

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.10 pm on Tuesday, 19 November 2019

Present:

Members: Councillor G Duggins (Chair)
Councillor A Khan (Deputy Chair)
Councillor K Caan
Councillor P Hetherington
Councillor K Maton
Councillor J Mutton
Councillor M Mutton
Councillor J O'Boyle
Councillor P Seaman

Deputy Cabinet Members Councillor P Akhtar
Councillor R Ali
Councillor B Gittins
Councillor G Lloyd

Non-Voting Opposition Members: Councillor A Andrews
Councillor G Ridley

Other Members: Councillor N Akhtar
Councillor R Brown
Councillor J Clifford
Councillor R Lakha
Councillor J McNicholas
Councillor K Sandhu
Councillor R Singh
Councillor C Thomas
Councillor S Walsh

Employees (by Directorate):

People G Quinton (Deputy Chief Executive (People)), P Fahy

Place M Yardley (Deputy Chief Executive (Place)), B Hastie,
G Hood, P Jennings, R Moon, J Newman, M Salmon

Apologies: Councillor T Khan

Public Business

49. Declarations of Interest

There were no disclosable pecuniary interests.

50. Minutes

The minutes of the meeting held on 29th October 2019 were agreed and signed as a true record. There were no matters arising.

51. **2019/20 Second Quarter Financial Monitoring (to September 2019)**

The Cabinet considered a report of the Deputy Chief Executive (Place) which set out forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2019.

The headline revenue forecast for 2019/20 was a net balanced budget. At the same point in 2018/19 there was a projected overspend of £0.5m. The headline capital position reported £4.8m of expenditure rescheduled into 2020/21.

The largest area of budget pressure and the biggest movement since Quarter 1 was services for housing and homelessness, which were projecting an overspend of £2.8m for the year. There were other overspends in services relating to Looked after Children Placements and Special Education Needs (SEN) Transport with compensating below budget expenditure in corporate areas.

The Council's capital spending was projected to be £218.7m for the year and included major scheme expenditure including investment in the A46 Link Road, Coventry Station Masterplan, Whitley South infrastructure and the National Battery Plant. The position assumed the addition of £0.5m to the Capital Programme in 2019/20 for Waste Containers, for which approval was sought due to the need to fund this expenditure from Prudential Borrowing. The borrowing was to be funded from the additional income generated from the containers.

With regard to the Net Asset Management Revenue Account, expenditure was anticipated to be £1.9m less than budget because of lower costs of capital financing, higher investment income and higher loan income. Other corporate budgets reflected lower than budgeted pension costs linked to an early payment arrangement with the West Midlands Pension Fund (£2m), uncommitted resources related to one-off social care funding (£1m), Coventry and Warwickshire Business Rate Pool income in excess of budget (£1.1m), projected additional savings from the Friargate Project (£0.75m) and lower than budgeted levy costs (£0.6m). It was recommended that a contribution be made from this area into reserves for managing the costs of major.

The Cabinet noted that the report was also to be considered by the Audit and Procurement Committee at their meeting on 27th January 2020.

RESOLVED that the Cabinet:

1. **Approves the Council's revenue monitoring position.**
2. **Approves the revised capital estimated outturn position for the year of £218.7m incorporating; £5m net increase in spending relating to approved / technical changes, £4.8m net rescheduling of expenditure into 2020/21.**

3. **Approves a contribution to reserves of £0.7m earmarked to fund future costs of managing the Council's major projects.**
4. **Approves the addition of £0.5m to the capital programme in 2019/20 for Waste Containers to be funded by Prudential Borrowing.**

52. **Pre-Budget Report 2020/21**

The Cabinet considered a report of the Deputy Chief Executive (Place), which outlined, as a basis for consultation, a set of new revenue budget proposals for 2020/21 to 2023/24, which represented changes to the Council's existing Budget. The consultation would also include a proposal for a Council Tax increase for 2020/21 of c2% as allowed for within the Government's published guidelines and a separate 2% Adult Social Care Precept as allowed for within Government guidelines. The final Budget proposals and the Council Tax increase will be subject to Council approval in February 2020.

The Council's overall future strategy was set out in the "One Coventry Council Plan" and this set out the key priorities including improving the lives of the most vulnerable people in the city, attracting businesses and jobs to the city and opening opportunities for young people. The council also remained committed to delivering a range of core services to everyone in the city. The report came at a key time for the direction of local government funding. Councils, including Coventry, had been subject to large reductions in Government funding since 2010 but the Chancellor of the Exchequer's Spending Round announcement in September gave an indication that the policy of austerity had been paused to a large degree for 2020/21. Although no indicative figures had been released by Government, initial planning assumptions were that the Spending Round had eased the Council's financial position for one year compared with previous financial forecasts. Despite this, continue demand pressure in some services meant that the need remained to find savings in some areas in order to balance the Council's budget.

