

Time and Date

2.00 pm on Tuesday, 19th March, 2024

Place

Council Chamber, Council House, Coventry

1. **Apologies**

2. **Minutes of the Meeting held on 20 February, 2024** (Pages 5 - 18)

3. **Exclusion of the Press and Public**

To consider whether to exclude the press and public for the items of private business for the reasons shown in the report.

4. **Correspondence and Announcements of the Lord Mayor**

5. **Petitions**

6. **Declarations of Interest**

Matters Left for Determination by the City Council/Recommendations for the City Council

7. **City Centre South Additional Grant Funding** (Pages 19 - 36)

From the Cabinet , 13 February, 2024

It is anticipated that the following matters will be referred as Recommendations from the meetings indicated. The reports are attached. The relevant Recommendations will be circulated separately.

8. **Public Sector Decarbonisation Scheme - Coventry City Council Public Buildings** (Pages 37 - 46)

From the Cabinet, 12 March, 2024

9. **West Midlands Investment Zone** (Pages 47 - 90)

From the Cabinet, 12 March, 2024

10. **City Centre Cultural Gateway Project** (Pages 91 - 126)

From the Cabinet. 12 March, 2024

11. **Procurement of a New Contract for the Supply of Electricity and Ancillary Services** (Pages 127 - 142)

From the Cabinet, 12 March, 2024

12. **Proposed Amendments to the Constitution** (Pages 143 - 196)

From the Cabinet Member for Policing and Equalities, 18 March, 2024

Item(s) for Consideration

13. **Annual Pay Policy Statement 2024/25** (Pages 197 - 210)

Report of the Director of HR

14. **Question Time** (Pages 211 - 214)

- (a) Written Question – Booklet 1
- (b) Oral Questions to Chairs of Scrutiny Boards/Chair of Scrutiny Co-ordination Committee
- (c) Oral Questions to Chairs of other meetings
- (d) Oral Questions to Representatives on Outside Bodies
- (e) Oral Questions to Cabinet Members and Deputy Cabinet Members on any matter

15. **Statements (if any)**

16. **Debates**

- (a) To be moved by Councillor J Blundell and seconded by Councillor B Mosterman

"We note that Coventry City Council has released a programme of road and pavements repairs for the forthcoming municipal year. However, we would strongly urge that priority continues to be given to these important works to ensure that the physical infrastructure of Coventry's Highways is maintained in a safe, secure and accessible condition for all."

- (b) To be moved by Councillor M Mutton and seconded by Councillor C Thomas

“This Council notes the Spring Budget 2024 and is dismayed that the Chancellor did not see fit to announce plans for an increased settlement nor any plans for long term funding settlements for Local Authorities, leaving Councils unable deliver a number of very necessary services needed for their Communities nor are they able to put in plans for the long term delivery and sustainability of those services.

We believe that a direct result of the choices that have been made in this budget, will leave more and more Councils in danger of having to issue S114 notices in the next few years.

Therefore, we call on the Prime Minister to call a General Election now and let the people pass judgement on his failing Government. “

Private Business

Matters Left for Determination by the City Council/Recommendations for the City Council

17. City Centre South Additional Grant Funding (Pages 215 - 266)

From the Cabinet, 12 February, 2024

(Listing Officer: A Hunt email Adam.hunt@coventry.gov.uk)

It is anticipated that the following matters will be referred as Recommendations from the meetings indicated. The reports are attached. The relevant Recommendations will be circulated separately.

18. City Centre Cultural Gateway Project Update (Pages 267 - 286)

From the Cabinet, 12 March, 2024

(Listing officer: C Booth email charlotte.booth@coventry.gov.uk)

19. Procurement of a New Contract for the Supply of Electricity and Ancillary Services (Pages 287 - 302)

From the Cabinet, 12 March, 2024

(Listing officer: L Lewis email lowell.lewis@coventry.gov.uk)

Julie Newman, Director of Law and Governance, Council House, Coventry

Monday, 11 March 2024

Note: The person to contact about the agenda and documents for this meeting is Carolyn Sinclair/Suzanne Bennett 024 7697 2302 / 2299

