

**Time and Date**

2.00 pm on Tuesday, 5th September, 2017

**Place**

Council Chamber - Council House

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1. **Apologies**
2. **Minutes of the meeting held on 11 July 2017** (Pages 5 - 14)
3. **Coventry Good Citizen Award**  
To be presented by the Lord Mayor and His Honour Judge Lockhart QC,  
Honorary Recorder
4. **Correspondence and Announcements of the Lord Mayor**
5. **Petitions**
6. **Declarations of Interest**

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

7. **Annual Report of Ethics Committee** (Pages 15 - 28)  
From Ethics Committee 20 July 2017  
Report of the Deputy Chief Executive (Place)
8. **Audit and Procurement Committee Annual Report to Council 2016-17**  
(Pages 29 - 38)  
From the Audit and Procurement Committee, 24 July 2017
9. **Improved Better Care Fund** (Pages 39 - 70)  
From the Cabinet, 1 August 2017  
Report of the Deputy Chief Executive (People)

**It is anticipated that the following matters will be referred as Recommendations from Cabinet, 29 August 2017. In order to allow Members the maximum opportunity to acquaint themselves with the proposals, the reports are attached. The relevant Recommendations will be circulated separately.**

10. **2017/18 First Quarter Financial Monitoring Report (to June 2017)** (Pages 71 - 92)

Report of the Deputy Chief Executive (Place)

11. **Coventry and Warwickshire Growth Deal 3 Allocation** (Pages 93 - 102)

Report of the Deputy Chief Executive (Place)

### **Item(s) for Consideration**

12. **Allocation of Seats to Political Groups and Appointments to the City Council** (Pages 103 - 108)

Report of the Deputy Chief Executive (Place)

13. **Question Time** (Pages 109 - 112)

(a) Written Question – Booklet 1

(b) Oral Questions to Chairs of Scrutiny Boards/Chair of Scrutiny Co-ordination Committee

(c) Oral Questions to Chairs of other meetings

(d) Oral Questions to Representatives on Outside Bodies

(e) Oral Questions to Cabinet Members and Deputy Cabinet Members on any matter

14. **Statements**

15. **Debates**

- 15.1 To be moved by Councillor Maton and seconded by Councillor J Mutton

“This Council welcomes the fact that Coventry has been shortlisted for the City of Culture 2021.

Congratulations to the City of Culture Team for the work they have done so far, we call upon all the organisations in Coventry to make one final effort to secure victory in December 2017” .

- 15.2 To be moved by Councillor Ridley and seconded by Councillor Lapsa

"That Council welcomes the decision of the Crown Prosecution Service to produce new guidance and policy statements on hate crime.

Council recognises the importance of combating hate crime. These changes will make a significant difference to the lives of Coventry citizens.

Council particularly welcomes three significant developments:

- a) the move to treat online crime as seriously as offline offences;
- b) removing barriers to justice for disabled victims and witnesses, which is vital to ensure that they get the right support to give evidence with confidence; and
- c) launching a new social media campaign, #HateCrimeMatters - to encourage people to report hate crime incidents.

Council resolves to support this campaign and to promote it to local residents in the City of Coventry in a proactive manner."

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Martin Yardley, Deputy Chief Executive (Place), Council House Coventry

Friday, 25 August 2017

Note: The person to contact about the agenda and documents for this meeting is Usha Patel/Suzanne Bennett 024 7683 3198/3072

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

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

**Usha Patel/Suzanne Bennett**  
**024 7683 3198/3072**

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**Coventry City Council**  
**Minutes of the Meeting of Council held at 2.00 pm on Tuesday, 11 July 2017**

Members Present :            Councillor T Skipper (Chair)

Councillor F Abbott	Councillor J Lepoidevin
Councillor N Akhtar	Councillor A Lucas
Councillor P Akhtar	Councillor P Male
Councillor R Ali	Councillor K Maton
Councillor A Andrews	Councillor T Mayer
Councillor R Bailey	Councillor J McNicholas
Councillor S Bains	Councillor C Miks
Councillor L Bigham	Councillor K Mulhall
Councillor J Birdi	Councillor J Mutton
Councillor J Blundell	Councillor M Mutton
Councillor R Brown	Councillor J O'Boyle
Councillor K Caan	Councillor G Ridley
Councillor J Clifford	Councillor E Ruane
Councillor G Crookes	Councillor T Sawdon
Councillor G Duggins	Councillor P Seaman
Councillor D Gannon	Councillor B Singh
Councillor M Hammon	Councillor R Singh
Councillor L Harvard	Councillor H Sweet
Councillor B Kaur	Councillor K Taylor
Councillor L Kelly	Councillor R Thay
Councillor D Kershaw	Councillor C Thomas
Councillor T Khan	Councillor S Walsh
Councillor A Khan	Councillor D Welsh
Councillor R Lakha	Councillor G Williams
Councillor M Lapsa	

Honorary Aldermen Present: D Batten, J Gazey, J Wright

Apologies:                    Councillor R Auluck, J Innes, R Lancaster and D Skinner

## **Public Business**

**13. Minutes of the Extraordinary Meeting held on 16 May 2017 and the Annual Meeting held on 18 May 2017**

The minutes of the Extraordinary Meeting held on 16 May 2017 and of the Annual Meeting held on 18 May 2017 were signed as true records.

**14. 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 “ Unit 1 Dutton Road, Alderman’s Green Industrial Estate, Coventry – Investment Opportunity” on the grounds that the report involved the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as it contains

information relating to the financial and business affairs of any particular proposed person (including the authority holding that information) and the amount of expenditure proposed to be incurred by the Council under a particular contract or the supply of goods or services. The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

15. **Coventry Good Citizen Award**

On behalf of the City Council, the Lord Mayor and His Honour Judge Lockhart QC presented Mr Richard Knowles with the Good Citizen Award. His citation read:

*“In 2014 Richard Knowles set up Makerspace, a community interest company which has enabled the people of Coventry to come together to forge new friendships, learn new skills and work on exciting projects, which has helped the local community to thrive both socially and educationally. Makerspace allows individuals of all walks of life to meet up and take part in general activities, work on collaborative projects as well as enrol in metal and wood working workshops. Makerspace also actively promotes Science, Technology, Engineering and Mathematics (STEM) education for children in the Coventry and surrounding areas. Through STEM education children will be able to become creative thinkers and problem solvers which will help them in their future. Due to Richards guidance a "Kids Coding Club" has been set up where young people are able to teach each other on how to write computer code, which will certainly be a great investment for the future of the children and Coventry itself.*

*Alongside Richard’s work with Makerspace, he is heavily invested in working with local community centres such as the Stoke Aldermoor Community Centre, where Richard has helped individuals to apply for grants to restore the Stoke Aldermoor War Memorial to make the community a better place for everyone. Richard also devotes his time to help run the Koco Community Centre where he is on the board of directors and accepting the role of Chairman, where issues of social isolation, disability, mental ill health and homelessness are addressed.*

*From the work that Richard does it is evident that he is a passionate and caring individual, who takes comfort in helping people in any way that he can. His actions truly merit this Good Citizen Award”.*

16. **Correspondence and Announcements of the Lord Mayor**

**(a) Birthday Honours**

The Lord Mayor referred to the awards made to the following people associated with the City in the recent Queen’s Birthday Honours List:

- **OBE:** To Amanda Mordey who lives in Earlsdon, for her services to special educational needs and disabilities. Amanda is Principal of Merstone Special School in Solihull.

Members noted that a letter of congratulations had been sent to Amanda, on behalf of the City Council.

## **(b) Congratulations on Awards**

On behalf of the City Council, the Lord Mayor congratulated the recipients of the following awards:

The Queens Award for Voluntary Services:

- Coventry Muslim Forum
- Savers

The Queens Award for Enterprise:

- Premier Health Products for International Trade
- Mike de Courcey Travel for Sustainable Development

## **(c) Condolences**

- Grenfell Tower – The Lord Mayor referred to the tragic fire in Grenfell Tower. On behalf of the City Council, a joint letter of condolence had been sent by the Lord Mayor and the Leader of the Council to the Royal Borough of Kensington and Chelsea extending the City's condolences.
- National Terrorist Attacks – The Lord Mayor referred to the national terrorists attacks and joint letters of condolences had been sent by the Lord Mayor and the Leader of the Council to local authorities relating to the Manchester bomb, London Bridge/Borough Market terrorist attack and the Finsbury Park Mosque attack expressing the City Council's condolences to the families and loved ones of those injured or killed.
- Srebrenica – The Lord Mayor referred to Srebrenica and as part of the national Srebrenica Memorial Week, the Department of Communities and Local Government had asked all Councils to mark the 22<sup>nd</sup> anniversary of the worst atrocity on European soil since World War II during this week.

In view of these tragic circumstances in recent months, as well as commemorating Srebrenica, Members of the City Council stood for a minute's silence as a mark of respect to honour the victims and to raise awareness about the significance of building a cohesive society.

## **17. Petitions**

**RESOLVED that the following petitions be referred to the appropriate City Council bodies/external organisations:**

- (a) Request the Council not to sell the 27% of Green Belt land that they own at Kings Hill to developers – 92 signatures, presented by Councillor Blundell.**
- (b) Objection to planning application at the former Aylesford Care Centre site to build 189 bedroom student accommodation – 418 signatures presented by Councillor Welsh.**

- (c) Request for double yellow lines to be introduced on both sides of Merynton Avenue, Hilary Road and Tutbury Avenue – 61 signatures, presented by Councillor Blundell.
- (d) Request for rear access gates on Meadfoot Road, Remembrance Road and Mary Slessor Street – 71 signatures, presented by Councillor Lakha.
- (e) Objection to planning application by Amazon Warehouse, Lyons Park to amend conditions allowing lorries to use reversing alarms throughout the night – 439 signatures, presented by Councillor Williams.
- (f) Request for the installation of parking restrictions on William Bree Road to allow the weekly bin collections to be made as scheduled – 10 signatures, presented by Councillor Ridley.
- (g) Request the Council to institute Article 4 Direction to limit the number of houses in multiple occupation – 15 signatures, presented by Councillor Sawdon.
- (h) Objection to planning application at Little Cedars, Meadfoot Road – 42 signatures, presented by Councillor Lakha.

18. **Declarations of Interest**

Councillor N Akhtar declared a Disclosable Pecuniary Interest in the matter referred to in Minute 29 (Debates) in so far as his wife was currently employed by Whitefriars Housing Group. He left the meeting during the consideration of this item.

Councillors Harvard, Lakha, Taylor and Thomas also declared a Disclosable Pecuniary Interest in the matter referred to in Minute 29 (Debates) in so far as they are Directors of Whitefriars Housing Group. They left the meeting during the consideration of this item.

19. **Unit 1 Dutton Road, Alderman's Green Industrial Estate, Coventry - investment Acquisition**

Further to Minute 5/17 of the Cabinet, the City Council considered a report of the Deputy Chief Executive (Place) which outlined proposals for the acquisition of an income producing industrial property investment.

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

The Council was currently looking at ways of increasing revenue to support the provision of services it seeks to deliver. An opportunity had been presented to the Council to acquire an income producing investment within one of the City's established industrial estates.



The investment currently produced an income, the level of which was considered commercially sensitive and was therefore outlined in the corresponding private report.

Personal Hygiene Services Limited (“PHS”) who currently occupied the premises and paid the rent was part of a national company with a turnover of £280M in 2015/16. They had approximately 7 years left on their current lease.

The Council already owned the land upon which the building was constructed but granted a lease dated 13<sup>th</sup> September 1989 for a term of 99 years with effect from 20<sup>th</sup> May 1989 in respect of the industrial site at Dutton Road Aldermans Green Industrial Estate Coventry. The long leasehold interest, which received the rent from PHS, was currently owned by Real Estate Investors PLC (REI). REI currently paid the Council an annual ground rent for the land, the level of which was outlined in your private report.

Real Estate Investors had indicated a willingness to sell its leasehold interest to the Council, subject to the existing lease to PHS and therefore the right to receive the annual rent for a negotiated price. Stamp Duty land Tax would be payable by the Council in addition to the purchase price, the level of which was outlined in the private report.

The initial net return on the investment was assessed at circa 8.8% after assumed purchasing costs. This would be reduced to a return of 8.0% based on the net rental increase for the Council as it already received a ground rent from the property.

The level of return generated was based on the level of risk associated with the length of lease and the security of the income. The negotiated price had been validated by external property experts as providing ‘best value’ for the Council.

It was intended that the property would be held by the Council as an investment asset and managed by the Council’s Commercial Property Management.

**RESOLVED that the City Council approve the adjustment of the Capital Programme to reflect the capital expenditure incurred in the acquisition of the long leasehold interest in Unit 1, Dutton Road.**

20. **Scrutiny Annual Report 2016/17**

**RESOLVED that the City Council notes the Scrutiny Boards' Annual report to the City Council for 2016/17 which highlights examples of the wide-ranging scrutiny work undertaken during the year across all the Scrutiny Boards and the Scrutiny Co-ordination Committee.**

21. **Proposal to Establish Arrangements for a Joint Health Overview and Scrutiny Committee**

The City Council considered a report of the Deputy Chief Executive (People) which outlined proposals to establish arrangements for Coventry City Council to establish a Joint Health Overview and Scrutiny Committee with Warwickshire County Council in line with the provisions set out in legislation and guidance.

Legislation provided for local authorities to appoint a discretionary Joint Health Overview and Scrutiny Committee to carry out all or specified health scrutiny functions, for example health scrutiny in relation to health issues that cross local authority boundaries. Establishing a joint committee of this kind would not prevent the appointing local authorities from separately scrutinising health issues. However, there were likely to be occasions on which a discretionary joint committee would be the best way of considering how the needs of a local population, which happened to cross council boundaries, were being met.

Legislation also required that local authorities to appoint joint committees where a relevant NHS body or health service provider consulted more than one local authority's health scrutiny function about proposals for substantial development or variation of services. In such circumstances:

- only the joint committee may respond to the consultation (i.e. rather than each individual local authority responding separately).
- only the joint committee may exercise the power to require the provision of information by the relevant NHS body or health service provider about the proposal.
- only the joint committee may exercise the power to require members or employees of the relevant NHS body or health service provider to attend before it to answer questions in connection with the consultation.

Increasingly, proposals from the National Health Services (NHS) were affecting larger geographical areas, particularly for local residents in Coventry and Warwickshire.

**RESOLVED that the City Council:**

- 1. Approves the proposed approach for the establishment of a Joint Health Overview and Scrutiny Committee with Warwickshire County Council as set out in the report.**
- 2. Approves the terms of reference for the Joint Health Overview and Scrutiny Committee at Appendix 1 of the report.**
- 3. The Director of Finance and Corporate Services be delegated, following consultation with the Chair of Coventry City Council's Health and Adult Social Care Scrutiny Board (5), the authority to finalise the Terms of Reference with Warwickshire County Council and to take any necessary steps to implement the arrangements.**
- 4. Retains the City Council's powers to make referrals to the Secretary of State in prescribed circumstances and not delegate these to the Joint Health Overview and Scrutiny Committee.**
- 5. Appoints Councillors Clifford, Gannon, Kershaw, Lapsa and Miks as Coventry City Council's representatives on the Joint Health Overview and Scrutiny Committee for 2017/18, with subsequent appointments to be made at the Council's Annual Meetings.**

**6. Authorises the Monitoring Officer to include the terms of reference in the Council's Constitution.**

**22. Appointment of Acting Monitoring Officer and Delegation of Powers**

The City Council considered a report of the Deputy Chief Executive (Place) which sought approval to appoint an Acting Monitoring Officer as the current Acting Monitoring Officer was leaving. The report set out the legal basis for the need to appoint a Monitoring Officer and a recommendation that the Legal Services Manager (People) be appointed as Acting Monitoring Officer.

Under Section 5 of the Local Government and Housing Act 1989, every local authority must designate one of its officers as the Council's Monitoring Officer. The Monitoring Officer could not be the Chief Finance Officer or Head of Paid Service. This designation must be made by the full Council and could not be made by an elected member or officer. The Council's designated Acting Monitoring Officer was leaving the Council on 28<sup>th</sup> July 2017 and the Council now needed to appoint another officer as its Monitoring Officer.

The requirement to designate an officer as Monitoring Officer was also set out in Part 2M of the Council's Constitution.

**RESOLVED that the City Council:**

- 1. Approves the designation of the Legal Services Manager (People) as Acting Monitoring Officer under Section 5 of the Local Government and Housing Act 1989 with effect from 28<sup>th</sup> July 2017; and**
- 2. Authorises the Legal Services Manager (People) to amend the Constitution accordingly.**

**23. Annual Report from the Leader of the Council on Key Decisions made under Special Urgency Provisions 2016/17**

The City Council noted a report of the Leader which reported on Key Decisions made in the previous year where the Special Urgency provisions were used. This applied where it was not practicable to give notice at least 5 clear days in advance of a Key Decision being made.

The Leader reported that there were no such cases during the 2016/17 municipal year.

**24. Appointments to Outside Bodies**

The City Council considered a report of the Deputy Chief Executive (Place) which sought approval to amend appointments made at the Annual Meeting of the City Council in May 2017 in respect of City Council Representatives to Outside Bodies.

In addition, the report also sought one further nomination and one substitute nomination to the West Midlands Combined Authority – Overview and Scrutiny in order to meet requirements to a change to the Combined Authority's Constitution.

**RESOLVED that the City Council approves the following appointments:**

- 1. Councillor Ridley as a representative on the Coventry and Solihull Waste Disposal Company Limited Advisory Forum for 2017/2018 in place of Councillor Mayer.**
- 2. Councillor Kershaw as a representative on the Sir Charles Barrett Memorial Foundation for 2017/2018 in place of Councillor Innes.**
- 3. Councillor Brown as the jointly nominated representative and Councillor McNicholas as the jointly nominated substitute representative of Coventry City Council and Solihull Metropolitan Borough Council on the West Midlands Combined Authority – Overview and Scrutiny Committee for 2017/2018.**

**25. Question Time**

Councillors Bigham, Duggins, Innes and A Khan provided written answers to the question set out in the Questions Booklet together with oral responses to supplementary questions put to them at the meeting. Councillor Lakha, Deputy Cabinet Member for City Services responded to questions on behalf of Councillor Innes.

The following Members answered oral questions put to them by other Members as set out below, together with supplementary questions on the same matters:

<b>No</b>	<b>Questions asked by</b>	<b>Question put to</b>	<b>Subject matter</b>
1	Councillor Male	Councillor Walsh	Ethics Committee's role in relation to allegations made against members
2	Councillor Williams	Councillor Duggins	Level of priority given to rural areas
3	Councillor Williams	Councillor O'Boyle	Jobs at Amazon Warehouse, Lyons Park
4	Councillor Hammon	Councillor A Khan	Number of prosecutions for dog fouling in past 12 months
5	Councillor Clifford	Councillor Maton	Cuts to Coventry schools budget
6	Councillor Ridley	Councillor Duggins	Success of Godiva Festival
7	Councillor M Mutton	Councillor Walsh	Decision of Ethics Committee meeting 16 May 2017
8	Councillor Taylor	Councillor Duggins	Attendance at

			the Royal Garden Party
9	Councillor Lapsa	Councillor Bigham	Langar Aid
10	Councillor Male	Councillor Maton	Student debt and student fees

26. **Vote of thanks to Helen Lynch**

The Lord Mayor referred to the fact that today was Helen's last Council meeting as she will be leaving the Council on 28 July to take up her new role as Head of Legal and Democratic Services in Durham.

Helen has been with the Council for 4 years and during that time she has been involved in many projects and has acted as Monitoring Officer for the last 2 years. She has jointly overseen Legal Services through a review and the Service has been recognised both locally and nationally, recently winning both the In House Legal Team of the Year at the Birmingham Law Society Awards and the Legal Services Team of the Year at the National Municipal Journal Awards.

Members thanked Helen for all her hard work during her time at Coventry and wished her all the very best for her new role.

27. **Statements**

- (a) The Leader of the Council made a statement in respect of "Progress on the Combined Authority".

Councillor Ridley responded to the statement.

- (b) The Cabinet Member for Children and Young People made a statement in respect of "Children's Services Improvement Plan".

Councillor Lepoidevin responded to the statement.

28. **Debate - City of Culture Bid**

The following motion was moved by Councillor Hammon and seconded by Councillor Bailey:

"This Council commends those involved in the City of Culture Bid which has brought together individuals and businesses from within and outside our multi-cultural city.

This Council believes it's vital that this momentum continues in our city, which leads the World in Peace and Reconciliation".

**RESOLVED that the Motion as set out above be unanimously adopted.**

29. **Debate - Request for funding to secure the safety of residents in all housing**

The following motion was moved by Councillor Welsh (on behalf of Councillor Harvard) and seconded by Councillor Mulhall:

“This Council calls upon the Government to make available to Local Authorities and Social Housing providers the full amount of funding needed to secure the safety of residents in all housing.

We also call upon the Government to bring forward, as a matter of urgency, a complete review of fire and building regulations which includes the proviso that Local Authorities will be the only organisation responsible for the signing off of building regulation compliance”.

