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### **Finance and Corporate Services Scrutiny Board (1)**

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**Time and Date**

2.00 pm on Wednesday, 18th April, 2018

**Place**

Committee Room 3 - Council House

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**Public Business**

1. **Apologies and Substitutions**
2. **Declarations of Interest**
3. **Minutes**
  - (a) To agree the minutes of the meeting held on 21 March 2018 (Pages 3 - 6)
  - (b) Matters Arising
4. **Delivery against the Social Value Policy** (Pages 7 - 14)

Briefing note
5. **Business Rates and the Local Government Funding** (Pages 15 - 20)

Briefing note
6. **Outstanding Issues Report**

Outstanding issues have been picked up in the Work Programme
7. **Work Programme** (Pages 21 - 24)

Report of the Scrutiny Co-ordinator
8. **Any other items of Public Business**

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

**Private Business**

Nil

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

Tuesday, 10 April 2018

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

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

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

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

Membership: Councillors R Auluck, S Bains, J Blundell, R Brown, L Harvard, J Mutton (By Invitation), J O'Boyle (By Invitation), T Sawdon, R Singh (Chair), K Taylor and R Thay

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

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OR if you would like this information in another format or  
language please contact us.

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**Coventry City Council**  
**Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held**  
**at 2.00 pm on Wednesday, 21 March 2018**

Present:

Members: Councillor R Singh (Chair)  
Councillor S Bains  
Councillor R Brown  
Councillor L Harvard  
Councillor T Sawdon  
Councillor K Taylor  
Councillor R Thay

Other Members: Councillor G Duggins, Cabinet Member for Policy and Leadership  
Councillor J Mutton, Cabinet Member for Strategic Finance and Resources

Employees by Directorate:  
People D Ashmore, P Ward  
Place S Bennett, V Castree

Apologies: Councillors R Auluck and J O'Boyle

## **Public Business**

### **30. Declarations of Interest**

There were no declarations of interest.

### **31. Minutes and Matters Arising**

The Minutes of the meeting held on 5 March, 2018 were signed as a true record.

Further to Minute 28 relating to "Work Programme", the Scrutiny Board noted that the item on Business Rates would now be considered by the Scrutiny Board at their next meeting.

### **32. ICT and Digital Service**

The Scrutiny Board considered a Briefing Note which provided an overview of the ICT and Digital service.

ICT and Digital publish two strategies that support the Council's priorities, the Corporate ICT Strategy and the Digital Coventry Strategy. ICT and Digital supports the sustainable growth of Coventry's economy by ensuring residents and businesses have access to superfast broadband speeds as a minimum. The recent investment of £2.55 million to the CSW Superfast Broadband project will see 99% of homes in Coventry having access to superfast broadband speeds by summer 2019. It improves the quality of life for Coventry people through the use

of technology to monitor traffic and air quality across the city. The investment of free public Wi-Fi across the city centre will see the implementation of a low power network that will enable the installation of further sensors that could monitor anything from weather, traffic, and air quality and population footfall. ICT and Digital will support the delivery of the Council's priorities with fewer resources. The on-going development of the corporate data warehouse will ensure that the Council's information assets is available for analysis and reporting, ensuring that key information is in the hands of decision makers.

The Briefing Note provided information on the following:-

- Staffing levels and management structures
- Use of contractors working in ICT and Digital
- Apprenticeships and work experience
- Uptimes of core systems
- Application support and backups/restores
- IT health check carried out by a qualified 3<sup>rd</sup> party on a yearly basis as part of a Public Sector Network compliance
- Systems Consolidation Strategy and application strategy
- The Digital Coventry Strategy
- Themes for review as part of the strategy update to include Technology Consolidation, Artificial Intelligence/Automation, Big Data/Machine Learning and Cyber Security

The current ICT and Digital Service Plan was appended to the Briefing Note and detailed current services priorities and plans. The following challenges that the services faces were identified:-

- Staff retention
- Cyber security
- Doing more with less money and resources
- Speed of technology change
- User adoption
- Structure, Strategy and Target Operating Model

The Briefing Note indicated that the next steps for the short to medium term future included the review of the target operating model and a refresh of the Corporate ICT strategy. The current strategy was focussed on the enabling technologies to enable the organisation to move to Friargate. The upcoming themes that will be included are Technology Consolidation, Artificial Intelligence/Automation, Big Data/Machine Learning and Cyber security. The strategy will also look to support the delivery of the City of Culture Programme.