Membership: Councillors F Abbott, S Agboola, N Akhtar, P Akhtar, M Ali, R Bailey, L Bigham, J Birdi (Chair), J Blundell, R Brown, K Caan, G Duggins, J Gardiner, S Gray, L Harvard, G Hayre, M Heaven, P Hetherton, A Hopkins, J Innes, T Jandu, A Jobbar, A Kaur, L Kelly, S Keough, T Khan, AS Khan, R Lakha, R Lancaster, M Lapsa, J Lepoidevin, G Lloyd, P Male, A Masih, K Maton, J McNicholas, C Miks, B Mosterman, M Mutton (Deputy Chair), S Nazir, J O'Boyle, E M Reeves, G Ridley, E Ruane, K Sandhu, T Sawdon, P Seaman, R Simpson, B Singh, R Singh, R Thay, CE Thomas, A Tucker and D Welsh

By invitation Councillors

Public Access

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However, by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If you have any queries regarding this, please contact the Governance Services Officer at the meeting.

Carolyn Sinclair/Suzanne Bennett
024 7697 2302 / 2299

Coventry City Council
Minutes of the Meeting of Council held at 2.00 pm on Tuesday, 20 February 2024

Present:

Members: Councillor J Birdi (Chair)

Councillor F Abbott
Councillor S Agboola
Councillor N Akhtar
Councillor P Akhtar
Councillor M Ali
Councillor R Bailey
Councillor L Bigham
Councillor J Blundell
Councillor R Brown
Councillor K Caan
Councillor G Duggins
Councillor J Gardiner
Councillor S Gray
Councillor L Harvard
Councillor P Hetherington
Councillor T Jandu
Councillor A Jobbar
Councillor S Keough
Councillor AS Khan
Councillor R Lakha
Councillor M Lapsa
Councillor J Lepoidevin

Councillor G Lloyd
Councillor P Male
Councillor K Maton
Councillor J McNicholas
Councillor C Miks
Councillor B Mosterman
Councillor M Mutton
Councillor S Nazir
Councillor J O'Boyle
Councillor E M Reeves
Councillor G Ridley
Councillor K Sandhu
Councillor T Sawdon
Councillor P Seaman
Councillor R Simpson
Councillor B Singh
Councillor R Thay
Councillor CE Thomas
Councillor A Tucker
Councillor D Welsh

Honorary Alderman D Chater, J Clifford, H Fitzpatrick and M Hammon

Apologies: Councillor M Heaven, A Hopkins, J Innes, A Kaur, L Kelly,
T Khan, R Lancaster, A Masih, E Ruane and R Singh

Public Business

99. Minutes of the Meeting held on 16 January 2024

The minutes of the Meeting held on 16 January 2024 were agreed and signed as a true record.

100. Correspondence and Announcements of the Lord Mayor

The Lord Mayor referred to his recent visit to the twin city of Cork, Ireland where he and the Lady Mayoress were hosted by the city's Lord Mayor, Kieran McCarthy. The cities have been twinned for 66 years and it was clear to see how much this relationship was valued.

101. Petitions

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

- 1. Petition to address a chronic parking problem of vehicles parked on the footpath along Pickford Green Lane Allesley – 138 signatures, presented by Councillor T Jandu.**
- 2. Petition requesting the Council to twin Coventry, the city of peace and reconciliation, with the city of Khan Younis in Gaza – 414 signatures, presented by Councillor S Nazir.**
- 3. Petition requesting the Council to resurface the whole length of the footpath along Leaf Lane – 103 signatures, presented by Councillor B Mosterman.**
- 4. Petition against the Clifford Bridge Road Cycle Lane development and request the council to move it to a safer route – 56 signatures, presented by Councillor F Abbott.**

102. Declarations of Interest

There were no declarations of interest.

103. Motion without Notice

In accordance with the Constitution, a Motion without Notice was moved by Councillor M Mutton, seconded by Councillor G Lloyd, and adopted that agenda item 6 (Council Tax Setting Report 2024-25) and item 7 (Budget Report 2024/25) be considered together.

It was noted that a recorded vote would be taken in respect of all decisions relating to matters the subject of Minutes104 (Council Tax Setting Report 2024-25) and 105 (Budget Report 2024/25), including any amendments.

104. Council Tax Setting Report 2024-25

Further to Minute 76 of the Cabinet, the City Council considered a report of the Director of Finance and Resources (Section 151 Officer), that calculated the Council Tax level for 2024/25 and made appropriate recommendations to Council, consistent with the Budget Report 2024/25. The report recommended a 4.9% increase in the City's Council Tax.

