provided, by 20%.
- 1.7 The rules governing support for pensioners, who comprise approximately 39 per cent of the caseload in Coventry, will continue to be prescribed nationally. People of pension age do not receive any reduction in entitlement (compared to the previous CTB scheme) under a local scheme. Pension age is defined as the age at which an individual can

qualify for state pension credit (the pensionable age for a woman). This means that pensioners will not be impacted by any proposals to revise the local CTS scheme although this inevitably has the impact of loading the impact of the weight of a cut onto people of working age.

- 1.8 There are approximately 20,650 households in Coventry with working age recipients of CTS. Approximately 16,000 of this number do not currently pay any council tax as they receive maximum benefit.
- 1.9 The Local Government Finance Act 1992 (as substituted by the 2012 Act) places a statutory duty upon Local Authorities to design and implement local schemes of support for council tax and for those schemes to be agreed by 31 January in the financial year prior to that in which the changes are intended to be implemented.
- 1.10 In designing local schemes, councils are reminded of their responsibilities in relation to vulnerable groups and individuals. The Equalities Consultation Assessment (ECA) attached as Appendix 1, considers these issues. In addition to vulnerable groups, councils are also encouraged to consider work incentives when designing local support schemes.

2. Options considered and recommended proposal

- 2.1 Officers have considered various models for revising the CTS conscious of the impact this may have on vulnerable groups and also conscious of the need to consider the impact on incentives to work. Some of this work has been informed by the experiences of other Local Authorities who have revised their schemes previously. .
- 2.2 It is also recognised that to begin collecting relatively small amounts particularly from those people who are not used to paying Council Tax will be challenging and potentially costly. Many of the same people will also be affected by other welfare reforms.
- 2.3 The following options are the main ones that have been considered.

Option 1 – no change

- 2.4 Officers have considered the option of the Council not changing the current scheme. This would add significant additional funding pressures for the 2016/17 budget and beyond. Assuming all savings are delivered in 2015/16, there is still a £13.1 million shortfall in the budget. The Council has already implemented a large number of proposal to make cuts across a wide range of services and will need to continue to do this as part of its on-going and future Budget Setting.
- 2.5 There have been tight Government imposed limits on the amount that the Council has been able to raise through Council Tax and the Council has approved rises very near to the maximum allowed in the last two years. It is not viable for the Council to use reserves to fund Council Tax Support costs because reserves represent a one-off resource and all the Council's reserve balances are already earmarked for existing purposes. Neither is it possible to fund Council Tax Support costs from the sale of City Council assets because CT Support represent on-going revenue costs and asset sales generates one-off capital receipts which cannot be used for such purposes.
- 2.6 Given this combination of circumstances, the 2015/16 Budget Report included a £3 million saving target for CTS from 2016/17 onwards which formed part of the Council's 2015/16 budget consultation process.

Option 2 – exclusion of vulnerable groups

- 2.7 Officers have also considered whether a scheme should exclude certain (potentially) more vulnerable groups, for example, the disabled. Clearly by excluding one part of the working age population, the burden of additional cost (council tax liability) increases for all other low income households. For example, to raise £2.4 million by making a straight cut across all working age people would result in a 15 per cent reduction in CTS. If disabled people, for example, are excluded from the calculation, the reduction rises to 20 per cent for everyone else on low income.

Option 3 – increased taper

- 2.8 Some Local Authorities have sought to revise schemes in part based on household income. An approach to doing this would be to increase the taper which is applied to excess income. At present, the Government prescribes notional income levels which individuals and families are deemed to require in order to meet basic needs. If household income is below this prescribed amount then maximum benefit is payable. Any income above the notional amount is known as excess income and benefit entitlement is reduced by a percentage of the excess income amount. Under the current CTS scheme this taper amount is set at 20 per cent (20 pence for each additional pound of excess income). Under a local scheme the Council could increase this rate to generate additional income.
- 2.9 The taper rate for housing benefit is 65 per cent and the taper rate for universal credit is expected to be 65 per cent. If council tax support was based on a taper rate of 40 per cent it is estimated that this would reduce expenditure by approximately £990,000 per annum. The balance of £1.31 million would need to be found by applying a 10% 'minimum contribution' from all working age people.
- 2.10 The benefits of this approach are that reductions are targeted at households with higher incomes rather than a blanket percentage reduction. In the vast majority of working cases the customer will already be making some level of contribution towards their council tax bill. The obvious disadvantage of this approach would be the potential impact on work incentives. An increased taper rate would result in benefit being withdrawn more quickly when a person starts work or earns more – and they would also be 'hit' by the overall 10 per cent reduction.
- 2.11 It is estimated that the taper reduction would affect approximately 3,800 customers. All working age people (around 20,600 – including those affected by the taper reduction) would also be subject to the minimum contribution (10%) in order to raise the balance of the required £2.4 million.
- 2.12 This option is certainly feasible notwithstanding the potential impact on incentives to work given that some excess income earned will be reduced through a lower level of Council Tax discount.

Option 4 – minimum contribution

- 2.13 A minimum contribution approach would be to pass on a 15 per cent cut in support for all working age people. 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).

- 2.14 The table below provides an indication of the approximate contribution people will have to make, according to their council tax property band. Single households will receive a 25% discount on these figures:

Council Tax 2016	15% (weekly payment)	Annual additional payment
A £1044.89	£3.01	£156.73
B £1219.04	£3.52	£182.85
C £1393.20	£4.01	£208.98
D £1567.34	£4.52	£235.04
E £1915.64	£5.53	£287.35
F £2263.94	£6.53	£339.56
G £2612.25	£7.53	£391.56

- 2.15 This approach spreads the burden of the cut most widely. It is recommended that this option is included for consultation and marked as the 'preferred option' for revising the scheme.

Additional option - Second Adult Rebate

- 2.16 A further consideration when changing the scheme is Second Adult rebate. This is complicated to administer, difficult to understand, but gives a relatively small additional saving if it is removed (for working age people) of around £43,000 pa.
- 2.17 Second adult rebate is a rebate that customers can get on their council tax if they live with a second adult who isn't their partner. It is awarded if the customer who is the council tax payer does not qualify for main council tax support in their own right – because their income is too high, but the second adult in the property is on a low income. Second Adult Rebate is awarded to those who either have sufficient income to pay their Council Tax bill, or where they would be better off receiving second adult rebate.
- 2.18 Where second adult rebate is awarded the amount of council tax a customer has to pay is reduced by a certain amount. (25%, 15%, 7.5%) The amount it's reduced by will depend on the income of the adult who is living there. To calculate entitlement to second adult rebate, the local authority will work out how much income the second adult has. The less income a second adult has, the higher the rebate will be.
- Excluding Second Adult Rebate does not take support away from the poorest. In the main, Second Adult Rebate supports those who have already been deemed to have enough income / capital of their own to pay their bill.
 - Those who would have qualified for main Council Tax Support, but would be better off receiving second adult rebate will still be able to claim Council Tax Support under the new scheme. Their entitlement will be assessed in line with everybody else.

Consultation

- 2.19 Before making a new scheme the City Council must undertake a public consultation on the options for change. In designing local schemes, councils are reminded of their responsibilities in relation to vulnerable groups and individuals:
- 2.20 In addition to vulnerable groups, councils are also encouraged to consider work incentives when designing local support schemes.
- 2.21 The Council is required to undertake consultation in the following order:
- consult any major precepting authority which has power to issue a precept to it;
 - publish a draft scheme in such manner as it thinks fit;
 - consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 2.22 To this end the Council will need to write to major precepting authorities (fire and police) to invite responses on the proposed options for a local scheme. A full consultation exercise will then be undertaken.
- 2.23 A pre-consultation engagement event was held with support agencies. They have agreed to collaborate to ensure that the consultation reaches those affected. The potential to link this to other pending changes in welfare reform through pop-up shops and other local events is being considered. The group has already suggested a number of ways the Council could work with them to limit the impact of the changes. Once the responses to the consultation have been evaluated and a final equality impact assessment has been completed, a further report will be presented to Cabinet and Council with a formal recommendation for a local scheme.
- 2.24 It is recommended that the consultation is initiated on 17 August 2015 for a period of ten weeks closing on 25 October 2015. This timescale will enable responses to the consultation to be collated and analysed in detail with a view to formalising a final scheme for recommendation to Cabinet and Council in January 2016. The timescale also enables the Council to fulfil the requirement to consult with precepting authorities before the publication of a draft scheme and allow sufficient time for responses to be provided and considered.
- 2.25 The ten week consultation period, running from August to October, is considered to provide suitable opportunity for responses to the consultation.

