

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 29 August 2023

Present:

Cabinet Members: Councillor G Duggins (Chair)
Councillor L Bigham
Councillor J O'Boyle
Councillor K Sandhu
Councillor P Seaman
Councillor P Hetherton
Councillor D Welsh

Non-Voting Deputy
Cabinet Members: Councillor S Agboola
Councillor P Akhtar
Councillor G Hayre
Councillor A Jobbar
Councillor G Lloyd
Councillor S Nazir

Non-Voting Opposition
Members: Councillor S Gray
Councillor P Male
Councillor R Simpson (Substitute for Councillor G Ridley)

Other Non-Voting
Members: Councillor N Akhtar
Councillor R Lakha
Councillor C E Thomas

Employees (by Service):

Chief Executive Julie Nugent (Chief Executive)

Business, Investment
and Culture A Livesey

Finance B Hastie (Chief Operating Officer (Section 151 Officer)),
T Pinks

Law and Governance J Newman (Chief Legal Officer), M Salmon

Streetscene and
Regulatory Services C Styles

Transportation, Highways
And Sustainability M Dillow, R Palmer

Apologies: Councillor R Brown
Councillor K Caan
Councillor A S Khan (Deputy Chair)
Councillor C Miks
Councillor G Ridley

Public Business

19. Declarations of Interest

There were no disclosable pecuniary interests.

20. Minutes

The minutes of the meeting held on 11th July 2023 were agreed and signed as a true record. There were no matters arising.

21. Exclusion of Press and Public

RESOLVED that the Cabinet agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 28 below headed ‘Coventry Strategic Energy Partnership’ on the grounds that the report involves the likely disclosure of information as defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

22. 2023/24 First Quarter Financial Monitoring Report (to June 2023)

The Cabinet considered a report of the Chief Operating Officer (Section 151 Officer), that would also be considered at the meetings of Council on 5th September 2023 and Audit and Procurement Committee on 2nd October 2023, which advised of the forecast outturn position for revenue and capital expenditure and the Council’s treasury management activity as at the end of June 2023. The net revenue forecast position after management action was for spend in 2023/24 of £12.1m over budget. At the same point in 2022/23 there was a projected overspend of £9.5m.

The Council continued to face budget pressures within both Adults and Children’s Social Care which together accounted for £11m of the underlying overspend. The overwhelming majority of this was caused by the continuing high level of inflation within the economy and difficult conditions within social care markets. Other smaller but still significant overspends were also being reported in Business Investment and Culture, Transportation, Highways and Sustainability, and Streetscene and Regulatory Services.

Recent weeks have seen a number of councils with social care responsibilities report large in-year budgetary difficulties and it was clear that there were systemic problems for the whole sector which represented a serious threat to its financial

sustainability. The Council's position above reflected a number of largely one-off actions that had already been taken to reduce the overspend. As the underlying position was significantly higher than had been experienced in recent years, further urgent action was proposed to address the pressure in order to prevent the 2024/25 position increasing to unmanageable levels.

The Council's capital spending was projected to be £163.6m and included major schemes progressing across the city. The size of the programme and the nature of the projects within it continued to be fundamental to the Council's role within the city. Inflationary pressures were also affecting capital projects. The assumption was that stand-alone projects that were already in-progress would be delivered as planned but that future projects that had not yet started may need to be re-evaluated to determine their deliverability within previously defined financial budgets.

The materiality of the emerging financial pressures, both revenue and capital, had renewed the imperative to maintain strict financial discipline and re-evaluate the Council's medium-term financial position. This would be a priority across all services as the Council developed its future budget plans in the coming months.

RESOLVED that the Cabinet:

- 1) Approves the Council's first quarter revenue monitoring position and endorse the proposal for officers to seek to identify further ongoing service options to mitigate the position in conjunction with Cabinet Members as appropriate.**
- 2) Approves the revised forecast capital outturn position for the year of £163.6m incorporating: £14.0m rescheduling from 2022/23 outturn, £29.7m net increase in spending relating to approved/technical changes, £0.4m underspend and £38.9m of net rescheduling of expenditure into future years.**
- 3) Recommends that Council receive and note the decisions of the Cabinet as outlined in recommendations 1) and 2) above.**

23. Confirmation of Article 4 Direction in respect of Homes in Multiple Occupation (HMO)

The Cabinet considered a report of the Director of Streetscene and Regulatory Services, that would also be considered at the meeting of Council on 5th September 2023, which sought confirmation of the Article 4 direction in respect of Homes in Multiple Occupation (HMO) and the undertaking of the necessary legislative steps to implement the Order.