The report incorporated the impact of the Council's gross expenditure and the level of income it would receive through Business Rates, grants and fees and charges. This resulted in a Council Tax requirement, as the amount that its expenditure exceeded 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 2024/25 Band D Council Tax that was calculated through this process had increased by £94.44 from the 2022/23 level.

Each year the Government determined the maximum Council Tax increases that local authorities could set without triggering a referendum. For 2024/25 the Secretary of State had published a report which proposed that the rise in Coventry City Council's Council Tax must be below 5% in 2024/25 to avoid triggering a referendum, comprising a 2% precept for expenditure on adult social care and a maximum of 3% 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 2024/25 were based on a proposed increase in Council Tax of 4.9%, incorporating a core Council Tax rise of 2.9% and a 2% Adult Social Care Precept.

Members 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 settling the tax. As a consequence, the wording of the proposed resolutions was necessarily complex.

RESOLVED that, the City Council:

(1) Notes the following Council Tax base amounts for the year 2024/25, as approved by Cabinet on 9 January 2024, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 ("the Act"):

a) 87,734.0 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

b) Allesley	403.7
Finham	1,564.8
Keresley	561.8

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.

(2) That the following amounts be now calculated by the Council for the year 2024/25 in accordance with Sections 31A, 31B and 34 to 36 of the Act:

(a) £867,820,927 being the aggregate of the amounts that the Council estimates for the items set out in Section 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) £691,923,346 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) £175,897,581 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;

$$(d) \text{ £2,004.90} \qquad \frac{(2)(c)}{(1)(a)} = \frac{\text{£175,897,581}}{87,734}$$

being the amount at (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) £51,447 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (Parish Precepts);

$$(f) \text{ £2,004.31} \qquad = (2)(d) - \frac{(2)(e)}{(1)(a)} \qquad = \qquad \text{£2,004.90} - \frac{\text{£51,447}}{87,734.0}$$

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)	£2,004.31
Allesley	£2,046.16
Finham	£2,017.93
Keresley	£2,027.86

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 item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,336.21	1,364.11	1,345.29	1,351.91
B	1,558.91	1,591.46	1,569.50	1,577.23

C	1,781.61	1,818.81	1,793.72	1,802.54
D	2,004.31	2,046.16	2,017.93	2,027.86
E	2,449.71	2,500.86	2,466.36	2,478.49
F	2,895.11	2,955.56	2,914.78	2,929.13
G	3,340.52	3,410.27	3,363.22	3,379.77
H	4,008.62	4,092.32	4,035.86	4,055.72

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.

- (3) To note that for the year 2024/25 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	143.70	50.13
B	167.65	58.49
C	191.60	66.84
D	215.55	75.20
E	263.45	91.91
F	311.35	108.62
G	359.25	125.33
H	431.10	150.40

- (4) 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 2024/25 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	1,530.04	1,557.94	1,539.12	1,545.74
B	1,785.05	1,817.60	1,795.64	1,803.37
C	2,040.05	2,077.25	2,052.16	2,060.98
D	2,295.06	2,336.91	2,308.68	2,318.61
E	2,805.07	2,856.22	2,821.72	2,833.85
F	3,315.08	3,375.53	3,334.75	3,349.10

G	3,825.10	3,894.85	3,847.80	3,864.35
H	4,590.12	4,673.82	4,617.36	4,637.22

(5) That the Council determines that its relevant basic amount of Council Tax for 2024/25 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.

Note: The Councillors voting For and Against the Recommendations were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillors:	Councillors:	
F Abbott	J Lepoidevin	
S Agboola	G Lloyd	
N Akhtar	P Malle	
P Akhtar	K Maton	
M Ali	J McNicholas	
R Bailey	C Miks	
J Birdi	B Mosterman	
L Bigham	M Mutton	
J Blundell	S Nazir	
R Brown	J O'Boyle	
K Caan	E Reeves	
G Duggins	G Ridley	
J Gardiner	K Sandhu	
S Gray	T Sawdon	
L Harvard	P Seaman	
P Hetherton	R Simpson	
T Jandu	B Singh	
A Jobbar	R Thay	
S Keough	CE Thomas	
AS Khan	A Tucker	
R Lakha	D Welsh	
M Lapsa		
Total: 43	Total: 0	