The Chancellor's Spending Round announcement included key messages on the delay of key expected reforms for local government funding which had now been put back until 2021/22 at the earliest. This, and the one-year settlement announced, continued to mean that local government faces enormous uncertainty for the period after 2020/21. As a result, the report and the Council's Medium-Term Financial Strategy have continued to focus on the need for the Council to find more cost-effective ways to deliver some services and ensure that it continues to release resources to fund its priorities.

The report submitted included a number of savings proposals to help bridge the initial budget shortfall for 2020/21. Moving beyond next year, the Council was developing a "One Coventry" approach that explored new approaches across several broad themes; commercialisation, digitalisation, place-based services and a workforce strategy. These approaches were planned to become an increased focus on the Council's financial strategy beyond 2020/21. An updated medium-term financial position was included to reflect revised estimates and new expenditure pressures. As a result, the projected financial position has been broadly balanced for 2020/21 but included a cap of £28m in 2021/22 rising to £42m by 2023/24.

The Cabinet noted that, although many of the new savings proposals included within the report could be achieved without a significant negative impact, there were some changes which would affect services. The proposals were made as a basis for public consultation and the results of the consultation would be reflected in the final Budget Report in February 2020 and considered as part of the final decisions recommended in that report. Further work would be undertaken to confirm all the financial assumptions between now and the final Budget Report.

Details on individual spending and savings were provided in Section 2 of the report and on a line by line basis in Appendix 1. Indicative details were included within the report for the Council's prospective Capital Programme for 2020/21 based on current knowledge. This would be updated in the February Budget Report, reflecting the most up to date programme information available. The draft programme was based overwhelmingly on pre-existing decision and patterns of expenditure.

RESOLVED that the Cabinet:

- 1. Approves the revenue spending and savings options in Section 2 and Appendix 1 of the report submitted and the broad Capital Programme proposals as the basis for the Council's statutory budget consultation process.**
- 2. Approves the proposed approach on Council Tax set out in Section 1.7 of the report.**

53. Medium Term Financial Strategy 2021-2023

The Cabinet considered a report of the Deputy Chief Executive (Place), which presented the Medium-Term Financial Strategy (MTFS) for adoption by the Council.

The Cabinet noted that the MTFS sets out the financial planning foundations that support the Council's vision and priorities and the financial and policy context for the Council's forthcoming Budget process. Cabinet considered proposals within the Pre-Budget Report (Minute 52 above refers) and it was further noted that the final Budget Setting Report would be brought to Cabinet and Council in February 2020.

The national funding background to the MTFS was that the Council was currently within the final year (2019/20) of a four-year funding settlement from Government. A major upheaval in the funding arrangements for all councils that had been signalled for the period from 2020/21 onwards had been postponed until 2021/22 at the earliest. The Pre-Budget report that was considered by Cabinet, set out the impact of the one-year settlement proposed for 2020/21. Current medium-term estimates were still based on assumptions of local authorities continuing to face significant financial pressures.

The national political environment was currently subject to much fluidity and uncertainty, resulting from deliberations over the UK's exit from the European Union and the dynamic political situation that flowed from this. The likelihood or

otherwise of the Government's ability or intention to adhere to its fiscal rule (that borrowing should remain below 2% of Gross Domestic Product) had been widely questioned by commentators. The short-term impact of this was some short-term additional funding for local government but with no guarantee that this would continue beyond 2020/21. Therefore, concern remained that the pressure on public finances would not ease in a sustained way and that real reductions in available revenue resources and spending levels were likely to continue.

On a local level, the Council continued to face challenging conditions affected by shortfalls in achievement of a small number of existing savings plans and financial pressures, in particular within services for children, housing and homelessness. Although the Council had some ambitious Capital Programme plans, the scale and pace of these represented a significant challenge in terms of the Council's ability to deliver them to the required timescales and within its existing project capacity. In addition, the elements of the Programme that were funded by future West Midlands Combined Authority grant approvals would not be able to proceed until resourcing for these grants had been secured through the WMCA.

Notwithstanding the approaches set out in the strategy, the Council would need to maintain dynamic financial models that take account of changes in its medium-term budget position and ongoing re-evaluation of its Capital Programme. This may include adopting some measures which would have a shorter-term focus, or which re-evaluated the Council's approach to financial risk. These would be set out fully at the point of decision making.