The following amendment was moved by Councillor Ridley, seconded by Councillor Crookes and lost:

“This Council calls upon the Government to make available to Local Authorities and Social Housing providers the full amount of funding needed to ensure the safety of residents in all housing.

We also call upon the Government to bring forward, as a matter of urgency, a complete review of fire and building regulations.”

**RESOLVED that the Motion as set out above be adopted.**

Note: Councillors Bigham, Harvard, Lakha and Taylor left the meeting during the consideration of this item.

### **PRIVATE BUSINESS**

30. **Unit 1 Dutton Road, Alderman's Green Industrial Estate, Coventry - Investment Acquisition**

Further to Minute 19 above and Minute 8/17 of the Cabinet, the City Council considered a private report of the Deputy Chief Executive (Place) which detailed confidential aspects of Unit 1 Dutton Road, Aldermans Green Industrial Estate, Coventry – Investment Acquisition.

**RESOLVED that the City Council approves the adjustment of the Capital Programme to reflect the capital expenditure incurred in the acquisition of long leasehold interest in Unit 1 Dutton Road.**

(Meeting closed at 6.05 pm)

# Agenda Item 7

**Council – 5 September, 2017  
Agenda Item 7**

**Recommendation from Ethics  
Committee 20 July, 2017**

**Coventry City Council  
Minutes of the Meeting of Ethics Committee held at 10.00 am on  
Thursday, 20 July 2017**

Present:

Members: Councillor S Walsh (Chair)  
Councillor A Andrews  
Councillor L Bigham  
Councillor K Mulhall

Independent Persons: S Atkinson  
A Barton  
R Wills  
P Wiseman

Employees (by Directorate):

Place S. Bennett, C Bradford, H Lynch, J Newman

Apologies: Councillor D Gannon

## **RECOMMENDATION**

### **37. Annual Report of the Ethics Committee**

The Committee considered a report of the Deputy Chief Executive (Place) which detailed the work of the Ethics Committee during the 2016/17 Municipal Year, providing an Annual Report for the Committee.

The Annual Report covered the following areas:-

- The membership of the Committee
- Code of Conduct complaints received against Councillors during 2016/17
- Code of Conduct training provided for Councillors, who are required to attend at least every three years.
- The appointment of four Independent Persons to the Committee
- The review of the existing and adoption of a new Council's Complaints Protocol
- The review of the existing and adoption of a new Whistleblowing Policy
- Changes to the Officer and Members Gifts and Hospitality Policy
- Concerns relating to the lack of any meaningful sanctions for Councillors who breach the Code of Conduct
- The operation of the Register of Disclosable Pecuniary Interests

- Work undertaken on the Member Officer protocols (which will be submitted to the Committee for consideration at a future meeting)

The Committee approved the Annual Report welcoming, in particular, the successful recruitment of the four new Independent Persons.

**RESOLVED that the City Council be recommended to:-**

- 1) Note the Annual Report of the Ethics Committee**
- 2) Consider whether there is any work within the Committee's terms of reference that Council would wish the Committee to undertake**



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Ethics Committee  
Council

20 July 2017  
5 September 2017

**Name of Cabinet Member:**

N/A - Ethics Committee

**Director Approving Submission of the report:**

Deputy Chief Executive, Place

**Ward(s) affected:**

None

**Title:** Annual Report of Ethics Committee

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**Is this a key decision?**

No

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**Executive Summary:**

**Recommendations:**

The Ethics Committee is recommended to:

- (1) Approve the Annual Report of the Committee; and
- (2) recommend that Council notes the Annual Report and to consider whether there is any work within the Committee's terms of reference that Council would wish the Committee to undertake.

Council is recommended to:

To note the Annual Report of the Ethics Committee and to consider whether there is any work within the Committee's terms of reference that Council would wish the Committee to undertake.

**List of Appendices included:**

**None**

**Other useful background papers can be found at the following web addresses:**

**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**

## Report title: Annual Report of Ethics Committee

### 1. Context (or background)

- 1.1 The Council's Ethics Committee was established in 2012 following the introduction of new duties and responsibilities regarding ethical conduct in the Localism Act 2011. The Council as a whole has a legal duty to promote and maintain high standards of conduct by members and co-opted members of the authority. The Ethics Committee, through its work, assists in discharging this statutory duty.
- 1.2 The terms of reference of Ethics Committee also include:
- (a) Making recommendations to the Council on the appointment of "independent persons" under the Localism Act 2011;
  - (b) Approving and revising the Complaints Protocol which will set out the detailed procedures for considering complaints made against Elected and Co-opted Members under the Code of Conduct for Elected and Co-opted Members;
  - (c) Considering complaints made against Elected and Co-opted Members under the Code of Conduct for Elected and Co-opted Members in accordance with the Complaints Protocol;
  - (d) Monitoring the operation of the Code of Conduct for Elected and Co-opted Members and making appropriate recommendations to the relevant body;
  - (e) At the request of the member or co-opted member concerned, reviewing any decision of the Monitoring Officer not to grant a dispensation in relation to disclosable pecuniary interests in accordance with Section 33 of the Localism Act 2011;
  - (f) Monitoring the operation of the Code of Conduct for Employees and making appropriate recommendations to the relevant body;
  - (g) Considering complaints made against Elected Members of Finham Parish Council, Keresley Parish Council and Allesley Parish Council under the relevant Parish Council's Code of Conduct for Elected Members in accordance with the City Council's Complaints Protocol; and
  - (h) Considering any other matters which are relevant to the ethical governance of the Council, its Members or Employees.
- 1.3 The Committee approves a work programme for each year which includes regular reports as well as one off pieces of work. At its meeting in March 2017, the Committee agreed that in future it would submit an annual report to Council setting out the work that it has accomplished in the past year. This report comprises the first Annual Report of the Ethics Committee.

## 2. The Annual Report and Recommended Proposal

### 2.1 *About the Committee*

Ethics Committee comprises five councillors. In the municipal year 2016/17, the membership of the Committee was Cllr Walsh (Chair), Cllr Andrews, Cllr Bigham, Cllr Gannon and Cllr Mulhall. Although not a member of the Committee, any Independent Person appointed by the Council is encouraged to attend the meetings. The Committee held four scheduled meetings in 2016/17 with an additional hearing, which ultimately had to be postponed.

### 2.2 *Code of Conduct Complaints*

The Council received a total of ten new complaints against councillors in the municipal year 2016/17. All complaints were against city councillors and no complaints were received about councillors from any of the three parish councils. In five cases the complainants were members of the public although one complaint was not pursued by the complainant. In the remaining five cases, the complaint was made by another councillor. In seven cases the Chief Executive and Acting Monitoring Officer decided to take no further formal action either because an initial review revealed no breach of the Code or because the matters which were the subject of the complaints related to matters which occurred when the subject councillor was not acting as an elected member. In one case, though, a member was required to undertake training and in another the councillor apologised to the complainant. In a final case the Acting Monitoring Officer provided guidance to the subject member on future conduct.

In an eleventh case, there was no formal complaint against a councillor but the Acting Monitoring Officer decided that the matter, because it involved comments made to the press was sufficiently serious to merit an investigation in any event. The Monitoring Officer concluded that the subject member had breached the Member Code of Conduct by failing to:

- behave in accordance with all his legal obligations, alongside any requirements contained within the Council's policies, protocols and procedures including the use of Council resources;
- always treat people with respect, including the organisation and public he engages with and those he works alongside;
- provide leadership through behaving in accordance with these principles when championing the interests of the communities with other organisations as well as within the Council.

The Subject Member, having consulted with the Independent Person, accepted the Monitoring Officer's conclusion. The Committee subsequently held a sanctions hearing and resolved to censure the Member and require them to undertake training.

Finally the Committee held a full hearing into a Code of Conduct complaint in March 2017. This related to a complaint that had been lodged in the municipal year 2015/16. The complaint arose out of an incident where the councillor had complained to a shop owner about litter outside the shop. The shop owner alleged that:

- (a) By raising concerns about litter near a property that he owned, the councillor was acting in his own interests and not in the public interest.
- (b) The councillor should have referred his concerns to a councillor for the ward where the litter was located.
- (c) The councillor should have remained objective and should not have assumed that the litter was the fault of the complainant; he should not have become angry and personal when raising his concerns with the complainant.
- (d) The councillor should have been clear, from the outset of his interaction with the complainant, that he was a councillor
- (e) By being aggressive and abusive towards the complainant, the councillor failed to treat him with respect and
- (f) The councillor breached the Code by virtue of his aggressive and abusive behaviour towards him and abused his position as a councillor.

The Committee upheld the conclusions of the 2 independent Investigating Officers and found that:

- the councillor had been aggressive and racially abusive towards the shop owner; and
- he had threatened to close his shop down; but:
- the other allegations did not constitute a breach of the Code of Conduct.

The Committee decided to:

- (1) publish its findings in respect of the councillor's conduct;
- (2) send a formal letter of censure to the councillor;
- (3) report its findings to full Council with a recommendation that it censures the councillor;
- (4) recommend to the councillor's Group Leader that he be removed as Shadow Cabinet Member for Policing and Equalities; and
- (5) recommend to the Acting Monitoring Officer that she arranges appropriate training.

At a special meeting in May 2017, full Council resolved to censure the councillor.

All councillors who have been the subject of a complaint and have been required to undertake training, have completed that training.

### *2.3 Code of Conduct Training*

It is a requirement that all councillors attend Code of Conduct training at least every 3 years. The Acting Monitoring Officer held five training sessions for city councillors on the Code of Conduct in July and September 2016. These were very well attended with all but 9 councillors who were due to undertake training, attending the sessions. The Acting Monitoring Officer is holding a further 2 sessions in July 2017 specifically

aimed at those councillors who could not attend the 2016 training. Four councillors attended the first of these sessions and the remainder are booked to attend the later session.

In addition the Acting Monitoring ran a training session for parish councillors in 2016 on the Code of Conduct and Disclosable Pecuniary Interests. This was attended by the clerk and all councillors from Finham Parish Council and the clerk of Keresley Parish Council. The Acting Monitoring Officer also attended two meetings of Allesley Parish Council and delivered the same training to their clerk and councillors.

#### *2.4 Appointment of Independent Persons*

The Localism Act requires all local authorities to appoint at least one person as an "Independent Person". The Independent Person's views must be sought by the authority on Code of Conduct allegations and their advice may be sought by a member who is alleged to have breached their Code of Conduct. There are very strict rules about who may and may not be eligible to be an Independent Person.

The City Council's Independent Person resigned in July 2016. Following advertisement, for at least three replacement Independent Persons, five applications were received. An interview panel was set up consisting of the Chair of Ethics Committee Cllr Seamus Walsh, Cllr Abdul Khan and Councillor John Blundell.

Four candidates were invited to interview on 18 April 2017 and the Panel decided to recommend the appointment of all four candidates: Steve Atkinson, Ann Barton, Ruth Wills and Peter Wiseman. While it had originally been intended to appoint up to three independent persons, the panel felt that each candidate had different qualities and skills which would benefit the Council in meeting its legal duty to uphold and promote high standards of ethical behaviour among elected and co-opted members. In addition, having a pool of independent persons will assist where an independent person has a conflict of interest in a particular matter and will make it easier for members to consult an independent person on aspects of ethical conduct. The intention is that the Independent Persons may, in time, be able to assist other local authorities in the West Midlands where there is no Independent Person available.

On 18 May 2017, Annual Council confirmed the appointment of all four applicants as Independent Persons. The Monitoring Officer has arranged some training for the Independent Persons immediately following the meeting of the Ethics Committee.

#### *2.5 Review of Complaints Protocol*

The Council's Complaints Protocol was approved by Ethics in 2012 when the Localism Act 2011 introduced a requirement that all councils have to have in place arrangements for dealing with allegations of a breach of the Code of Conduct and of determining those allegations. The Council's Complaints Protocol sets out these arrangements and the Committee's terms of reference include approving and revising the Protocol. The Protocol sets out the detailed procedures for considering complaints made against Elected and Co-opted Members under the Code of Conduct for Elected and Co-opted Members.

The Committee decided to review of the Protocol drawing on experience of its operation since 2012. A revised protocol was approved in March 2017 and will be used to determine future complaints under the Code of Conduct, The new Protocol is shorter and should be simpler and easier to navigate and understand.

## *2.6 Whistleblowing Policy*

The Ethics Committee considered that the Council's Whistleblowing should be reviewed in light of the Rotherham report where that council was criticised for not having effective procedures in place for reporting suspected wrongdoing. A revised policy was approved by the Committee for consideration by the Audit and Procurement Committee and by the Cabinet Member for Policy and Leadership in April 2017. The Policy has been reviewed to ensure that it is fit for purpose and complies with legislative requirements.

## *2.7 Officer and Members Gifts and Hospitality*

The Council has strict rules about when and if members and officers can accept gifts and/or hospitality. In the past year the Committee has reviewed the gifts and hospitality section of the Employee Code of Conduct and recommended changes to that policy to full Council. The changes in the policy were approved by full Council on 6 September 2016. The Committee considers that the policy now reflects the way in which the Council through its officers operates and provides more effective checks and balances on the receipt of gifts and hospitality. All directorates now have a common register which requires gifts and hospitality to be approved by a senior officer.

In addition, the Committee reviews the registers of gifts and hospitality for both members and officers every six months. Members have been reminded of the need to declare any gifts or hospitality within 28 days of receipt and not to wait until they have a number of instances to record.

## *2.8 Sanctions for Code of Conduct Breaches*

Over the past year the Committee has been monitoring concerns about the lack of any meaningful sanctions for councillors who breach the Code of Conduct. In particular two councils and the Committee on Standards in Public Life have expressed concerns to the Government that the regime under the Localism Act 2011 does not give local authorities the ability to do anything more than censure councillors who breach their Code. Councillors cannot be compelled to undertake training and it is up to party groups or leaders to decide whether to remove councillors from committees or executive positions. There is no longer any power to suspend a councillor and the power to disqualify a person from elected office is only available to the courts if a councillor is convicted of an offence relating to Disclosable Pecuniary Interests.

The Committee on Standards in Public Life is holding a seminar to discuss potential ethical standards issues arising over the next five years on 10 July, the Acting

Monitoring Officer will be attending the seminar and will report back to the next meeting of the Ethics Committee.

## *2.9 Operation of Register of Disclosable Pecuniary Interests*

The Committee undertook its first review of the operation of the Register of Disclosable Pecuniary Interests in July 2016 following the publication of the register through the Council's committee management system, Modern Gov. The migration of registers to this system has meant that members, with assistance from Member Services staff where required, have been able to update changes in their interests quickly and easily and this has helped to ensure that the online register is up to date at all times. The system provides a record of additions and deletions and allows officers to see how often individual councillors' registers are being viewed online by the public. In addition officers regularly remind councillors of the need to keep their register up to date, particularly on re-election or after being appointed to outside bodies at Annual Council.

## *2.10 Member Officer Protocol*

In July 2016 the Committee considered reports that had been published in connection with two other councils which had raised concerns about, among other things, governance in those councils. In one case both councillors and officers were heavily criticised in terms of political interference in day-to-day management of some services, bullying and intimidation and involvement in matters where councillors and officer had interests. Some officers were also criticised for allowing themselves to be bullied and coerced, failing to report concerns and failing to secure adequate reporting of concerns.

In the other case a public interest report by external auditors was published into a number of matters of concern at another council. These included failures of governance in the management of major projects and in relation to member conduct. In particular the report concluded that members were too involved in operational matters in relation to major projects and inappropriate interventions by members in licensing matters. Officers were found not to have ensured that some council actions were legal, allowing decisions to be taken at too low a level or by members who did not have power to do so and blurring of member and officer roles.

The Acting Monitoring Officer undertook a review of governance matters raised by these two reports to ensure that appropriate checks and balances are in place in Coventry. Many of the actions criticised in the two reports arise from a 'blurring of the lines' between Officers and Members, inappropriate behaviour by members towards Officers and a lack of arrangements in place to deal with such issues. Whilst there are no particular areas of concern in Coventry, the lack of any arrangements to deal with issues if they occurred could result in an erosion of ethical standards.

Such arrangements are typically set out in Member/Officer Relations Protocols and a Monitoring Officer Protocol. The Committee therefore requested officers to draft a Member/Officer Protocol and Monitoring Officer Protocol for its consideration. The Member Officer Protocol is in the final stages of drafting and will be considered by



the Committee at a future meeting. Full Council will also have an opportunity to approve the Protocol.

## **2.11 Recommendation**

The Committee is recommended to

- (1) Approve the Annual Report of the Committee; and
- (2) recommend that Council notes the Annual Report and to consider whether there is any work within the Committee's terms of reference that Council would wish the Committee to undertake.

## **3. Results of consultation undertaken**

- 3.1 There has been no consultation as there is no proposal to implement at this stage which would require a consultation.

## **4. Timetable for implementing this decision**

Not applicable.

## **5. Comments from Deputy Chief Executive, Place**

### **5.1 Financial implications**

There are no specific financial implications arising from the recommendations within this report.

### **5.2 Legal implications**

There are no specific legal implications arising from this report. The issues referred to in this report will assist the Council in complying with its obligations under section 27 of the Localism Act 2011.

## **6 Other implications**

None

### **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)?**

Not applicable.

### **6.2 How is risk being managed?**

There is no direct risk to the organisation as a result of the contents of this report.

### **6.3 What is the impact on the organisation?**

No direct impact at this stage

### **6.4 Equalities / EIA**

There are no public sector equality duties which are of relevance at this stage.

#### **6.5 Implications for (or impact on) the environment**

None

#### **6.6 Implications for partner organisations?**

None at this stage

**Report author(s): Carol Bradford**

**Name and job title:** Carol Bradford, Corporate Governance Lawyer, Place & Regulatory Team, Legal and Democratic Services

**Directorate:** Place

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<b>Names of approvers for submission: (officers and members)</b>				
Finance: Graham Clark	Lead Accountant	Place	7.7.17	7.7.17
Legal: Helen Lynch	Legal Services Manager (Place and Regulatory)	Place	5.7.17	7.7.17
Barry Hastie	Director of Finance and Corporate Services	Place	7.7.17	10.7.17
Barry Hastie on behalf of Martin Yardley	Executive Director Place	Place	7.7.17	10.7.17
Councillor Walsh	Chair of Ethics Committee		10.7.17	

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# Agenda Item 8

**Council – 5 September, 2017**

## **Agenda Item 8 Recommendation from the Audit and Procurement Committee 24 July 2017**

### Coventry City Council

### Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm on Monday, 24 July 2017

Present:

Members: Councillor S Bains (Chair)  
Councillor R Brown  
Councillor L Harvard  
Councillor P Seaman  
Councillor R Singh  
Councillor K Taylor

Employees (By Directorate):

People M Burn

Place P Baggott, B Hastie, P Jennings, L Knight, S Lock, H Lynch,  
K Tyler

Other Representatives: M Stocks, Grant Thornton  
S Turner, Grant Thornton

Apologies: Councillor H Sweet, substitute Councillor P Seaman

### **RECOMMENDATION**

#### **22. Audit and Procurement Committee Annual Report to Council 2016/17**

The Committee considered the Audit and Procurement Committee's Annual Report, which was to be submitted to the City Council at their meeting on 5th September 2017. The report provided an overview of the Committee's activity during 2016/17.

During the previous municipal year, the Committee met on eight occasions. The report detailed all the routine reports considered during this time which were based around the clearly defined expectations of the services and functions that report to the Committee such as internal and external audit and financial functions.

The Committee also considered ad-hoc reports which focused on either a specific concern or developments that impacted directly on the Committee. These included the Information Management Strategy; 2015/16 Annual Freedom of Information / Data Protection Act Report; Regulation of Investigatory Powers Act 2000 Annual Report; Ombudsman Complaints Annual Report; Corporate Risk Register; Code of Corporate Governance; and the Whistleblowing Policy.

In 2017/18, the Committee's initial focus would be ensuring that action was taken in response to disclosures made in the Annual Governance Statement; ensuring that any issues raised by the external auditors in the audit of the Council accounts were addressed on a timely basis, ensuring that Members of the Committee were appropriately supported through training and development; and that any actions arising from the outcome of the annual review of the Council's Code of Corporate Governance were effectively implemented.

**RESOLVED that the Audit and Procurement Committee recommends that the Council considers the Annual Report 2016/17 at their meeting on 5<sup>th</sup> September, 2017.**

# **Audit and Procurement Committee Annual Report to Council 2016-17**

To be considered at the City Council meeting  
on the 5<sup>th</sup> September 2017

## **Audit and Procurement Committee Annual Report 2016-17**

### **Introduction by Chair of Audit and Procurement Committee**

In May 2016 I was appointed as the Chair of the Audit and Procurement Committee and I am pleased to present this report which outlines the Committee's work over the municipal year 2016-17.