HMOs could provide entry level accommodation but could also bring significant disruption to settled neighbourhoods. In order to ensure that HMOs came forward in ways that integrated with existing neighbourhoods, an Article 4 Direction was proposed in the wards most impacted by HMO's currently, and those most likely to be in the future.

In drawing the boundaries of the Article 4 Direction area, officers have been cognisant of the requirements of the National Planning Policy Framework (NPPF) paragraph 53 for making sure the area is as based on robust evidence and applies to the smallest geographical area possible, whilst also considering the likely impacts on similar dwelling typologies.

On 15 February 2022 Cabinet (minute 77/21 referred) adopted a new Local Development Scheme that set out a timetable for the HMO DPD and Article 4 Direction, this report aligned with these established timelines. Cabinet on 14th March 2023 (minute 105/22 referred) and Council on 21st March 2023 (their minute 125/22 referred) had given delegated authority for the HMO DPD, which would inform future assessment of HMO planning applications, to be submitted to the planning inspectorate. This document could however be referred to in assessment of planning applications with 'limited weight' prior to its examination and anticipated adoption.

The Article 4 direction had been subject to public consultation alongside the HMO DPD, with responses to the consultation considered prior to recommendation to confirm the order, these responses were included in Appendix 2 to the report. Further to the consultation process undertaken from September 2022, authority was now sought to confirm the Article 4 direction which would remove the permitted development rights of changes of use from C3 (dwellinghouses) to C4 (houses in multiple occupation) therefore requiring planning permissions to be sought.

RESOLVED that the Cabinet recommends that Council:

- 1) Approves the confirmation of the Article 4 direction and the undertaking of the necessary legislative steps for implementation of the order.**
- 2) Delegates authority to the Director of Streetscene and Regulatory Services, following consultation with the Cabinet Member for Housing and Communities, to authorise any non-substantive changes to the documents.**
- 3) Notes that if confirmed, the Article 4 Direction will come into force on 30th September 2023.**

24. Home Upgrade Grant 2 and Homes Retrofit Programmes Update

The Cabinet considered a report of the Director of Transportation, Highways and Sustainability, that would also be considered at the meeting of Council on 5th September 2023, which sought approval to accept £2.8 million of Homes Upgrade Grant 2 (HUG2), awarded by the Midlands Net Zero Hub (MNZH), which would help to improve the energy efficiency of up to 150 homes.

Coventry's draft Climate Change Strategy, published earlier this year, set out an ambitious vision for how the city intended to 'tackle the causes and consequences of climate change', which was a key priority of the One Coventry Plan. To accompany the strategy, a Net Zero Routemap for Coventry was produced, which

identified emissions from homes as the biggest contributor to the city's carbon footprint, totalling 30% of all emissions.

Over the past 18 months, the Council had been accelerating action on domestic retrofit to help make homes more energy efficient, successfully attracting almost £30m external grant funding to support residents across all housing tenures in the city, including social housing, homeowners, and privately rented tenants. The challenges to this sector were huge, the funding secured to date would improve the energy efficiency of 2,500 homes, but with 143,000 properties across the city activity needed to be significantly scaled up to help reduce the carbon footprint and to support the alleviation of fuel poverty, the Council's Strategic Energy Partnership would help to support these ambitions.

The report sought approval to accept £2.8 million of Homes Upgrade Grant 2 (HUG2), awarded by the Midlands Net Zero Hub (MNZH), which would help to improve the energy efficiency of up to 150 homes, and also provided an update on progress to domestic retrofit in Coventry to date, highlighting schemes that this funding would align with and complement.

The Homes Upgrade Grant Phase 2 Scheme would support the retrofit of energy efficiency measures for low-income households and those with low Energy Performance Certificate (EPC) ratings and no gas central heating within Coventry.

The funding was available for up to 100% of both capital and revenue costs associated with its delivery, subject to eligibility criteria being fulfilled. The Council would ensure it aligned and complemented both the existing 'Keeping Coventry Warm' scheme, as well as the other domestic retrofit schemes being delivered across the city.