Result: Carried

For: 43

Against: 0

Abstain: 0

105. **Budget Report 2024/25**

Further to Minute 77 of the Cabinet, the City Council considered a report of the Director of Finance and Resources (Section 151 Officer), that followed on from the Pre-Budget Report approved by Cabinet on 12 December 2023 (minute 50/23 refers) which had since been subject to a period of public consultation. The proposals within the report would now form the basis of the Council's final revenue and capital budget for 2024/25 incorporating the following details:

- Gross budgeted spend of £867.8m (£55.8m or 7% higher than 2023/24)
- Net budgeted spend of £277.5m (£17.0m or higher than 2023/24) funded from Council Tax and Business Rates less a tariff payment of £22.2m due to the Government
- A Council Tax Requirement of £175.9m (£11.5m or 7% higher than 2023/24), reflecting a City Council Tax increase of 4.9% detailed in the separate Council Tax setting report also for consideration at the meeting.
- A number of new expenditure pressures, policy proposals and technical savings proposals.
- A Capital Strategy including a Capital Programme of £157.5m including expenditure funded by Prudential Borrowing of £41m.
- An updated Treasury Management Strategy, Capital Strategy, and a Commercial Investments Strategy.

The financial position in the budget report was based on the Final 2024/25 Local Government Finance Settlement published on 5 February 2024. Whilst the Government provided an additional £3.2m of social care grant for 2024/25, the Settlement represented an ongoing net reduction in resources compared to the Pre-Budget report of c£2.1m per annum. The position after 2024/25 remained uncertain as the Government's spending plans were effectively in the second year of a 2-year settlement, and the final year of the 5-year Comprehensive Spending Review. This therefore provided no certainty or stability for local government finances beyond 204/25.

The Pre-Budget Report was based on an increase in Council Tax of 4.9% and this position had been maintained for the final proposals in the report. This incorporated an increase on 2.9%, which was within the Government's limit of 3% above which a referendum would need to be held plus a further 2% Adult Social Care Precept in line with Government expectations. The precept was essential to enable councils, including Coventry to manage increases in the costs of care. In total, the rise in Council Tax bills would be the equivalent of around £1.60 a week for a typical Coventry household including the expected rises in the precepts for Police and Fire.

The Council had closed the significant financial gap for 2024/25 which it had at the start of the budget process. Measures in achieving this included the identification of additional Council Tax resources, a range of technical adjustments and newly identified cost savings or income streams. All these proposals were set out in detail in Appendix 2 of the report. The report indicated that there were no new savings required (over and above those set out in the pre-budget report) as a result of this budget report.

The proposals did not provide the Council with a balanced budget beyond 2024/25. The Council's current medium term bottom line incorporated a combination of future inflationary and service pressures and the fall-out of uncertain specific grant resources.

Whatever the future holds for national changes to local government finance in the next parliament, the Council remained committed to maintaining, and where possible, strengthening its own financial self-sustainability and the need to support the vibrancy and growth of the city.

The Council's Medium Term Financial Strategy (MTFS), included as Appendix 1 to the report, set out the financial planning foundations that supported the setting of the council's revenue and capital budgets, including policy assumptions and financial management framework that underpinned the strategy.

The recommended Capital Programme proposals were a key part of the Council's approach and amounted to £157.5m in 2024/25. The proposals reflected the Council's ambitions for the city and included extensive highways infrastructure works including specific schemes relating to continued delivery of the City Regions Sustainable Transport Settlement programme that included transport packages for the Foleshill and London Road corridor; moving towards Stage Gate 2 of the Very Light Rail project; the commencement of CityCentre Cultural Gateway; progressing the City Centre South redevelopment; and the commencement of the Woodlands School project. Over the next 5 years the Capital Programme was estimated at a total of £405m as part of on-going investment delivered by and through the City Council.

The report detailed the annual Treasury Management Strategy, incorporating the Minimum Revenue Provision policy and the Commercial Investment Strategy. 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.

Appendix 9 of the report contained detailed of proposed changes to the Council Tax Support Scheme (CTSS) which had been modified from those included in the pre-budget report following public consultation. The report requested approval for these changes to be implemented from 1 April 2024. The budgetary challenges faced by the council for 2024/25 required the council to review all areas of discretionary expenditure including the option to revise the amount of support provided through the CTSS for working age households.