Over the last year, the Committee has continued to discharge its key responsibility effectively, namely providing independent assurance on the adequacy of the Council's internal control environment, the risk management framework and the integrity of the financial reporting and annual governance processes. At the same time, the Committee has been able to consider other matters to support the Council including providing scrutiny and challenge over procurement activity and arrangements to ensure compliance with data protection requirements.

I am looking forward to building on the good work done in 2016-17 and ensuring that the Committee continues to make a positive contribution to the overall governance arrangements within the Council. In terms of initial priorities for 2017-18 these include ensuring that:

- Action is taken in response to disclosures made in the Annual Governance Statement and that any issues raised by the external auditors in the audit of the Council accounts are addressed on a timely basis.
- Members of the Audit and Procurement Committee are appropriately supported through training and development.
- Any actions arising from the outcome of the annual review of the Council's Code of Corporate Governance are effectively implemented.

I hope that this Annual Report helps to demonstrate to Coventry residents and the Council's other stakeholders the vital role that is carried out by the Audit and Procurement Committee and the contribution that it makes to the Council's overall governance arrangements.



**Councillor Sucha Bains  
Chair, Audit and Procurement  
Committee**



## 1 Activity of the Council's Audit and Procurement Committee

During 2016-17, the Council's Audit and Procurement Committee met on eight occasions. Meetings were held in June, July, September, October and December 2016 as well as in January, February and April 2017.

The Committee receives a range of:

- Routine reports based on the clearly defined expectations of services / functions that report to the Audit and Procurement Committee, e.g. internal / external audit and financial management.
- Ad-hoc reports which focus on either a specific concern or developments that impact directly on the Committee.

The details of the reports considered in 2016-17 are expanded upon below.

1.1 **Governance** - As part of the Annual Accounts process for 2015-16, the Acting Chief Internal Auditor co-ordinated the development of the Council's Annual Governance Statement. The draft Statement was considered by the Committee in June 2016 and then in July 2016, when the audited Statement of Accounts were approved by the Audit and Procurement Committee. The statement highlighted the following significant governance issues which required the Council's focus in 2016-17; securing sustainable improvement in Children's Services, delivery of the Council's vision and corporate objectives in line with the Medium Term Financial Strategy, on-going implementation of the Kickstart programme, continuing to raise educational standards, addressing actions arising from the Information Commissioner's Audit and implementing the Information Management Strategy. The Statement also highlighted internal control issues for improvement in relation to the Council's processes for awarding council tax discounts and exemptions and review of a number of the key procedures that underpin the governance framework, namely the Risk Management Strategy, the Code of Corporate Governance, the Whistleblowing Procedure and the Fraud and Corruption Strategy.

1.2 **Financial Management and Accounting** - The unaudited Statement of Accounts was considered by the Committee in June 2016 and then in July 2016, when the audited Statement of Accounts were approved by the Audit and Procurement Committee. Additionally, the following reports were received in year:

- The revenue and capital outturn position for 2015-16 was considered in July 2016. The report showed the Council's financial position in relation to management accounts used to monitor performance through the year.
- Quarterly monitoring reports of the Council's performance against its revenue and capital budgets during 2016-17 were considered in September 2016, December 2016 and February 2017.
- A treasury management activity update was considered in October 2016. The report highlighted investment activity carried out by the Council and provided assurance that the Council was managing investments in accordance with its Investment Strategy.

1.3 **External Audit** - The following reports were received from the Council's external auditors, Grant Thornton in 2016-17:

- The Audit Findings for Coventry City Council - This report was considered in July 2016, and its purpose was to highlight the key findings arising from the audit of the Council's financial statements for the year ending 31 March 2016. The report conclusions were that, pending satisfactory clearance of outstanding matters:
  - An unqualified audit opinion would be provided on the Council's financial statements.
  - Whilst work in respect of Children's Services was still underway, the value for money work undertaken found that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The report did identify issues which the external auditors thought required focus by the Council in the next year including commissioning a new valuation for its investment in Birmingham Airport Holdings Limited, enhancing controls within the Agresso application, making improvements to the process for managing leavers' access to IT systems and taking actions to maintain a sound financial position, including ensuring that the medium term financial plan is up-to-date and covers a range of potential scenarios. The Committee received an update on the implementation of these recommendations in December 2016.

- Annual Audit Letter - This was considered at the September 2016 meeting. The main focus of this report being to summarise the findings from the 2015-16 audit and to formally document their conclusions in respect of the audit of the accounts and the Council's arrangements for securing value for money. The conclusions reached for both these areas were consistent with those indicated in the Audit Findings for Coventry City Council report considered in July 2016 and confirmed that an unqualified value for money conclusion had been issued.
- Certification of Claims and Returns Annual Report - This was considered in February 2017 and summarised the findings from the certification of 2015-16 claims and returns that were subject to review by the external auditors. The report highlighted that only the Housing Benefits subsidy claim was subject to external audit approval, which had been qualified due to errors identified, although the impact of this was estimated not to be significant. The external auditors' conclusion was that the Council has appropriate arrangements to compile complete, accurate, and timely claims / returns for audit certification.
- 2016-17 Audit Plan - This was considered in April 2017 and set out the work that Grant Thornton would undertake in respect of the audit of the Council's financial statements for the year ended 31 March 2017. It also documented the expected outputs that the Committee would receive from the external auditors.

1.4 **Internal Audit** - During the year, the Audit and Procurement Committee received the following reports at the July and October 2016 meetings as well as in February and April 2017.

- Internal Audit Annual Report - This report had two main purposes:
  - To summarise the Council's Internal Audit activity for the period April 2015 to March 2016, against the agreed Internal Audit Plan for the same period. This highlighted that the Internal Audit Service had met its' target to deliver 90% of the agreed work plan by the 31<sup>st</sup> March 2016.
  - To provide the Committee with the Acting Chief Internal Auditor's opinion on the overall adequacy and effectiveness of Coventry City Council's internal control environment. Based on the work of Internal Audit in 2015-16, the Acting Chief Internal Auditor concluded that 'moderate' assurance could be provided that there was generally a sound system of internal control in place to help the organisation meet its objectives.
- Internal Audit Plan for 2016-17 – This report considered the outcome of the Internal Audit planning process and provided the Committee as a key stakeholder of the Internal Audit Service, the opportunity to comment on scope and coverage outlined in the plan.

Other Internal Audit reports considered during the year include:

- Progress reports on Internal Audit work - Monitoring reports were received in October 2016 and February 2017. These reports provided updates on the performance of the Service, along with a summary of the key audits from a sample of high profile audit reviews carried out in the relevant periods. In considering these reports, the Committee agreed with the focus of improvements identified and the timescales agreed for implementation.
- Recommendation Tracking Report - In April 2017, a report on action taken by Council officers in implementing agreed audit recommendations was presented. This highlighted high levels of compliance with the implementation of agreed actions.

1.5 **Fraud** - The following fraud reports were considered in 2016-17:

- Annual Fraud Report - This report was considered by the Committee in September 2016 and summarised the Council's response to anti-fraud activity for the financial year 2015-16. This included:
  - A rolling programme of reviews linked to Council Tax exemptions. It was highlighted that 105 exemptions had been removed from customers' accounts in 2015-16, which resulted in revised bills being issued amounting to around £120k.
  - A summary of the work undertaken in relation to the National Fraud Initiative and other corporate fraud work including investigations and proactive exercises.
- Half Yearly Fraud Update - A report was received in December 2016, which provided an up-date on anti-fraud activity in 2016-17.

- 1.6 **Procurement** – Procurement was a standard agenda item at every meeting of the Committee during 2016-17 with the exception of June 2016 and January 2017. This area is considered under the private part of the agenda and is a progress report summarising procurement activity considered by the Procurement Board and Panels in the relevant period, as well as providing an update on progress made in delivering agreed procurement saving targets. The Committee in considering these reports noted the content of reports and sought assurance around specific activity highlighted.
- 1.7 **Salaries** – Within its terms of reference, the Committee is responsible for determining any salary or severance package for an employee of the Council (except the Chief Executive) of £100k or over. The Committee received reports in December 2016, January and February 2017 linked to the discharge of this function, which included approving a revised interpretation of this requirement in light of new legislation, to include all severance packages where the benefits payable to the employee and the costs to the Council exceed £100k.
- 1.8 **Other** - The Audit and Procurement Committee also supports the Council in considering other areas and in 2016-17, this included the following:
- Information Management Strategy – The Committee received reports in July and October 2016, as well as February 2017, linked to the findings of the Information Commissioner’s Office data protection audit and the progress made in implementing the audit recommendations. By the end of 2016-17, all of the 77 recommendations had been completed and it was anticipated that a significantly improved level of assurance would be received from the Information Commissioner’s Office at the point of their follow up visit.
  - 2015-16 Annual Freedom of Information (FOI) / Data Protection Act (DPA) Report - This report considered the Council’s performance for responding to information requests through the different mechanisms as well as highlighting the outcome of internal reviews carried out by the Council and complaints considered by the Information Commissioners Office. The Council completed 60% of FOI requests on time and 53% of DPA requests. 5 Information Commissioner’s Office complaints were received during the course of the year, which were appropriately dealt with.
  - Regulation of Investigatory Powers Act 2000 Annual Report – This report focused on providing oversight of the Council’s compliance with this Act. 2 directed surveillance applications were granted during the year. There were no reported instances of the Council having misused its powers under the Act.
  - Ombudsman Complaints Annual Report - This report provided information regarding the number and outcome of Local Government Ombudsman complaints received and investigated during 2015-16, along with outlining the actions taken by the Council where a complaint was upheld by the Ombudsman. Of the 109 complaints, only 22 were pursued and 11 upheld. The Ombudsman did not issue formal reports of maladministration for any of the complaints upheld.

- Corporate Risk Register – This report set out the current Corporate Risk Register with an overview of the Council's corporate risk profile and the controls in place to address these risks. The Committee noted the Risk Register having satisfied themselves that the corporate risks are being identified and managed. Members of the Committee also received a specific training session on risk management during the year.
- Code of Corporate Governance – a briefing note was received in April 2017 which outlined the revised Code of Corporate Governance based on updated national guidance. It was highlighted that the proposed changes will help support the preparation of the Annual Governance Statement which the Committee approves.
- Whistleblowing Policy – the Committee is required to monitor the Council's policy on Whistleblowing and in April 2017 considered a report on the review and update of the Council's policy to ensure compliance with current legal obligations and best practice.

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the health and care of local populations and make more efficient use of available resources.

Whilst the Sustainability and Transformation Programme (STP) is the primary planning tool for health and care, the Better Care Fund is the only mandatory policy to facilitate integration. The Better Care Fund (BCF) is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.

In March 2017 a new policy framework for the Better Care Fund covering the period 2017 to 2019 was issued at the same time as significant additional funding being made available to Councils in order to protect adult social care. These sums arise from the 2015 spending review and the 2017 spring budget. Taken together these sums comprise the Improved Better Care Fund (BCF).

This additional funding, which was being made available by the Department for Communities and Local Government direct to Councils, was intended for three purposes:-

- 1) To meet adult social care need
- 2) To provide support to the NHS (especially through application of the 8 High Impact Changes)
- 3) To sustain the social care provider market

Plans for use of the grant need to be agreed by the City Council with the relevant CCG (in this case the Coventry and Rugby Clinical Commissioning Group (CRCCG)) and with the local Health and Well-Being Board. Once plans are agreed the resources can start to be spent but must be done so through a pooled budget arrangement (unless ministerial exception is granted)

Since the implementation of the Better Care Fund (BCF) in 2015, the Council has had a BCF plan facilitated by the Health and Wellbeing Board supported by a Section 75 partnership agreement with Coventry and Rugby Clinical Commissioning Group (CRCCG). A new plan is required covering the period to 31 March, 2019 with a supporting section 75 partnership agreement identifying how the additional resources identified in the spring budget are to be used. Once the planning tools are made available, this new plan will be developed followed by the required section 75 partnership agreement.

The report and associated appendices sought approval for the use of the additional Better Care Fund resource against the three stated purposes. The use of the grant without the associated planning tools being provided, completed and assured is permissible on the basis that spend plans have been agreed by the Local Authority and the CCG through the Health and Well-Bing Board.

The Cabinet agreed to:-

1. Approve the programme plan for the resources made available through the Improved Better Care Fund (BCF) against the areas identified for 2017/19



2. Approve entering into a new Section 75 Partnership Agreement with the Coventry and Rugby Clinical Commissioning Group for the delivery of the BCF plan once the plan is completed. This will include the governance arrangements for the operation of the Section 75 Partnership Agreement and maintain the City Council as the host for the pooled budget to enable the delivery of the BCF plan
3. Delegate authority to the Director of Adult Services and the Director of Finance and Corporate Resources, as the Section 151 officer, following consultation with the Cabinet Member for Adult Services and the Cabinet Member for Strategic Finance and Resources to finalise the section 75 agreement with Coventry and Rugby Clinical Commissioning Group following approval of the plan.

**RESOLVED that the City Council be recommended to approve acceptance of a grant in excess of £2.5m in relation to the additional BCF grant.**

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Health and Well-Being Board  
Cabinet  
Council

10 July 2017  
1 August 2017  
5 September 2017

**Name of Cabinet Member:**

Cabinet Member for Adult Services – Councillor Abbott

**Director Approving Submission of the report:**

Deputy Chief Executive (People)

**Ward(s) affected:**

All

**Title:**

Improved Better Care Fund

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**Is this a key decision?**

Yes, due to level of spend and City-wide implications

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**Executive Summary:**

The integration of health and care has been a long standing policy ambition based on the premise that more joined up services will help to improve the health and care of local populations and make more efficient use of available resources.

Whilst the Sustainability and Transformation Programme (STP) is the primary planning tool for health and care, the Better Care Fund is the only mandatory policy to facilitate integration. The Better Care Fund (BCF) is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.

In March 2017 a new policy framework for the Better Care Fund covering the period 2017 to 2019 was issued at the same time as significant additional funding being made available to councils in order to protect adult social care. These sums arise from the 2015 spending review and the 2017 spring budget. Taken together these sums comprise the Improved Better Care Fund (iBCF).

This additional funding, which is being made available by the Department for Communities and Local Government direct to councils is intended for three purposes:

1. to meet adult social care need

2. to provide support to the NHS (especially through application of the 8 High Impact Changes)
3. to sustain the social care provider market

Plans for use of the grant need to be agreed by the City Council with the relevant CCG (in this case Coventry and Rugby Clinical Commissioning Group (CRCCG) and with the local Health and Well-being board. Once plans are agreed the resources can start to be spent but must be done so through a pooled budget arrangement (unless ministerial exception is granted).

Since the implementation of the Better Care Fund (BCF) in 2015, the Council has had a BCF plan facilitated by the Health and Wellbeing Board supported by a section 75 partnership agreement with Coventry and Rugby Clinical Commissioning Group (CRCCG). A new plan is required covering the period to 31 March 2019 with a supporting section 75 partnership agreement identifying how the additional resources identified in the spring budget are to be used. Once the planning tools are made available this new plan will be developed followed by the required section 75 partnership agreement.

This report and associated appendices seek approval for the use of the additional Better Care Fund resource against the three stated purposes. The use of the grant without the associated planning tools being provided, completed and assured is permissible on the basis that spend plans have been agreed by the Local Authority and the CCG through the Health and Well-Being Board

#### **Recommendations:**

Health and Wellbeing Board is recommended to:

1. Support the programme plan for the resources made available through the iBCF against the areas identified
2. Accept a further report on the BCF plan once the planning tools have been provided and completed

Cabinet is recommend to:

1. Approve the programme plan for the resources made available through the iBCF against the areas identified for 2017/19.
2. Approve entering into a new Section 75 Partnership Agreement with CRCCG for the delivery of the BCF plan once the plan is completed. This will include the governance arrangements for the operation of the Section 75 Partnership Agreement and maintain the City Council as the host for the pooled budget to enable the delivery of the BCF plan.
3. Delegate authority to the Director of Adult Services and Director of Finance and Corporate Resources, as Section 151 officer, following consultation with the Cabinet Member for Adult Services and Cabinet Member for Strategic Finance and Resources to finalise the section 75 agreement with Coventry and Rugby Clinical Commissioning Group following approval of the plan.
4. Recommend that Council approve acceptance of a grant in excess of £2.5m in relation to the additional BCF grant.

Council is recommended to:

1. Approve acceptance of grant income in excess of £2.5m in relation to the additional BCF grant.

**List of Appendices included:**

Appendix One: iBCF programme plan

**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?**

Yes – Health and Wellbeing Board – 10<sup>th</sup> July 2017

**Will this report go to Council?**

Yes – 5<sup>th</sup> September 2017

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## Report title: Improved Better Care Fund

### 1. Context (or background)

- 1.1 The integration of health and care has been a long standing national policy ambition based on the premise that more joined up services will help improve the health and care of local populations and make more efficient use of available resources. There is no single way to integrate health and care and no single methodology about what elements should be integrated and what good integration looks like in terms of impact for the person that comes into contact with health and care.
- 1.2 Nationally, the primary planning tool being used to deliver improved and sustainable health and care is the Sustainability and Transformation Programme (STP), which provides a system level framework within which organisations in local health and care economies can plan effectively and deliver a sustainable, transformed and integrated health and care service.
- 1.3 Prior to, and subsequently alongside the STP the Better Care Fund was launched in 2013 as part of a government drive to integrate health and care. The Better Care Fund was valued at a minimum of £3.8bn nationally and has covered two financial years, 2015/16 and 2016/17 (£5.3bn was pooled nationally in 2015/16 and £5.8bn in 2016/17). The resources covered by the BCF required the development of a Section 75 agreement which is a partnership agreement whereby NHS organisations and local authorities contribute an agreed level of resource into a single pot (the pooled budget) that is then used to drive the integration and improvement of existing services. In Coventry a total of £52m for 2015/16 and £56m for 2016/17 was pooled between the City Council and Coventry and Rugby Clinical Commissioning Group (CRCCG) across a series of project areas. The City Council is currently the host of the section 75 Partnership Agreement and it is proposed that this arrangement continues once the new BCF plan is completed and approved, the timescale for which is uncertain as it is dependent on planning guidance being issued by government.
- 1.4 In March 2017 the Department of Health and the Department for Communities and Local Government issued a new Integration and Better Care Fund policy framework covering the period April 2017 to March 2019. This made an additional £2bn available to councils arising from the 2017 spring budget which taken together with the previously announced Better Care Fund monies comprise the Improved Better Care Fund (iBCF).
- 1.5 Nationally, the additional funding made available through iBCF is a welcome response to the acknowledged national funding pressures facing Adult Social Care. However, the 2016/17 budget survey undertaken by the Association of Directors of Adult Services identified that for 2016/17 £941m of additional savings were required nationally. These additional savings equate to approximately half of the £2bn made available through the spring budget.
- 1.6 The funding pressures facing Adult Social Care in Coventry have resulted in a position where year on year the City Council has experienced significant overspends in Adult Social Care which have been offset by a combination of one off reserves and savings elsewhere in the City Council. These overspends have been incurred as a result of costs of delivering the statutory requirement under the Care Act 2015
- 1.7 In recognising these pressures on social care the CRCCG have transferred to the local authority the various sources of funding identified nationally to protect adult social care as outlined in the previous BCF guidance.

## 1.8 iBCF Policy Framework

- 1.8.1 The policy framework for iBCF was issued by the Department of Health and Department for Communities and Local Government in March 2017. Following the publication of this policy framework there has been a significant delay in the issuing of the planning guidance from the LGA and the NHS on the use of this funding. This has caused a degree of uncertainty over the precise requirements relating to iBCF, the submission of plans and how progress will be monitored. Nevertheless, the grant determination has been issued and the funds are being paid monthly to the City Council via a section 31 grant so are available for use once agreement on use has been reached. .
- 1.8.2 This report and associated appendices contain a number of proposals for the use of the funding. These are categorised against each of the three purposes described in the grant determination, these being:
- a. Meeting adult social care need
  - b. Providing support to the NHS
  - c. Sustaining the social care provider market
- 1.8.3 In addition to meeting these purposes four national conditions also exist that need to be satisfied in producing a plan for the use of the additional money, these being:
- a. Plans to be signed off by the Health and Wellbeing Board, and by the constituent councils and Clinical Commissioning Groups
  - b. NHS contribution to adult social care is maintained in line with inflation, as part of the wider BCF resourcing
  - c. Agreement to invest in NHS commissioned out of hospital services, which may include 7 day services and adult social care
  - d. Managing transfers of care
- 1.8.4 The manner in which conditions (b) to (d) are met are described in each of the proposals below and the associated appendices. Condition (a) will be met through ensuring the relevant approvals are in place before spend is committed.
- 1.8.5 In delivering against the purpose and meeting the national conditions the iBCF does create an opportunity to invest over a three year period in changes that will have a long term and sustainable impact on the health and care system in Coventry and the people that use it (however it must be recognised that whilst the funding has been identified for 3 years, the planning window at this stage is only for the first two years). This is particularly important as there is no indication of the availability of further funding following year three.