In summary, the key national and local contexts that frame the Strategy included:

- A paramount need to protect the most vulnerable people in the city;
- Expectations on the Council to maintain service levels and standards across a wide range of core services;
- A comparatively high rate of local population growth causing greater demand and expenditure pressures in areas such as housing, social care and waste disposal;
- Future real-terms reductions in government resources within a revised local government funding framework;
- A Business Rates retention system emphasising the continued importance of promoting growth in the local economy;
- A very large Capital Programme which defines the Council's aspirational outlook, but which establishes a major programming and logistical challenge in order to deliver it.

Taken together, these factors represented a combination of reducing resources, challenging underlying economic and demographic conditions, increased demand, pressure to sustain the quality of services and new challenges represented by government reform and local structural and governance relationships. In these circumstances it was crucial that the Council's financial strategy was both robust and flexible. This would provide the financial foundations required to ensure that Council services were fit for purpose to protect the most vulnerable as well as providing decent core services for every citizen in the city.

In support of these aims, the City Council's strategic financial approach to the demands that it faces included:

- A Council Plan focusing on economic growth, quality of life and a commitment to delivering fundamental services despite fewer resources being available;
- A Local Plan setting the blueprint for taking the City forward, identifying land for new homes, new jobs and new retail and community uses;
- A fundamental commitment to protecting the city's vulnerable children, adults and older people;
- Managing the demand for services selectively, through digital working and community engagement;
- Transformation projects to change the way the Council works and engages with its customers in part to achieve the delivery of savings;
- A programme of major capital schemes to drive regeneration and economic growth in the city including its public realm, the city's highways network and its cultural and leisure offer to make Coventry an attractive place to live and work.
- Growing the city's local income base, within the environment of increasing localisation of funding sources, including Business Rates;
- Partnership working, including as part of the West Midlands Combined Authority, together with voluntary organisations and other partners;
- A continued drive towards income maximisation, including investment in commercial ventures within the context of robust risk management arrangements and mindful of sector guidance;
- A continued Workforce Strategy requiring a workforce working in flexible ways consistent with a modern organisation, ensuring that the Council has the talent in place necessary to deliver the challenging agenda that it faces;
- Seeking to optimise the use of pooled funding available to support social care and health;
- Seeking to modernise, rationalise and prioritise services, consider alternative service delivery models and work in tandem with partners and neighbouring authorities;
- Strong corporate financial planning, monitoring and project management arrangements;

Based on the 2019/20 approved budget, the initial financial gap for the following 4 years as at the start of the new Budget Setting round was £16.7m for 2020/21, rising to £34.4m by 2023/24.

The position from 2020/21 onwards was based on early estimates and could be subject to major change depending on the outcome of the forthcoming changes in the local government finance regime which would not emerge until 2020. The scale of the financial gap was not unusually large in a historical context or compared with authorities similar to Coventry. It would nevertheless require the Council to consider further reductions in services and the need to prioritise the services that it wished to maintain in the future and identify those that may be allocated fewer resources or ceased altogether.

The Cabinet noted that the report had been considered by the Finance and Corporate Services Scrutiny Board (1) and received a briefing note indicating the Board's support of the proposals within the report.

RESOLVED that the Cabinet:-

- 1. Notes the comments from the Finance and Corporate Services Scrutiny Board (1).**
- 2. Recommends that Council approve the Strategy as the basis of its medium-term financial planning process.**

54. Accommodation Based Support for Older People

The Cabinet considered a report of the Deputy Chief Executive (People), which set out proposals in relation arrangements for the provision of accommodation-based support for older people, predominantly in residential and nursing home placements.

The report indicated that The Care Act 2014 placed a duty on the Council to ensure that the care and support needs of people in the City who meet the eligibility criteria for care and support are met. Although the Council's overall objective was to support people to live at home, there were a number of people whose care and support needs were such that this was not feasible. In these cases, accommodation-based support was required. In many cases where accommodation-based support was required, Housing with Care, where people have their own flat with care and support was provided on site, was used but for some the level of need is such that residential care, which provided a more intensive model of support was required.

The Cabinet noted that the majority of residential placements within the City were purchased through a contract that enabled the Council to purchase placements from providers as required, with no guarantee of availability and with the cost being variable based on the needs of the individual and available supply at the point a placement was required. Some residential placements were available to the Council on a block basis (through the Anchor Trust PFI) and the Council still operated one residential home for older people with dementia at Eric Williams House.

Approximately 600 older people were supported by Coventry City Council to reside in independent / private residential or nursing care homes at any point in time, at an estimated cost of £16m gross per year. An estimated 500 of these placements were within the city costing approximately £13.5m per year.

Although the existing purchasing arrangements enabled the Council to provide residential placements where required, the variable costs resulted in a position where the costs to the Council were not known with any degree of certainty until a placement was required. This degree of variable pricing did not support the Council with overall market management as there was no benchmark for care home prices purchased within the City.