3. Results of consultation undertaken

- 3.1 This report seeks approval to undertake consultation.

4. Timetable for implementing this decision

- 4.1 The public consultation will be initiated on 17 August 2015 for a period of ten weeks.

5. Comments from Executive Director of Resources

5.1 Financial Implications

- 5.1.1 The 2015/16 Budget Report included a saving in the cost of Coventry's Council Tax Support payments of £3m to take effect from 2016/17. The changes to the scheme

recommended in this report will deliver this saving by increasing the city's Council Tax-Base, which has the effect of increasing the amount of Council Tax that can be collected. This change to the Council Tax-Base will also deliver associated increase in income, through their precept, for the West Midlands Police (around £200,000) and the West Midlands Fire Authority (around £100,000). Taking this into account and assuming an eventual collection rate of the additional element of 90%, this requires a total gross increase to the amount of collectable Council Tax of £3.7million.

5.1.2 Since the 2015/16 Budget was set, Council Tax Support payments have fallen by around £1.3 million. This reduces the target amount of collectable Council Tax required through changes to the CTS Scheme to £2.4 million.

5.1.3 If the Council chooses to reduce the level of overall Council Tax Support this will affect individual Council Tax Support recipients as described elsewhere within this report. It will also affect overall collection. Reductions in Support will mean that people who have never paid Council Tax will become liable and it is very likely that collection will prove very challenging in some instances. This impact is difficult to predict but the estimated eventual collection rate of 90% referenced above, applied to the scheme changes within this report, will ensure that the Council meets its financial targets in this area.

5.2 Legal Implications

5.2.1 Before making a scheme, the authority must (in the following order)-

- (a) consult any major precepting authority which has power to issue a precept to it,
- (b) publish a draft scheme in such manner as it thinks fit, and
- (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

The council tax support scheme will continue to provide financial assistance to low income households to meet the costs of council tax payments albeit at a reduced level.

6.2 How is risk being managed?

A council tax support project board meets fortnightly and a project risk register has been established for council tax support. The Corporate and Directorate risk registers include a risk for welfare reform.

6.3 What is the impact on the organisation?

The Council is required to make any changes and agree a local scheme of support by 31 January 2016. The localisation of council tax support represents a significant financial risk to the Council in terms of both meeting the cost of the scheme but also potentially of collecting council tax from low income households which could result in increased administrative costs to the authority. Reducing the support available to low income households also has potential impacts on demand for other Council service areas.

6.4 Equalities / ECA

A comprehensive equality and consultation analysis (ECA) will be produced before formal consultation begins, and will be updated using feedback received during the consultation period. The ECA will then be finalised and made available for consideration at the Full Council meeting to approve the new Scheme. From initial analysis, it has been possible to identify some areas of impact under each of the 3 scenarios, as follows:

Scenario 1 – excluding disabled residents from any reduction in council tax support and introducing a 20% reduction in support for the rest of the working age population in the city. This scenario would result in more of an impact across the board for all residents than the other scenarios, in particular for those in work, couples, those with children (especially larger households) and those benefit capped.

Scenario 2 – introducing a minimum 10% reduction in support with a taper of 40% on excess income. This scenario would have less of an impact on those out of work and those already subject to the benefit cap and a greater impact on couples, working claimants and working claimants with children.

Scenario 3 – introducing a universal 15% reduction in support for all working age people. This scenario would have a fairly even impact across all equality groups, with a slightly higher reduction for couples and larger families.

All three scenarios impact more on single women than on single men.

Once implemented, the effects of the final scheme will need to be carefully monitored in order to track the longer term impact on key protected groups in the city.

See Appendix 1 – this will be reviewed and updated regularly.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

Reducing entitlement to benefit has potentially significant impacts on partner organisations, particularly for advice agencies and other third sector organisations. The Council is in regular contact with partner organisations to ensure they are kept informed of potential changes and it is expected that these organisations will respond to the public consultation on a draft scheme.

There are implications for major precepting authorities and the Council has initiated consultation with West Midlands Police and the West Midlands Fire and Civil Defence Authority in respect these implications.

Report author(s):

Name and job title:

Tim Savill
Head of Revenues and Benefits

Directorate:

Resources

Tel and email contact:

024 7683 2607
Tim.savill@coventry.gov.uk

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Tim Savill	Head of Revenues and Benefits	Resources	14 July 2015	16 July 2015
Paul Jennings	Finance Manager	Resources	14 July 2015	16 July 2015
Barry Hastie	Assistant Director of Resources	Resources	14 July 2015	17 July 2015
Names of approvers: (officers and members)				
Human Resources: Neelesh Sutaria	HR Business Partner	Resources	21 July 2015	
Legal: Julie Newman	People Manager	Resources	14 July 2015	20 July 2015
Chris West	Director of Resources	Resources	14 July 2015	21 July 2015
Councillor Gannon	Cabinet Member (Strategic Finance and Resources)		17 July 2015	21 July 2015

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

Guidance

Please read the [Equality and Consultation Analysis Guidance Note](#) for help in completing this form. For further information and support to complete this form, please contact – **equalities**: Jaspal Mann (Jaspal.Mann@coventry.gov.uk 024 7683 3112) or Wendy Ohandjanian (Wendy.Ohandjanian@coventry.gov.uk 024 7683 2939) in the Chief Executive's Policy Team; or for **consultation**: Helen Shankster (Helen.Shankster@coventry.gov.uk 024 7683 4371) in the Insight Team.

About the project

Project or review	Council Tax Support Scheme 2016/17
Service	Revenues and Benefits
Directorate	Resources

About the person completing this form

Name	Jaspal Mann and Wendy Ohandjanian
Role	Policy and Communities Officer
Email	jaspal.mann@coventry.gov.uk ; wendy.ohandjanian@coventry.gov.uk
Telephone	02476 833112; 02476 832939
Date section 1a completed	14/07/2015

1. Provide brief details of the aims of the project / review

This ECA is being carried out as part of the project to make changes to the Council Tax Support scheme for 2016/17. These changes are necessary as the Council considers ways to make additional savings in response to the decreased level of funding from central government over recent years. The amount needed to be saved is around £2.3 million and some potential scenarios for requiring a contribution from working-age residents towards their Council Tax are being looked at as the new scheme is being developed. The three scenarios are as follows:

Scenario 1 – excluding disabled residents from any reduction in council tax support and introducing a 20% reduction in support for the rest of the working age population in the city.

Scenario 2 – introducing a minimum 10% reduction in support with a taper of 40% on excess income.

Scenario 3 – introducing a universal 15% reduction in support for all working age people.

Under national rules governing support for pensioners (who make up approximately 40% of the caseload in the city) people of pension age will not receive any reduction in entitlement under the new scheme.

In developing ideas for a new scheme, the Council has been mindful of its existing responsibilities under the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 – as well as the public sector equality duty in the Equality Act 2010.

In addition to this, and in line with statutory guidance, the Council is required to undertake consultation firstly with major precepting authorities before consulting more widely on the revised scheme.

Attached as an appendix to this ECA form is a more comprehensive analysis of claimant data for each of the three scenarios outlined above. In summary, this shows:

Scenario 1 would result in more of an impact across the board for all non-disabled residents than the other scenarios, in particular for those in work, couples, those with children (especially larger households) and those benefit capped.

Scenario 2 would have less of an impact on those out of work and those already subject to the benefit cap and a greater impact on couples, working claimants and working claimants with children.

Scenario 3 would have a fairly even impact across all equality groups, with a slightly higher reduction for couples and larger families. For this reason this scenario is preferred.


All three scenarios impact more on single women than single men.

Once implemented, the effects of the final scheme will need to be carefully monitored in order to track the impact on key protected groups in the city.

Please note that in the commentary below, the figures in brackets relate to the additional weekly council tax charge that would be made.