An amendment, as detailed in Appendix 1 to these Minutes, was moved by Councillor Male, seconded by Councillor Ridley, and lost.

RESOLVED that the Council:

- 1) Approves the Medium-Term Financial Strategy in Appendix 1 to this report, as the basis of its medium-term financial planning process.**
- 2) Approves the Budget proposals in Appendix 2, after due consideration of the consultation responses set out in Appendix 3 and the Equality Impact Assessment set out in Appendix 11 to 28 in relation to proposals to revise the Council Tax Support scheme.**
- 3) Approves the total 2024/25 revenue budget of £870m in Table 1 and Appendix 5, established in line with a 4.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.**

- 4) Notes the Director of Finance and Resources (Section 151 Officer) comments confirming the adequacy of reserves and robustness of the budget in Section 5.1.2 and 5.1.3.
- 5) Approves the Capital Strategy incorporating the Capital Programme of £157.5m for 2024/25 and the forward commitments arising from this programme totalling £405m between 2024/25 to 2028/29 detailed in Section 2.3 and Appendix 6.
- 6) Authorise in respect of food waste, the introduction of a separate weekly food waste collection to be implemented with effect from 1 April 2025 delivering the savings in Appendix 2 and detailed in Section 2.3.4, including:
 - the acceptance of the capital grant funding of £1.87m from the Department for Environment Food and Rural Affairs specifically for the delivery of a separate food waste collection, and
 - the addition of £1.87m grant funding to the capital programme in 24/25 to facilitate the necessary capital investment required to bring this recommendation into effect.
- 7) Approves the addition to the capital programme of a new capital scheme for Temporary Accommodation acquisition at a total cost of £1.5m funded from prudential borrowing to support the delivery of the saving line Increasing alternative Temporary Accommodation provisions in Appendix 2 - Budget Proposals and Financial Position and detailed in Section 2.3.5.
- 8) Approves the expansion of the existing Residential Children's Home Strategy scheme at a total cost of £1.4m funded from prudential borrowing to support the delivery of the saving line Expansion of Residential Strategy in Appendix 2 - Budget Proposals and Financial Position and detailed in Section 2.3.6.
- 9) Approves the Council's Treasury Management Strategy and Minimum Revenue Provision Statement for 2024/25 in Section 2.4 and the Prudential Indicators and limits described and detailed in Appendix 8, the Commercial Investment Strategy for 2024/25 in Section 2.5 and Appendix 7 and the Commercial Investment Indicators detailed in Appendix 8.
- 10) Considered and notes the proposed changes to the Council Tax Support Scheme set out in Appendix 9 to the report, as a result of the consultation (Appendix 10) and the Equality Impact Assessment (Appendix 16).
- 11) Approves the implementation of the revised Council Tax Support scheme as laid out in Appendix 9a of this report with effect from 1st April 2024.

Note: 1) The Councillors voting for and against **the amendment** (as detailed in Appendix 1 to these Minutes) were as follows:

For	Against	Abstain
Councillor: R Bailey J Birdi J Blundell J Gardiner T Jandu S Keough M Lapsa J Lepoidevin P Male B Mosterman G Ridley T Sawdon R Simpson	Councillor: F Abbott S Agboola N Akhtar P Akhtar M Ali L Bigham R Brown K Caan G Duggins S Gray L Harvard P Hetherton A Jobbar AS Khan R Lakha	Councillor: G Lloyd K Maton J McNicholas C Miks M Mutton S Nazir J O'Boyle E Reeves K Sandhu P Seaman B Singh R Thay CE Thomas A Tucker D Welsh
Total: 13	Total: 30	Total: 0

Result: Lost

For: 13
Against: 30
Abstain: 0

2) The Councillors voting for and against the **Recommendations as detailed in the report** were as follows:

<u>For</u>		<u>Against</u>	<u>Abstain</u>
Councillors: F Abbott S Agboola N Akhtar P Akhtar M Ali L Bigham R Brown K Caan G Duggins S Gray L Harvard P Hetherton A Jobbar AS Khan R Lakha	Councillors: G Lloyd K Maton J McNicholas C Miks M Mutton S Nazir J O'Boyle E Reeves K Sandhu P Seaman B Singh R Thay CE Thomas A Tucker D Welsh	Councillors: R Bailey J Birdi J Blundell J Gardiner T Jandu S Keough M Lapsa J Lepoidevin P Male B Mosterman G Ridley T Sawdon R Simpson	
	Total: 30	Total: 13	Total: 0

Result: Carried

For: 30

Against: 13

Abstain: 0

106. **Statements**

There were no Statements.

