

Coventry City Council
Minutes of the Meeting of Council held at 2.00 pm on Tuesday, 25 February 2020

Present:

Members: Councillor L Bigham (Chair)

Councillor F Abbott	Councillor M Lapsa
Councillor N Akhtar	Councillor J Lepoidevin
Councillor P Akhtar	Councillor G Lloyd
Councillor M Ali	Councillor P Male
Councillor A Andrews	Councillor J McNicholas
Councillor R Auluck	Councillor C Miks
Councillor R Bailey	Councillor J Mutton
Councillor J Birdi	Councillor M Mutton
Councillor J Blundell	Councillor J O'Boyle
Councillor R Brown	Councillor G Ridley
Councillor K Caan	Councillor E Ruane
Councillor J Clifford	Councillor K Sandhu
Councillor G Duggins	Councillor T Sawdon
Councillor B Gittins	Councillor P Seaman
Councillor L Harvard	Councillor B Singh
Councillor M Heaven	Councillor R Singh
Councillor P Hetheron	Councillor D Skinner
Councillor J Innes	Councillor H Sweet
Councillor T Jandu	Councillor R Thay
Councillor T Khan	Councillor C Thomas
Councillor AS Khan	Councillor S Walsh
Councillor R Lakha	Councillor D Welsh
Councillor R Lancaster	Councillor G Williams

Honorary Alderman M Hammon

Apologies: Councillor R Ali, B Kaur, L Kelly, A Lucas, K Maton and T Mayer

Public Business

84. Minutes of the Extraordinary and Ordinary Meetings held on 14 January 2020

The minutes of the Ordinary and Extraordinary meetings held on 14 January 2020 were signed as a true record.

85. Exclusion of the Press and Public

RESOLVED that the press and public be excluded under Schedule 12A of the Local Government Act 1972 relating to the private report on 'Acquisition of a commercial asset' (Minute 97 below refers), on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and that in all of the circumstances of the case, the public interest in maintaining the exemption

under Schedule 12A outweighs the public interest in disclosing the information.

86. Coventry Good Citizen Award

On behalf of the City Council, the Lord Mayor presented Marilyn Haddon with the Good Citizen Award. Her citation read:

“After the loss of her mother 25 years ago Marilyn decided to join Cancer Research UK, working as a volunteer to help other families coping with the effects of the disease. During those 25 years Marilyn became Chair of the Cancer Research Local Committee as well as the lead in Coventry for co-ordinating, fundraising and promotional work for the Charity. Marilyn organises fundraising events such as Christmas Card Sales, Badge Sales and Supermarket Collections. Marilyn also volunteers her time to recruit and draw together businesses, organisations and members of the public within Coventry to further the fundraising efforts.

Marilyn has spent many hours attending fund-raising events, collecting donations and has shown dedication and commitment to the cause by attending presentations, giving speeches of thanks, writing thank you notes and visiting organisations and schools, all as a volunteer. To date, Marilyn has raised an estimated two million pounds for Cancer Research.

It is evident that through Marilyn’s work she has shown tremendous commitment to the people of Coventry who are affected by cancer, generously giving of her time, efforts and resources to help better their lives. Her actions properly reflect her character and she is a worthy recipient of this Coventry Good Citizen Award.”

87. Correspondence and Announcements of the Lord Mayor

1. Harry Hall

The Lord Mayor referred to the recent death of Harry Hall of the West Indian Club and the Multifaith Forum.

Members noted that a letter conveying the City Council’s sincerest condolences had been sent to Harry’s family.

2. Visit to Dresden

The Lord Mayor referred to a recent visit with Councillor A Khan to Dresden to represent the City on the occasion of the 75th anniversary of the bombing during the Second World War. The Bishop of Coventry also visited at the same time.

Members noted that the Lord Mayor and Councillor Khan attended a broad range of events, commemoration ceremonies, forums and discussions and attended the International Congress on Cultures of Remembrance.

The City’s friendship with the City of Dresden remained very important and was greatly valued by both cities.