Impact on service users

2. What are the possible impacts of this project / review on the following groups?

	Assess the impact of this project / review on people with the following protected characteristics ; and agreed local priority groups. Please summarise local service level data as evidence of any impact and also consider other local and national data or evidence. Under 'Mitigating Actions' outline briefly what actions you plan to put in place to lessen any negative impact on protected groups. Delete any of the characteristics below which do not apply.
---	--

Protected characteristic

Commentary / Analysis

Impacts / Mitigating actions

Protected characteristic	Commentary / Analysis	Impacts / Mitigating actions
Age	<p>Scenario 1 There is no differential impact in relation to age as a result of this scenario; however, there will be more impact on working claimants who have children (£3.34) as compared with working claimants who do not have children (£2.30) and on larger families with 5 or more children (£3.57). This is due to bigger size of the property and the larger Council Tax award to these families. Young people are also more vulnerable because they have less disposable income and are more likely to have a shortfall in their rent. This scenario could also contribute towards increasing child poverty in the city.</p> <p>Scenario 2 This scenario is likely to have more impact on couples aged 25 and under – and this is the age group that generally has more children.</p> <p>Scenario 3 There will be more impact on larger families with 5 or more children (£3.08). This scenario could also contribute towards increasing child poverty in the city.</p>	<p>Positive impacts: Scenarios 1, 2 and 3 will benefit Pensioners</p> <p>Negative impacts: Scenarios 1, 2 and 3 will have a potentially negative impact on children and young people</p> <p>Mitigations: Set out the mitigation for negative impacts.</p>
Disability	<p>Scenario 1 Disabled people would be protected from charges under this scenario. But non-disabled claimants will be disproportionately impacted more (£3.09).</p> <p>Scenario 2 This scenario protects disabled people marginally more (£2.05) than scenario 3 (£2.69).</p> <p>Scenario 3 There is no differential impact on disabled people under this scenario.</p>	<p>Positive impacts: Scenario 1 is better for all disabled people</p> <p>Negative impacts: State your reasons / evidence for negative impact.</p> <p>Mitigations: Set out the mitigation for negative impacts.</p>

Protected characteristic	Commentary / Analysis	Impacts / Mitigating actions
Gender	<p>Scenario 1 Single women will be impacted more (£2.59) than single men (£2.00) under this option.</p> <p>Scenario 2 Single women will be impacted a lot more (£2.41) than single men (£1.89) under this option.</p> <p>Scenario 3 Single women will be impacted slightly more (£2.49) than single men (£2.33) under this scenario</p>	<p>Positive impacts: State your reasons for positive impact, if any.</p> <p>Negative impacts: Single women are impacted more than single men under each of three scenarios.</p> <p>Mitigations: Set out the mitigation for negative impacts.</p>
Gender Reassignment	No data is available here to inform equality analysis	
Marriage/Civil Partnership	<p>Scenario 1 There will be a greater impact on couples under this scenario (£3.21) as compared to single people (£2.40).</p> <p>Scenario 2 There will be a greater impact on couples under this scenario (£3.57) as compared to single people (£2.24)</p> <p>Scenario 3 This scenario will impact more on couples (£3.20) than on single people (£2.44) (on the basis that single people have less council tax liability, due to a 25% single person discount).</p>	<p>Positive impacts: State your reasons for positive impact, if any.</p> <p>Negative impacts: Couples are impacted negatively under all three scenarios as compared to single people.</p> <p>Mitigations: Set out the mitigation for negative impacts.</p>
Pregnancy/Maternity	No data is available here to inform equality analysis by this protected group	

Protected characteristic	Commentary / Analysis	Impacts / Mitigating actions
Race	<p>NB – data by ethnic group is not collected so firm conclusions in relation to equality impact cannot be drawn.</p> <p>Scenario 1 There will be more impact on larger families (£3.57) and evidence suggests that many of these larger families are from certain ethnic groups.</p> <p>Scenario 2 There will be no disproportionate impact on larger families, therefore certain ethnic groups, as a result of this scenario.</p> <p>Scenario 3 There will be more impact on larger families (£3.08) and evidence suggests that many of these larger families are from certain ethnic groups.</p> <p>In addition, although there is equal household impact across all wards, the cumulative impact is highest across Foleshill, St. Michael's, Longford, Binley and Radford. This correlates with a higher concentration of some ethnic groups in these wards.</p>	<p>Positive impacts: State your reasons for positive impact, if any.</p> <p>Negative impacts: as data by ethnic groups is not collected as a primary source, no firm conclusions about negative equality impact have been drawn.</p> <p>Mitigations: Set out the mitigation for negative impacts.</p>
Religion/Belief	No data is available here to inform equality analysis by this protected group	
Sexual Orientation	No data is available here to inform equality analysis by this protected group	
Looked After Children	No data is available here to inform equality analysis by this group	
Carers	No data is available here to inform equality analysis by this protected group	


Protected characteristic	Commentary / Analysis	Impacts / Mitigating actions
Deprivation (e.g. income, educational attainment, worklessness)	<p>Scenario 1 This scenario will have a greater impact on those who are also subject to other impacts of welfare reform, including the benefit cap (£3.85)</p> <p>Scenario 2 This scenario is better for those people already subject to the Benefit Cap (£1.93)</p> <p>However, this scenario would disproportionately impact much more on working claimants (£4.44) than claimants not in work (£1.83). In addition, there would be a disproportionate impact on working claimants with children under this scenario (£4.53)</p> <p>Scenario 3 There will be a higher impact of this scenario in the area of St. Michael’s and Foleshill due to the fact that there a higher number of claimants concentrated in these wards.</p> <p>Also, 94% of those out of work have never previously paid any contribution towards Council Tax</p>	<p>Positive impacts: Scenario 2 is better for those on the benefit cap</p> <p>Negative impacts: Scenario 1 will impact on on those already subject to other impacts of welfare reform Scenario 3 will have more impact on those people already living in the most deprived wards of the city. Also, scenarios 1 and 2 will have a more disproportionate impact on working claimants generally and working claimants with children than scenario 3.</p> <p>Mitigations: Set out the mitigation for negative impacts.</p>

3. Have you considered social value requirements as part of this project/review?

Not applicable

Impact on the workforce

4. How many staff belong to the protected characteristics?



Contact the HR Change Management Team (Marion O’Brien, Marion.O'Brien@coventry.gov.uk 024 7683 2454) for management information on the workforce affected by this project/review.

Not applicable

5. What are the likely impacts of this project / review on different groups of staff?

Not applicable

6. Do you plan to undertake formal consultation as part of this project?

Yes No

If no, why not?

7. Has a report to elected members been prepared in relation to this work?

Yes No


Web link to the report: Insert link to the report (usually <http://modern.gov.coventry.gov.uk/>....).

Next steps

Please send this completed pre-consultation form to the Chief Executive's Policy Team: Jaspal Mann (Jaspal.Mann@coventry.gov.uk 024 7683 3112); or Wendy Ohandjanian (Wendy.Ohandjanian@coventry.gov.uk 024 7683 2939). This form will also be shared with Public Health, who will be in touch in relation to the impact of this project/review on health inequalities.


1b

Post-consultation

 **The section below should be completed following consultation.**

Name What is your name?
 Date section 1b completed Choose a date.

8. Update any equality impacts on service users listed in Part 1a question 2 following consultation.

 Reflect any new information that may have come to light during the consultation process. Under mitigating actions, identify the responsible Council officer or named person in an external provider responsible for completing the action and timescales involved.


9. What were the key findings from the consultation process?

10. Have any of the preferred delivery options or service model(s) changed following the consultation?

Yes No

If yes outline what changes are to be incorporated

11. Update the workforce data tables in Part 1a question 4 as required.

 If no changes have been made, state 'no changes made'.

13. Following consultation, please indicate which of the following best describes the equality impact of this review/project.

- There will be **no** equality impact if the proposed option is implemented
- There will be **positive** equality impact if the proposed option is implemented
- There will be **negative** equality impact if the proposed option is implemented but this can be objectively justified

14. Will this form be used to compile a Programme Level Analysis (Part 2)?

Yes No

If yes, state the name of the programme: Enter the name of the programme.

15. Approvals from Director and Cabinet Member

Name

Date

Director: Name of Director.

Click here to enter date agreed.

Cabinet Member: Name of Cabinet Member.

Click here to enter date agreed.