In addition to ongoing residential placements, the City Council, in conjunction with the Coventry and Rugby Clinical Commissioning Group (CRCCG) also provided 32 short term reablement beds on a block contract basis within three residential care providers at a cost of £1.026m per annum. This provision provided a period of rehabilitation, supported with occupational and physical health therapists so as to maximise independence over a period of up to six weeks, supporting people to regain independence lost following an acute episode or other incident. The objective of this provision was to support people to reach a level of functioning so that they can return home.

In respect of ongoing residential care placements, the Council was seeking as a result of a procurement process, to establish a number of care home placements which the Council could access for a fixed fee through securing a series of nomination rights. This would remove some of the price variation and provide availability at a set cost funded by the local authority. For the remainder of the market an 'approved provider' list would be established which would operate on the variable pricing model that was currently in place but under updated and revised contract terms.

In respect of short term reablement capacity the Council was seeking, as the result of a procurement process to secure 32 short term reablement beds to be available from when current contracts expire on 25 May 2020.

RESOLVED that the Cabinet:

- 1. Approves the commencement of a procurement process for permanent residential and nursing home placements to enable the City Council to deliver its duties to older people who are eligible for social care support and require residential and nursing care.**
- 2. Approves the commencement of a procurement process for short term care home services to support people to regain independence following an incident or acute episode.**
- 3. Delegates authority to the Director of Adult Services, following consultation with the Cabinet Member for Adult Services, for the award of contracts following conclusion of the procurement process.**

55. Coombe Abbey Park - Commercialisation and Sustainable Development of Children's Play Facilities and Car Park Remodelling

The Cabinet considered a report of the Deputy Chief Executive (Place), which set out proposals for the commercialisation and sustainable development of children's play facilities at Coombe Abbey Park and the remodelling of the car park.

In October 2018 the City Council resolved to fund a tree top, high wire experience at Coombe Abbey Park in partnership with Coombe Abbey Hotel and Go Ape. The Go Ape facility had been operational since April 2019 and exceed expectations in both visitor numbers and financial performance, providing an enhancement to the visitor experience at the park.

The report submitted outlined proposals to further improve the visitor experience at Coombe Abbey Park by investing £800k. £650k would be used to replace and update two existing play areas, one adjacent to the park's visitors centre and the second in the wooded area near Top Pool Lodge, replacing the current outdated, free to use play area. It was intended that the play area near Top Pool Lodge would be a pay and play facility with a proposed charge of £2 per session. The proposed location of the pay and play facility was provided at appendix 1 of the report. An example of the type of play facility proposed for the charged area was also provided in appendix 2.

In addition, it was proposed to use £150k for the remodelling of the existing car park to create an additional 300 parking spaces to handle the expected increase in numbers.

It was proposed that the total capital investment of £800k would be paid back over a period of twenty years for the play areas, and ten years for the car park. In addition, the business case projected a surplus of c.£100k from year three of operation that could contribute to the City Council's medium-term financial strategy.

The report indicated that, subject to planning consent being obtained from Rugby Borough Council, it was proposed to have these new facilities operational by the summer of 2021.

RESOLVED that the Cabinet:

- 1. Approves the removal of the existing play equipment and to replace it with a unique and modern adventure play experience.**
- 2. Approves the commencement of a procurement process to appoint a contractor to design and build the Adventure Play Facility at a capital cost of up to £650k.**
- 3. Approves works to reconfigure the car parking arrangements at the existing facility to create an additional 300 car parking spaces at a capital cost of up to £150k.**
- 4. Delegates authority to the Director of Streetscene and Regulatory Services following consultation with the Cabinet Member for Policing and Equalities, following the completion of the procurement process to approve the award of the contract to the preferred bidder.**
- 5. Approves expenditure of up to £800,000 to be funded from Corporate Capital Resources during 2019/2020 to complete the project as described in section 1 of the report.**

56. Authority for Attendance at Conference

RESOLVED that, the Cabinet authorises the attendance of the Director of Business Investment and Culture, Andy Williams, and the Director of Project Management and Property Services, Richard Moon, to attend the West

Midlands Regional Asia Visit to Hong Kong and Mainland China between 24th and 30th November 2019.

57. Authority for Attendance at Conference

RESOLVED that, the Cabinet authorises the attendance of the Deputy Leader of the Council, Councillor AS Khan, and the Head of Sport, Culture and Destination, Val Birchall, to attend the Annual General Meeting – Cities at a Crossroads conference being held in Prague on 20th to 22nd November 2019.

58. Outstanding Issues

There were no outstanding issues.

59. Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.

(Meeting closed at 2.45 pm)