88. **Petitions**

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

- (a) Request that traffic regulation orders and signage are introduced outside Finham Primary School – 58 signatures, presented by Councillor J Blundell.
- (b) Request for the completion of the footway between St Martins Road and the cul-de-sac joining Howes Lane – 97 signatures, presented by Councillor M Heaven.
- (c) Request to examine the slip road junction off the A444 being used by drivers to make illegal left turns to avoid traffic queues – 112 signatures, presented by Councillor R Bailey.

89. **Declarations of Interest**

There were no declarations of interest.

90. **European Social Fund 2014-2020 - European Structural & Investment Funds (ESIF) - Coventry ESF Second Round Applications**

Further to Minute 79 of the Cabinet, the City Council considered a report of the Deputy Chief Executive (People), which sought approval for European Structural Investment Fund (ESIF) Programme applications that had been submitted under a new second round of funding. The report provided information on each of the new bids and requested approval for the city Council to act as accountable body guarantor and delivery partner for these funding programmes.

The 2014-2020 ESIF Programme was launched in March 2015 and would now run until 2023 in the UK. A report to the Cabinet on 26 November 2015 (minute 70/15 referred) approved successful projects from the first round of funding under the programme. In that report it was noted that further rounds of funding would be available, and that the Council would seek to apply in those rounds. The Council had a strong track record in securing European funds in recent years and had secured in excess of £65m from the European Structural Funds (ESF) since 2007.

However, the current EU funded employability support Programmes were due to come to an end following an agreed extension (until 31 March 2020 for the Priority 1.1, 1.2 and 1.4 programmes and 31 December 2020 for the Priority 1.3 programme). The Employment and Skills Service had therefore submitted bids for Phase 2 programmes which would run from 1 April 2020, or on a date to be agreed as soon as Funding Agreements had been issued, until 31 December 2023. Across all the bids the amount of ESF Grant being bid for in the Phase 2 round was £11.38m.

The further Council led applications had been submitted in the new programme under the Active Inclusion (Priority 1.1), Access to Employment (Priority 1.4), Sustainable Integration of Young People (Priority 1.2) themes and under the Youth Employment Initiative (Priority 1.3). The total value of all applications (Grant plus Match Funding from the City Council and delivery partners) was £20.56m with

nearly 55% of these costs being made available from the ESIF grants to support those applications.

The Council had already taken a leadership role by bringing partners together from across the Coventry and Warwickshire Local Enterprise Partnership area to develop projects and programmes that would lead to improved employment prospects across the City and the sub-region. The Council had an outstanding track record of securing, managing and delivering EU-funded employability support programmes.

RESOLVED that the City Council:

- 1) Approve (if successful) the drawdown of the European Structural Fund grant funding totalling up to 11.38m from the European Structural Investment Fund, to be utilised in delivering the City's priorities as set out in the report.**
- 2) Delegate authority to the Deputy Chief Executive (People), following consultation with the Director of Finance and Corporate Services and the City Solicitor, to negotiate final terms and approve entry into:**
 - (a) The grant funding agreement to secure the European Structural Investment Fund funding with the City Council acting as the Accountable Body for the funding**
 - (b) Back to back funding agreement with such delivery partners as deemed necessary to deliver the City's priorities as set out in the report.**

91. Motion without Notice

In accordance with the Constitution, a Motion without Notice was moved by Councillor M Mutton, seconded by Councillor S Walsh and adopted that agenda items 9 (Council Tax Setting Report 2020/21) and 10 (Budget Report 2020/21) be considered together.

It was noted that a recorded vote would be taken in respect of all decisions relating to matters the subject of Minutes 92 and 93 below (including any amendments)

92. Council Tax Setting Report 2020/21

Further to Minute 87 of the Cabinet, the City Council considered a report of the Deputy Chief Executive (Place) which calculated the Council Tax level for 2020/21 and made appropriate recommendations to Council, consistent with the Budget Report 2020/21.