16. Please detail below any committees, boards or panels that have considered this analysis.

Name	Date	Chair	Decision taken
Name of board.	Click here to enter meeting date.	Name of chair.	Decision made / link to report.
Name of board.	Click here to enter meeting date.	Name of chair.	Decision made / link to report.
Name of board.	Click here to enter meeting date.	Name of chair.	Decision made / link to report.

Next steps

Please send the completed form to the Chief Executive’s Policy Team: Jaspal Mann (Jaspal.Mann@coventry.gov.uk 024 7683 3112); or Wendy Ohandjanian (Wendy.ohandjanian@coventry.gov.uk)

Version control

Find the latest version on Beacon at <http://beacon.coventry.gov.uk/equalityanddiversity/>

Version	Date	Summary of Changes (Author)
1.0.0	17 July 2014	Initial release (Jaspal Mann)
1.0.1	05 August 2014	Added protected characteristic of Disability under section 2 (Si Chun Lam)
1.0.2	05 May 2015	Jaspal Mann
1.0.3	20 th July 2015	Jaspal Mann/Wendy Ohandjanian

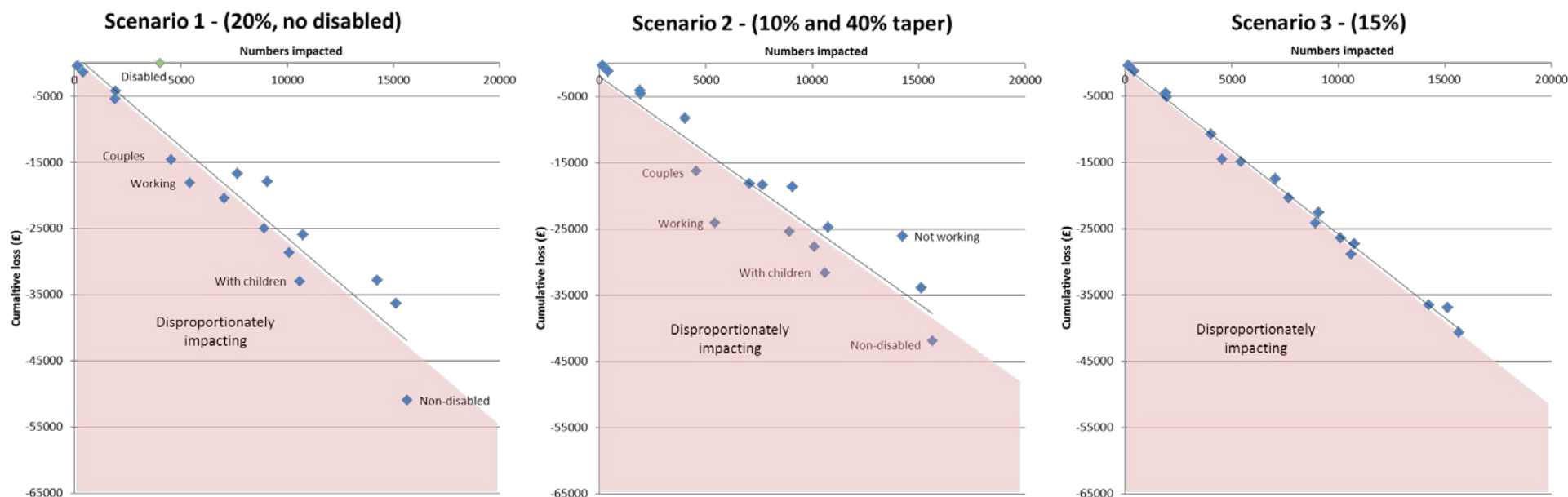
Council Tax Support Equality Analysis

Page 30

Scenario 1 – The impact of a **20%** reduction in Council Tax Support would result in from the reduction in Council Tax Support. However, other claimants will have a disproportionate impact, especially those working, couples, those with children (larger households), those benefit capped and generally all non-disabled households.

Scenario 2 – The impact of a **10%** reduction and an increase in the taper to 40% in Council Tax Support would result in a reduced impact on those who are out-of-work. However, it would have a greater impact on working households, couples, those with children and non-disabled households claiming Council Tax Benefit Support.

Scenario 3 - The impact of a **15%** reduction in Council Tax Support would result in a relatively **even impact** across all equality groups, with only a slightly higher reduction for couples and large families (most probably due to them living in larger houses/higher CT band).



Note: the following analysis has used the latest Housing Benefit and Council Tax Benefit download (19th June 2015) and mapped this to the previously modelled data. Due to movement on and off this database 4,992 claimants who are currently claiming HB/CTB were not included in the modelled data, also those previously claiming at the time of modelling and not currently on the database will be excluded. 12,431 elderly claimants are also excluded as they are protected.

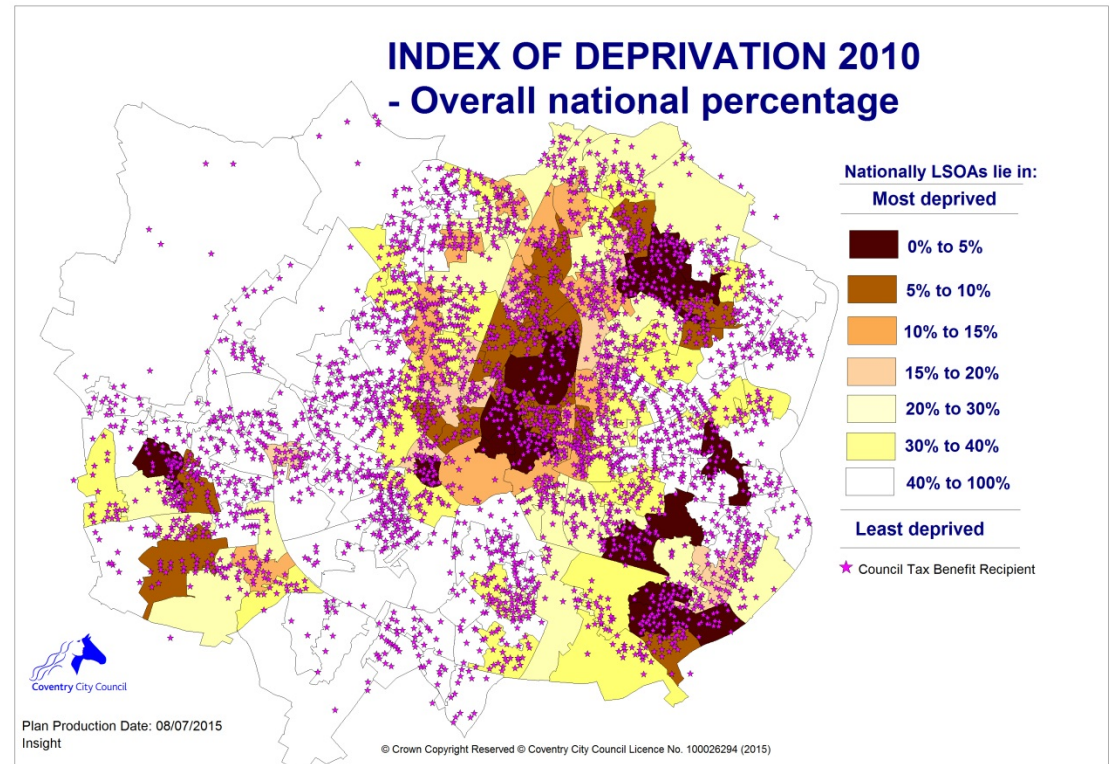
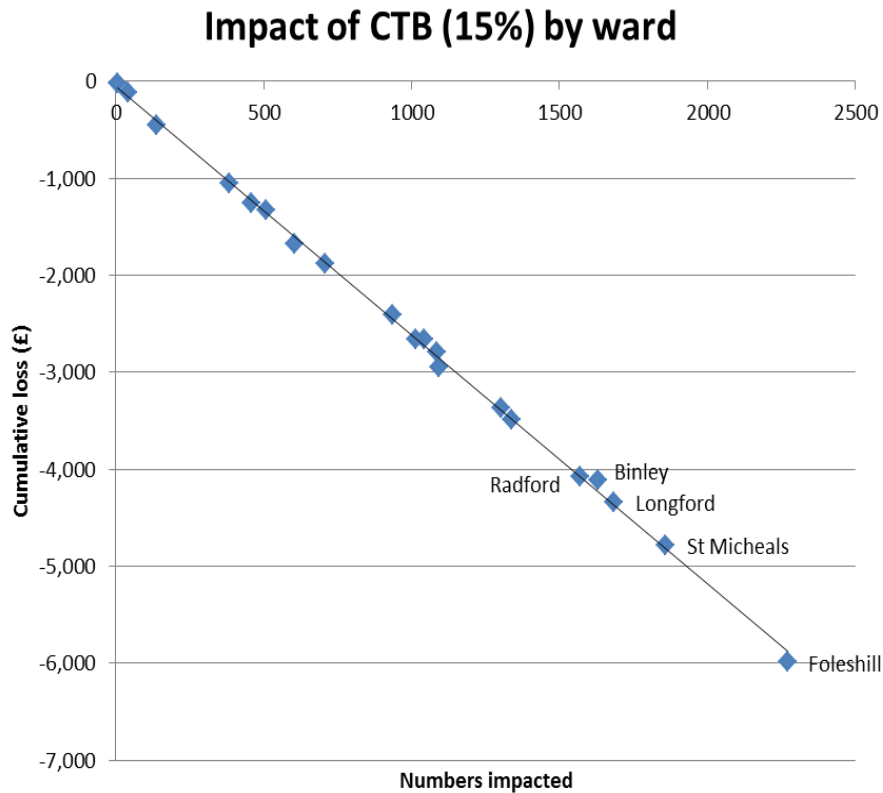
The following table highlights the current proportion of claimants who do not pay any Council Tax, i.e. all of their Council Tax payments at present are covered by Council Tax Benefit Support. This ranges from only 37% of households claiming Council Tax Support who are in work to 98% of those households who are already impacted by the Benefit Cap.