The Scrutiny Board asked questions and sought assurances from officers in relation to:-

- How futureproof current investments in ICT and broadband are
- Peer benchmarking and how Coventry compares with other Local Authorities
- The uptime of internal systems
- The IT asset register
- Ensuring that the workforce is IT skilled

The Scrutiny Board requested that the following information be circulated:-

- The uptime of internal systems
- Recommendations re password management
- Details of the IT refresh programme

The Scrutiny Board also requested that the following items be added to the Work Programme:-

- Details of Service Level Agreements
- A report on the IT Asset Register
- An opportunity to input into developing the ICT Strategy which is to include benchmarking and SMART targets

**RESOLVED that the Scrutiny Board notes-**

- (1) The role that ICT and Digital play in supporting the Council's priorities**
- (2) The ICT and Digital team structure and the apprenticeships available each year through the Entry to Employment Team**
- (3) The uptime of systems, the security of the network and the ability of ICT and Digital to restore services in the event of an incident**
- (4) The issues facing the service now and in the future**
- (5) The assurances received in relation to questions sought by the Scrutiny Board**

**33. Outstanding Issues Report**

The Scrutiny Board noted that all outstanding issues had been picked up in the Work Programme.

**34. Work Programme**

The Scrutiny Board considered a report of the Scrutiny Co-ordinator that detailed the Work Programme for the remainder of the Municipal Year.

**RESOLVED that further to Minute 32 above, the following items be added to the Scrutiny Board's Work Programme:-**

- Details of Service Level Agreements**
- Report on the IT Asset Register**
- An opportunity for the Scrutiny Board to input into developing the ICT Strategy, which is to include benchmarking and SMART targets**

**35. Any other items of Public Business**

There were no other items of urgent public business.

(Meeting closed at 3.00 pm)



Coventry City Council

## Briefing note

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**To: Scrutiny Board 1**

**Date: 18<sup>th</sup> April 2018**

**Subject: Delivery against the Social Value Policy**

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### **1 Purpose of the Note**

- 1.1 The Social Value Policy was adopted by Full Cabinet on the 11<sup>th</sup> February 2014 and incorporates the Public Service (Social Value) Act 2012 that came into force on 31<sup>st</sup> January 2013. This briefing note details progress/delivery against the Social Value Policy and the outcomes that have been achieved.

### **2 Recommendations**

- 2.1 Scrutiny Board 1 are requested to consider this report and make recommendations as appropriate.

### **3 Information/Background**

- 3.1 There has been significant progress against the social value policy since the last report to Scrutiny Board on 30<sup>th</sup> November 2016. There are now 16 case studies on the Council websites giving examples of the successes we have had. These case studies include a case study on our first planning application to receive a condition namely Belgrade Plaza. A selection of these case studies are attached at Appendix one.
- 3.2 The case studies emphasise and identify why and how social value can be delivered in many different forms. With an ever reducing budgets and increasing demand for services there is an ever greater need to be innovative and creative in the way in which services are delivered to our local communities to ensure that we get maximum return on investment when spending our scarce resources.
- 3.3 Local authority standard contracts already have an impact on social value in that they include clauses which are intended to ensure that contractors are operating in a way that impacts favourably on society. These clauses can include the avoidance of modern slavery, counter terrorism, safeguarding, equalities, health and safety, data protection, tax avoidance, sustainable supply chains and payment of sub-contractors within 30 days.
- 3.4 Consideration of additional Social Value requirements within the specifications are considered based on a balance of potential additional cost incurred against benefit delivered and need to be proportionate to the value of the Contract. Many contracts have a social value weighting of 5% built into the award criteria, and the use of this criteria encourages Suppliers to bid with the inclusion of Social Value elements without passing on the cost to the Local Authority.
- 3.5 Coventry is seen as a leading Local Authority in terms of our approach to delivering Social Value. The Head of Procurement sits on both regional and national working

groups as detailed below and Officers were invited to sit on a number of “panels of experts” at the 2017 National Social Value conference, demonstrating Coventry’s reputation for leading the way on Social Value.