## 1.9 iBCF Programme Plan

- 1.9.1 The programme plan for iBCF contained in Appendix One contains a series of project areas which deliver against the three purposes of the funding as described in sections 1.10 to 1.12 below

### 1.10 Meeting adult social care need

- 1.10.1 Ensuring that people who require Adult Social Care have the relevant care and support available in a timely and effective manner is critical to preventing further deterioration as well as helping to ensure that people's individual outcomes are met. This is recognised through iBCF through the 'meeting adult social care need' purpose. In meeting this purpose it is important that we do not just provide more of the same as this creates



financial risk in the years following expiry of the iBCF. Therefore it is proposed that we use the iBCF resource in a manner that reduces as much as possible the ongoing care and support needs of people that would otherwise require long term social care.

- 1.10.2 To this end it is proposed that a Community Promoting Independence service is developed. The purpose of this will be to support people, identified through Community Social Work teams, for a short term period to enable them to the point where social care is not required or, if this is not possible, is at a lower level than would otherwise have been the case.
- 1.10.3 In Coventry there are already Short Term Services to Maximise Independence (STSMI) in place, however the demand is such that virtually all of this resource supports hospital discharge meaning that people identified as needing social care direct from the community do not have the same opportunity to regain their independence and move away from an ongoing requirement for social care.
- 1.10.4 As the people that will be targeted for this approach would otherwise be in receipt of ongoing social care, and therefore a cost would already be incurred by the local authority, the iBCF will be used to fund the additional costs associated with the greater level of input required to make a Community Promoting Independence service a success. This includes additional Occupational Therapy and Social Work input plus a recognition that additional provider costs may be incurred through the increased input required.
- 1.10.5 In addition to maximising the independence of people when they first come into contact with social care, the iBCF provides an opportunity to invest in preventative services that reduce the requirement for health and/or social care in the longer term. Aligning this to the Proactive and Preventative workstream of the Sustainability and Transformation Programme is important to ensure overall system fit and avoid duplication. In doing this, preventative initiatives are proposed that focus on areas including support for people experiencing mental ill health, interventions to develop volunteer capacity to reduce social isolation and interventions that will enable people to take a more active role in managing their health and well-being in the community.

## **1.11 Providing support to the NHS**

- 1.11.1 The improved Better Care Fund provides the requirement for local authorities to use part of the additional funding to support the NHS. The CRCCG currently commissions residential capacity to support the Discharge to Assess pathway, this was originally commissioned on a short term basis due to availability of funds but demand has been such that to remove this capacity at this point in time would have a significant and detrimental impact on numbers of discharges. Therefore, the iBCF resource will be used to support the CCG in maintaining the existing level of discharge to assess beds. In addition to this, people awaiting a care package in their own homes is a common reason for delays so the iBCF will also be used to support an increase in short term home support capacity to facilitate discharge.
- 1.11.2 In addition to this, additional capacity will be commissioned for the period covering November to March for both years of the plan (peak seasonal pressures) to help ensure that hospital system flow is maintained over this period which is often the most challenging for the health and social care system.
- 1.11.3 As well as capacity to facilitate hospital discharge the iBCF provides an opportunity to support a system change that improves long term performance. To this end it is proposed that an element of the available resource is identified to support a programme of work to improve system performance through pre-admission, whilst in hospital and then

discharge. The details of this work are to be developed through the Accident and Emergency delivery board and external capacity may be required in order to deliver the required improvements.

## **1.12 Supporting the sustainability of social care**

1.12.1 Supporting the sustainability of social care through recognising the ongoing pressures on Adult Social Care as a result of reductions in local government funding and the impact this has had on wider city council resources is an important element of the iBCF grant. In order to meet its statutory responsibilities in respect of Adult Social Care the City Council has experienced overspends against its Adult Social Care budget which have been met through the delivery of savings in other areas and reserves. This is in addition to £5.99m of savings being delivered by Adult Social Care since 2015/16.

1.12.2 In order to set a balanced budget the City Council, through its budget setting in February 2017, identified that a proportion of BCF resources were required in order to deliver a balanced budget along with additional savings to be delivered from 2018/19. In order to resource the growing demands in ASC and deliver a balanced budget for the City Council, a proportion of the additional resources were identified as required in the Councils budget setting report in February. This is in addition to savings targets that will also need to be delivered.

1.12.3 In addition to this there are market sustainability pressures associated with costs, such as increases in the national living wage and changes to pension legislation. Where these can be evidenced, not meeting these additional costs could result in provider failure and the social care provider market becoming unsustainable. If this was to happen, this may lead to closures which would have a direct impact on the health and social economy resulting in more delayed transfers of care and possibly more admissions to hospital if providers withdrew services at short notice and no alternatives were readily available. There are also anticipated additional financial demands on the City Council as a result of Continuing Health Care reviews undertaken by CRCCG.

1.12.4 Although the provider market has remained relatively stable with only one closure of a care home since 2015/16 the number of providers requesting additional package costs has increased, and is expected to increase further. The City Council will continue to recognise a genuine sustainability issue as a result of costs increasing outside of the providers control. The resources available through the iBCF will support the City Council to meet these additional costs where required without further impacting on the need to use reserves or make other cuts to support social care.

## **1.13 Integrating commissioning**

1.13.1 As the only mandated policy for integration the iBCF provides a policy impetus to consider areas of health and social care that could be more closely integrated. In Coventry the focus of this integration activity under the iBCF will be in our commissioning activity. There are a number of enablers already in place to support the progression of this including:

- The Health and Well-Being Board Concordat agreed in October 2016 set out a number of principles for commissioning across Coventry and Warwickshire
- The establishment of a Commissioning Collaborative group across Coventry and Warwickshire which brings together the Accountable Officers for CCGs, the Director of People (Warwickshire) and the Deputy Chief Executive (People) for Coventry to consider and align commissioning issues across the STP footprint. Aligned to this a

commissioning collaborative document has been produced that outlines how commissioners across Coventry and Warwickshire will work together on significant issues to achieve better integration and improve outcomes.

- In Coventry there has been a Joint Adult Commissioning Board in place for a number of years which is chaired by the Director of Adult Services and attended by colleagues across the Coventry and Rugby Clinical Commissioning Group to agree on areas of joint commissioning. As a further step towards integration lead officers have been identified to lead on behalf of both organisations on significant areas of joint commissioning across both organisations.
- Although formal structural integration is not being progressed at this time a number of joint commissioning posts do exist across Learning Disabilities and Mental Health/Dementia. It is proposed that an element of the iBCF funding is used to ensure that the commissioning capacity is in place to work across both organisations to ensure the projects under the iBCF are delivered and impacts are evidenced.

#### **1.14 Delivering the High Impact Change Model**

- 1.14.1 The High Impact Change Model is a model endorsed by the Local Government Association, Secretaries of State for Health and for Communities and Local Government which identify eight areas that work well in ensuring that people do not stay in hospital for longer than they need to. This covers areas including early discharge planning, multi-agency discharge teams, discharge to assess, trusted assessors and enhancing health in care homes.
- 1.14.2 Significant progress has been made in implementing this model in Coventry which is overseen through the Coventry and Warwickshire Accident and Emergency Delivery Board. The iBCF is intended to support acceleration of the High Impact Change Model although it can be used to support the wider health economy in delivering the model where this is likely to result in savings for social care.
- 1.14.3 Some of the proposals described above will further support delivery of the model through increasing Discharge to Assess capacity which is often a barrier to effective discharge. As implementation of the model locally progresses the City Council will work with its health colleagues using iBCF resources where appropriate and required to ensure the model continues to be implemented and patient/service user benefits are realised.

#### **1.15 Governance of iBCF**

- 1.15.1 A set of governance arrangements are associated with the BCF including the need to produce a BCF plan which is subject to approval by NHS England (NHSE). The publication of the planning guidance associated with this has been delayed and as at 12 June 2017 had not been published. However, the policy framework was issued by the Department of Health and Department for Communities and Local Government in March 2017, and the grant determination was issued on 24 April 2017. When the planning guidance is issued it is likely that the plan will require sign off through the Health and Well-Being Board.
- 1.15.2 Although provider agreement is not required for the iBCF as the impact of the resource will be felt across the health and social care system the contents of the plan have been shared and commented on by the Coventry Accident and Emergency Delivery Group which includes representatives from University Hospital Coventry and Warwickshire (UHCW) and Coventry and Warwickshire Partnership Trust (CWPT).

- 1.15.3 Use of the grant will be subject to a monitoring process which, in the absence of the planning guidance will be overseen by the Department for Communities and Local Government and requires quarterly returns on progress against the national conditions.
- 1.15.4 It is not proposed that a separate BCF board is established for Coventry to oversee activity but that the Preventative and Proactive workstream of the STP becomes the main oversight group with an annual report to the Health and Well-Being Board to ensure system oversight. On a day to day basis the Joint Adult Commissioning Board will oversee progress in line with the existing Better Care Fund Programme. Specific spend decisions will be made through the appropriate governance structures of CRCCG and the City Council. Updates on progress will also be provided periodically to the Accident and Emergency Delivery Board as a key stakeholder group.
- 1.15.5 A key role of these governance arrangements for BCF will be monitoring performance against the National Performance Metrics associated with the iBCF, these being:
- Delayed Transfers of Care
  - Non-elective admissions (General and Acute)
  - Admissions to residential and care homes; and
  - Effectiveness of reablement

#### **1.16 Developing the Partnership Agreement – Section 75**

- 1.16.1 The grant determination further associated with the iBCF requires that the BCF is transferred into one or more pooled funds established under section 75 of the NHS Act 2006. In Coventry a Section 75 partnership agreement was established to oversee the previous Better Care Fund.
- 1.16.2 The purpose of this Partnership Agreement was to support the delivery of the Better Care Fund by setting out the governance and practical management arrangements specifically associated with the Better Care Fund pooled budget.
- 1.16.3 It is recommended that once the planning guidance is available and plans completed and approved that the City Council continue to pool resources including the additional iBCF resource into a revised section 75 Partnership Agreement covering the two years from 2017-2019 with the City Council to remain as host. As an alternative the City Council could seek written ministerial exemption from this but there are no particular circumstances in respect of Coventry that would indicate that such approval would be sought if granted.
- 1.16.4 In revising the use of the existing pooled budget, which is created from allocations from Coventry and Rugby Clinical Commissioning Group and the Council, this does not constitute a delegation of statutory responsibilities and all statutory responsibilities are retained by Coventry and Rugby Clinical Commissioning Group and the Council. Any future financial implications will be reported through each organisation's existing financial reporting arrangements.
- 1.16.5 The regulations require that one of the partners is nominated as the host of the pooled budget and this body is then responsible for the budget's overall accounts and audit. In Coventry, it is proposed that the Council continues to be host for the Better Care Fund pooled budget.

## **2. Options considered and recommended proposal**

- 2.1 The proportionate spend of the iBCF grant against each of the local conditions is a matter for local determination between the City Council, and the Coventry and Rugby Clinical Commissioning Group. The proposals put forward in this report represent a combination of additional capacity required to improve the effectiveness of health and social care plus schemes that will further transform the system and contribute to longer term sustainability beyond the current three years for which iBCF funding is applied.
- 2.2 In recommending the proposals in this document it does need to be acknowledged that variations in projects may be required in order to adapt to the changing circumstances across the health and social care economy. Governance arrangements will be put in place to appropriately oversee any such changes.
- 2.3 As an alternative to agreeing spend proposals at this time the City Council could wait until full planning guidance has been issued and completed and approved by NHSE. As the timescales for this are unknown and the grant conditions regarding the iBCF are clear that spend can begin once proposals are agreed, this is not recommended.
- 2.4 Health and Wellbeing Board is recommended to:
- Support the programme plan for the resources made available through the iBCF against the areas identified
  - Accept a further report on the BCF plan once the planning tools have been provided and completed
- 2.5 Cabinet is recommend to:
- Approve the programme plan for the resources made available through the iBCF against the areas identified for 2017/19.
  - Approve entering into a new Section 75 Partnership Agreement with CRCCG for the delivery of the BCF plan once the plan is completed. This will include the governance arrangements for the operation of the Section 75 Partnership Agreement and maintain the City Council as the host for the pooled budget to enable the delivery of the BCF plan.
  - Delegate authority to the Director of Adult Services and Director of Finance and Corporate Resources, as Section 151 officer, following consultation with the Cabinet Member for Adult Services and Cabinet Member for Finance and Resources to finalise the section 75 agreement with Coventry and Rugby Clinical Commissioning Group following approval of the plan.
  - Recommend that Council note the receipt of a grant in excess of £2.5m.
- 2.6 Council is recommended to:
- Approve acceptance of grant income in excess of £2.5m in relation to the additional BCF grant.

## **3. Results of consultation undertaken**

Formal consultation has not been undertaken however key stakeholders including health partners have been engaged in the development of plans through the Accident and Emergency delivery board and Sustainability and Transformation Programme board.

#### 4. Timetable for implementing this decision

Implementation of plans will commence immediately. Full implementation will be subject to a number of factors including market capacity and ability to recruit.

#### 5. Comments from Director of Finance and Corporate Services

##### 5.1 Financial implications

The City Council and Clinical Commissioning Group have pooled budgets as part of the Better Care Fund since April 2015. The pooled budget for 2016/17 and the proposed pooled budget for 2017/18 (excluding iBCF) are shown in the table below.

<b>Better Care Fund</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Coventry City Council	20.0	20.5
Coventry & Rugby Clinical Commissioning Group	35.9	36.2
<b>Total Pooled Budget</b>	<b>55.9</b>	<b>56.7</b>

The iBCF is additional to the existing pooled resources, and the supporting planning arrangements cover differing periods of time to the identified resource. Whilst the funding is for a 3 year period, the plan requiring approval is currently only for the 2 year period from 1st April 2017 to 31st March 2019.

The grant conditions state that the iBCF grant may be used only for the purpose of meeting adult social care needs, reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready, and ensuring the local social care market is supported.

They also state that the local authority must:

- pool the grant funding into the local Better Care Fund, unless the authority has written ministerial exemption
- work with the relevant Clinical Commissioning Group and providers to meet National Condition 4 (Managing Transfers of Care) in the Integration and Better Care Fund Policy Framework and Planning Requirements 2017-19; and
- provide quarterly reports as required by the Secretary of State

The table below identifies the additional iBCF resources for the 3 year period, however the 2019/20 figures at this stage are for information only as they are outside the scope of the current planning timescales.

<b>Coventry Allocation of iBCF</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>Total iBCF</b>
Spending Review 2015	1.0	6.7	11.6	19.3
Spring Budget 2017	7.1	4.4	2.2	13.7
<b>Total iBCF Resources</b>	<b>8.1</b>	<b>11.1</b>	<b>13.8</b>	<b>33.0</b>
Included in February 2017 Budget Report	(1.0)	(6.7)	(6.7)	(14.4)
<b>Additional Resource over and above Budget</b>	<b>7.1</b>	<b>4.4</b>	<b>7.1</b>	<b>18.6</b>

Due to the late publication of guidance and the time it will take to commission new services, it is expected that local authorities will be unable to spend the whole of the first years grant in year 1 enabling it to be transferred across years. The proposed programme of spend in the table below reflects the likely spend profile.

<b>BCF Workstream</b>	<b>Category</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>Total iBCF</b>
Whole Population Prevention	Providing Support to NHS	0.3	0.5	0.5	1.3
Improving System Flow	Providing Support to NHS	0.2	0.3	0.0	0.5
Discharge to Access Support	Providing Support to NHS	1.3	1.3	1.3	3.9
Community Promoting Independence	Meeting asc need	0.3	0.6	0.6	1.5
Integrating commissioning - improving Capacity		0.2	0.2	0.2	0.6
Protecting Social Care	Meeting asc need/sustaining the provider market	1.4	3.6	5.8	10.8
Included in Budget Report	Meeting asc need/Sustaining provider market	1.0	6.7	6.7	14.4
Reprofiling	Transfers to/(from reserves)	3.4	(2.1)	(1.3)	0.0
<b>Total iBCF Resources</b>		<b>8.1</b>	<b>11.1</b>	<b>13.8</b>	<b>33.0</b>

In addition to the existing pooled budget arrangements this means the total pooled budget for 2017/18 will be £64.8m

The iBCF is payable as a s31 grant and is only currently confirmed until the end of 2019/20. This creates a potentially significant financial risk for the City Council and the local health system should the funding be ceased after this period. The proposals being considered will not commit all the funding on an ongoing basis to help mitigate against this risk.

## 5.2 Legal implications

Section 75 of the National Health Services Act 2006 allows local authorities and NHS bodies to enter into partnership arrangements to provide a more streamlined service and to pool resources. A Section 75 agreement can only be entered into if such arrangements are likely to lead to an improvement in the way functions are exercised. The types of arrangements permitted by Section 75 include:

- The formation of a fund (pooled budget) out of which payments are made towards spending incurred in the exercise of prescribed NHS and prescribed local authority functions

- The exercise by an NHS body of the council's health related functions (and vice versa)
- The provision of staff, goods or services or the making of payments in connection with these arrangements

Regulations made under the Act set out the functions of NHS bodies and local authorities which can be the subject of a Section 75 and which may not.

## **6. Other implications**

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

The integration of health and social care services, supported by the formation of a pooled budget will support the Council's plan to improve the health and well-being of local residents.

### **6.2 How is risk being managed?**

Risks will be reported and managed through the Preventative and Proactive workstream of the STP and the Coventry Joint Adult Commissioning Board. Although the CRCCG and Local Authority will have a section 75 joint finance agreement in place to manage the BCF pooled budget fund in 2017/19 there will be no formal financial risk share agreement in place for 2017/19 within the Better Care Fund. While no specific risk share is in place the partner organisations will work closely together to mitigate against any financial impacts across the health and social care economy.

### **6.3 What is the impact on the organisation?**

The iBCF provides recognition of the funding issues in social care that have been known for some time. The grant will support the City Council in meeting its statutory duties for the delivery of Adult Social Care plus wider aims of improving the overall health and well-being of the population.

### **6.4 Equalities / EIA**

On-going consideration will be given to equality impacts and consultation requirements as the delivery programme progresses. It should however be noted that the programme contents are largely scaling up, extension and acceleration of existing elements of effective practice.

### **6.5 Implications for (or impact on) the environment**

None

### **6.6 Implications for partner organisations?**

The proposals in respect of the iBCF will have positive impacts across a number of partner organisations within the local Health and Social Care economy including improved patient flow and sustainable social care capacity.



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## **Scheme One: Targeted Prevention**

### **Overview**

This project will involve a variety of interventions aimed at reducing demand on the health and social care system through targeting effort at a number of areas of activity.

This benefit of intervening early and supporting people to be more resilient is recognised through the STP programme which has established a Proactive and Preventative workstream. The work progressed under the BCF will link to and support the delivery of the aims of this important workstream of the STP which has set four priority areas:

- Smoking prevention
- Obesity
- Falls
- Thrive mental health commission report

More detailed work is to be completed as the STP develops to ensure that the resource available through the BCF is effectively targeted and promotes sustainability, however, at this point the following areas have been identified:

1. Reducing isolation and loneliness in Older People.

Loneliness and social isolation can have a negative effect on both physical and mental health. Stress hormones, immune function and cardiovascular function are impacted by chronic loneliness and it can also lead to anxiety and depression. Research shows that lacking social connections can be as damaging to our health as smoking 15 cigarettes a day.

An initial pilot project to reduce isolation was initiated by the City Council and CRCCG in 2016/17 which brought together Age UK and Hope Coventry. Options will be reviewed for how this approach and the capacity achieved can be used to further support the priorities of the Preventative and Proactive workstream and develop in a manner that can:

- Identify people with support needs, and at risk of developing support needs, and prevent them from entering crisis
- Grow capability in the people who impact on services the most to develop and maintain their own networks without the need for more intensive support from Health and Social Care

2. Developing resilience in respect of Mental Ill Health.

The risk of people developing mental health needs increases with age. There are a number of conditions that people are more likely to experience that impact on mental health, particularly as they age as this group are prone to social isolation, financial difficulty, chronic physical health problems (long term conditions) and loss/bereavement.

There are a range of potential opportunities for supporting people with mental ill health, including those who may not necessarily meet the thresholds for health or social care support.. These include social prescribing, which can lead to improvements in areas such as quality of life and emotional wellbeing, mental and general wellbeing, and levels of depression and anxiety including a reduction in the prescribing of anti-depressants and the use of technology through on-line support forums.

3. Non-social/clinical care support which enables people to return home from hospital.

## Appendix One: iBCF programme plan

It is recognised that some people may be delayed in hospital for reasons other than requiring social care or health interventions. These may be matters to do with their domestic living environment and the impact these can have on the health of the person. It is possible that focussing on these areas, that are often more challenging to resolve, will support individuals to live successfully as part of their community. This could include, for example, providing a deep clean of a property ahead of someone returning home, or simply providing support to settle someone back home should family or friends be unavailable.