Weekly reduction			Scenario 1 Disabled protected 20% reduction		Scenario 2 10% reduction and 40% levy		Scenario 3 15% reduction		
	Numbers impacted	Proportion who pay no CT	Average loss per HH	Total impact on groups	Average loss per HH	Total impact on groups	Average loss per HH	Total impact on groups	
Age	Pensioners	Protected							
	25 and under	1,894	85%	-£2.88	-£5,452	-£2.16	-£4,098	-£2.38	-£4,517
	26-45	10,091	75%	-£2.84	-£28,672	-£2.74	-£27,653	-£2.62	-£26,449
	46-65	7,655	81%	-£2.19	-£16,738	-£2.40	-£18,345	-£2.66	-£20,381
Disabled	Yes	4,013	93%	Protected		-£2.05	-£8,235	-£2.69	-£10,790
	No	15,654	74%	-£3.09	-£50,951	-£2.68	-£41,923	-£2.60	-£40,632
Couples	Yes	4,548	68%	-£3.21	-£14,622	-£3.57	-£16,257	-£3.20	-£14,561
	No	15,119	81%	-£2.40	-£36,328	-£2.24	-£33,901	-£2.44	-£36,860
Single	Women	10,278	77%	-£2.59	-£26,644	-£2.41	-£24,764	-£2.49	-£25,563
	Men	4,836	90%	-£2.00	-£9,684	-£1.89	-£9,121	-£2.33	-£11,285
Children	Yes	10,602	71%	-£3.11	-£33,006	-£2.98	-£31,609	-£2.72	-£28,866
	No	9,065	87%	-£1.98	-£17,945	-£2.05	-£18,548	-£2.49	-£22,556
	5 or more	406	81%	-£3.57	-£1,450	-£2.75	-£1,116	-£3.08	-£1,249
	Lone parents	7,051	74%	-£2.91	-£20,518	-£2.56	-£18,081	-£2.48	-£17,465
Working	Yes	5,433	37%	-£3.34	-£18,145	-£4.44	-£24,104	-£2.75	-£14,914
	No	14,234	94%	-£2.30	-£32,806	-£1.83	-£26,054	-£2.56	-£36,507
	Yes and children	4,408	39%	-£3.46	-£15,235	-£4.53	-£19,963	-£2.81	-£12,425
RSL	Yes	10,747	83%	-£2.42	-£25,984	-£2.30	-£24,762	-£2.54	-£27,247
	No	8,920	73%	-£2.80	-£24,966	-£2.85	-£25,396	-£2.71	-£24,175
Welfare reform	Under-occupied	1,934	84%	-£2.20	-£4,262	-£2.34	-£4,517	-£2.61	-£5,048
	Benefit cap	124	98%	-£3.85	-£477	-£1.93	-£239	-£2.89	-£358
TOTAL		19,667	78%	-£2.59	-£50,951	-£2.55	-£50,158	-£2.61	-£51,421

Ward analysis

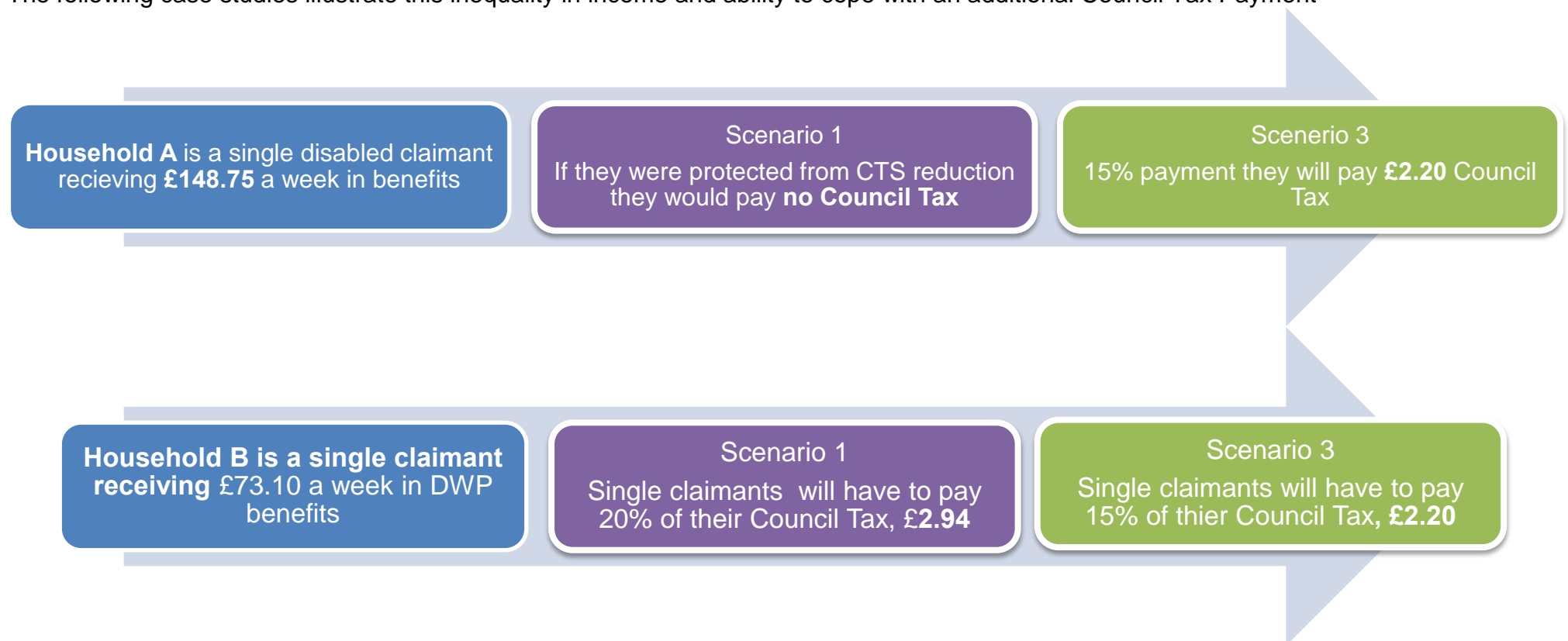
Additional analysis on the impact by ward shows equal household impact across all wards, but the cumulative impact is highest across the following areas, due to these areas of deprivation having more claimants of Council Tax Support households; Foleshill, St Michaels, Longford, Binley and Radford.

Scenario 3 – 15% Council Tax Support reduction is illustrated below highlighting the cumulative effect in these areas of deprivation.