The report indicated that some of the figures and information set out within the report were identified as provisional, as the Police and Crime Commissioner and the Fire and Rescue Authority precepts had not been confirmed at the time of publication. The Cabinet were advised by the Deputy Chief Executive (Place) that confirmation had now been received in relation to these precepts and that the figures within the report were all confirmed as accurate.

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

The report included a calculation of the Band D Council Tax that would be needed to generate this Council Tax requirement, based on the City's approved Council Tax base. The 2020/21 Band D Council Tax that was calculated through this process had increased by £63.93 from the 2019/20 level.

Each year the Government determined the maximum Council Tax increase that local authorities could set without triggering a referendum. For 2020/21 the Secretary of State had published a report which proposed that the rise in Coventry City Council's Council Tax must be below 3% in 2020/21 to avoid triggering a referendum, comprising a 2% precept for expenditure on adult social care and a maximum of 2% for other expenditure. At the time of writing, the Secretary of State's report was subject to parliamentary approval. The recommendations within the Budget Report 2020/21 were based on a proposed increase in Council Tax of 3.9%, including a 2% Adult Social Care Precept.

It was noted that the recommendations followed the structure of resolutions drawn up by the Chartered Institute of Public Finance and Accountancy, to ensure that legal requirements were fully adhered to in setting the tax. As a consequence, the wording of the proposed resolutions was necessarily complex.

RESOLVED that the City Council:

1. **Note the following Council Tax base amounts for the year 2020/21, as approved by Cabinet on 7th January 2020, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 ("the Act"):**

- a) **83,905.5 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;**
- b)

Allesley	337.6
Finham	1,552.2
Keresley	239.7

being the amounts calculated by the Council as its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

1. **That the following amounts be now calculated by the Council for the year 2020/21 in accordance with Sections 31A, 31B and 34 to 36 of the Act:**

- (a) **£744,281,523 being the aggregate of the amounts that the Council estimates for the items set out in 31A(2) of the Act taking into account all precepts issued to it by Parish Councils (*Gross Expenditure and reserves required to be raised for estimated future expenditure*);**

(b) £602,900,440 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act (*Gross Income including reserves to be used to meet the Gross Expenditure but excluding Council Tax income*);

(c) £141,381,083 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year;

(d) £1,685.00 $\frac{2(c)}{1(a)} = \frac{£141,381,083}{83,905.5}$

being the amount of 2(c) above divided by the amount at 1(a) above, calculated by the Council in accordance with Section 31B of the ACT, as the basic amount of its Council Tax for the year. (*Average Council Tax at Band D for the City including Parish Precepts*).

(e) £40,590 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts*);

(f) £1,684.52 $= \frac{2(d) - 2(e)}{1(a)} = \frac{£1,685.00 - £40,590}{83,905.5}$

being the amount at 2(d) above, less the result given by dividing the amount at 2(e) above by the amounts at 1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of the area to which no special item relates. (Council Tax at Band D for the City excluding Parish Precepts);

(g)

Coventry Unparished Area	£1,684.52
Allesley	£1,720.44
Finham	£1,698.27
Keresley	£1,714.22

being the amounts given by adding to the amount at 2(f) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate. (Council Taxes at Band D for the City and Parish).

(h)

Valuation Band	Parts to which no special	Parish of Allesley	Parish of Finham	Parish of Keresley

	item relates			
	£	£	£	£
A	1,123.01	1,146.96	1,132.18	1,142.81
B	1,310.18	1,338.12	1,320.87	1,333.28
C	1,497.35	1,529.28	1,509.57	1,523.75
D	1,684.52	1,720.44	1,698.27	1,714.22
E	2,058.86	2,102.76	2,075.67	2,095.16
F	2,433.20	2,485.08	2,453.06	2,476.10
G	2,807.53	2,867.40	2,830.45	2,857.03
H	3,369.04	3,440.88	3,396.54	3,428.44

being the amounts given by multiplying the amounts at 2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

2. To note that for the year 2020/21 the Police and Crime Commissioner for the West Midlands and West Midlands Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwelling shown below:

Valuation Band	Police and Crime Commissioner for the West Midlands	West Midlands Fire Authority
	£	£
A	108.37	41.20
B	126.43	48.07
C	144.49	54.93
D	162.55	61.81
E	198.67	75.54
F	234.79	89.27
G	270.92	103.01
H	325.10	123.61

3. That having calculated the aggregate in each case of the amounts at 2(h) and 3 above, the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each part of its area and for each of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,272.58	1,296.53	1,281.75	1,292.38
B	1,484.68	1,512.62	1,495.37	1,507.78

C	1,696.77	1,728.70	1,708.99	1,723.17
D	1,908.88	1,944.80	1,922.63	1,938.58
E	2,333.07	2,376.97	2,349.88	2,369.37
F	2,757.26	2,809.14	2,777.12	2,800.16
G	3,181.46	3,241.33	3,204.38	3,230.96
H	3,817.75	3,889.59	3,845.25	3,877.15

4. That the Council determines that its relevant basic amount of Council Tax for 2020/21 is not excessive in accordance with the principles set out in the Secretary of State's report, under Sections 52ZC and 52ZD of the Act.

Notes:

- (a) In accordance with the Constitution, a recorded vote was taken in respect of the Recommendations.
- (b) The Lord Mayor did not vote on this matter)

The Councillors voting for and against the Recommendations were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillors:	Councillors:	
F Abbott	G Williams	
N Akhtar		
P Akhtar		
R Ali		
A Andrews		
R Auluck		
S Bailey		
J Birdi		
J Blundell		
R Brown		
K Caan		
J Clifford		
G Duggins		
B Gittins		
L Harvard		
M Heaven		
P Hetherton		
J Innes		
T Jandu		
A Khan		
T Khan		
R Lakha		
R Lancaster		
J Lepoidevin		
G Lloyd		
J McNicholas		
P Male		
C Miks		
J Mutton		
M Mutton		
J O'Boyle		
G Ridley		

E Ruane
K Sandhu
T Sawdon
P Seaman
B Singh
R Singh
D Skinner
H Sweet
R Thay
C Thomas
S Walsh
D Welsh

Result: Carried

For: 44
Against: 1
Abstentions: 0

(Note:)

93. **Budget Report 2020/21**

Further to Minute 88 of the Cabinet, the City Council considered a report of the Deputy Chief Executive (Place), which set out the proposals for the Council's final revenue and capital budget for 2020/21.

The report followed on from the Pre-Budget Report approved by Cabinet on 19th November 2019 which had since been subject to a period of public consultation. The proposals within the report now formed the basis of the Council's final revenue and capital budget for 2020/21 incorporating the following details:

- Gross budgeted spend of £744m (no change from 2019/20).
- Net budgeted spend of £239m (£7m and 3% higher than 2019/20) funded from Council Tax and Business Rates less a tariff payment of £19.9m due to Government.
- A Council Tax Requirement of £141.4m (£6.2m and 4.6% higher than 2019/20), reflecting a City Council Tax increase of 3.9% detailed in the separate Council Tax Setting report on today's agenda.
- A number of new expenditure pressures, savings and income generation proposals within Council services.
- A Capital Strategy including a Capital Programme of £232.7m including expenditure funded by Prudential Borrowing of £33.1m.
- An updated Treasury Management Strategy, Capital Strategy and a Commercial Investments Strategy.

The financial position set out in the Budget Report was based on the Final 2020/21 Local Government Finance Settlement and incorporated a funding position which broadly matched that of 2019/20. This position contained significant uncertainty for the period after 2020/21 which would be subject to medium-term spending decisions by the new Government. Decisions were awaited on whether this would

include a revised allocation model within the Local Government sector and a new national Business Rates retention model. As a result it was impossible to provide a robust financial forecast at this stage and the Council had included some prudent planning figures. Initial assumptions indicated the likelihood that there will be a substantial gap for the period following 2020/21. The view of the Council's Director of Finance and Corporate Services was that the Council should be planning for such a position.