3.6 The Head of Procurement chairs a City Council Social Value Working Group. Officers with expertise in sustainability, environmental issues, economic development, planning, employment, public health and care have been working together to maximise the social benefits generated through contracting. Three of these officers take the lead for the three main themes of the Social Value Policy, namely Economic, Social and Environmental, acting as Champions for these themes. In 2017 there have been a number of staff changes that have impacted on these roles, but it is planned that there will be more consistency in the latter part of 2018.

3.7 Closer working with public sector partners through the council’s Marmot work (reducing health inequalities) has shown real results through harnessing initiatives like “making every contact count”. Under this initiative, all public services meeting individuals on the front line don’t just check that the individual’s needs have been met from their employing organisation’s perspective, they also check their general wellbeing, alerting public sector partners when additional needs are identified. For example, the Fire Service now not only check homes for fire risks they conduct “safe and well” checks as they are one of the most trusted public services when entering people’s homes.

3.8 Through the City Councils’ Business Charter for Social Responsibility, we have supported BAM Construct UK to achieve both Silver and Gold accreditation during the year. BAM had previously demonstrated economic principles to achieve Bronze. This year they have gone on to demonstrate both environmental and health principles to achieve the full set of accreditations. Their gold certification was presented at the Youth Build awards in London where one of their apprentices received a “commended finalist” award.



3.9 Coventry City Council are a Social Innovation Partner with SEWM and as such have worked with Coventry and Warwick Universities and social enterprises in the City to gain Social Enterprise Place status. That work has continued and we have been working closely with the Universities in supporting Social Enterprises, presenting at workshops and attending ‘meet the buyer’ type events. A comprehensive programme of events is being developed for 2018 which the Head of Procurement and the Procurement team will be supporting.

3.10 The Head of Procurement sits on the West Midlands Social Value Task Force group which was founded in November 2016 in order to establish, share and promote the integration of the Public Services (Social Value Act) 2012 (‘Act’) into public-sector commissioning and procurement within the area.



It is an open network and welcomes any organisation that wishes to get involved and who wishes to share good practice. The group aims to bridge the gap between public and private sectors recognising that it is only through collaboration and partnership that success will be achieved. The group recognises that Community (Society) is at the centre of everything that we do and participants are encouraged to share their successes (and failures) in order to build our collective knowledge and strengthen the uptake of the Act across all sectors of society. The West Midlands Combined Authority has now developed its' Social Value Policy which has utilised the best practice and key principles contained in each of the Metropolitan Authorities within the region.

3.11 The Head of Procurement also sits on the National Social Value Taskforce which has developed a number of tools that support the delivery. Coventry is currently trialling the use of the National TOM's (Themes, Outcomes, Measures) framework. This framework gives a standard and transparent approach to the measurement of Social Value, based around 5 key themes:

- Promoting Skills and Employment: To promote growth and development opportunities for all within a community and ensure that they have access to opportunities to develop new skills and gain meaningful employment.
- Supporting the Growth of Responsible Regional Businesses: To provide local businesses with the skills to compete and the opportunity to work as part of public sector and big business supply chains.
- Creating Healthier, Safer and More Resilient Communities: To build stronger and deeper relationships with the voluntary and social enterprise sectors whilst continuing to engage and empower citizens.
- Protecting and Improving our Environment: To ensure the places where people live and work are cleaner and greener, to promote sustainable procurement and secure the long-term future of our planet.
- Promoting Social Innovation: To promote new ideas and find innovative solutions to old problems.

The Social Value Portal are supporting us in the use of this on-line solution that allows organisations to measure and manage the contribution that their organisation and supply chain makes to society. We envisage that by using this platform, we will be better able to demonstrate our Social Value work and objectively compare bid submissions and to effectively manage Social Value commitments made as part of ongoing Contract Management activity.

3.12 Coventry as a Planning Authority now includes planning conditions on major planning applications which are managed via skills and employment plans. Within the year January to December 2017, a total of 16 planning applications have had conditions applied bringing the total number of planning applications that have had conditions applied since the authority began this approach to 27 applications

3.13 The following gives a summary of what has been achieved through skills and employment plans up to December 2017

- 70 local businesses have benefitted from supply chain opportunities from major developments in the City
- 799 local people have been employed on the sites
- 1910 apprenticeship weeks have been worked by apprenticeships generated on major developments, with a total of 92 apprentices
- Over 2700 young people have attended site visits or careers talks

Mick Burn  
Head of Procurement & Commissioning

# Case Study

## Belgrade Plaza Skills and Employment Plan



### Context

George Downing Construction is the managing contractor for the student accommodation complex, Belgrade Plaza in Coventry city centre.