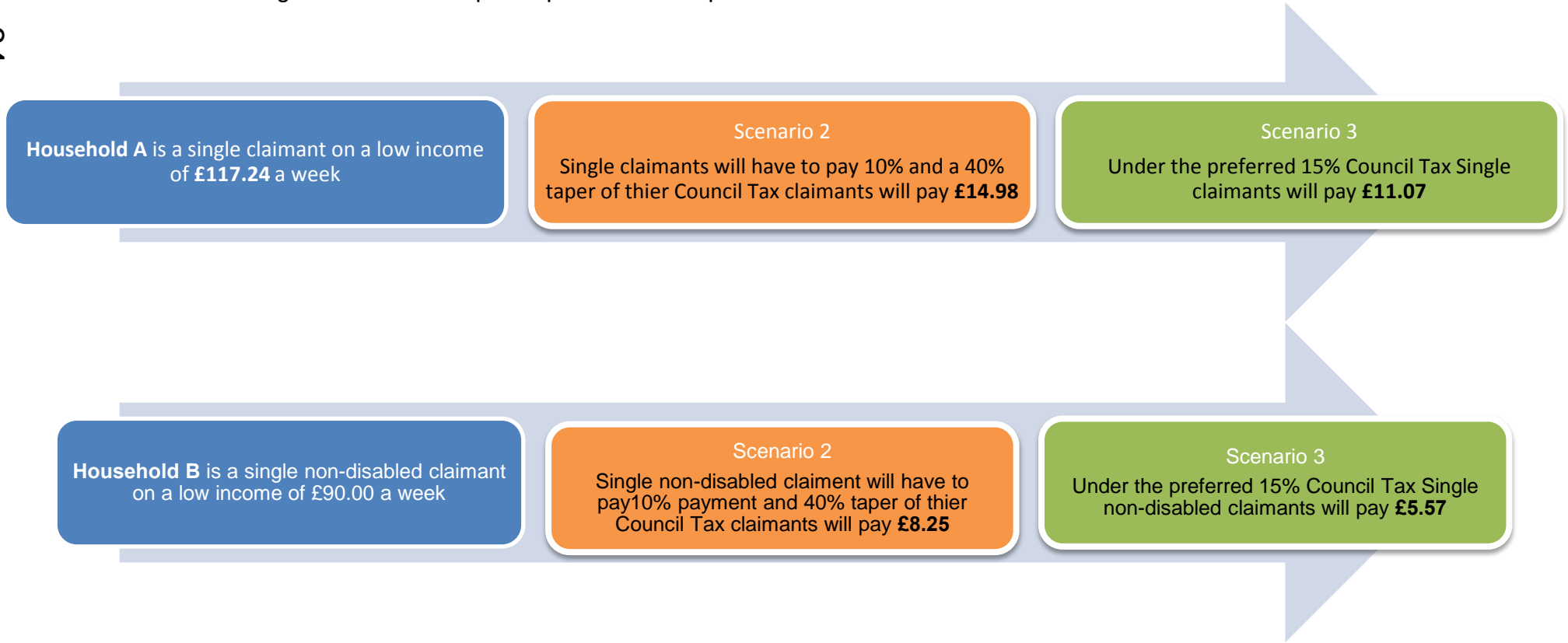
Case studies

Scenario 1 compared with Scenario 3 - protecting disabled households and implementing a higher reduction of 20% across all other households is not preferred due to its severity of impact on other groups and inequality in income levels against Council Tax payments. For working age people who are claiming benefit from the Department for Works and Pensions, disabled people are entitled to the same basic level of DWP benefit as non-disabled people. However, people with disabilities receive extra benefit based on the level and nature of their disability and this extra benefit is awarded to help them with their day to day support needs. Therefore, in Scenario 3 the impact will be the same as it would for a non-disabled person, as the extra benefit they receive for their disability will not be affected. The following case studies illustrate this inequality in income and ability to cope with an additional Council Tax Payment



Scenario 2 compared with Scenario

The 15% reduced is preferred over a 10% reduction and 40% taper because it is believe the impact of this would be too great on working households. The following case studies help to represent this impact.



Version - 20/07/15



Briefing Note

To: Finance and Corporate Scrutiny Board (1)

Date: 2nd September 2015

Subject: Coventry Investment Fund Update

1. Purpose of Note

1.1 This note explains the progress made to date and how the fund is promoted.

2. Coventry Investment Fund

2.1 The Coventry Investment Fund (CIF) operates as a revolving investment fund to enable commercial investment projects to take place that otherwise would not. The purpose of the Fund is '*to grow Coventry business rates and achieve economic benefits for its citizens*'. The Fund can offer a range of investment types including loans, equity, rental guarantees and in exceptional circumstances grants. It is also available for public sector infrastructure investment where such investment supports the purpose of the Fund.

2.2 The Fund has recently completed its first annual report (Appendix One). To date the Fund has committed £16.6m (33%) towards projects totalling £130m which is forecasted to create 845 jobs in the City.

2.3 Work has recently been undertaken on refining how projects are assessed in relation to the rate of return generated. Three categories have been identified – loans, direct developments and grants. For loans, the rate of return is based on the interest received plus the additional business rates generated, net of the borrowing cost. For direct developments return is based on income generated (e.g. rent and business rates) from the asset produced net of borrowing. For grants there is no generation of interest and so the most appropriate investment measure is payback which illustrates the period of time in which the Council will generate additional business rates to cover the cost of the grant.

2.5 The promotion of the fund to local businesses is focused through the Federation of Small Business (FSB), the Coventry and Warwickshire Chamber of Commerce, the Growth Hub and the council's own Business Investment Team. This involves raising awareness with staff and running information through partner channels such as newsletters and events. Inevitably businesses prefer grant based support and as such European Regional Development Fund and Regional Growth Fund grants experience a high demand. With CIF being predominately loan based, it will always be less attractive than a grant. However, as a fund of last resort where the council is seeking to maximise the use of external monies that is not necessarily a bad thing.

2.6 The Fund can also be instrumental in the development of projects even though no CIF investment will take place. An example of this is Lyons Park where funding was approved to bridge the affordability gap in a commercial development. This generated the confidence for the developer to take the project forward to contract. However, the financial position of project improved and the CIF contribution was reviewed by the developer as no longer required. The development is presently on site with the construction of 214,000 ft² comprising six units which would be expected to house circa 550 jobs, which are not counted in the jobs forecasted above.

3. Recommendations

3.1 Finance and Corporate Scrutiny Board requested to:-

(1) Note the continued progress of the Coventry Investment Fund

Andy Williams
Resources & New Projects Manager
andy.williams@coventry.gov.uk
(024) 7683 3731

Appendix One – Coventry Investment Fund – Annual Report

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 contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Coventry Investment Fund Cabinet Committee
Cabinet

7th July 2015
7th July 2015

Name of Cabinet Member:

Cabinet Member for Business, Enterprise and Employment – Councillor Maton

Director Approving Submission of the report:

Executive Director, Place

Ward(s) affected:

All

Title:

Coventry Investment Fund – Annual Report

Is this a key decision?

No – although this matter affects all wards, as this is a monitoring report there is no significant impact.

Executive Summary:

The Coventry Investment Fund is a £50 million fund established by Coventry City Council as a revolving investment fund. Funded through prudential borrowing, it provides financial support to organisations looking to undertake major investments in premises that will help to generate economic growth within Coventry, and thereby create/safeguard local jobs. All projects must directly lead to the generation of new Business Rate income within the city. This Business Rate income will play an important role in supporting the delivery of public services within Coventry in the future, as well as re-investing money into continuing the regeneration of Coventry.

In the first year of operation eight investments have been approved totalling a fund investment of £16.6m (33% of the fund) against a target of £10m. The combined total development costs are £130m and the projects will create 845 jobs in the City.

Recommendations:

The Cabinet Committee are requested to:-

- (1) Note the progress made on the first year of the Coventry Investment Fund

List of Appendices included:

None

Background papers:

None

Other useful documents:

www.coventry.gov.uk/cif

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?