2020/21 would see the Council continue, along with the other 6 West Midlands councils, to participate in a 100% Business Rates Pilot scheme. This would enable the Council to retain 99% of Business Rates income including any growth against an historic baseline which would otherwise have been returned to the Government. The financial model and assumptions that support the Pilot had been incorporated within the financial position included in the report.

The Pre-Budget Report was based on an increase in Council Tax of 3.9% and this position had been maintained for the final proposals in the report now submitted. This incorporated an increase of 1.9%, which was within the Government's limit of 2% and above which a referendum would need to be held, plus a further 2% relating to the Adult Social Care Precept. This proposed increase would be the equivalent of around 90p a week for a typical Coventry household.

In broad terms the Government Settlement had maintained the level of resources available to the Council to support its financial position through a combination of Council Tax and retained Business Rates less a tariff payable back to Government. Set against this was the need for the Council to reflect a range of inflationary pressures, the non-achievement of some savings plans and the emergence of new expenditure pressures, the bulk of which reflected socio-demographic trends across the country. This combination of results had left the Council needing to address a significant financial gap which had been balanced by additional Council Tax resources, lower costs in contingency budgets and a range of savings identified within services, many of them relating to additional income. All these proposals were set out in detail in Appendix 1 of the report. Where these were different to the proposals that were included in the Pre-Budget Report, this had been indicated within the appendix.

The proposals did not provide the Council with a balanced medium term position beyond 2020/21. Local government still awaited the setting out of a medium term funding settlement from Government and the Council's current medium term bottom line incorporated a combination of future inflationary and service pressures, uncertain specific grant resources and potential resource reductions through the Fair Funding review. The current assumptions on future funding were purely speculative at this stage and the possibility remained that the position could be somewhat better than planned currently (with a lower probability that they could be worse). The Council would need to take stock through 2020 as Government thinking emerged on the changes to local government finance. The initial approach would however be dictated by a need to make significant further savings from or generate further income within Council services. The Council was developing a transformation programme under the banner of 'One Coventry' with key strands incorporating more commercialisation of services, an enhanced digital approach and Place Based services (how services were delivered across the city).

It was not yet clear on what basis any forthcoming national proposals for local government finance would be established but it was highly likely to continue to include a Business Rates retention model beyond 2020/21. This added further impetus to the need for the Council to continue to support the vibrancy and growth of the city to provide for a secure level of Business Rates income and move towards greater self-sufficiency. The recommended Capital Programme proposals were designed to help achieve this and amounted to £232.7m in 2020/21. The proposals reflected the Council's ambitions for the city and included the completion of the UK Battery Industrialisation Centre, extensive public realm works in the city centre, significant redevelopment of Coventry Railway Station, early works on two new buildings within the Friargate district of the city, progression of the extensive UK Central & Connectivity programme and continuation of the Whitley South Infrastructure projects. Over the next 5 years the Capital Programme was estimated to be £703m as part of on-going massive investment delivered by and through the City Council.

The annual Treasury Management Strategy, incorporating the Minimum Revenue Provision policy, and also the Commercial Investment Strategy were set out within the report. These covered the management of the Council's treasury and wider commercial investments, cash balances and borrowing requirements. These strategies and other relevant sections of the report reflected the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code and Prudential Code for Capital Finance, as well as statutory guidance on Minimum Revenue Provision (MRP) and Investments.

An amendment, as detailed in the Appendix to these minutes, was moved by Councillor Sawdon seconded by Councillor Ridley and lost.