The funding was essential to support some of the most vulnerable residents in the community to improve the energy efficiency of their homes and reduce the levels of fuel poverty across the city. This would in turn lead to:

- 1) reduction in Coventry's domestic carbon emissions.
- 2) reduction in health-related morbidity and mortality associated with living in cold homes.
- 3) reduced demand placed on health and care services.
- 4) improved energy efficiency, reduced energy bills and increased thermal comfort.

RESOLVED that the Cabinet recommends that Council:

- 1) Approves acceptance of MNZH's HUG2 allocation to Coventry totalling £2,810,500 to enable the Council to deliver a scheme of domestic retrofit measures to off-gas fuel poor and low-income households in Coventry as set out in the report.**
- 2) Delegates authority to the Director of Transportation, Highways and Sustainability, following consultation with the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer, to undertake the necessary due diligence, finalise the terms and conditions of the HUG2 grant, and enter into any legal agreements required to facilitate delivery of the project.**

- 3) **Agrees that delegation be given to the Director of Transportation, Highways and Sustainability to pursue and accept further funding opportunities up to £5 million that may be offered to support further decarbonisation of the city's domestic buildings, following consultation with the Cabinet Member for Jobs, Regeneration, and Climate Change and the Cabinet Member for Strategic Finance and Resources.**

25. **Coventry Strategic Energy Partner**

The Cabinet considered a report of the Director of Business, Investment and Culture and the Director of Transportation, Highways and Sustainability, that would also be considered at the meeting of Council on 5th September 2023, that detailed proposals for a Coventry Strategic Energy Partnership.

A corresponding private report detailing confidential financial matters was also submitted for consideration (Minute 28 below referred).

In accordance with the Constitution, Councillor N Akhtar, Chair of the Scrutiny Co-ordination Committee, attended the meeting for this item of business (both the public and the private reports in minutes 25 and 28 respectively) to agree the need for urgency such that call-in arrangements would not apply. The reason for urgency being that the procurement timeline currently showed the date by which the Council would enter into contract with the preferred bidder as being 12th September 2023. In order to achieve this, the notification letter to all the bidders stating the award of the contract to the preferred bidder and commencement of the mandatory 10-day standstill period needed to commence on 1st September 2023. Failure to issue these letters on that date would mean a delay to the ability of the parties to enter into a contract on 12th September 2023 and therefore could also delay the implementation of the Joint Venture arrangements.

'Tackling the causes and consequences of Climate Change' was one of the Council's top three priorities for the city in the One Coventry Plan. The Council's Draft Climate Change Strategy and accompanying Net Zero Routemap, published earlier this year, set out an ambitious vision for the city's journey to net zero to create a more sustainable and prosperous future for local people. To achieve this, major long-term planning and investment was required to decarbonise our city through a wide range of environmental and social projects.

The Council had a critical role to play as a leader, asset owner and source of local knowledge, but didn't have sufficient capital, resource, or expertise to deliver net zero in isolation. Therefore, an industry Strategic Energy Partner (SEP) was to be procured to work with the Council to initiate, develop and deliver an extensive programme of projects that would generate significant environmental, social, and economic benefits to the city and help deliver its net zero goal.

Partnering with a world class private industry partner to deliver on net zero goals would deliver huge benefits for the city's communities and businesses. The partnership would bring up to £2 billion investment to Coventry, helping to create local jobs, tackle the green skills gap through working with the local supply chain, businesses and educational institutions and deliver projects that would generate and supply energy, tackle fuel poverty, deliver energy security, create cleaner air and promote health and well-being.

The fifteen-year strategic partnership would see the Council working with the industry partner to initiate, develop and deliver innovative strategies, business models and plans that would drive the city towards net zero. By having a single strategic partner, projects and initiatives could be considered on a longer term, holistic basis such that the Council and its partner achieved a truly joined up approach to energy management and decarbonisation across the city. The use of five-year strategic plans complemented by annual specific action and budget business plans would ensure alignment and pace of decarbonisation progress.

The strategic partner was expected to have both internal resources and access to capital investment, but also the experience and capabilities to leverage third party funding to support projects. The successful strategic energy partner would be obligated to develop five anchor projects and progress the development of at least three further decarbonisation projects each year for the fifteen years.