No

1. Context (or background)

1.1 The Coventry Investment Fund is a £50 million fund established by Coventry City Council as a revolving investment fund. It is a fund of last resort so wherever possible the council will seek to use external funding to advance regeneration projects for example European programmes and the government Growth Deal. Funded through prudential borrowing, it provides financial support to organisations looking to undertake major investments in premises that will help to generate economic growth within Coventry, and thereby create/safeguard local jobs. All projects must directly lead to the generation of new Business Rate income within the city. This Business Rate income will play an important role in supporting the delivery of public services within Coventry in the future, as well as re-investing money into continuing the regeneration of Coventry. All projects are assessed against the criteria established in 2014 report:

- Business Rate Growth – 40%
- Strategic Fit to Council's Vision and Aspirations – 30%
- Deliverability – 20%
- Jobs created – 10%

1.2 Key actions in the first year include -

- The Coventry Investment Fund Board has been established as a cabinet committee and has met five times.
- The Board has developed a formal Investment Strategy explaining why the fund has been created and how the fund is managed. This is publically available with the project scoring mechanism on the council web site <http://www.coventry.gov.uk/cif>.
- In accordance with the original approval, an independent advisor attends board meetings to act in the role of a critical friend who brings an external business view of projects.
- The Fund was launched at St Mary's Guildhall on 14 February 2014 with more than 80 delegates in attendance. This was followed up by the Assistant Director, City Centre & Development Services presenting to 100 attendees at the Martineau Business Network in Birmingham with an audience of businesses, developers and intermediaries.
- Delegation limits have been temporarily increased for 12 months to enable the council to respond swiftly in a competitive invest market. The Cabinet Committee can now take decisions up to £5m with additional members present and the Cabinet can take decisions up to £10m.
- A communications plan has been developed and briefings have been delivered to the Chamber of Commerce, Federation of Small Businesses, Local Enterprise Partnership and the Growth Hub.

First Year Investments

1.3 To date eight investments have been approved totalling a Fund investment of £16.6m towards projects that have a combined total development cost of £130m. This was against a target of £10 million in year 1 and represents 33% commitment of the funds available. It is estimated this will result in 845 jobs in the City and generate revenue of approximately £3.4m until 2020 comprising increased business rates, interest on loans and rental income. This income has contributed to reducing the revenue shortfall in the

Medium Term Financial Strategy (MTFS). It was always envisaged that momentum would be generated over time, with each new project raising awareness and generating more interest and as such eight investments in the first year is viewed as a positive start.

- 1.4 The Fund has also been instrumental in the development of other projects even though no CIF investment will take place. An example of this is Lyons Park where funding was approved to bridge the affordability gap in a commercial development. This generated the confidence for the developer to take the project forward to contract. However, the financial position of project improved and the CIF contribution was reviewed by the developer as no longer required. The development is presently on site with the construction of 214,000 ft² comprising six units.

Case Study – Cathedral Lanes

- 1.5 Cathedrals Lane is a 60,000 sq. ft. retail premises built over two floors around a glass atrium situated in a prime location in Coventry City Centre between the shopping core and the Cultural and Heritage Quarter. It was built in the 1980s and the owners had been seeking a sale for some time.
- 1.6 The Shearer Property Group (SPG) was seeking to acquire the premises with a view to reposition it into a leisure orientated scheme at a total project cost of £9.13 million. The developers demonstrated a funding gap in their development appraisal and a CIF loan of up to £2m was approved to enable the project to take place. External advice was sought in relation to State Aid to make sure the proposed loan was compliant.
- 1.7 SPG has now acquired the property and work is underway. Three occupiers are already secured – Wagamama, Las Iguanas and The Cosy Club. In deciding to invest, SPG made clear the importance it attached to the improvements to the public realm that the council is implementing: “The Council’s foresight to invest in the major regeneration and improvement of Broadgate Square was a major factor in being able to persuade these popular quality restaurants to come to Coventry”

Demand for CIF

- 1.8 To date 52 enquiries have been received. As a fund of last resort projects are referred to alternative support where available. For example, 12 of the enquiries were business start-ups which were referred to the Chamber of Commerce. There are presently 7 projects listed in the pipeline at various stages of development including industrial, commercial and leisure projects.
- 1.9 The British Business Bank is wholly owned by the government and has been established to change the structure of finance markets, so these markets work more effectively and dynamically. In its recent research paper (published in March) which looked at the business growth loans market, it states that the recent improvement in the availability of debt finance has not yet filtered down with the private sector, with focus being given at loans of £5m and above. There remains a gap in the market below that figure, particularly less than £2m. The national gap could be as much as £870m. The report also notes that demand is presently low which is likely to be due to a combination of lack of product and also lack of awareness of what does exist.

Review and learning

- 1.10 The Fund has been reviewed against national best practice including the Homes and Communities guide on the development of revolving investment funds and also against other similar funds e.g. Cheshire and Warrington LEP Growing Places Fund. This resulted in the development of a clearer scoring mechanism which rates applications out of 100 against the four assessment criteria detailed in paragraph 1.1. It also led to the development of a clear set of operational procedures. The Fund has been considered by the Finance and Corporate Scrutiny Board (1) and has also been the subject of an internal audit. The key recommendation of the latter is that project scoring should be reported against each of the assessment criteria rather than just as an overall project score and this is now in place.
- 1.11 From experience gained on projects that have already applied, it is clear that CIF needs to be able to respond quickly and remain flexible. This is particularly important when developing funding packages that involve developer equity, third party investor finance and council contributions.
- 1.12 CIF has played an important role in providing matched funding to secure European money. One example involved providing a commercial loan to a local developer who could then secure ERDF gap funding. The use of CIF as matched funding in the creation of larger funding packages is likely to feature in the future.

Next Steps 2015/16 and beyond

- 1.12 In terms of the strategic application of CIF, the focus remains on bringing forward major development sites and employment projects, for example on Friargate. This may well involve bringing together CIF with government Growth Deal resources in assembling funding packages. The target for 2015/16 is to commit at least £10m.
- 1.13 As part of the communications plan a new set of marketing material has been produced and a marketing campaign is underway focussing on local developers and agents. Experience of similar programmes demonstrates the need to regularly raise awareness of the Fund and it is important to convey to smaller businesses that the Fund is not just for the big developers. The target list has been developed with help from the Growth Hub, the Chamber of Commerce and council officers. The FSB will be running a campaign through its e-newsletter. The CIF pages on the council website are being refreshed to include a project progress section so people can see the latest updates. It is also being given a greater focus on the outputs that are being achieved in terms of jobs created and investment generated.

2. Options considered and recommended proposal

- 2.1 There is a clear demand from businesses for finance to help fill funding gaps. The demand for CIF has already resulted in commitment of 33% of the total available. The report from the British Business Bank shows nationally that lack of awareness of what is available holds business investment back. Accordingly it is proposed that extensive marketing be delivered to continue the momentum of the programme.

Recommendation

- 2.2 That the progress of the CIF programme be noted.

3. Comments from Executive Director, Resources

3.1 Financial implications

3.1.1 In February 2013 the Council set aside £50million, funded from Prudential Borrowing, as part of its Medium Term Financial Strategy to provide support for local economic growth.

3.1.2 Of the £50m fund £16.6m has been committed to date with individual investments listed at appendix A. Any new income and business rates generated from these financial interventions are contributing towards existing MTFS savings targets.

3.1.3 In the first year of operation £15.6m of CIF was committed. It is forecast that in 2015/16 £14m - £18m will be spent.

3.2 Legal implications

3.2.1 The Council uses its general power of competence under section 1 of the Localism Act 2011(the Act) as power to make investments.

3.2.2 Any support given through the new fund accords with European State Aid rules that govern the provision of assistance to economic undertakings throughout the European Union and where appropriate external advice is sought on this.

4 Other implications

4.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

The Fund supports the council plan objectives of supporting business growth and developing jobs for local people

4.2 How is risk being managed?

The original report that considered setting up the Fund identified a number of risks and this is reviewed and updated below.

