

Coventry City Council
Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held
at 2.00 pm on Wednesday, 6 February 2019

Present:

Members: Councillor R Singh (Chair)
 Councillor R Brown
 Councillor L Harvard
 Councillor K Sandhu
 Councillor K Taylor
 Councillor R Thay

Employees:

Place: V Castree, B Hastie, P Jennings, C Sinclair

Apologies: Councillor S Bains and T Sawdon

Public Business

23. Declarations of Interest

There were no declarations of interest.

24. Minutes

(a) The minutes of the meeting held on 28 November 2018 were signed as a true record subject to an addition to Minute 14 (Workforce Strategy Update), at the first bullet point to include the words “and diversity”. To now read “The demographic and diversity breakdown”.

There were no matters arising.

(b) The minutes of the meeting held on 12 December 2018 were signed as a true record.

There were no matters arising.

25. Reserve Balances

The Board received and noted a briefing note which set out the position in relation to Council reserve balances. Balances for each individual reserve area over a three-year period were set out in an appendix to the briefing note.

The Council’s total level of non-schools revenue reserves stood at £68.8m at 31 March 2018 and capital reserves were £31.2m. The Council was also required to account for £24.6m of reserve balances that belong to the City’s schools or are funded from Dedicated Schools Grant and were therefore ring-fenced for schools usage.

The Briefing Note set out further detail on a number of reserve balances due to their value and members of the Board questioned officers on a number of issues around the following:

- Early retirement and voluntary redundancy programmes
- Private Finance Initiative Schemes
- Capital receipts
- Capital grant resources

26. **Consultation Responses: Business Rates Retention Reform and Review of Local Authorities' Relative Needs and Resources**

The Board received a report of the Deputy Chief Executive, Place, which set out the City Council's responses on two Government Consultation documents: "Review of Local Authorities' Relative Needs and Resources" and "Business Rates Retention Reform". The report would be considered by Cabinet on 12 February 2019 and Council on 19 February 2019.

The consultations formed part of the Government's overhaul of local government finance which was due to take effect in the financial year 2020/21. This would incorporate an overall settlement determined by the 2019 Spending Review, new baseline funding allocations for individual local authorities informed by an up-to-date assessment of their relative needs and resources and the impact of a new 75% Business Rates retention model. Responses were required by 21 February 2019. The Council's proposed responses were attached as appendices to the report.

The report indicated that the significance of the outcome of such a consultation makes it important for the Council to add its own response. The majority of the consultation questions focussed on detailed technical aspect of the potential funding arrangements. Given the lack of transparency of the current funding model and the length of time that it had been in operation, it was not possible to draw firm conclusions on the likely impact of any changes to funding arrangements implied by the Council's responses. The expectation should be that such a review resulted in a system that was evidence based, robust and fair and the Council's proposed responses were aimed at achieving such an outcome.

The Board considered the report and having discussed the content, expressed concern that any changes to Council funding schemes which impacted negatively on the Council's budget would have a disproportionate impact on vulnerable people. The onus to ensure that this would not happen sits with Government to undertake satisfactory Equality Impact Assessments as part of the process. The Board agreed with, and were supportive of, the robust wording of the consultation responses.

RESOLVED that the Board supported the robust wording of the consultation response and further recommended that the response be amended to ask Government to undertake suitable Equality Impact Assessments on the proposed changes and that this recommendation be conveyed to the Cabinet for consideration at their meeting on 12 February 2019.

27. **Work Programme and Outstanding Issues**

The Work Programme was noted.

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

There were no other items of business.

(Meeting closed at 3.10 pm)