Coventry City Council has been working in partnership with George Downing Construction since early 2016 to effectively implement a Skills and Employment Plan for the construction phase of the project.

This Skills and Employment Plan will produce additional benefits for local residents and companies, in the form of local employment, training, supply chain opportunities and apprenticeships.



### Creating the Skills and Employment Plan(s)

Coventry City Council included an "Employment Condition" to the planning application for the development.

This obliged the contractors of the project to work with the Council to develop a Skills and Employment Plan that considered how the project could benefit residents and local businesses.

### Skills and Employment Outputs

George Downing Construction has utilised local employment services such as the Coventry Job Shop and Employer Hub to encourage local recruitment in its own construction practices.

In total, Belgrade Plaza has provided 78 local people with an employment opportunity on the site.

In addition to the benefits provided to local people, Coventry businesses have engaged with the project too. Six companies from the Coventry area have worked with George Downing Construction on the project.

The construction of Belgrade Plaza has also provided apprenticeship opportunities.

Eight new apprenticeship opportunities were created during the construction of the project - amounting to 331 apprenticeship weeks from all the apprentices on the site.

The Skills and Employment Plan for Belgrade Plaza has provided positive benefits for the people of Coventry and its businesses. The George Downing Group will continue to work with local recruitment services for the end user recruitment for the building.

December 2017

# Case Study

## One Friargate Skills and Employment Plan

### Context

The majority of Coventry City Council staff relocated during 2017, from existing sites, to the new purpose built office next to Coventry Rail Station.

The construction of this building is the first part of the Friargate regeneration project. Once completed, 37 acres around the train station will be developed into a new business district, including 14 Grade A offices and two hotels.

Coventry City Council has worked with the contractor, Bowmer & Kirkland to develop and implement a Skills and Employment Plan for the construction phase of the Council building.

A Skills and Employment Plan provides additional benefits for Coventry and its residents, with regards to education and apprenticeships, local employment and local supply chain.

### Skills and Employment Outputs

Bowmer & Kirkland has worked in partnership with Coventry City Council on maximising skills and employment outputs since September 2015.

During that time, the project has produced many positive outcomes for local people.

Bowmer & Kirkland has worked with local recruitment services, such the Job Shop and Employer Hub, in advertising job vacancies on site for local individuals to apply for.

There has also been a strong focus on supporting local labour that is used for the construction of the building. The number of local people who have been employed on site is 332 from Coventry (CV1 – CV6).

Additionally, Bowmer & Kirkland has worked with the Coventry & Warwickshire Shared Apprenticeship Scheme to provide several placement opportunities. In total, 31 apprentices have worked on site during construction amounting to 256 apprentice working weeks.



Coventry's local businesses have also had the opportunity to work with Bowmer & Kirkland on this major project too. Bowmer & Kirkland held a 'meet the buyer' event, which generated interest from local businesses. In total, eight Coventry businesses have benefitted from the opportunity of working on the project.

Bowmer & Kirkland, has provided educational visits to tour the site to local primary schools. These visits were a chance for pupils to understand the wide range of career options that exist, and more specifically, the various roles within the construction industry.

Through the Skills and Employment Plan, the potential benefits from this major construction project have been maximised, for both the benefit of Coventry and its residents.

December 2017

# Case Study

## Coventry & Warwickshire Construction Shared Apprenticeship Scheme

### What was the project about?

Working in partnership with employers and colleges we identified the barriers that construction employers were facing when taking on apprentices and developed a model to combat those barriers.

Running since 2011, the scheme is a true partnership of public and private sector. Coventry City Council is the accountable body for the scheme and provides programme and financial management. Through our Social Value clauses we encourage contractors to work with the scheme.

National construction company BAM Construct UK is the host employer. BAM provides the Scheme Manager who has the responsibility of securing new placement providers, recruiting apprentices and ensuring that they are linked up to appropriate initial/'carousel' placements. The Scheme Manager delivers pre start training, day one on-site induction, monitoring, reviewing and guides apprentice to achievement.

Together, BAM's Workforce Manager and Scheme Manager deal with any issues apprentices have on site regarding suitability of work available and when a 'carousel' would be advantageous to the apprentice and benefit the employers.