RESOLVED that the City Council:

- 1. Approve the spending and savings proposals in Appendix 1.**
- 2. Approve the total 2020/21 revenue budget of £744m in Table 1 and Appendix 3, established in line with a 3.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.**
- 3. Note the Director of Finance and Corporate Services' comments confirming the adequacy of reserves and robustness of the budget in Section 5.1.2 and 5.1.3.**
- 4. Approve the Capital Strategy incorporating the Capital Programme of £232.7m for 2020/21 and the future years' commitments arising from this programme of £703m between 2020/21 to 2024/25 detailed in Section 2.3 and Appendix 4.**
- 5. Approve the proposed Treasury Management Strategy for 2020/21 and Minimum Revenue Provision Statement in Section 2.4, the Treasury Investment Strategy and Policy in Appendix 5 and the Prudential Indicators and limits described in Section 2.4.9 and detailed in Appendix 7a.**
- 6. Approve the proposed Commercial Investment Strategy for 2020/21 in Section 2.5 and Appendix 6 and the Commercial Investment Indicators detailed in Appendix 7b.**
- 7. Approve a new scheme within the Capital programme for the refurbishment of St Marys Guildhall at a total cost of £3m funded from Prudential Borrowing as outlined in paragraph 2.3.3.**

Notes:

- (a) In accordance with the Constitution, a recorded vote was taken in respect of all decisions relating to this matter.
 (b) The Lord Mayor did not vote on decisions relating to this matter)

The Councillors voting for and against **the amendment** as detailed in the Appendix to these minutes were as follows:

For	Against	Abstain
Councillors:	Councillors:	Councillors:
A Andrews	F Abbott	G Williams
R Bailey	N Akhtar	
J Birdi	P Akhtar	
J Blundell	M Ali	
M Heaven	R Auluck	
T Jandu	R Brown	
J Lepoidevin	K Caan	
P Male	J Clifford	
G Ridley	G Duggins	
T Sawdon	B Gittins	
D Skinner	L Harvard	
	P Hetherton	
	J Innes	
	A Khan	
	T Khan	
	R Lakha	
	R Lancaster	
	G Lloyd	
	J McNicholas	
	C Miks	
	J Mutton	
	M Mutton	
	J O'Boyle	
	E Ruane	
	K Sandhu	
	P Seaman	
	B Singh	
	R Singh	
	H Sweet	
	R Thay	
	C Thomas	
	S Walsh	
	D Welsh	

Result: Lost
 For: 11
 Against: 33
 Abstentions: 1

The Councillors voting for and against **the Recommendations** were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillors:	Councillors:	

F Abbott	A Andrews
N Akhtar	R Bailey
P Akhtar	J Birdi
R Ali	J Blundell
R Auluck	M Heaven
R Brown	T Jandu
K Caan	J Lepoidevin
J Clifford	P Male
G Duggins	G Ridley
B Gittins	T Sawdon
L Harvard	D Skinner
P Hetherton	G Williams
J Innes	
A Khan	
T Khan	
R Lakha	
R Lancaster	
G Lloyd	
J McNicholas	
C Miks	
J Mutton	
M Mutton	
J O'Boyle	
E Ruane	
K Sandhu	
P Seaman	
B Singh	
H Sweet	
R Thay	
C Thomas	
S Walsh	
D Welsh	

Result: Carried

For: 32
Against: 12
Abstain: 0

94. Acquisition of a Commercial Asset

Further to Minute 89 of the Cabinet considered a report of the Deputy Chief Executive (Place) which set out proposals for the acquisition of a commercial asset.

A corresponding private report was also submitted to the meeting setting out the commercially confidential matters of the proposals. (Minute 96 below refers.)

The report indicated that officers had been exploring the commercial and financial viability of acquiring a commercial asset. The Council had entered into an exclusivity and confidentiality agreement to undertake due diligence to assess the commercial opportunities and business risks associated with acquiring the business.

The proposed acquisition presented several opportunities to add value to an internal service that could only be delivered from acquiring these shares. The current owners had expressed a preference to complete the transaction by the end of the financial year (10th March 2020). The estimated acquisition price would be adjusted for net debt within the business and working capital. The final value would not be known until the legal documents had been agreed and due diligence completed on the management accounts for the current financial year.

A share acquisition could only be financed over a maximum period of 20 years, which meant the capital financing costs for the business were higher than if it had been possible to spread this over a longer term. The current profit (2018/19 for group) was sufficient to service this level of investment costs and deliver dividends that could be attributed to the medium term financial strategy. Based on this performance, it would be possible to extract dividends over and above the capital financing costs without jeopardising the day to day operation of the business. There had been growth for the current financial year, which had shown an increase in profit for the first 6 months of the year (April to September 2019), strengthening this financial position.