(Meeting closed at 5.15 pm)

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Conservative Group Budget proposals

Council meeting on 20th February 2024


AMENDMENT


Budget Report 2024/25 - Amendment

	£000
<u>New Spending Proposals</u>	
Highways Resurfacing & Potholes	247,000
Maintain mainstream home to school bus Routes for one year	128,000
	375,000

Additional Savings

Trades Union Facilities Time	(75,000)
Removal of Citivision	(50,000)
Reduce corporate memberships budget	(50,000)
Delete Two posts from Corporate Communications team (One Grade 8, One Grade 5)	(92,000)
Remove Policy Contingency	(75,000)
Close Broadgate House one day per week	(33,500)
	(375,500)


Proposed by: Cllr Peter Male


Seconded by: Cllr Gary Ridley

Agenda Item 7

Agenda Item 7 Council – 19th March 2024

Recommendation from Cabinet 13th February 2024

Coventry City Council Minutes of the Meeting of Cabinet held at 2.00 pm on 13th February 2024

Present:

Members: Councillor G Duggins (Chair)
Councillor L Bigham
Councillor R Brown
Councillor K Caan
Councillor P Hetherton
Councillor J O'Boyle
Councillor K Sandhu
Councillor P Seaman
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 G Ridley
Councillor R Simpson (Substitute for Councillor P Male)

Other Non-Voting
Members:

Councillor R Lakha
Councillor C E Thomas

Employees (by Service Area):

Business, Investment and Culture D Hope, S Weir

Education and Skills K Nelson (Chief Partnerships Officer), C Webb

Finance B Hastie (Director of Finance and Resources (Section 151 Officer))

Law and Governance J Newman (Chief Legal Officer), S Chantler, A Chowns, M Salmon

Property Services and
Development

R Moon (Director of Property Services and Development),
A Hunt

Public Health and
Wellbeing

A Duggal (Director of Public Health and Wellbeing)

Streetscene and
Regulatory Services

C Eggington

Apologies:

Councillor N Akhtar
Councillor A S Khan
Councillor P Male
Councillor C Miks

Public Business

RECOMMENDATION

71. City Centre South Additional Grant Funding

Cabinet considered a report of the Director of Property Services and Development, that would also be considered by Council at its meeting on 19th March 2024, which sought approval to accept additional West Midlands Combined Authority (WMCA) Funding of up to £12.24m to facilitate the delivery of the City Centre South project.

A corresponding private report detailing confidential matters was also submitted for consideration (Minute 74 below refers).

City Centre South would deliver transformational improvements to Coventry city centre through the creation of a new residential led community providing new homes, jobs, commercial and leisure opportunities and high-quality public spaces.

The Council's development partner, Shearer Property Regen Ltd (SPRL), led by Hill Developments were continuing to move the scheme forward and have made considerable progress since being appointed as the funding partner under the terms of the Development Agreement between the Council, SPRL and Shearer Property Group (SPG).

This report sought formal approval to the next stage of the project following the previous Council Decisions in December 2022 (their minutes 85/22 and 91/22 referred) which approved the provision of Council funding to the scheme.

Since the recommendations contained in the December 2022 reports were approved, a significant amount of work had been undertaken to progress the scheme, including the Compulsory Purchase Order (CPO) being confirmed by the Secretary of State, the delivery of high-quality new premises for the Shopmobility scheme and a significant amount of ground investigations and surveys being undertaken. However, changes in fire safety regulations proposed earlier this year in the wake of the Grenfell disaster had required changes to the design of, and timescales for, the scheme resulting in viability challenges which needed to be resolved before the scheme could commence further.

These changes announced by Michael Gove, Secretary of State for Levelling Up, Communities & Housing, in July 2023, would require all residential buildings over 18m in height to incorporate dual stair cores and additional fire-fighting lifts to improve means of escape and building safety in the event of fire. This change was not anticipated at the time the previous reports were considered.