Local colleges provide the academic training needed for the young people to achieve their Apprenticeship Framework, co-ordinate site visits for NVQ assessors and monitor the progress towards framework completion.

BAM, as host employer, carries out the full Human Resource function. The Workforce Manager has responsibility for ensuring the Scheme Manager can support apprentices and has regular one to one sessions with each of them.

A steering group consisting of representatives from BAM, the colleges, and Coventry City Council meets regularly to discuss progress of the scheme.



### Achievements to date:

The scheme has successfully achieved the following awards

- Winner of Employer Commitment Category - Coventry and Warwickshire Apprentice Of The Year Awards 2017
- Winner of Building and Construction Apprentice of the Year Category - Coventry and Warwickshire Apprentice of the Year Awards 2016 and 2017.
- Winner of Partnership Initiative of the Year - Coventry and Warwickshire Apprentice of the Year Awards 2016.
- Apprentice Commended Finalist - Youth Build Awards 2017.
- Finalist in the Best Apprenticeship Scheme Category - Construction Investing in Talent Awards 2016.
- Finalist in the Public/Private Partnership Award - LGC Awards 2013.
- Apprenticeship Scheme of the Year - National Federation of Builders Awards 2012.

### Outcomes to date:

- 64 young people joined the scheme
- 36 have achieved their Full Apprenticeship Framework
- 35 have secured full time employment, self-employment or further training
- 3,797 apprentice weeks have been delivered
- 33 different construction companies have provided placements

December 2017

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Coventry City Council

## Briefing note

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**To: Finance and Corporate Services Scrutiny Board 1**

**Date: 18<sup>th</sup> April 2018**

**Subject: Business Rates and the Local Government Funding**

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### **1 Purpose of the Note**

- 1.1 Business Rates play a significant part in the overall funding of local government and the level of Business Rates generated in Coventry is a major component in funding the Council's budget. The local government funding model is due to be overhauled in 2020/21 with much of the detail of these changes yet to be agreed. The purpose of this note is to explain what is known currently, what remains unclear at this stage and what some of the potential implications are for the Council of any future changes.
- 1.2 It is worth stating that some of the analysis of future developments can only be speculative at this stage. It is based on an assessment of previous announcements but could be subject to future changes in policy direction and the political environment. Whilst the note attempts to inform the debate on the timing of regeneration plans in the city, caution is urged on drawing any firm conclusions in this regard.

### **2 Recommendations**

Scrutiny Board 1 is recommended to:

- 1) Consider the content of the note and identify any specific information requests or recommendations arising for the consideration of the Cabinet Member for Strategic Finance and Resources and the Director of Finance and Corporate Services.
- 2) Continue to receive updates on developments in the local government funding environment as they become available.

### **3 Information/Background**

- 3.1 Scrutiny Co-ordination Committee (Scruco) has received 3 updates on the subject of Business Rates in the past two years including an outline of the existing scheme and consideration of the Council's responses to several consultations on the design of future schemes. The chairs of Scruco and Scrutiny Board 1 have now agreed that Business Rates is a subject that should be considered by Scrutiny Board 1.
- 3.2 Business Rates has gained greater significance for Local Government since 2013/14 when the move to a 50% Business Rates Retention scheme gave local government a stake in the growth of local Business Rates for the first time in the modern era. This is set to change again in 2020/21 following the Government's announcement of an intention to move to a 75% retention scheme (scaled back from previous plans for a 100% scheme).
- 3.3 It is fair to say that the whole subject of local government funding is not well understood. This note provides a starting point for Scrutiny 1 members to better understand the local government finance system and, in particular, how Business Rates fits within it.
- 3.4 Part of the complexity that exists currently results from the Council's participation in the 100% West Midlands Business Rates Pilot. Although this has some current and short-term impact on the Council's funding position, it should not have a fundamental effect on the Council's

long-term financial position. For the sake of simplicity, this note assumes that the Pilot will not continue when the funding system is overhauled in 2020/21.

#### **4 Business Rates and the Local Government Funding Environment**

The following analysis explains the fundamental elements and recent trends for Local Government Funding and Coventry's position.