Risk	Mitigating Action
1. The fund is not taken up by businesses	<ul style="list-style-type: none">Marketing strategy developed and regularly reviewedStrong engagement with the Chamber of Commerce, Federation of Small Businesses, Growth Hub and CWLEP.Offering a variety of different financial interventions to suit business need
2. The Council is unable to act quickly enough take advantage of the opportunity	<ul style="list-style-type: none">Governance and due diligence conducted on a timely basis whilst ensuring rigour and appropriatenessInvestment Board membership at the right level and frequency of meetingsAbility to call the Board together as needed in order to make responsive decisions

3. The Council makes poor investments leading to loss of money. Acknowledgement that not all investments may prove to be as successful as desired.	<ul style="list-style-type: none"> • Risk cannot be completely eliminated but can be mitigated through – <ul style="list-style-type: none"> - Thorough assessment of projects against key criteria - Due diligence and monitoring process are in place - Spreading investments over a range of financial mechanisms
4. Businesses unable to take up full financial investment after it has been allocated	<ul style="list-style-type: none"> • If the project can be delivered for less than anticipated (whilst still maintaining outcomes and quality) then this is not viewed as a significant issue. • Clear monitoring processes to enable early warning
5. The return on business rates is not delivered	<ul style="list-style-type: none"> • Linking conditions of intervention to clear deliverable outcomes • Business case would establish the return and how it would be made • The investment would be scrutinised through due diligence to ensure that it would increase floor space and lead to new business rates.
6. Reputational damage as a result of bad investments	<ul style="list-style-type: none"> • Clear and transparent governance process • Due diligence and monitoring process put in place • Spreading investments over a range of financial mechanisms

Each application to the new fund is assessed for risk including a financial due diligence of the applicant.

4.3 What is the impact on the organisation?

There are no implications on the organisation.

4.4 Equalities / EIA

No equality impact assessment has been carried out as the recommendations do not constitute a change in any Council policy or service delivery.

4.5 Implications for (or impact on) the environment

Allocation of resources to the new fund does not have any implications on the environment.

4.6 Implications for partner organisations?

There are no implications for partner organisations.

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www.coventry.gov.uk/councilmeetings

Finance and Corporate Services Scrutiny Board (1) Work Programme 2015/16

1 July 2015
Customer Journey 2014/15 Revenues and Capital Outturn Report
2 September 2015
Council tax and Housing benefit support allocation Collection of Council Tax – payment methods and impact on collection rates Update on Coventry Investment Fund
11 November 2015
Treasury Management Funding of the Capital Programme Public Health Finance
6 January 2016
MTFS – Savings generated by the Kickstart programme, to include the Customer Journey Transformation Programme Progress Report Outcome of the additional investment into Children’s Services
17 February 2016
Strategic Property Review Council move to Friargate
2 March 2016
Procurement Strategy Social Value Policy
27 April 2016
Capital Programme Equalities in Employment
Dates to be determined
Reserves Visit – Tour of Customer Centre prior to opening – September dates to be advised

Date	Title	Detail	Cabinet Member/ Lead Officer	Source	Outcomes
1 July 2015	Customer Journey	Contact Centre access and performance - Residents have raised concerns that they have been unable to access the contact centre without a lengthy wait on the phone and delays in responses to emailed queries. Members want to look at the performance figures for the Contact Centre and understand how customer demand is being managed and met.	Cllr Gannon/ Lisa Commane		
1 July 2015	2014/15 Revenues and Capital Outturn Report	Including reserves and underspends	Cllr Gannon		
2 September 2015	Council tax and Housing benefit support allocation	To look at how the financial support is allocated to residents in need, including the subsidy of Council Tax. This includes discretionary payments.	Cllr Gannon/ Tim Savill		
2 September 2015	Local Council Tax Support Scheme	The Council is consulting on proposed changes to the Council Tax Support Scheme. The Board will review the proposals and make any recommendations for consideration as part of the consultation process.	Cllr Gannon/ Tim Savill		
2 September 2015	Collection of Council Tax – payment methods and impact on collection rates	Changes have been made to the way that Council Tax payments can be made by the public. This has been raised as an issue for those in certain areas of the City and the Board would like to discuss the rationale for these changes and the impact it has had on constituents. They would also like an indication as to how these changes have impacted on collection rates.	Lisa Commane/ Tim Savill		
2 September	Update on Coventry	To provide an update on spending	Cllr Gannon/ Andy	SB1 2014/15	

Date	Title	Detail	Cabinet Member/ Lead Officer	Source	Outcomes
2015	Investment Fund	from the CIF. To include governance and reporting arrangements for companies and other bodies in which the Council has a financial interest.	Williams/ David Cockcroft		
11 November 2015	Treasury Management	To look at approaches to treasury management including cash balances and approaches to borrowing	Cllr Gannon/ Barrie Hastie	Informal meeting	
11 November 2015	Funding of the Capital Programme	To look at how the Capital Programme is funded and approaches to managing existing loans.	Cllr Gannon/ Barrie Hastie	Informal meeting	
11 November 2015	Public Health Finance	The Chair has requested a briefing note on Public Health finance. This will be provided after the emergency budget in July. If there are concerns, the item will be brought to the board.	Cllr Gannon/ Barrie Hastie	Informal meeting	
6 January 2016	Transformation Programme Progress Report	To review progress on targets against the Transformation Programme reported through budget monitoring reports, including performance against targets as set out in the Council Plan 2013/14 Performance Report	Cllr Gannon / Lisa Commane	Regular Review	
6 January 2016	MTFS – Savings generated by Kickstart and the Customer Journey.	To look at the progress being made towards achieving the savings anticipated in the MTFS through the changes to customer service.	Cllr Gannon/ Lisa Commane	Informal meeting	
6 January 2016	Social Care Finance (with SB5)	To consider the financial pressures on the social care budget.	Cllr Gannon/ Cllr Cann/ Barrie Hastie/ David Watt	Informal meeting	
17 February 2016	Strategic Property Review	To review progress on the Strategic Property Review and to consider the property assets held by the Council.	Cllr Gannon/ Nigel Clews, Lisa Commane	SB1 07/10/14 and 03/03/14	

Date	Title	Detail	Cabinet Member/ Lead Officer	Source	Outcomes
17 February 2016	Council move to Friargate	For the Board to scrutinise the Council move to Friargate which includes the finances of the move. This Board can also consider the workforce, IT and HR implications of the move if they choose. SB3 will pick up Friargate and its impact on economic development including an update on the number of new jobs being created.	Cllr Gannon/ Lisa Commane	Informal meeting	
2 March 2016	Procurement Strategy	To review the annual report on progress against the priorities in the procurement strategy. To find out how the joint arrangement with neighbouring authorities on procurement is resulting in efficiencies.	Liz Welton	Annual Review	
2 March 2016	Social Value Policy	To review the impact of the Social Value Policy approved by the Cabinet Member Strategic Finance and Resources in January 2014.	Liz Welton	SB1 2014/15	
27 April 2016	Capital Programme	An update on the Capital Programme to be provided in March/ April 2016.	Cllr Gannon/ Paul Jennings	Annual Item	
27 April 2016	Equalities in Employment	This item will look at the diversity of the Council's workforce and how the Council is encouraging a more diverse workforce which is representative of the local population.	Cllr Townshend/ Shokat Lal	Annual review – Sept?	
Briefing Note	Collection of Council Tax – payment methods and impact on collection rates	Changes have been made to the way that Council Tax payments can be made by the public. The Board was concerned to understand the rationale for these changes and the impact it	Lisa Commane/ Tim Savill		

Date	Title	Detail	Cabinet Member/ Lead Officer	Source	Outcomes
		has had on constituents. They would also like an indication as to how these changes have impacted on collection rates. A briefing note was circulated to the Board on 30 July; collection rates and impacts will be monitored throughout the year and will be brought to the Board should any concerns be identified.			
TBC	Reserves	To look at Council reserves and how they are allocated and used. This item will be scheduled following the outcomes	Cllr Gannon/ Barrie Hastie	Informal meeting	
TBC	Visit – Tour of Customer Centre prior to opening	Members have requested the opportunity to tour the customer centre a couple of months prior to it opening.	Lisa Commane	Agenda conference	
Performance Reports – only bring to board if issues of concern identified by Chair or Board Members	Half yearly reports on agency workers	A regular update on progress on reducing use of agency staff across the Council	Shokat Lal	Regular Review	
	Half yearly reports on sickness absence	A regular update on progress on reducing sickness absence across the Council	Shokat Lal	Regular Review	
	Half yearly report on Benefits Service Performance	A regular update on progress on performance in the benefits service.	Tim Savill	Regular Review	
	Half yearly report on Revenues Service performance	A regular update on progress on performance in the revenues service.	Jan Evans	Regular Review	

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