### 4. Supporting healthier choices.

Encouraging and helping people to make healthier choices to achieve positive long-term behaviour change by supporting people discharged from hospital or in social care, or those at risk of doing so, to adjust lifestyle behaviours. The behavioural / health issues will be tailored and will be likely to include:

- Diet, nutrition and hydration
- Physical activity, including strength and balance
- Warm homes
- Smoking
- Seasonal 'drives' including flu vaccination

Particular areas of focus will be working with people in care settings, in hospital and clients / patients who have been discharged from social care / hospital and also include specific training for domiciliary care workers to assist people receiving domiciliary care to have access to healthier, nutritious food.

## Objectives

Objectives of this scheme are:

- Influencing behaviour and lifestyle changes to increase adoption of preventative activities
- Proactively seeking to intervene early and reduce health risk for individuals
- Influencing the way services are designed to maximise prevention for those at risk of mental or physical ill health and maintain quality of life.
- To improve nutrition among people at greater risk of re-referral / re-admission to social care and health services.

## Benefits

Benefits for this scheme include:

- Improved range of health outcomes
- People encouraged to improve their lifestyle behaviours and live healthier lives
- Promote and enable independence, choice and control in the population
- Help improve the quality of life of older people
- Preventing / delaying re-entry to health and social care system
- Reducing isolation and loneliness
- People having stronger support networks

**Appendix One:  
iBCF programme plan**

**Metrics**

This project will contribute to the following BCF metrics:

- Non-Elective Admissions (General & Acute) All age per 100,000 population
- Older People discharged at home 91 days later per 100,000 population (ASCOF 2b)
- Delayed Transfers of Care All Adults 18+, Days of Delay per 100,000 population
- Permanent Admissions of Older People to Residential & Nursing per 100,000 population (ASCOF 2a)

**Scheme Two: Improving Whole System Flow**

**Overview**

How people are supported through the health and care system from pre-admission, admission, whilst in hospital and at discharge has a direct impact on the quality of outcome for the individual as well as system cost and efficiency. Therefore, ensuring that at each stage people are supported in the most appropriate and efficient way can both improve the customer experience and contribute to delivery of the metrics associated with the BCF.

How services are accessed, when and where assessment and treatment is available, and who it is provided by, can have as significant an impact on the quality of care as the actual type of care received. Focussing on these areas has achieved increasing traction within the health economy, especially in relation to reductions in patient waiting times for emergency and elective care.

Much work has been done in Coventry to deliver improvement in this area, this is as a result of previous interventions and partners recognising that improvements can be made. There is however more to be done.

Through this project it is intended that some of the pressures across the health system in Coventry including increasing levels of attendance and longer waiting times at A&E, rising numbers of emergency admissions to the University Hospital combined with continuing high rates of delayed discharge can be improved. These factors contribute to increasing social care activity overall and divert capacity from responding proactively to support people more effectively in the community. The need to shift activity 'upstream' is accepted and understood by partners, however realising the shift in resources and activity to deliver this remains challenging.

As one of the purposes of the BCF is to support NHS organisations it is proposed that an element of the BCF funding is used to support work to improve flow, and therefore outcomes and efficiency. The exact scope of this work is to be determined but is potentially a significant change project which will lead to sustained system improvement beyond the timescale for the BCF. It is currently proposed that this work will be led by CRCCG with the involvement of all key partners. A specification for this work is under development, following which the most appropriate way to source the required outcomes will be considered. This may lead to a formal decision to procure and engage the

**Appendix One:  
iBCF programme plan**

appropriate external expertise or alternatively it may provide an opportunity for partners to secure the appropriate skills and capacity internally to increase the pace of delivery.

This project has strong connections to the work of the Accident and Emergency Delivery Board and the Urgent Care workstream of the STP.

**Objectives**

The draft objectives of this scheme are:

- Ensuring more people receive the support they need in the most appropriate place at the right time
- Establishing and managing the relationship between flow, quality and cost
- A more effective system with co-ordinated activities and processes that facilitate effective health and social care delivery

**Expected Benefits**

The expected benefits for this project include:

- Improved work processes and culture
- Improved patient flow through the whole health and social care system
- Improved service delivery
- Enhanced quality of patient care

**Metrics**

This project will contribute to the following BCF metrics:

- Non-Elective Admissions (General & Acute) All age per 100,000 population
- Older People discharged at home 91 days later per 100,000 population (ASCOF 2b)
- Delayed Transfers of Care All Adults 18+, Days of Delay per 100,000 population
- Permanent Admissions of Older People per 100,000 population (ASCOF 2a)

**Scheme Three: Discharge Support**

**Overview**

Discharge to Assess is one of the elements of the High Impact Change model which is advocated nationally as a tool to improve discharge performance. Effective Discharge to Assess (D2A) services help those who might need support on leaving hospital, by facilitating a support package, either at home or in a residential setting that enables a period of recovery and a more considered assessment of ongoing support needs to be made. Doing this effectively both speeds up discharge from hospital

**Appendix One:  
iBCF programme plan**

and ensures that long term care and support decisions are not made in a hospital setting. The primary purpose of Discharge to Assess is to enable a period of enablement to minimise the possibility of ongoing care and support being required.

Using the Discharge to Assess approach hospital beds are vacated earlier than may otherwise be the case and benefits for the individual are also realised as health often improves further once they are outside of hospital.

Currently a range of support is commissioned that comprises the Discharge to Assess pathway (Note this is otherwise referred to as ‘Short Term Support to Maximise Independence’ or reablement) as follows:

**Pathway 1 - Home Based Support**

- 1750 hours per week rising to 1,995 per week by the end of July 2017
- 100 hours a week specialist dementia “Discharge to assess”

**Pathway 2 - Bed Based support**

- 48 care home places (residential and dementia residential beds)
- 35 places in housing with care schemes.

**In summary the system has: -**

- 83 STSMI bed places
- 1850 home support hours which are block funded

**Additional complimentary support services exist through: -**

- Coventry & Warwickshire Partnership Trust (CWPT) therapists
- Occupational Therapy (specific to dementia D2A project)
- Dementia locksmiths (specific to dementia D2A project but also working with dementia bedded step down provision )

The above capacity experiences high utilisation rates indicating that there is not an excess of supply, and, for example, data for May 2017 shows utilisation rates as follows:

<b>Pathways 1 &amp; 2</b>	<b>Home support</b>	<b>Housing with care</b>	<b>Residential Reablement</b>	<b>Dementia Residential Reablement</b>
Occupancy	100%	91%-100%	90%-100%	90%-100%

The above figures include CRCCG funding of £750k of additional capacity on a short term basis which began in 2016/17 to meet the increased pressure on the D2A pathways. However the increased demand has not abated and as the additional funding identified by CRCCG was time limited there is a significant risk that Delayed Transfers of Care (DTC) figures would increase should the capacity reduce. In addition, some of the resources identified to increase short term home support hours in 2017/18 are no longer available and without these extra hours, there is likely to be a further impact on DTC.

If this capacity was reduced it would equate to a reduction of approximately 430hrs per week of home support and 12 residential care home places per week. This workstream looks to maintain the increased capacity to sustain and improve DTC rates.

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Recognising that there are seasonal peak demands for health and social care particularly in winter months this project will also allocate resource to ensure that should additional Discharge to Assess capacity be required over winter months this will be able to be resourced.

Progressing this project directly meets one of the grant purposes of supporting NHS organisations, particularly to support discharges.

It should also be noted that although three year funding is proposed the way this funding is used across the D2A pathway may change, particularly as an outcome of project two, above.

**Objectives**

Objectives of this scheme are:

- Maintain D2A capacity in the community
- Maintain system flow
- Maintain enablement capacity
- Meet additional winter pressures

**Expected Benefits**

Benefits for this scheme include:

- Reduced delays
- Speeds up hospital discharge times
- Helps improve outcomes for older people
- Improved discharge planning
- Better patient flow

**Metrics**

This project will contribute to the following BCF metrics:

- Delayed Transfers of Care All Adults 18+, Days of Delay per 100,000 population
- DToC % of occupied beds
- Older People discharged at home 91 days later per 100,000 population (ASCOF 2b)
- Sequel to short term service (ASCOF 2d)



## **Scheme Four: Community Promoting Independence**

### **Overview**

There has been significant investment in developing Discharge to Assess services to ensure that on discharge from hospital people have the opportunity for a short term service to provide reablement and prevent/reduce the need for ongoing support.

These same opportunities do not currently exist for people that come into contact with Adult Social Care direct from the community meaning that opportunities to reable people to improve outcomes and reduce long term costs are not being taken.

It is therefore proposed to develop a Community Promoting Independence service for people coming direct to social care from the community. This service is intended to provide a cost effective preventative intervention to people who, by virtue of ill health or disability have lost skill in managing daily living activities, to enable them to regain skill and confidence and reduce their potential dependency upon long term care and support.

This approach will be applied across all service user groups including older people, people with physical impairments and those with learning disabilities who are ordinarily resident in Coventry.

Recognising that the cohort of people targeted for this service would otherwise, in many cases, go direct into an ongoing social care package only the additional costs associated with providing a Community Promoting Independence service are sought from iBCF. These additional costs will include staffing costs in order to provide the additional social work and therapy capacity plus management oversight at Team Leader level.

In terms of anticipated service impact the average number of people commencing a long-term support package per week, from the community, without receiving a short-term service over the 12 months between February 2016 and February 2017 was approximately 1150.

Of those people who benefit from a reablement service on discharge from hospital approximately 50% do not require ongoing social care support. It needs to be recognised that the support needs of people on discharge from hospital will not be directly comparable to people contacting social care from within the community so the likelihood of achieving a 50% reduction in the community is unlikely.

Nevertheless, as the additional cost of providing a Community Promoting Independence service is approximately £570k per annum, should only a 10% success rate be realised in terms of people not requiring ongoing support the service will have almost covered its cost. In addition to this, even if people do require an ongoing service following a period of promoting independence this will often be at a lower level than would otherwise have been the case which would further contribute to the benefits to be realised from this service.

### **Objectives**

Objectives of this scheme are:

- Promote independence
- Prevent or delay deterioration of wellbeing
- Delay the need for more costly and intensive services

**Appendix One:  
iBCF programme plan**

<ul style="list-style-type: none"> <li>• Reduce unnecessary hospital admission or admission to residential care</li> <li>• Provide the right care, of the right quality, at the right time, as close to home as possible</li> </ul>
<p><b>Expected Benefits</b></p>
<p>Benefits for this scheme include:</p> <ul style="list-style-type: none"> <li>• Timely and appropriate interventions.</li> <li>• Helps improve outcomes and quality of life</li> <li>• Promote and enable independence, choice and control</li> <li>• More care and more support provided in people’s own homes/the community</li> <li>• Supporting long term financial sustainability of Adult Social Care</li> </ul>
<p><b>Metrics</b></p>
<p>This project will contribute to the following BCF metrics:</p> <ul style="list-style-type: none"> <li>• Older People discharged at home 91 days later per 100,000 population (ASCOF 2b)</li> <li>• Sequel to short term service (ASCOF 2d)</li> <li>• Permanent Admissions of Older People per 100,000 population (ASCOF 2a)</li> <li>• Re-admissions to hospital</li> </ul>

<p><b>Scheme Five: Integrated Commissioning</b></p>
<p><b>Overview</b></p>
<p>There a number of enablers in place to support the integration of commissioning activity across the City Council and CRCCG. These enablers include the Health and Well-Being concordat, the collaborative commissioning arrangements and the Coventry Adult joint commissioning board through which leads for key pieces of work on behalf of both organisation have been identified.</p> <p>Over the two years of the BCF plan this project will focus on embedding a collaborative approach to commissioning in order to manage demand, capacity and market risk through pooling capacity, expertise and knowledge and minimising professional, cultural and organisational barriers within commissioning.</p> <p>In order to progress with this and provide the commissioning capacity required to deliver other elements of the BCF programme it is intended to recruit 2.5 FTE posts to work across the council and CRCCG to support the management of the BCF programme work streams and provide additional capacity to the integration of commissioning functions.</p>
<p><b>Objectives</b></p>
<p>Objectives of this scheme are:</p>

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iBCF programme plan**

<ul style="list-style-type: none"><li>• Improve the understanding and management of the provider market within the health and social care economy</li><li>• To collectively ensure the best use of combined resources and expertise so enabling value for money service provision</li><li>• Increasing, (through better integration and reduced duplication) the capacity across commissioning organisations to plan, develop and deliver safe, accessible and high quality care and support services</li></ul>
<b>Expected Benefits</b>
Benefits for this scheme include: <ul style="list-style-type: none"><li>• Effective management and coordination of limited resources</li><li>• Better management of risks, issues and changes</li><li>• Improved management of projects interdependencies</li><li>• Enhanced stakeholder engagement</li><li>• Strengthened relationships</li></ul>
<b>Metrics</b>
This project will contribute to the following BCF metrics: <ul style="list-style-type: none"><li>• Work streams delivered to plan</li><li>• BCF programme issues and risks mitigated</li><li>• Reduced duplication of specifications</li></ul>

<b>Scheme six: Protecting Social Care</b>
<b>Overview</b>
<p>In April 2017 the Institute for Fiscal Studies reported that overall local authority spending on social care fell by 11% in real terms between 2009/10 and 2015/16. It also found that six in every seven councils had made at least some level of cut to its care spending per adult resident over the same period.</p> <p>In Coventry Adult Social Care has saved £5.99m since 2015/16 with a further £7.61m savings required by 2018/19. In addition, an overspend of £3.4m was incurred in 2016/17 as a result of meeting demand. The City Council has also made provision for £7m of additional investment in Adult Social Care for 2017/18 through its budget setting process. Where these additional resources are required from the local authority to fund Adult Social Care they are taken from reserves or savings elsewhere in the Council.</p>

**Appendix One:  
iBCF programme plan**

Further pressures are expected on Adult Social Care through continued fee pressures from the market as a result of increasing costs as well as the impact on the City Council as a result of other projects including CRCCGs reviews against Continuing Health Care guidance.

Protecting Adult Social Care is one of the purposes of the iBCF funding in recognition of the significant budget pressures that local authorities have experienced in this area and that, should these pressures continue without additional resources being found, then reductions will be sought that are likely to impact on the health economy overall.

The element of iBCF funding proposed against Protecting Social Care provides some mitigation of these impacts and helps to ensure that the City Council has capacity to respond to issues of provider sustainability on a case by case basis and can meet its statutory duties in respect of Adult Social Care.

**Objectives**

Objectives of this scheme are:

- To collectively ensure the best use of combined resources and expertise so enabling value for money service provision
- Promote joint working with partner organisations to manage and protect current and future social care provision
- Maintaining capacity across the market to deliver safe, accessible and high quality care services

**Expected Benefits**

Benefits for this scheme include:

- Ensure a sustainable social care market
- Protection of difficult to replace services for the future as well as present day
- Improved partnership working with more joined up services which will be aligned and designed around the needs of the service user

**Metrics**

This project will contribute to the following BCF metrics:

- Delayed Transfers of Care All Adults 18+, Days of Delay per 100,000 population(due to awaiting social care)
- Older People discharged at home 91 days later per 100,000 population (ASCOF 2b)
- Sequel to short term service (ASCOF 2d)
- Permanent Admissions of Older People to Residential & Nursing per 100,000 population (ASCOF 2a)

**Appendix One:  
iBCF programme plan**

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## Public report Cabinet Report

Cabinet  
Council  
Audit and Procurement Committee

29<sup>th</sup> August 2017  
5<sup>th</sup> September 2017  
11<sup>th</sup> September 2017

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

**Director approving submission of the report:**

Deputy Chief Executive (Place)

**Ward(s) affected:**

City Wide

**Title:**

2017/18 First Quarter Financial Monitoring Report (to June 2017)

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**Is this a key decision?**

No

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**Executive summary:**

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2017.

The headline revenue forecast for 2017/18 is an over spend of £4.6m. At the same point in 2016/17 there was a projected overspend of £6.4m.

This position reflects areas that have reported overspends in recent previous years and ones where new budgetary issues are emerging. Although the initially reported overspend position is not as large as this time last year, the Senior Management Board is aware of the need to address the range of budgetary issues facing the Council. This includes continued challenges in delivering savings targets set in previous Budgets and some local demand pressures, in particular in relation to looked after children and housing related costs. Even at this early stage it is likely that some of these pressures will need to be considered as part of the Council's Budget Setting process for the 2018/19 Budget although further work will continue to keep these to a minimum.

The Council's Capital spending is projected to be £128m for the year, a net increase of £5m on the programme planned at the start of the year.

The report also recommends a change to the Council's Investment Strategy and Policy to enable the council to continue its current level of investment in Property based Collective Investment Schemes

**Recommendations:**

Cabinet is recommended to:

- 1) Note the forecast revenue overspend at Quarter 1.
- 2) Approve the revised capital estimated outturn position for the year of £128m incorporating: £2.5m net increase in spending relating to approved/technical changes (Appendix 2 of the report), £12.6m of expenditure rescheduled from 2016/17 into 2017/18 and £10.3m net rescheduling of expenditure into 2018/19 (Appendix 4 of the report).
- 3) Request that Council approves an adjustment to the Council's Investment Strategy and Policy to increase the maximum investment limit with property based Collective Investment Schemes to £10m, up from £8m.

Council is recommended to:

- 1) Approve a change to Council's Investment Strategy and Policy increasing the maximum investment limit with property based Collective Investment Schemes to £10m, up from £8m.

Audit and Procurement Committee is recommended to:

- 1) Consider whether there are any comments they wish to be passed onto Cabinet.

**List of Appendices included:**

Appendix 1	Revenue Position: Detailed Directorate breakdown of forecast outturn position
Appendix 2	Capital Programme: Analysis of Budget/Technical Changes
Appendix 3	Capital Programme: Estimated Outturn 2017/18
Appendix 4	Capital Programme: Analysis of Rescheduling
Appendix 5	Prudential Indicators

**Background Papers**

None

**Other useful documents:**

None

**Has it or will it be considered by scrutiny?**

No

**Has it, or will it be considered by any other council committee, advisory panel or other body?**

Yes - Audit and Procurement Committee - 11<sup>th</sup> September 2017

**Will this report go to Council?**

Yes – Council - 5<sup>th</sup> September 2017



**Report Title:**

2017/18 First Quarter Financial Monitoring Report (to June 2017)

**1. Context (or Background)**

- 1.1 Cabinet approved the City Council's revenue budget of £232.5m on the 21st February 2017 and a Directorate Capital Programme of £123.2m. This is the first quarterly monitoring report for 2017/18 to the end of June 2017. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and to report on the Council's treasury management activity.
- 1.2 The current 2017/18 revenue forecast is an overspend of £4.6m. The reported forecast at the same point in 2016/17 was an overspend of £6.4m. Capital spend is projected to be £128.0m, an increase of £4.8m on the original Capital Programme.

**2. Options considered and recommended proposal**

- 2.1 **Revenue Forecast** - The forecast revenue overspend £4.6m is analysed by service area below.

**Table 1 - Forecast Variations**

<b>Service Area</b>	<b>Revised Net Budget £m</b>	<b>Forecast Spend £m</b>	<b>Forecast Variation £m</b>
<b>People Directorate</b>			
Public Health	0.5	0.2	(0.3)
Directorate Management	1.5	1.5	0.0
Education & Inclusion	12.4	12.5	0.1
Children & Young People	71.5	75.1	3.6
Adult Social Care	82.0	81.8	(0.2)
Customer Services & Transformation	2.8	4.7	1.9
<b>Total People Directorate</b>	<b>170.7</b>	<b>175.8</b>	<b>5.1</b>
<b>Place Directorate</b>			
Directorate Management	4.0	3.9	(0.1)
City Centre & Major Projects	7.2	7.3	0.1
Transportation & Highways	3.9	4.3	0.4
Streetscene and Regulatory	26.9	27.3	0.4
Project Management & Property	(7.5)	(7.6)	(0.1)
Finance & Corporate Services	6.9	8.3	1.4
<b>Total Place Directorate</b>	<b>41.4</b>	<b>43.5</b>	<b>2.1</b>

Contingency & Central Budgets	20.4	17.8	(2.6)
<b>Total Spend</b>	<b>232.5</b>	<b>237.1</b>	<b>4.6</b>

## 2.2 Individual Directorate Comments for Revenue Forecasts

A summary of the forecast year-end variances is provided below. Further details are shown in Appendix 1 of the report.

### People

The People Directorate continues to face significant financial challenges, and a large underspend on centralised salaries (£3.2m) masks a significant overspend across other areas (£8.3m), including undelivered savings targets and budgetary control pressure.

The net forecast position of a £5.1m overspend includes undelivered savings targets of £3.1m. This is largely as a result of delays in delivery within Children's Services and Customer Services & Transformation divisions. Both divisions have saving and delivery plans in place to manage the saving targets, but they are not forecast to be fully delivered within the 2017/18 financial year.

All budgetary control variances over £0.1m are detailed in Appendix 1 of the report. The most significant pressure in addition to undelivered savings targets is Looked After Children Placements, and supported accommodation provision for care leavers and homeless 18-24 year olds (£1.8m). Children's Services Management Team are reviewing placements within these areas to identify actions to reduce the pressure in-year.