Procurement was due to conclude in August 2023 with contracts entered in September 2023. Coventry would be only the second city in the UK to secure a SEP (behind Bristol which had a very different model) and the opportunities it would offer were significant, with up to £2billion investment and delivery of key anchor projects such as a 30MW solar farm, solar into schools, decarbonisation of our fleet, depots and estate and provision of energy security across the city to make the city more resilient. This ambitious partnership would further cement Coventry's aspirations to lead the UK's green industrial revolution.

Creation of social value was a key aspect of the partnership – demonstrating best practice within projects, and also broadening the scope of social value beyond the partnership was a critical success factor. The partnership was designed and contracted to incentivise such positive outcomes in our community with allocation of both resource and funding from the partners and the Council.

To facilitate the SEP, the Council were required to provide 2.5 full time equivalent posts (FTEs) to manage the SEP for the duration of the partnership. The 2.5 FTEs would be funded from existing budgets and resources. The SEP team would be co-located with the industry partner, with a requirement for the Council to provide 4 desks within Council officers for the team.

RESOLVED that the Cabinet:

- 1) Authorises the award of the Strategic Energy Partner contract to the Preferred Bidder (as detailed in the corresponding Private Report) for the delivery of the Strategic Energy Partner Project.**
- 2) Delegates authority to the Director of Business, Investment, and Culture and the Director of Transport, Highways, and Sustainability, following consultation with the Chief Operating Officer (Section 151 Officer), the Chief Legal Officer, the Cabinet Member for Jobs, Regeneration, and Climate Change and the Cabinet Member for Strategic Finance and Resources, to undertake the necessary due diligence, finalise and complete the process of entering into the contract with the Preferred Bidder.**

- 3) **Notes the role of the Coventry Shareholder Committee in the governance arrangement associated with the delivery of the Strategic Energy Partner project as set out in paragraph 1.8 of the report.**
- 4) **Recommends that Council receive and note the decisions of the Cabinet as outlined in recommendations 1) to 3) above.**

26. **Outstanding Issues**

There were no outstanding issues.

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

There were no other items of public business.

28. **Coventry Strategic Energy Partner**

Further to Minute 41 above, the Cabinet considered a private report of the Director of Business, Investment and Culture and the Director of Transportation, Highways and Sustainability, that would also be considered at the meeting of Council on 5th September 2023, which set out the commercially confidential matters relating to proposals for a Coventry Strategic Energy Partnership.

In accordance with the Constitution, Councillor N Akhtar, Chair of the Scrutiny Co-ordination Committee, attended the meeting for this item of business (both the public and the private reports in minutes 25 and 28 respectively) to agree the need for urgency such that call-in arrangements would not apply. The reason for urgency being that the procurement timeline currently showed the date by which the Council would enter into contract with the preferred bidder as being 12th September 2023. In order to achieve this, the notification letter to all the bidders stating the award of the contract to the preferred bidder and commencement of the mandatory 10-day standstill period needed to commence on 1st September 2023. Failure to issue these letters on that date would mean a delay to the ability of the parties to enter into a contract on 12th September 2023 and therefore could also delay the implementation of the Joint Venture arrangements.

RESOLVED that the Cabinet:

- 1) **Authorises the award of the Strategic Energy Partner contract to Bidder A as the Preferred Bidder for the delivery of the Strategic Energy Partner Project.**
- 2) **Delegates authority to the Director of Business, Investment, and Culture and the Director of Transport, Highways, and Sustainability, following consultation with the Chief Operating Officer (Section 151 Officer), the Chief Legal Officer, the Cabinet Member for Jobs, Regeneration, and Climate Change and the Cabinet Member for Strategic Finance and Resources, to undertake the necessary due diligence, finalise and complete the process of entering into the contract with the Preferred Bidder.**

- 3) **Notes the role of the Coventry Shareholder Committee in the governance arrangement associated with the delivery of the Strategic Energy Partner project as set out in paragraph 1.8 of the report.**
- 4) **Recommends that Council receive and note the decisions of the Cabinet as outlined in recommendations 1) to 3) above.**

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

There were no other items of private business.

(Meeting closed at 3.10pm)