##### **4.1 The Central Feature of Local Government Funding is Allocation on the Basis of Need**

The amount of funding allocated to each local authority area is driven by a funding model that, at its outset, was informed by the assessed needs in each area. These needs were based on data such as the number of children, the number of adults over 65 and the length of highways. The model is complicated and non-transparent and there have been arguments over the role of factors such as deprivation and sparsity. In addition, most of the data within the model has not been refreshed for a number of years such that the resulting allocations are no longer likely to be an accurate measure of need in each area.

##### **4.2 Local Government Funding is made up of Government Revenue Support Grant, Council Tax and Business Rates**

The historical context is that the two main local sources of funding (Business Rates and Council Tax) have not generated sufficient resources to pay for the assessed needs of local government. Therefore, the Government has allocated a further general grant to supplement these, referred to as Revenue Support Grant (RSG). Part of this RSG in effect represents the recycled Central Share element of Business Rates that councils pay over to Government.

##### **4.3 Ability to Generate Local Funding is Reflected in the Allocation of General Grant**

The level of Council Tax and Business Rates in each local authority area is factored into the model that determines the level of RSG that each council receives. Areas that have relatively low levels of Council Tax and Business Rates compared to their assessed spending needs will get higher levels of RSG and vice versa. Therefore, two authorities with identical spending needs will still receive different levels of RSG if their local levels of Council Tax and Business Rates are different. In this sense this is a redistributive model. However, data relating to the level and growth of local resources is not kept up to date in the model so more recent trends will not have been reflected in current funding allocations.

##### **4.4 Redistribution Under 50% Business Rates is Achieved Via a System of Tariffs and Top-Ups**

In 2013/14, 50% Business Rates Retention was introduced. Without a system of redistribution this would have benefitted areas with relatively high levels of Business Rates and penalised areas with relatively low levels of Business Rates. Therefore a system of self-balancing adjustments was introduced. The areas that would have benefitted were required to pay a tariff and the areas that would have been penalised were paid a top-up. Under the 50% retention scheme Coventry was a top-up authority.

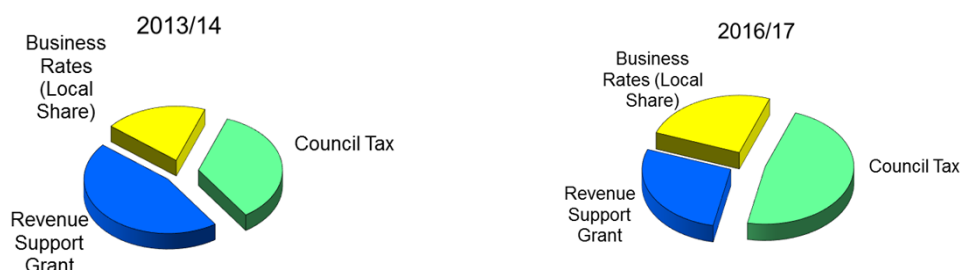
##### **4.5 The Overall Level of Resources in the Model is Reducing**

The reductions in Government spending since 2010 have affected Local Government. The overall amount that Councils have had made available to them in the form of Council Tax, Business Rates and RSG has reduced year on year and will continue to do so up to 2019/20. One impact of austerity is that the link between spending need and funding allocated has become increasingly remote over time.



#### 4.6 The Balance of Resources Available Has Changed Over Time

Since 2010 the overall cash amount of Council Tax and Business Rates has increased due to a combination of underlying growth and inflationary increases. At the same time Government has reduced the amount of RSG that it provides. Using a like for like position (under the 50% Business Rates Retention scheme), the balance of resources for Coventry between two points in this period was as follows.



The movement over this period shows a dramatic reduction in RSG as a proportion of Coventry's funding with a modest increase in the % raised from Business Rates and a more significant increase in the proportion raised by Council Tax.

#### 4.7 Government will Reset the Local Government Financial Envelope in 2020/21

The 2018 Spring Budget announced that a Government spending review will take place in 2019. This will affect the total amount of funding available to the local government sector and all other Government Departments from 2020/21. The Council's current financial plan assumes the continuation of austerity in 2020/21 but there is no clear evidence for this at this stage.

#### 4.8 Government Will Reset the Allocation of Funding between Local Authorities in 2020/21

The current model for how the total level of resources will be allocated between local authorities (referenced above in sections 4.1 and 4.3) will be replaced for financial year 2020/21. This has been and continues to be subject to a number of consultation exercises. Given the complexity and non-transparent nature of the funding model and the length of time since the model and some of its data were refreshed, it is impossible to predict whether Coventry will be a winner or a loser from this exercise.