The Directorate's centralised salary underspend against its salary budgets and turnover target is partly as a result of high levels of vacancies in Children's Social Care, which account for £2.6m of the underspend. This is partly offset by non-salary overspend as a result of agency staff in Children's Social Care, although as recruitment continues this cost reduces. Agency numbers across Children's Social Care have reduced from 75 (June 2016) to 44 (June 2017). Internally provided services in Adult Social Care contribute a further £0.6m towards the forecast underspend as a result of planned vacancies and efficiencies. The Children's Services restructure is currently out to consultation, and if implemented will change the salary position.

### Place

Place Directorate is forecasting an overall net deficit of £2.1m at Quarter 1. The most significant variation of £2.1m relates to the cost of Housing Benefit (HB) paid in respect of homeless people emergency Bed and Breakfast accommodation, which cannot be claimed from the government. There is also a £1.0m pressure due to the element of HB paid out for clients in supported accommodation which can also only be partially reclaimed. These pressures are offset by a surplus recovery of £1.6m HB overpayments.

In addition, some areas of the directorate are experiencing income generation pressures, the key ones being as follows. In parking enforcement, temporary vacancy issues are resulting in fewer Parking Charge Notices (PCNs) being issued. This together with under performance on collection of PCN income is causing a £0.4m pressure. The Monitoring & Response service has not as yet been able to achieve £0.3m commercialisation and cost reduction targets. City centre commercial rental income is falling short of targets by almost £0.2m due to the disposal and demolition of some large property assets. Schools Cleaning income pressures of £0.1m still exist until the management of the service transfers to

schools from September 2017, and Commercial Catering continues to experience event and café trading deficits of £0.1m.

Pressures are being offset by a £0.2m negotiated saving in relation to an external property lease termination cost, and the recovery of £0.3m of officer costs from a combination of grant and asset disposal proceeds.

### **Contingency & Central**

Expenditure is expected to be less than anticipated across inflation contingencies, the Asset Management Revenue Account (AMRA) and the Apprenticeship Levy. The AMRA has been an area that has consistently underspent in recent years but the current forecast is an underspend of £0.3m. There is no expectation of further variations on the scale that has been experienced previously in this area.

## **2.3 Capital Programme**

The 2017/18 Budget Setting report (Cabinet 21st February 2017) approved a total Directorate Capital programme for 2017/18 of £123.2m. Table 2 below updates the budget to take account of a £2.5m increase in the programme from approved/technical changes. £12.6m of expenditure has been brought forward from 2016/17 and £10.3m is now planned to be carried forward into future years. This gives a revised projected level of expenditure for 2017/18 of £128.0m. Appendix 3 of the report provides an analysis by directorate of the movement since February.

The Resources Available section of Table 2 explains how the Capital Programme will be funded in 2017/18. It shows 54% of the programme is funded by external grant monies, whilst 43% is funded from borrowing. The programme also includes funding from capital receipts of £0.5m. Overall the Capital Programme and associated resourcing reflects a forecast balanced position in 2017/18.

**Table 2 – Movement in the Capital Budget**

<b>CAPITAL BUDGET 2017-18 MOVEMENT</b>	<b>£m</b>
<b>February 2017 Approved Directorate Programme</b>	<b>123.2</b>
Net rescheduling of expenditure from 2016/17 into 2017/18	12.6
<b>Updated Programme</b>	<b>135.8</b>
Approved / Technical Changes (see Appendix 2)	2.5
"Net" Rescheduling into future years (see Appendix 4)	(10.3)
<b>Revised Estimated Outturn 2017-18</b>	<b>128.0</b>
<hr/>	
<b>RESOURCES AVAILABLE:</b>	<b>£m</b>
Prudential Borrowing (Specific & Gap Funding)	54.4
Grants and Contributions	69.6
Capital Receipts	0.5
Revenue Contributions	3.0
Leasing	0.5
<b>Total Resources Available</b>	<b>128.0</b>

Final decisions on the funding of the programme will be made at year-end, based on the final level of spend and the level of resources available. These decisions will pay due regard to the need to earmark resources to fund future spending commitments. In recent years the Council has delayed prudential borrowing as a means of funding capital spend but it is important to be aware that significant amounts of borrowing have been approved to fund the 2017/18 and future programmes and this will come on-stream over the next few years. The revenue funding costs of this have been built into the Council's forward financial plans.

## 2.4 Treasury Management Activity in 2017/18

### Interest Rates

The economic outlook for the UK is challenging with economic growth slowing as higher inflation and lower confidence weigh on activity. The uncertainty that the current Brexit negotiations have caused is highlighted by the recent mixed messages released by the Bank of England talking up the potential of both a rate rise and a rate cut in the near future. However, the most likely scenario is for the interest rate to stay at 0.25% for the short to medium term with a rate rise more likely than a cut thereafter. However, any rate changes will be minimal and gradual in nature.

### Long Term (Capital) Borrowing

The net long term borrowing requirement for the 2017/18 capital programme is £46.6m, taking into account borrowing set out in Section 2.4 above (total £54.4m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£7.8). No long term borrowing has been undertaken for several years, in part due to the level of investment balances available to the authority. Any future need to borrow will be kept under review in the light of a number of factors, including the anticipated level of capital spend, interest rate forecasts and the level of investment balances.

During 2017/18 interest rates for local authority borrowing from the Public Works Loans Board (PWLB) have varied within the following ranges:

<b>PWLB Loan Duration (maturity loan)</b>	<b>Minimum 2017/18 to P3</b>	<b>Maximum 2017/18 to P3</b>	<b>As at the End of P3</b>
5 year	1.34%	1.64%	1.63%
50 year	2.47%	2.68%	2.66%

The PWLB now allows qualifying authorities, including the City Council, to borrow at 0.2% below the standard rates set out above. This "certainty rate" initiative provides a small reduction in the cost of future borrowing. In addition the Council has previously received approval to take advantage of a "project rate" as part of the Coventry and Warwickshire Local Enterprise Partnership (LEP), enabling it to access PWLB borrowing up to the end of 2017/18, at 0.4% below the standard rate for £31m of borrowing required for delivery of the Friargate Project. Given current interest rates and the level of investment balances held by the Council, it is likely that the Council will not use the "project rate" facility.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually outweigh any potential savings. However, the Council and its Treasury Management advisors are exploring currently one opportunity in relation to part of the Council's debt portfolio which, if successful, may deliver a small revenue saving.

### Short Term (Temporary) Borrowing and Investments

In managing the day to day cash-flow of the authority, short term borrowing or investments are undertaken with financial institutions and other public bodies. The City Council currently holds no short term borrowing.

Short term investments were made at an average interest rate of 0.68%. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposits, other Local Authorities, Registered Providers and companies in the form of corporate bonds.

Although the level of investments varies from day to day with movements in the Council's cash-flow, investments held by the City Council identified as a snap-shot at each of the reporting stages were: -

	As at 30th June 2016	As at 31st March 2017	As at 30th June 2017
	£m	£m	£m
Banks and Building Societies	54.0	14.0	23.4
Money Market Funds	15.8	6.5	26.9
Local Authorities	0.0	45.0	0.0
Corporate Bonds	23.2	13.6	10.4
Registered Providers	5.0	10.0	8.0
<b>Total</b>	<b>98.0</b>	<b>89.1</b>	<b>68.7</b>

### External Investments

In addition to the above investments, a mix of Collective Investment Schemes or "pooled funds" is used, where investment is in the form of sterling fund units and non-specific individual investments with financial institutions or organisations. These funds are generally AAA rated, are highly liquid as cash, can be withdrawn within two to four days, and short average duration. The Sterling investments include Certificates of Deposits, Commercial Paper, Corporate Bonds, Floating Rate Notes and Call Account Deposits. These pooled funds are designed to be held for longer durations, allowing any short term fluctuations in return to be smoothed out. In order to manage risk these investments are spread across a number of funds.

As at 30th June 2017 the pooled funds were valued at £39.8m, spread across the following funds: Payden and Rygel; Federated Prime Rate, CCLA, Standard Life Investments, Royal London Asset Management and Deutsche Bank.

### Prudential Indicators and the Prudential Code

Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing entered into for capital purposes was affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 30<sup>th</sup> June 2017 are included in Appendix 6 of the report. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2017/18. Specific points to note on the ratios are:

- The Upper Limit on Variable Interest Rate Exposures (indicator 10) sets a maximum amount of net borrowing (borrowing less investments) that can be at variable interest rates. At 30<sup>th</sup> June the value is -£69.7m (minus) compared to +£80.0m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.
- The Upper Limit on Fixed Interest Rate Exposures (indicator 10) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 30<sup>th</sup> June the value is £243.9m compared to £400.0m within the Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

### **CCLA Investment Limit**

The Council's Investment Strategy and Policy dictates which organisations the Council is able to invest its cash balances with and the financial limits that apply to each counterparty or type of counterparty. Until February the Council's policy allowed up to £10m to be invested with individual Collective Investment Schemes, which are investments that are managed by external fund managers on the Council's behalf. The limit applies at the point that the investment is made and at that point the Council held an investment of £10m in the CCLA (Churches, Charities and Local Authorities), a property based investment fund.

The policy was revised as part of the 2017/18 Budget Report (February 2017), reducing the maximum limit for unsecured investments with individual counterparties from £10m to £8m. This limit was established through advice from the Council's treasury advisors using an estimate of the Council's projected maximum investment balance for 2017/18, and applying a limit of 5% of this total for such investments.

In April 2017 the Council made a payment of £93.3m to the West Midlands Pension Fund. This represented three years' employer superannuation payments in line with the strategy agreed as part of the Budget Report. The Council's cash balances have gone down significantly as a result, a movement anticipated as part of the revised strategy referenced above.

Local Authorities have recently begun to increase direct investments in property as they seek a higher return on their investments and the Council is also seeking to identify any appropriate opportunities to do this. Notwithstanding that the Council is taking care to adopt a modest and balanced approach and to risk assess each individual opportunity to invest in this way direct investment in property can leave authorities open to risks including property voids and falls in property capital values.

Investing in CCLA mitigates these risks to some degree due to the fact that there is a much larger pool of properties in the portfolio, spread geographically and by type. This can help to smooth any future falls in the capital value of properties and void rental income losses. As well as being lower risk than direct property investment, the CCLA has historically generated good returns for the authority. Since the initial investment was made in December 2013, it has generated £917k in interest at a rate of 4.9% and in 2016/17 alone it generated £397k at an interest rate of 4.8%.

Although the CCLA investment is not contrary to the Council's existing strategy (because it complied at the time the investment was made), existing working practice would be to reduce the investment to meet the new limit. However, the relatively strong returns from the fund combined with the relatively high level of security within this investment type have led to a local assessment that the Council should modify its investment strategy to accommodate the existing investment. This has been discussed with our treasury advisors and whilst they continue to maintain their previous advice they are also advising local authorities that investments in CCLA provide greater security than many direct property investments being made across the sector. On balance the Director of Finance and Corporate Services' view is that this the balance of relatively good returns and low risk justify a marginal change in the Council's Investment Strategy and Policy to accommodate this existing investment.

This change is required by the Constitution to be approved by Council. Therefore, it is recommended that the Council's Investment Strategy and Policy is changed so that the maximum investment limit with Property based Collective Investment Schemes is returned to £10m, up from £8m. The Strategy is reviewed every year as part of the Council's Budget Setting process.

### **3. Results of consultation undertaken**

3.1 None

### **4. Timetable for implementing this decision**

4.1 There is no implementation timetable as this is a financial monitoring report.

### **5. Comments from the Director of Finance and Corporate Resources**

#### **5.1 Financial Implications**

##### **Revenue**

Following the challenging budgetary control position faced by the Council in 2016/17 and further Government grant cuts for 2017/18 the Council continues to face significant revenue pressures. Most service areas are being delivered within budget and the new resources that have been made available to the Council for adult social care should ensure that this area is in a strong position to manage its budgetary position this year. However, some intractable problems remain, in particular from the non-achievement of planned budget savings and due to further increases in children's social care pressures as a result of the number and costs of looked after children.

A further large budget overspend is the result of Housing Benefit paid out for emergency bed and breakfast accommodation for homeless people. This is a problem that is common to a number of local authorities across the country and options are currently being explored to provide more cost effective accommodation options for the Council.

Management focus and activity is continuing in order to achieve existing savings programmes although it is important for Cabinet to be aware that a small number of remaining undelivered savings will prove difficult to deliver. The extent to which these pressures are likely to have an on-going impact will be considered as part of the early work done in preparation for 2018/19 Budget setting.

At this stage of the financial year the overall bottom line position, whilst challenging, is not a cause for undue concern. Work will continue across areas that are reporting overspends

currently to move towards a balanced position and it is anticipated that the financial position for a number of these will improve as the year progresses. Other options for managing any residual overspend will also be kept under review.

### **Capital**

Several schemes are now reflecting the likelihood that expenditure will be rescheduled into 2018/19. Basic Need, A46 link road and Coventry Station Masterplan make up the largest part of this. The Council has received additional grant that it will be able to use to fund capital expenditure on a cash-flow basis within 2017/18 and therefore reduce the amount of Prudential Borrowing that it is required to undertake in the year by £6.3m. Rescheduling from 2016/17 together with additional funds being added to the Capital Programme has led to an overall increase of c£5m to the planned expenditure from the base budget position of £123.2m.

## **5.2 Legal implications**

None

## **6. Other implications**

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

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the Council Plan. As far as possible it will try to deliver better value for money and maintain services in line with its corporate priorities balanced against the need to manage with fewer resources.

### **6.2 How is risk being managed?**

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Budgetary control and monitoring processes are paramount in managing this risk and this report is a key part of the process.

### **6.3 What is the impact on the organisation?**

In Quarter 1 there is a forecast overspend. The Council will continue to ensure that strict budget management continues to the year-end and will also need to manage overall financial resources to accommodate any overall year-end overspend. Any use of one-off resources to balance the final position means that these resources would not be available to use fund future spending priorities.

### **6.4 Equalities / EIA**

No impact

### **6.5 Implications for (or impact on) the environment**

No impact

### **6.6 Implications for partner organisations?**

No impact.

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## Appendix 1

### Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

Appendix 1 details directorates forecasted variances.

Budget variations have been analysed between those that are subject to a centralised forecast and those that are managed at service level (termed “Budget Holder Forecasts” for the purposes of this report). The Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend shown below is principally the effect of unfilled vacancies.

Directorate	Revised Budget	Forecast Spend After Action/ Use of Reserves	Centralised Forecast Variance	Budget Holder Forecast Variance	Net Forecast Variation
	£m	£m	£m	£m	£m
Public Health	0.5	0.2	(0.2)	(0.1)	(0.3)
People Directorate Management	1.5	1.5	0.0	0.0	0.0
Education and Inclusion	12.4	12.5	(0.2)	0.3	0.1
Children and Young People's Services	71.5	75.1	(2.6)	6.2	3.6
Adult Social Care	82.0	81.8	(0.6)	0.4	(0.2)
Customer Services & Transformation	2.8	4.7	0.3	1.6	1.9
<b>Total People Directorate</b>	<b>170.7</b>	<b>175.8</b>	<b>(3.3)</b>	<b>8.4</b>	<b>5.1</b>
Place Directorate Management	4.0	3.9	0.0	(0.1)	(0.1)
City Centre & Major Projects Development	7.2	7.3	0.1	0.0	0.1
Transportation & Highways	3.9	4.3	(0.4)	0.8	0.4
Streetscene & Regulatory Services	26.9	27.3	(0.5)	0.9	0.4
Project Management and Property Services	(7.5)	(7.5)	(0.1)	0.0	(0.1)
Finance & Corporate Services	6.9	8.3	0.2	1.2	1.4
<b>Total Place Directorate</b>	<b>41.4</b>	<b>43.5</b>	<b>(0.7)</b>	<b>2.8</b>	<b>2.1</b>
Resourcing	20.4	17.8	0.0	(2.6)	(2.6)
<b>Total</b>	<b>232.5</b>	<b>237.1</b>	<b>(4.0)</b>	<b>8.6</b>	<b>4.6</b>

Reporting Area	Explanation	£m
People Directorate	The centralised salary underspend against its salary budgets and turnover target is partly as a result of high levels of vacancies in Childrens Social Care, which account for £2.6m of the underspend. This is partly offset by non-salary overspend as a result of agency staff in Childrens Social Care, although as recruitment continues this cost reduces. Internally provided services in Adult Social Care contribute a further £0.6m towards the forecast underspend as a result of planned vacancies and efficiencies. The Children's Services restructure is currently out to consultation, and if implemented will change the salary position.	(3.3)
Place Directorate	Centralised budgets in Place are more than delivering turnover targets, primarily due to high levels of vacancies in Traffic & Transportation, Streetpride, and Domestic Refuse & Recycling. Some of these underspends are offset by the cost of agency staff where cover is required to maintain service continuity.	(0.7)
<b>Total Non-Controllable Variances</b>		<b>(4.0)</b>

PEOPLE DIRECTORATE			
Service Area	Reporting Area	EXPLANATION	£m
Public Health	Public Health Staffing & Overheads	Underspend on salary costs arising from vacancies.	(0.2)
	Other Variances Less than 100K		0.1
<b>Public Health</b>			<b>(0.1)</b>
Education and Inclusion	School Enrichment Services	Performing Arts Service is forecasting an overspend of £138k mainly due to anticipated shortfalls in income. A service redesign will be implemented in September 2017 which will achieve efficiencies, increase flexibility for customers and assist the service in achieving a break even position. Governor Support is currently forecasting an over spend of £44k due to reduced levels of buyback from schools. A plan is in place to reduce this deficit and the service are currently attending a number of additional meetings as well as actively looking for alternative income streams.	0.2
	Inclusion & Participation	Overspend as a result of a part year delivery of the transport review, against a full year saving.	0.2
	Advice and Health Information Services	Resettlement generates corporate income which will be maximised where possible. Under Spend will be used to support spend in other Council services.	(0.4)
	Adult Education	Target set in corporate plan to switch internal training with ESFA grant funding. To date it has not been possible to identify areas in the Council where this can take place.	0.1

	Libraries	Library Service variance due to current predicted overspend due to purchase of self service machines required as part of the Connecting Communities programme.	0.2
<b>Education and Inclusion</b>			<b>0.3</b>
Children and Young People's Services	Children's Services Management Team	The overspend is as a result of additional staffing capacity working on OFSTED Improvement Plan activities and delivery of the Children's Transformation programme. There is also a small forecast shortfall in delivery of workforce savings reported to the June Children's Transformation Board.	0.3
	Commissioning, QA and Performance	Following the Ofsted monitoring visit (and further backed up in the OFSTED Inspection) and significant concerns about the volume and quality of the work of CP chairs and IRO's, it was agreed that 4 additional posts were required on an interim basis. All 4 posts are currently recruited to on an agency basis, and the re-structure out to consultation proposes that these posts are recruited to on fixed term contracts for 12 months, and beyond that subject to review of workload, areas of responsibility and identified budget. We also currently have some other agency staff filling establishment posts, but will continue to recruit to permanent posts.	0.4
	Help & Protection	Overspend relates to the costs of Agency staff covering posts across the service. This is more than offset by underspends across salary budgets. There is also a pressure as a result of grant fall out for the Family Drug and Alcohol Court. It is proposed that this will be resolved as part of the restructure out to consultation, and we are also exploring the possibility of a Social Impact Bond funding model from 2018/19.	1.8
	LAC & Care Leavers	The overspend is as a result of undelivered savings targets and budgetary control pressure. Approximately £1.7M is a forecast shortfall in delivery of workforce savings reported to the Children's Transformation Board. This is in the area of Looked After Children Placements and is as a result of delays in the delivery of the internal residential provision changes, and slower than forecast increases in internal foster carers. This is being closely monitored by the Children's Transformation Board. In addition there is continued pressure in external residential placements and supported accommodation as a result of high levels of activity. Children's Leadership Team are reviewing all children and young people in placements to identify how costs can be reduced within the financial year.	3.6
<b>Children and Young People's Services</b>			<b>6.2</b>
Adult Social Care	Internally Provided Services	The overspends on other pay, overtime and variable allowances are offset by underspends on centralised salary costs due to a number of vacancies.	0.2
	All Age Disability and Mental Health Operational	The overspends on other pay, overtime and variable allowances are partly offset by underspends on centralised salary costs due to a number of vacancies. An overall overspend on centralised salaries due to management of vacancies targets.	0.1
	Other Variances Less than 100K		0.1