As part of the due diligence, costs had been incurred with the Council's external financial advisors for financial due diligence, external legal advisors for legal due diligence and external environmental advisors for an environmental survey and due diligence. There would also be costs incurred to complete the transaction as part of the Sale and Purchase Agreement. Approval was being requested to incur these fees retrospectively for the due diligence work and going forward to enable the shares to be acquired within the company. Flexibility was requested to utilise the approved financial envelope to meet the acquisition costs and any transaction costs to complete the deal.

Environmental advisors were instructed to undertake an environmental survey for the sites operated by the commercial asset. The survey concluded there were a number of operational and environmental risks that could be mitigated through the Share Purchase Agreement and actions by the Company pre completion.

Proposed governance arrangements were set out within the report to manage this commercial investment: Creation of a Member Shareholder Panel with overall responsibility for the investment, approval of the business plan and the financial parameters within which the Board of Directors and Management team could take forward decisions. It was proposed this group would meet on a minimum bi-annual basis to set the budget and receive information about the performance of the business. The Shareholders Panel would be made up of three Members.

A Board of Directors, made up of officers, would meet on at least a quarterly basis to oversee the management of the business and monitor the performance against the approved business plan.

RESOLVED that the City Council:

- 1. Approve the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to acquire the shares in the company as a commercial investment for the maximum value as disclosed in**

the Private report (including transaction costs), subject to any adjustments detailed in the report.

2. Approve the addition of the commercial investment as detailed in the Private report to the capital programme.
3. Delegate authority to the Director of Streetscene and Regulatory Services, Director of Finance and Corporate Services and City Solicitor and Monitoring Officer to agree detailed terms of the transaction with the Commercial Asset.
4. Delegate authority to the Director of Streetscene and Regulatory Services, Director of Finance and Corporate Services and City Solicitor and Monitoring Officer to enter into the relevant legal agreements and associated documents necessary to complete the transaction.
5. Approve the implementation of the governance structure and associated terms of reference for the Shareholder Panel and Board of Directors, as detailed in section 2.14 of the report.
6. Delegate authority to Leader of the Council to approve the appointment of three Members onto the Shareholders Panel to represent the Council as sole shareholder of the Company.

95. **Statements**

There were no statements.

96. **Debate**

The following Motion was moved by Councillor P Male and seconded by Councillor J Lepoidevin:

“In light of the declared climate emergency, this Council resolves to review the Local Plan”.

RESOLVED that the Motion as set out above be not adopted.

97. **Acquisition of a Commercial Asset**

Further to Minute 91 of the Cabinet and to Minute 94 above, the City Council considered a private report of the Deputy Chief Executive (Place), setting out the commercially confidential matters relating to the proposed acquisition of a commercial asset.

RESOLVED that the City Council:

1. Approve the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to acquire the shares in the company as a commercial investment for the maximum value set out within the report submitted (including transaction costs), subject to any adjustments detailed in the report.
2. Approve the addition of up to the sum set out within the report (or other figure as agreed under delegated authority) to the capital programme.

- 3. Delegate authority to the Director of Streetscene and Regulatory Services, Director of Finance and Corporate Services and City Solicitor and Monitoring Officer to agree detailed terms of the transaction with the Company indicated within the report.**
- 4. Delegate authority to the Director of Streetscene and Regulatory Services, Director of Finance and Corporate Services and City Solicitor and Monitoring Officer to enter into the relevant legal agreements and associated documents necessary to complete the transaction.**
- 5. Approve the implementation of the governance structure and associated terms of reference for the Shareholder Panel and Board of Directors, as detailed in section 2.22 of the report.**
- 6. Delegate authority to the Leader of the Council to approve the appointment of three Members onto the Shareholders Panel to represent the Council as sole shareholder of the Company.**

(Meeting closed at 6.05 pm)