#### 4.9 The Business Rates Retention Model Will Move From 50% to 75% in 2020/21

The Provisional 2018/19 Local Government Finance Settlement announced the Government's intention to move from 50% Business Rates retention to 75% retention in 2020/21. All other things being equal, the impact of this is that in totality, local authorities would retain a greater share of their locally raised Business Rates and receive an equal and opposite reduction in the level of RSG. One potential variation on this is that the Government would include new services to be incorporated within the model (e.g. Public Health) with funding nominally passported in order to pay for this.

#### 4.10 The Move to 75% Retention Should Have a Neutral Effect on Coventry

On day 1 of the new system, Coventry should be no worse off or better off as a result of moving to 75% Business Rates Retention. The table below shows the impact in 2020/21 under the current 50% scheme and the new 75% scheme (NB this assumes that the current 100% Business Rates Pilot is not operating). It is based on current projections but these are

indicative only at this stage and take no account of changes that will occur under 4.7 and 4.8).

	<b>50% Retention £m</b>	<b>75% Retention £m</b>	<b>Memorandum 100% Retention £m</b>
Council Tax	(132)	(132)	(132)
Business Rates	(60)	(90)	(120)
(RSG and Top-Up) or Tariff	(35)	(5)	25
<b>Total</b>	<b>(227)</b>	<b>(227)</b>	<b>(227)</b>

This projection of what will happen in 2020/21 shows that any additional retained Business Rates will be compensated for by a reduced level of RSG and Top-Up. The memorandum column shows the equivalent position if a 100% scheme were to exist. In this case Coventry would have to pay a tariff back to Government – but the overall level of resources available to the city would remain constant. This memorandum column is similar to the position that has occurred under the West Midlands Pilot – in 2018/19 with the Pilot in operation, Coventry is subject to a tariff of £10m.

#### 4.11 Councils Will Retain Business Rates Growth Over and Above a Reset Baseline

Sometime, probably during 2019, the Government will assess a new baseline level of Business Rates applicable in each local authority area. Councils will, in subsequent years, be able to retain 75% of any growth above this level until Business Rates are next reset. Equally, Councils would have to bear 75% of any decrease in Business Rates. These gains or losses would continue to be reflected in local resource levels until the following reset. It is not yet known when further resets are planned to occur.

#### 4.12 Councils May Be Able To Retain Business Rates Growth on a Permanent Basis

It is possible that at the time of future resets (including that due to take place for 2020/21), Councils may be able to retain a proportion of the growth that has occurred since the previous baseline. This can only be speculation at this point but this would be consistent with the Government's overall messaging on incentivising local authorities to play a greater long-term role in growing local economies. The level and timescale for which any such growth could be retained on a semi-permanent basis will not be determined for some time.

## 5 **Future Implications for Coventry**

5.1 Coventry is witnessing some exciting development plans which will affect the future of major parts of the city. The Council is playing a major part in bringing forward these developments which include City Centre South, Friargate and the Battery Development facility. The regeneration, economic and employment benefits of such schemes are such that they are fully justified on their own merits and the Council's financial input into these and other

schemes are supported by business cases or funding packages that make no assumptions about Business Rates.

- 5.2 Given the future anticipated role of Business Rates in Local Government funding it appears likely that the city will benefit from some significant Business Rates growth from these developments in the years following the current assumed reset. The Council has never included future projections of Business Rates growth into its financial plans and it is not intended that any future growth will be assumed ahead of realisation. Indeed there are good reasons for being cautious about such assumptions including: whether the developments actually proceed locally; the timescale and pace with which they develop; whether Business Rates retention goes ahead; the timing of the baseline being set and any future resets occurring; and the negative impact of other movements (reductions) in local Business Rates.
- 5.3 At this stage given the best estimate that the initial baseline will be set in 2019, none of the strategically significant property based developments are planned for completion by that point. However, if the setting of the baseline is delayed this could have an impact on the financial benefit that the Council could derive from the Business Rates growth of such developments. This is one of the key elements that will need to be monitored as the Council approaches the next financial planning period.