<b>Adult Social Care</b>			<b>0.4</b>
Customer Services & Transformation	HR and Workforce Development Management	<ul style="list-style-type: none"> <li>• Unmet element of savings target as a result of significant HR input to deliver Workforce Strategy programme - £115K</li> <li>• Unbudgeted agency cost in HR Operations covering key vacancies and work to deliver Workforce Strategy. This is offset by salary underspends showing in the Centralised Forecast Variance - £44K</li> <li>• Ongoing pressure relating to shortfall in SLA income from schools which will be the subject of further review and action during Qtr 2 - £130K.</li> <li>• Ongoing pressure relating to cross-Council DBS required for key posts including social care - £60K</li> </ul>	0.4
	Customer and Business Services	<ul style="list-style-type: none"> <li>• Unmet element of £1.8m Business Services savings target - £680K</li> <li>• Ongoing pressure relating to homelessness service mainly comprising B&amp;B rental cost not covered by Housing Benefit, agency cost in Housing Options team as service is redesigned and implications of Homelessness Reduction Act clarified and furniture storage cost - £310K</li> </ul>	1.0
	ICT Operations	<ul style="list-style-type: none"> <li>• Ongoing pressure relating to mobile phones exacerbated by increases in number of devices needed due to changes in ways of working and replacement devices - £290K</li> <li>• Various smaller software related pressures £50K</li> <li>• Part offset by ongoing underspend in Data and Voice Network relating to areas where spending needs have reduced over several years - £116K. Zero base budget work underway.</li> </ul>	0.2
<b>Customer Services &amp; Transformation</b>			<b>1.6</b>
<b>Forecast Overspend/(Underspend)</b>			<b>8.4</b>

<b>PLACE DIRECTORATE</b>			
<b>Service Area</b>	<b>Reporting Area</b>	<b>EXPLANATION</b>	<b>£m</b>
Place Directorate Management	Other Variances Less than 100K		(0.1)
<b>Place Directorate Management</b>			<b>(0.1)</b>
Transportation & Highways	Highways	Anticipated expenditure on agency cover and unfunded surface water management planning checks (for which potential income streams are being investigated). The Highways DLO trading position is balanced but is reliant on a number of assumptions with regards to income streams.	0.1
	Traffic	- Parking services (£370k): primarily due to income pressure within parking enforcement due to reduced recovery rates and fewer number of PCNs issued (due to staff shortages). There are also expenditure and income pressures within car parks. - Network Management (£247k): primarily within UTC due to anticipated expenditure on agency cover, pressures due to unrecoverable road traffic accident damages to assets and the unfunded costs of growth to the asset estate (energy and maintenance). In addition there is a pressure within the shared streetworks area due to the cost of temporary staff to cover vacant posts and the knock-on effect on income performance.	0.6

	Transport & Infrastrucutre	Anticipated expenditure on agency cover due to key vacancy	0.1
	Other Variances Less than 100K		0.0
<b>Transportation &amp; Highways</b>			<b>0.8</b>
Streetscene & Regulatory Services	Streetpride & Parks	Anticipated expenditure on the use of Overtime / Agency to reflect planned works / service requirements due to vacancies, together with increased Traveller Incursion costs	0.5
	Waste & Fleet Services	The overspend primarily relates to Domestic Refuse & Recycling, and is due to the additional costs / salaries for the change of service to fortnightly collections.	0.2
	Environmental Services	Non achievement of Income Targets in relation to CCTV & Community Safety	0.2
	Other Variances Less than 100K		0.0
<b>Streetscene &amp; Regulatory Services</b>			<b>0.9</b>
Project Management and Property Services	Development Services	Management action to offset wider pressures by recovering some of the core funded surveyor cost of disposals from the sales proceeds	(0.2)
	Commercial Property	A decline in City Centre commercial rent is occurring and expected to get worse, this is due to the impact of City Centre South and other major building developments in the City Centre.	0.3
	PAM Management & Support	This underspend reflects the lower cost of the Council's liability for exiting an external lease at Lamb Street	(0.2)
	Other Variances Less than 100K		0.1
<b>Project Management and Property Services</b>			<b>0.0</b>
Finance & Corporate Services	Revenues and Benefits	<p>There is a net pressure within the Housing Benefit (HB) Subsidy account.</p> <p>The largest pressure (circa £2.1m) is due to the element of HB paid out for bed &amp; breakfast (B&amp;B) accommodation for homeless people which cannot be reclaimed from DWP as HB Subsidy.</p> <p>In addition there is a pressure (circa £1.0m) due to the element of HB paid out for mainly clients in supported accommodation which can only be partially reclaimed from DWP as HB Subsidy.</p> <p>The above two pressures are offset by the surplus recovery of HB overpayments (circa £1.6m)</p>	1.4
	Financial Mgt	Accelerated achievement of headcount savings target, temporarily offsetting the delay in achievement elsewhere in the division. In addition, savings have been made on non-staff budgets (circa £30k).	(0.3)
	Legal Services - People	<p>Variation primarily due to the cost of external barrister expenditure. The service is hoping to bring down external costs by greater use of internal resources for court work and the forecast reflects this.</p> <p>In addition there are pressures within Coroners due to increased pathology and venue fees (£60k), offset by increased income from the Registrar's service (£60k).</p>	0.1
<b>Finance &amp; Corporate Services</b>			<b>1.2</b>
<b>Forecast Overspend/(Underspend)</b>			<b>2.8</b>

<b>CONTINGENCY AND CENTRAL</b>		
<b>Reporting Area</b>	<b>EXPLANATION</b>	<b>£m</b>
Corporate Finance	Expenditure is expected to be less than anticipated across inflation contingencies, the Asset Management Revenue Account (AMRA) and the Apprenticeship Levy. The AMRA has been an area that has consistently underspent in recent years but the current forecast is an underspend of £0.3m. There is no expectation of further variations on the scale that has been experienced previously in this area.	(2.6)
<b>Forecast Overspend/(Underspend)</b>		<b>(2.6)</b>

## Appendix 2

### Capital Programme: Analysis of Budget/Technical Changes

SCHEME	EXPLANATION	£m
<b>PEOPLE DIRECTORATE</b>		
Disabled Facilities Grant	Increase in Base budget, to reconcile back to 2017/18 new Grant Award	0.3
<b>SUB TOTAL - People</b>		<b>0.3</b>
<b>PLACE DIRECTORATE</b>		
Keeping Coventry Moving - National Productivity Investment Fund (NPIF)	On 12th May 2017, West Midlands Combined Authority (WMCA) approved the National Productivity Investment Fund allocations for Local Authorities. This included £0.7m for Coventry to deliver the Keeping Coventry Moving programme. All grant monies must be spent by 31st March 2018.	0.7
Acquisition of Dutton Road	Bringing the capital programme in line with Cabinet report 24th June for the acquisition of 1 Dutton Road industrial Estate	0.9
Far Gosford Street Regeneration - Liveability	Removing Liveability funding, not required for 2017/18. Will be used as match funding for Burgess and London Road schemes	(0.1)
Far Gosford Street Regeneration - CPO	Technical Adjustment on CPO accelerated spend in Far Gosford Street. Final CPO Payment estimated £98k will be brought back into the programme once compensation is agreed	0.3
Coventry on the Move in Parks Project Phase 1	New Scheme	0.3
London Road Cemetery	Scheme has not been approved yet	(0.2)
Miscellaneous	Net technical changes	0.3
<b>SUB TOTAL - Place Directorate</b>		<b>2.2</b>
<b>TOTAL APPROVED / TECHNICAL CHANGES</b>		<b>2.5</b>



### Appendix 3

#### Capital Programme: Estimated Outturn 2017/18

The table below presents the revised estimated outturn for 2017/18.

<b>DIRECTORATE</b>	<b>ESTIMATED OUTTURN QTR 1 £m</b>	<b>APPROVED / TECHNICAL CHANGES £m</b>	<b>OVER / UNDER SPEND NOW REPORTED £m</b>	<b>RESCHEDULED EXPENDITURE NOW REPORTED £m</b>	<b>REVISED ESTIMATED OUTTURN 17- 18 £m</b>
PEOPLE	26.8	0.3	0.0	(3.7)	23.4
PLACE	109.0	2.2	0.0	(6.6)	104.6
<b>TOTAL</b>	<b>135.8</b>	<b>2.5</b>	<b>0.0</b>	<b>(10.3)</b>	<b>128.0</b>

## Appendix 4

### Capital Programme: Analysis of Rescheduling

SCHEME	EXPLANATION	£m
<b>PEOPLE DIRECTORATE</b>		
Basic Need	Basic Need Funding is for additional pupil places. The Education service had anticipated that further growth in population might necessitate expanding one of two Primary Schools but this has not been required. Substantial expansion to Secondary Schools will be required from 2018, this is estimated to cost in the region of £30m and it is unlikely to be covered from DFE Grant. We need to reschedule the £3.5m towards the preparation of the secondary school expansion programme	-3.5
Broad Park House (Breaks for Disabled Grant)	Residual Part of Grant. The use of these resources currently under review, no spend planned this year	-0.1
ICT - Superfast Broadband	This funding relates to a Project Manager post for the Superfast Broadband project being delivered with Solihull and Warwickshire. This post is still out to advert and therefore the monies will not be spent this year, hence the request for the rescheduling into next year.	-0.1
<b>SUB TOTAL - People Directorate</b>		<b>-3.7</b>
<b>PLACE DIRECTORATE</b>		
UK Central & Connectivity - Coventry South Package - A46 Link Road	At the time of setting the Capital Programme in February 2017, it was anticipated that construction would begin in Quarter 4 of 2017-18. A more robust programme has been developed, whereby planning approval is due in Quarter 3 which is then followed by full business case approval in Quarter 4 which will enable all land consents to be put in place, which means that construction will not commence until Quarter 1 of 2018-19.	-2.4
UK Central & Connectivity - City Centre First - City Centre Place Plus	A priority programme for the Place Transportation Major Projects team is currently being finalised, which is resulting in a relatively small slippage of the design stage. There is every possibility that as we get to Quarter 3 we may be in a position to accelerate the programme.	-0.1
UK Central & Connectivity - Very Light Rapid Transit - Coventry Shuttle	Improved understanding of the development stage of the scheme has enabled a far more detailed cashflow. The design of the vehicle and track will commence in Qtr 3 once the feasibility studies have been completed. These works will be alongside the options and design of the desired route for Coventry Shuttle.	0.6
Whitefriars Housing Estates	On the 5th June 2017 at Whitefriars Housing Board, it was agreed between City Council Highways and Whitefriars colleagues that an additional £0.4m of work would be programmed into 2017-18, this is resourced by the right to buy receipts received from Whitefriars.	0.4
Coventry Station Masterplan inc Nuckle 1.2, Station Access & Friargate West	There has been a shift in expenditure profile due to a rethink of the programme procurement strategy. This follows recent experience on NUCKLE 1.2 using Network Rail to deliver part of the programme (doubling proposed development costs and lack of commitment to an overall price or programme for delivery). Instead of Network Rail delivering the CSMP project elements as originally assumed a revised delivery model being proposed to instead go to market. This will provide delivery / cost efficiencies and also introduces a contractor procurement process into the programme. This will result in a delay	-2.5

	in the commencement of detailed design for all schemes to allow for tender timescales, instead of awarding to Network Rail under an Implementation Agreement. This change has reduced 2017/18 spend profile accordingly	
GD06 - R&D Steel	Accelerating – The project has started delivery and updated its forecasts. The project has been able to bring forward the purchase of some large pieces of equipment, allowing for their use within the project ahead of the original schedule. The acceleration of spend has been agreed at CWLEP Programme Delivery Board.	0.4
GD08 - Business Innovation Fund	Rescheduling – This project will provide funding to businesses using a combination of Grant and Loans. This is the first time this approach has been used by CCC. The project is still in its development phase, with a start date now expected in January 2018.	-0.6
GD10 - A5 Corridor Project	This is an package of road improvement that is currently under development. The project team has provide an updated spend schedule based on a revised plan of works with some funding slipping from 16/17 and 17/18 into 18/19, but other spend from 19/20 being accelerated to 18/19.	0.4
ESIF Low Carbon	This is an ERDF business grant programmes. All of the European programmes had a slow start due to contracting with DCLG etc. and uptake has been slower than anticipated.	-0.6
ESIF Innovation	This is an ERDF business grant programmes. All of the European programmes had a slow start due to contracting with DCLG etc. and uptake has been slower than anticipated.	-0.4
Growing Places	The delays in claiming these have been mainly due to two individual projects where the applicant has not been able to claim their grant in line with the original timetable for various reasons. Rescheduling has been used to reflect the new expected profiles.	-0.8
City Centre Destination Leisure Facility	The City Centre Destination Facility has encountered some unexpected archaeological works which were undertaken during April and May that have slightly impacted on the programme. The shift in programme along with a significant element of the children’s play structure (central bowl area) are now scheduled to be spent in 2018/19 and not as originally forecast in 2017/18. We are also not anticipating committing any contingency in 2017/18 resulting in the £0.7m rescheduling.	-0.7
Alan Higgs Centre - 50m Swimming Pool	On the Alan Higgs 50m pool project, we have adjusted the programme slightly so that the current facility (indoor football hall) remains open and operational until the end of March 2018 (instead of the end of February 2018) and therefore the construction works will now start in April 2018.	-0.2
<b>SUB TOTAL - Place Directorate</b>		<b>-6.6</b>
<b>TOTAL RESCHEDULING</b>		<b>-10.3</b>

## Appendix 5

### Prudential Indicators

Indicator	per Treasury Management Strategy	As at 30th June 2017
<b>Ratio of Financing Costs to Net Revenue Stream (Indicator 1)</b> , illustrating the affordability of costs such as interest charges to the overall City Council bottom line resource (the amount to be met from government grant and local taxpayers).	13.53%	13.54%
<b>Gross Borrowing should not, except in the short term, exceed the estimated Capital Financing Requirement (CFR) at the end of 3 years (Indicator 3)</b> , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme.	Year 3 estimate / limit of £474.2m	£367.7m Gross borrowing within the limit.
<b>Authorised Limit for External Debt (Indicator 6)</b> , representing the "outer" boundary of the local authority's borrowing. Borrowing at the level of the authorised limit might be affordable in the short term, but would not be in the longer term. It is the forecast maximum borrowing need with some headroom for unexpected movements. This is a statutory limit.	£470.4m	£367.7m is less than the authorised limit.
<b>Operational Boundary for External Debt (Indicator 7)</b> , representing an "early" warning system that the Authorised Limit is being approached. It is not in itself 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.	£430.4m	£367.7m is less than the operational boundary.
<b>Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 10)</b> , highlighting interest rate exposure risk. The purpose of this indicator 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.	£400.0m	£243.9m
<b>Upper Limit on Variable Rate Interest Rate Exposures (Indicator 10)</b> , as above highlighting interest rate exposure risk.	£80.0m	-£69.7m
<b>Maturity Structure Limits (Indicator 11)</b> , highlighting the risk arising from the requirement to refinance debt as loans mature: < 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +	0% to 40% 0% to 20% 0% to 30% 0% to 30% 40% to 100%	13% 3% 13% 10% 61%
<b>Investments Longer than 364 Days (Indicator 12)</b> , highlighting the risk that the authority faces from having investments tied up for this duration.	£24m	£0.0m



## Public report Cabinet Report

Cabinet  
Council

29<sup>th</sup> August 2017  
5<sup>th</sup> September 2017

### **Name of Cabinet Member:**

Cabinet Member for Jobs and Regeneration – Councillor J O’Boyle  
Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

### **Director Approving Submission of the report:**

Deputy Chief Executive (Place)

### **Ward(s) affected:**

All

### **Title:**

Coventry and Warwickshire Growth Deal 3 Allocation

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### **Is this a key decision?**

Yes, as it has the potential to affect all wards within the City and expenditure is in excess of £1m.

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### **Executive Summary:**

Coventry & Warwickshire Local Enterprise Partnership (CWLEP) has been successful in negotiating and securing additional £42.44m of Growth Deal (GD) funding from central Government to add to the existing approval of £89.4m. In total, Growth Deal resources now total £131.8m which will support economic growth. By 2021 up to 7,500 jobs will be created and 3,500 homes built with a total investment of up to £240m.

The enlarged Deal remains focused on the four key areas of:

- New infrastructure that will improve connections, tackle congestion and support housing and employment sites.
- Driving innovation in Advanced Manufacturing and Engineering.
- Supporting businesses to flourish.
- Growing local skills and talent.

The Council has previously agreed to be the Accountable Body for the Coventry & Warwickshire First and Second Wave of Growth Deal funding and the Programme has been operational since 2015.

This report is seeking approval for the City Council to officially agree to accept the additional Growth Deal funding of £42.44m into its Accountable Body remit.

**Recommendations:**

**Cabinet recommends that Council:**

- 1) Authorise the City Council to accept an additional £42.44m of Growth Deal Funding in its role as Accountable Body and guarantor for the Coventry and Warwickshire Growth Deal and enter into grant aid agreements with delivery organisations.

**Council is requested to:**

- 1) Authorise the City Council to accept an additional £42.44m of Growth Deal Funding in its role as Accountable Body and guarantor for the Coventry and Warwickshire Growth Deal and enter into grant aid agreements with delivery organisations.

**List of Appendices included:**

Appendix 1: List of Growth Deal Programmes

**Background Papers:**

None

**Other Useful Documents:**

Coventry & Warwickshire Growth Deal  
([Click Here to Access the C&W Growth Deal](#))

CWLEP Strategic Economic Plan  
([Click here to access the Strategic Economic Plan](#))

**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 – Council Meeting 5th September 2017

### **Context (or background)**

- 1.1 In March 2013 the Coalition Government published its response to Lord Heseltine's report [No Stone Unturned](#). In its [response](#) the Government put in place a *Single Local Growth Fund* as part of its policy to restore economic stability and create the conditions for growth.
- 1.2 The Single Local Growth Fund would be allocated to Local Enterprise Partnerships (LEPs) through a process of negotiation and using a competitive tension to strengthen incentives on LEPs and their partners to generate local growth. In its first year, part of the funding allocated to each LEP would reflect existing allocations such as already approved transport schemes.
- 1.3 The Fund brings together a number of funding streams across Central Government departments, in particular transport, housing and skills, and would be operational from April 2015.
- 1.4 The basis for negotiation and the securing of funds would be through the development of a new multi-year Strategic Economic Plan (SEP) for the local area. This plan would allow the local area to negotiate with Government for the levers, resources and flexibility for its area. The Government made it clear that the allocation of funds was competitive but more importantly the allocation would reflect the quality of strategic proposals and local working arrangements put forward by the LEPs.
- 1.5 On 7<sup>th</sup> July 2014, following the process of negotiation, the Government announced the first wave of Growth Deals totalling £6bn, including £2bn from the Local Growth Fund for 2015 to 2016. CWLEP secured £74.6m from the Government's Local Growth Fund to support economic growth in the area. In 2015 CWLEP secured an additional £15.3m of Growth Deal funding.
- 1.6 As part of the process for updating the Coventry & Warwickshire SEP, CWLEP released a Transparent Open Call in July 2015 for major capital projects which aligned to CWLEP's strategic objectives that could be matched to appropriate funding opportunities as they emerge.
- 1.7 66 Expressions of Interest were received in response to the call, and at the CWLEP Board Meeting in January 2016, 51 were invited to submit full business cases. These 51 then formed the resulting pipeline used as the basis of the CWLEP's £150m GD3 bid, which was submitted to Government in July 2016.
- 1.8 In November 2016, Government gave an indicative GD3 offer of between £35m and £45m. CWLEP responded by highlighting the range of activities that would not be deliverable with an allocation of this size and submitted and pushed for a minimum of £61m GD3. Having delivered the 2016 Autumn Statement, Government offered CWLEP a final GD3 allocation of £42.44m on 1/12/2016.
- 1.9 In response, the GD3 pipeline has been further prioritised according to clear criteria and principles documented within CWLEP's Assurance Framework. This has resulted in 9 projects and schemes that have been awarded CWLEP GD3 funding.

The Table 1.0 is a summary of the funding that has been awarded under round 3 of Growth Deal (GD3).

**Table 1.0 GD3 Allocations**

<b>Strategic Area</b>	<b>Project</b>	<b>Description</b>	<b>2017/18 and beyond £'m</b>
<b>Infrastructure</b>	A452 Europa Way Corridor	Improvements to the infrastructure in a key transport corridor to the south of Warwick and Leamington Spa.	<b>3.60</b>
<b>Infrastructure</b>	Friargate and City Centre Connectivity	A package of infrastructure works to unlock further investment in Coventry City Centre.	<b>11.80</b>
<b>Business &amp; Innovation</b>	CSW Broadband	This project will deliver a superfast broadband infrastructure to remaining properties in Coventry and Warwickshire.	<b>1.00</b>
<b>Culture</b>	Warwick Arts Centre 20:20	Warwick Arts Centre 20:20 proposes a major extension to an existing cultural attraction.	<b>2.00</b>
<b>Business &amp; Innovation</b>	AME Expansion	The project will build on the success of the Institute for Advanced Manufacturing and Engineering (AME) - a cooperation between Coventry University and Unipart.	<b>1.00</b>
<b>Skills</b>	WMG Apprenticeship Learning Academy	Deliver a new facility to increase capacity for higher level skills through degree apprenticeship programmes for existing employees in high growth, advanced manufacturing and engineering (AME) businesses in the CWLEP region	<b>10.00</b>
<b>Skills</b>	Rugby HE Construction and Technology College	The project will enable the creation of a 3-storey, 1800sqm GIA building that will support development of higher level technical and professional skills in construction, technology, engineering and low carbon technology.	<b>1.50</b>
<b>Infrastructure</b>	Nuneaton Town Centre Transformation	The transformation of Nuneaton Town Centre will focus on the development of the Eastern Quarter.	<b>7.50</b>
<b>Transport</b>	Rugby Parkway Station	Rugby Parkway will provide a rail station on the outskirts of Rugby.	<b>4.00</b>
<b>Programme Management Team</b>	Coventry City Council	Delivery costs for The External Funding and Business Support Team. Capitalised Salary costs.	<b>0.04</b>
<b>Total</b>			<b>42.44</b>



- 1.10 The funding for the new projects is available from 2017/18 to 2020/21 and a provisional cash flow has been issued. Funding for 2017/18 has been confirmed from BEIS. However, future cash flow is subject to confirmation following the next comprehensive spending review and as such any project that is seeking to start will do so at its own risk.
- 1.11 In total, the expanded Growth Deal is anticipated to create up to 7,500 jobs, allow 3,500 homes to be built and produce a total investment of up to £240m.
- 1.12 The LEP has secured 'freedoms and flexibilities' from the Government which enables it to manage the overall Growth Deal programme locally, for example managing the cash flow within each year to meet both programme and project need. This will provide substantial scope for a flexible and responsive approach to programme management and has been utilised effectively in 2015/16 and 2016/17.