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Please see page 2 onwards for background to items

<b>12<sup>th</sup> July 2017</b>
<ul style="list-style-type: none"><li>- Impact of changes to Local Council Tax Support Scheme</li><li>- Cyber Security (Private Item)</li></ul>
<b>13<sup>th</sup> September 2017</b>
<ul style="list-style-type: none"><li>- Customer Service briefing note with action plan</li><li>- 2017/18 Capital Programme</li></ul>
<b>15<sup>th</sup> November 2017</b>
<ul style="list-style-type: none"><li>- ICT @ CCC</li><li>- Medium Term Financial Strategy</li></ul>
<b>Monday 5<sup>th</sup> March</b>
<ul style="list-style-type: none"><li>- Workforce Strategy: Transforming</li><li>- Impact of changes to Local Council Tax Support Scheme</li></ul>
<b>21<sup>st</sup> March 2018</b>
<ul style="list-style-type: none"><li>- ICT Strategy</li></ul>
<b>18<sup>th</sup> April 2018</b>
<ul style="list-style-type: none"><li>- Social Value Act</li><li>- Business Rates</li></ul>
<b>2018/19</b>
Budget – meeting savings targets Council Reserves Workforce Resource Workforce Strategy Work Strands – Staff Terms and Conditions Leadership Development Investment

<b>Date</b>	<b>Title</b>	<b>Detail</b>	<b>Cabinet Member/ Lead Officer</b>
<b>12<sup>th</sup> July 2017</b>	- Impact of changes to Local Council Tax Support Scheme	To look at the impact of the changes a year after implementation, including collection rates, cost of collection, levels of arrears, enforcement arrangements the impact on residents.	Barrie Strain/ Glenda Cowley
	- Cyber Security (Private Item)	To receive an update on measures being put in place to address cyber security issues.	Lisa Commane/ Paul Ward
<b>13<sup>th</sup> September 2017</b>	- Customer Service briefing note with action plan	Work is being undertaken by the Cabinet Member to review the customer service centre. Information on this work will be brought to the Board and the impact of this work reviewed later in the municipal year.	Lisa Commane/ Adrienne Bellingeri
	- 2017/18 Capital Programme	To receive a line by line update on the 2017/18 Capital Programme. Annual item. Included information on WMCA programmes.	Paul Jennings
<b>15<sup>th</sup> November 2017</b>	- ICT @ CCC	To look at ICT at the Council to include policies, strategies, risks, resilience, effectiveness and value for money.	Lisa Commane/ Paul Ward
	- Medium Term Financial Strategy	To discuss the Council's Medium Term Financial Strategy prior to its approval through the political process.	Paul Jennings
<b>Monday 5<sup>th</sup> March</b>	- Workforce Strategy: Transforming	To look at workforce strategy work strands at an appropriate time as identified at the meeting on 25th January 2017. This item will look at; Apprenticeship programme and the Levy Improving our leadership & management practices	Barbara Barrett/ Grace Haynes
	- Impact of changes to Local Council Tax Support Scheme	To look at the ongoing impact of the changes, including collection rates, cost of collection, levels of arrears, enforcement arrangements the impact on residents. This item was requested at the July meeting.	Barrie Strain/ Glenda Cowley

SB1 Work Programme 2017/18

<b>Date</b>	<b>Title</b>	<b>Detail</b>	<b>Cabinet Member/ Lead Officer</b>
<b>21<sup>st</sup> March 2018</b>	- ICT Strategy	To scrutinise plans for a revised ICT Strategy.	Paul Ward
<b>18<sup>th</sup> April 2018</b>	- Social Value Act	To examine the extent to which the Social Value Act is delivering added value and how we can maximise opportunities to increase social value.	Mick Burn
	- Business Rates	To discuss the changes to Business Rates.	Paul Jennings
<b>2018/19</b>	Budget – meeting savings targets	To scrutinise whether the Council is on track to meet its savings targets.	Barry Hastie
	Council Reserves	To receive an update on the position of Council Reserves.	Paul Jennings
	Workforce Resource	To look at whether we have sufficient resource within our workforce to deliver the Council’s ambitions for the City. (identified at SCRUCO 12.07.17)	Various
	Workforce Strategy Work Strands – Staff Terms and Conditions	To scrutinise proposed changes to staff terms and conditions at an appropriate time.	Barbara Barrett
	Leadership Development Investment	To follow up from the meeting in March 2018, the Board have requested that they receive an evaluation report of the training and an impact assessment.	Grace Haynes

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