## **2 Options considered and recommended proposal**

- 2.1 The only option considered has been for Coventry City Council to accept the additional Growth Fund resources into its role of Accountable Body.
- 2.2 It is recommended that the Council accepts the additional Growth Fund resources.

## **3 Results of consultation undertaken**

- 3.1 The additional resources for the Growth Deal are an outcome of the SEP and its 2016 refresh. The SEP has been the result of close partnership working from a range of public and private stakeholders. This includes Local authorities, Chambers of Commerce, Federation of Small Businesses and Universities. The business groups of the LEP have also been engaged in the development of the plan and in particular this has directly resulted in the work to prioritise investment in key employment sites, transport and skill infrastructure.

## **4 Comments from Director of Finance and Corporate Services**

### **4.1 Financial implications**

- 4.1.1 The additional resources of £42.44m Growth Deal make the total financial package from Growth deal of £131.8m. The capital resource for 2017-18 will be added to the Capital Programme as part of the Quarter 2 Capital Reporting Process, with future years resource added via the Budget Setting Report"
- 4.1.2 An offer letter has been received for the Growth Deal funding for 2017/18 totalling £23.123m and this payment has been received. The letter also confirms the tail funding for up to 2021 with an indicative cash flow per annum. However, this cash flow is subject to final confirmation and projects will have to accept the risks associated with this if they wish to commence.
- 4.1.3 As Accountable Body, Council Officers will ensure effective governance arrangements are in place to facilitate appropriate control over the allocation of resources and spend against the approved programme. The existing External Funding and Business Support Team will use existing staff to manage the Growth Deal and deliver the Council's Accountable Body function. Any further resourcing of staff to deliver the programme management will be met by external grant funding.
- 4.1.4 Revenue costs associated with the management, delivery and monitoring of individual schemes will be addressed in the formal approval of the individual schemes through the appropriate approval channel and not in this Cabinet report.

## 4.2 Legal implications

4.2.1 The Council will be issued with a grant offer containing Government terms and conditions. These will be devolved across to the name scheme applicants within the Growth Deal in Grant Aid Agreements. These will ensure appropriate conditions and obligations are passed to the applicants who receive the funding for delivering projects. The City Council has power to act as guarantor under section 1 of the Localism Act 2011.

## 5 Other implications

5.1 **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)?**

5.1.1 The Growth Deal will directly deliver against the Council's Plan, in particular it will contribute to:

- Support businesses to grow.
- Create infrastructure for the City to thrive.
- Develop the city centre for the 21<sup>st</sup> century.
- Raise the profile of Coventry.
- Create jobs for local people.
- Increasing the supply, choice and quality of housing.
- Create an attractive, cleaner and greener City.

5.2 **How is risk being managed?**

5.2.1 Experienced, robust and audited arrangements are already in operation within the Place Directorate to deliver the Accountable Body function for the Council. The External Funding and Business Support Team were not only experienced in bidding for and securing funds, they also provide an extensive and recognised programme management function on behalf of the Council and CWLEP for a number of schemes, currently totalling over £194.5m.

5.2.2 As an authority we have been, and continue to be, the Accountable Body for millions of pounds worth of external funding and we have never had to repay grant back to the funder within the Place Directorate. Our reputation for delivering to time, budget, spend profile and within the rules is second to none.

5.2.3 The financial risk of the Growth Deal will sit with the Council. At this time it is anticipated that payments are made quarterly in advance but the LEP is seeking 'freedoms and flexibilities', which if successful will see the full annual amount paid up front. Government will hold a "general power of variation" over our Growth Deal Funds. This gives them the right to reduce funding or cease a programme completely if external funding is not being managed to the correct standards, or it does not appear that the employment outcomes will be met. This is the same with all our grant funded programmes from Government. This risk will be mitigated by the implementation of strict procedures for the programme management of Growth Deal-funded work, close liaison with our Government monitoring officer, and ensuring that funding contracts awarded by the Council for the completion of infrastructure works place risk on the organisations which complete the works.

5.2.4 The individual projects will each have project officers/managers in place responsible for managing compliance with the funding requirements such as publicity, procurement and for monitoring progress including making grant claims to Government. The highly experienced Planning, Transport & Highways division who have already successfully delivering Public Realm will continue to implement the Coventry Schemes within the Growth Deal.

5.2.5 Schemes delivered outside of the City Council by neighbouring authorities will enter into a standard Grant Aid Agreement (GAA) with the City Council as accountable body. It is standard practice within GAA's to transfer as much risk as possible to the successful applicant and project deliverer.

5.2.6 The External Funding and Business Support Team will have regular meetings with all the projects to review overall progress and to liaise between them and the Government co-ordinating the monitoring and evaluation of the Growth Deal on behalf of the CWLEP.

5.2.7 Performance will be monitored on a bi-monthly basis by the CWLEP's Programme Delivery Board, and reported to the Joint Committee and an annual progress report on the Growth Deal will be completed and brought back to Cabinet.

### **5.3 What is the impact on the organisation?**

#### **5.3.1 Human Resource Implications**

There are no current staff resource implications for the External Funding and Business Support Team as an existing Growth Deal Programme Team are in place. If staffing resources are needed they will be recruited in line with the Council's current recruitment policies and procedures.

### **5.4 Equalities / EIA**

5.4.1 It is the responsibility of each of the projects within the Growth Deal to undertake an Equality Impact Assessment as part of project development and impact. By 2021, this Deal will create at least 7,500 jobs across the City and region. The ambitions of our Strategic Economic Plan for Coventry & Warwickshire talk about the development of over 50,000 jobs. It is clear that the Growth Deal presents a positive trajectory on the availability of jobs across the sub-region.

### **5.5 Implications for (or impact on) the environment**

5.5.1 The large scale infrastructure projects will have an impact on the environment across the city. The projects will improve the environment, public spaces and surrounding areas and will all go through the planning system via the appropriate Local Planning Authority for each project area.

### **5.6 Implications for partner organisations?**

5.6.1 No direct implications. Some of the surrounding local authorities are likely to be the lead deliverers for some of the schemes and therefore will be contracted partners.

## Appendix 1: List of Growth Deal Programmes

All capital unless specified

Key Area	Project	Description	Status
Skills	Advice Centre	This new centre at City College Coventry will deliver: employability skills for those out of work, re-skilling employees at risk of redundancy, improving functional skills, diagnostic testing for young unemployed people, developing programmes aligned to CWLEP priority sectors.	Project delivered
Skills	Venture House	Converting an existing local authority building into a 'state of the art' business support facility	Project delivered
Infrastructure	Coventry A45 Corridor	Transport Efficiency Scheme	In development
Business & Innovation	R&D Steel	Creation of a new internationally competitive research & development and skills infrastructure facility that will support the development of new lightweight steel products and create the environment to develop the next generation of experts in this area.	In progress
Skills	Trident	This investment will enable the college to purchase new equipment and refurbish college buildings, which will provide additional apprenticeship training in advanced manufacturing and engineering.	Project delivered
Businesses	Duplex Fund	A loans and grants business support fund to support business growth within Coventry and Warwickshire.	In development
Infrastructure	A5 Corridor Project	This will enable the dualling of the A5/A47 Longshoot to Dodwells which will reduce congestion, improve journey time reliability, and support economic activity in Warwickshire and Leicestershire.	In development
Infrastructure	Coton Arches	Transport improvement works at Coton Arches in Nuneaton.	In progress
Transport	Very Light Rail	Very Light Rail scheme for Coventry.	In progress
Transport	Dynamic Routing	This will develop and demonstrate a new technology to use cloud-based systems to provide pre and in journey motorway and local road traffic data.	In progress
Infrastructure	A46 N-S Corridor (Stanks)	Transport improvements on the junction of the A46 in Warwick	In progress
Transport	Kenilworth Station	New train station build.	Financially complete
Business & Innovation	National Transport Design Centre	Creation of an international centre of design excellence for innovation and research, which develops the specialist designers, creative leaders and new products needed for business growth in the High-Value Manufacturing sector.	Project delivered
Infrastructure	Unlocking Development	Programme of infrastructure works within	In progress

Key Area	Project	Description	Status
	Sites	Coventry and Warwickshire.	
<b>Transport</b>	North South Rail and Coventry Station / Coventry Station Access	Will improve passenger capacity and secure an increase in train service frequency between Coventry-Bedworth-Nuneaton and a bay platform at Coventry Station	In progress
<b>Infrastructure</b>	Connectivity To UK Central	Programme of Infrastructure	In development
<b>Skills</b>	Construction Centre Expansion	Expansion of Warwickshire College Construction Centre	Project delivered
<b>Skills</b>	Warwickshire College Science Technology Engineering Maths	Creation of a state of the art Science Technology Engineering and Maths facility for Warwickshire College	Project delivered
<b>Skills</b>	City College Science Technology Engineering Maths	Creation of a dedicated Digital Skills Science Technology Engineering and Maths Centre at City College Coventry	Project delivered
<b>Skills</b>	Warwickshire Manufacturing Group Academy Pre-Development	Academy, which will deliver degree level apprenticeships dedicated to High Value Manufacturing (Advanced Manufacturing Engineering). The Academy will address the significant under capacity in High Value Manufacturing education.	In progress

**Report author:****Name and job title:**

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Place

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Councillor J O'Boyle	Cabinet Member for Jobs and Regeneration	-	04/08/17	06/08/17
Councillor J Mutton	Cabinet Member for Strategic Finance and Resources	-	04/08/17	05/08/17

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## Public report

Council

Council

5 September, 2017

**Name of Cabinet Member:**

Not applicable

**Director Approving Submission of the report:**

Deputy Chief Executive (Place)

**Ward(s) affected:**

None

**Title: Allocation of Seats to Political Groups and Appointments to the City Council**

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**Is this a key decision?**

No

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**Executive Summary:**

This report seeks approval to amend appointments made at the Annual Meeting of the City Council in May 2017 in respect of membership of Licensing and Regulatory Committee and amendments to the allocation of seats subsequent to Councillor J Birdi joining the Conservative Group.

**Recommendations:**

That the City Council approves:

- (a) The allocation of seats to political groups in accordance with the political balance rules (attached at Appendix 1).
- (b) The appointment of Councillor T Sawdon to the Audit and Procurement Committee and the appointment of Councillor R Bailey as the Conservative Group Substitute with immediate effect.
- (c) The appointment of Councillor J Birdi as a member of the Licensing and Regulatory Committee in place of Councillor M Lapsa with immediate effect.

**List of Appendices included:**

Allocation of Seats to political groups

**Other useful background papers:**

Minutes from the meeting of the City Council held on 18 May 2017

**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 – 5 September, 2017



## **Report title: Appointments to the City Council**

### **1. Context (or background)**

Appointments to certain local authority committees and other bodies are subject to the principles of political proportionality as set out in the Local Government and Housing Act 1989 and subsequent regulations.

The allocation of seats on the Cabinet is not covered by the legislation and in Coventry the principles are applied to Planning Committee, Licensing and Regulatory Committee, Ethics Committee, Audit and Procurement Committee, Scrutiny Co-ordination Committee and the five scrutiny boards.

The principles of political proportionality require that:

- not all the seats on the body are allocated to the same political group
- where a majority of members of Council are members of one political group, that political group must have a majority of the seats on each Committee
- the number of seats allocated to each political group across all the Committees be as near as possible to their proportionate strength on Council
- the number of seats on each Committee be as near as possible to their proportionate strength on Council

These principles should be applied in order and can sometimes conflict in which case the best fit should be achieved.

Once the allocation of seats has been determined, it is for the political groups to make nominations to the allocated places. For the purposes of the legislation a political group must comprise at least two members.

Legislation does allow the number of seats on an individual committee or across all committees in a different proportion to that allocated to political groups, but the Council can only depart from these rules by passing a resolution with no member voting against the resolution.

The City Council made appointments to committees at its Annual Meeting on 18 May 2017. Following Councillor J Birdi joining the Conservative Group on 5 July, 2017, the Council now needs to review the allocation of seats to political groups.

The membership of the Council now comprises 39 Labour members, 14 Conservative members and one independent member. The political balance and allocations table is attached at Appendix 1. As the Independent Member is not part of a political group, the allocations are based entirely on the number of Labour and Conservative group members.

The allocation takes into account an increase in the number of places on the Audit and Procurement Committee from six to seven which has resulted in an additional Conservative Group vacancy. The Conservative Group have nominated Councillor T Sawdon to fill this vacancy and nominated Councillor R Bailey as the Conservative Group Substitute.

In addition, the Conservative Group have asked that Councillor J Birdi replaces Councillor M Lapsa on the Licensing and Regulatory Committee.

## **2. Options considered and recommended proposal**

Appointments to Committees are a function of Council and seats are allocated according to political balance rules.

It is proposed that the City Council approve:

- (a) The allocation of seats to political groups in accordance with the political balance rules (attached).
- (b) The appointment of Councillor T Sawdon as a member of the Audit and Procurement Committee and the appointment of Councillor R Bailey as the Conservative Group Substitute with immediate effect.
- (c) The appointment of Councillor J Birdi as a member of the Licensing and Regulatory Committee with in place of Councillor M Lapsa with immediate effect.

## **3. Results of consultation undertaken**

3.1 Not applicable

## **4. Timetable for implementing this decision**

4.1 The appointments will take effect from the date of the Council Meeting.

## **5. Comments from Director of Finance and Corporate Services**

5.1 Financial implications

Not applicable

5.2 Legal implications

The Council is required by the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 to effect political balance requirements in the appointment of committees identified within the appendix to this report. Proposed allocations have been identified in the appendix and is based on the proportion of Labour to Conservative group members.

## **6. Other implications**

Not applicable

### **Report Author:**

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Julie Newman	Legal Services Manager (People)	Place	27/07/17	28/07/17
<b>Names of approvers for submission:</b> (Officers and Elected Members)				
Barry Hastie	Director of Finance and Corporate Services	Place	27/07/17	03/08/17

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## Political Proportionality

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	Total	Allocation to groups – adjusted for rounding			Proportional entitlement for political groups (1 decimal place)		
		Con	Lab	Ind	Total %	Con %	Lab %
<b>Party seats</b>	<b>54</b>	<b>14</b>	<b>39</b>	<b>1</b>	<b>100.0%</b>	<b>26.4%</b>	<b>73.6%</b>
Cabinet	10	0	10	0	<b>10.0</b>	n/a	n/a
<b>Entitlement per group excl Cabinet places</b>						24.0	67.0
Planning Committee	<b>11</b>	3	8	0	<b>11</b>	2.9	8.1
Licensing and Regulatory Committee	<b>14</b>	4	10	0	<b>14</b>	3.7	10.3
Ethics Committee	<b>5</b>	1	4	0	<b>5</b>	1.3	3.7
Audit and Procurement Committee	<b>7</b>	2	5	0	<b>7</b>	1.8	5.2
Scrutiny Co-ordination Committee	<b>9</b>	2	7	0	<b>9</b>	2.4	6.6
Scrutiny Board 1	<b>9</b>	3	6	0	<b>9</b>	2.4	6.6
Scrutiny Board 2	<b>9</b>	2	7	0	<b>9</b>	2.4	6.6
Scrutiny Board 3	<b>9</b>	3	6	0	<b>9</b>	2.4	6.6
Scrutiny Board 4	<b>9</b>	2	7	0	<b>9</b>	2.4	6.6
Scrutiny Board 5	<b>9</b>	2	7	0	<b>9</b>	2.4	6.6
<b>Totals (excludes Cabinet)</b>	<b>91</b>	<b>24</b>	<b>67</b>	<b>0</b>	<b>91</b>	<b>24.1</b>	<b>66.9</b>

The total number of seats allocated to a group is matched to the rounded entitlement for that group. The number of seats on each committee is matched to the rounded entitlement for that group on that committee but adjusted manually where required to ensure that the number of seats allocated to a particular group matches their entitlement.

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## **Council Meeting**

5 September, 2017

### **Booklet 1**

Written Questions

<b>1.</b>	<p><b>QUESTION SUBMITTED BY: Councillor M Hammon</b></p> <p><b>TO BE ANSWERED BY: Councillor J Innes, Cabinet Member for City Services</b></p>
<p><b>TEXT OF QUESTION:</b></p> <p>“The long term road works on the inner ring road, with single carriageways, are posing danger with the 40mph speed limit still being in place. Should officers reduce to a lower speed, ie 20mph?”</p>	

<b>2.</b>	<p><b>QUESTION SUBMITTED BY: Councillor M Hammon</b></p> <p><b>TO BE ANSWERED BY: Councillor J Innes, Cabinet Member for City Services</b></p>
<p><b>TEXT OF QUESTION:</b></p> <p>“Now that we are short listed for the City of Culture Bid, the litter on Sunday mornings in the city centre is an embarrassment, Should we not consider an early Sunday morning clean-up?”</p>	

<b>3.</b>	<p><b>QUESTION SUBMITTED BY: Councillor P Male</b></p> <p><b>TO BE ANSWERED BY: Councillor J Innes, Cabinet Member for City Services</b></p>
<p><b>TEXT OF QUESTION:</b></p> <p>“Could the Cabinet Member explain why communication with bus companies on the closure of Broad Lane has been so poor? If the closure was planned why were they only given two days’ notice to re-route their services?”</p>	

<b>4.</b>	<p><b>QUESTION SUBMITTED BY: Councillor P Male</b></p> <p><b>TO BE ANSWERED BY: Councillor J Innes, Cabinet Member for City Services</b></p>
<p><b>TEXT OF QUESTION:</b></p> <p>“Can the Cabinet Member explain why bus companies were advised that the</p>	

closure was necessary to divert a water mains yet Severn Trent claim this work was carried out in July? Can she explain why just 48 hours later the Council told the media that the closure was actually required for work to help prevent flooding?”

**5. QUESTION SUBMITTED BY: Councillor G Williams**

**TO BE ANSWERED BY: Councillor J Innes, Cabinet Member for City Services**

**TEXT OF QUESTION:**

“Would the Cabinet Member provide the following information – 1) How many complaints or enquiries have been received by the Council since May 1<sup>st</sup> 2017 to 24<sup>th</sup> August 2017 from residents who haven’t had their bins collected? 2) Would she tell us how many Saturdays have had to be used by our Waste Services Team to clear outstanding collections, since 3<sup>rd</sup> June 2017?”

**6. QUESTION SUBMITTED BY: Councillor G Williams**

**TO BE ANSWERED BY: Councillor J Innes, Cabinet Member for City Services**

**TEXT OF QUESTION:**

“Would the Cabinet Member give the exact figure spent by the City Council on providing ‘slop-buckets’ to every household in the City?”

**7. QUESTION SUBMITTED BY: Councillor J Lepoidevin**

**TO BE ANSWERED BY: Councillor E Ruane, Cabinet Member for Children and Young People**

**TEXT OF QUESTION:**

“Does the Cabinet Member for Children’s Services feel that staff affected by the service redesign and extended consultation period have been able to access the information needed to make decisions and choices about their future?”

<b>8.</b>	<b>QUESTION SUBMITTED BY: Councillor J Lepoidevin</b>  <b>TO BE ANSWERED BY: Councillor E Ruane, Cabinet Member for Children and Young People</b>
<b>TEXT OF QUESTION:</b>  “Can the Cabinet Member confirm how midwifery and health visitors will be working with private and education nursery providers in the family hub?”	

<b>9.</b>	<b>QUESTION SUBMITTED BY: Councillor J Lepoidevin</b>  <b>TO BE ANSWERED BY: Councillor E Ruane, Cabinet Member for Children and Young People</b>
<b>TEXT OF QUESTION:</b>  “Could the Cabinet Member clarify what involvement he has had in the approval of the Children’s Services redesign model?”	