This change in regulation has had a significant, adverse effect on scheme viability due to increasing build costs and reduced sales/lettable area, thus depressing overall scheme viability. In order to address this issue and to prevent the scheme from stalling the Council had been able to successfully negotiate an additional grant assistance from the West Midlands Combined Authority (WMCA) of up to £12.24m ("Additional WMCA Funding") in addition to the £98.8 million pounds already provided. The report therefore requested authority to accept the Additional WMCA Funding and delegated authority to amend the Development Agreement with SPRL and Grant Agreements with WMCA in order to be able to apply this funding towards the delivery of the scheme.

Cabinet agreed to:

- 1) Approve the acceptance of the Additional WMCA Funding of up to £12.24m to be added to the £98.8m previously secured which will be utilised to facilitate the delivery of City Centre South.
- 2) Delegate authority to the Director of Property Services and Development, following consultation with the Chief Operating Officer (Section 151 Officer), the Chief Legal Officer, the Cabinet Member for Jobs, Regeneration and Climate Change, the Cabinet Member for Strategic Finance and Resources and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence and approve and enter into the legal agreements and undertakings necessary to give effect to recommendation 1) above.
- 3) Add the additional WMCA Funding to the Council's 5 Year Capital Programme.

RESOLVED that Council be recommended to:

- 1) **Approve the acceptance of the Additional WMCA Funding of up to £12.24m to be added to the £98.8m previously secured which will be utilised to facilitate the delivery of City Centre South.**
- 2) **Delegate authority to the Director of Property Services and Development, following consultation with the Chief Operating Officer (Section 151 Officer), the Chief Legal Officer, the Cabinet Member for Jobs, Regeneration and Climate Change, the Cabinet Member for Strategic Finance and Resources and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence and approve and enter into the legal agreements and undertakings necessary to give effect to recommendation 1) above.**
- 3) **Add the Additional WMCA Funding to the Council's 5 Year Capital Programme.**

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A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet
Council

13 February 2024
19 March 2024

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change - Councillor J O'Boyle
Cabinet Member for Strategic Finance and Resources – Councillor R Brown
Cabinet Member for Housing and Communities – Councillor D Welsh

Director approving submission of the report:

Director of Property Services and Development
Chief Operating Officer (Section 151 Officer)

Ward(s) affected:

St. Michael's

Title:

City Centre South Additional Grant Funding

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum.

Executive summary:

City Centre South (CCS) will deliver transformational improvements to Coventry city centre through the creation of a new residential led community providing new homes, jobs, commercial and leisure opportunities and high-quality public spaces.

The Council's development partner, Shearer Property Regen Ltd (SPRL), led by Hill Developments are continuing to move the scheme forward and have made considerable progress since being appointed as the funding partner under the terms of the Development Agreement between the Council, SPRL and Shearer Property Group (SPG).

This report seeks formal approval to the next stage of the project following the previous Council Decisions in December 2022 which approved the provision of Council funding to the scheme.

Since the recommendations contained within the December 2022 report were approved, a significant amount of work has been undertaken to progress the scheme, including the Compulsory Purchase Order (CPO) being confirmed by the Secretary of State, the delivery of high-quality new premises for the Shopmobility scheme and a significant amount of ground investigations and surveys being undertaken. However, changes in fire safety regulations proposed earlier this year in the wake of the Grenfell disaster have required changes to the design of, and timescales for, the scheme resulting in viability challenges which need to be resolved before the scheme can commence further.

These changes announced by Michael Gove, Secretary of State for Levelling Up, Communities & Housing, in July 2023 will require all residential buildings over 18m in height to incorporate dual stair cores and additional fire-fighting lifts to improve means of escape and building safety in the event of fire. This change was not anticipated at the time the previous report was considered.

This change in regulation has had a significant, adverse effect on scheme viability due to increasing build costs and reduced sales/lettable area, thus depressing overall scheme viability. In order to address this issue and to prevent the scheme from stalling the Council has been able to successfully negotiate an additional grant assistance from the West Midlands Combined Authority (WMCA) of up to £12.24m ("Additional WMCA Funding") in addition to the £98.8 million pounds already provided.

This report, therefore, requests authority to accept the Additional WMCA Funding and to request delegated authority to amend the Development Agreement with SPRL and Grant Agreements with WMCA in order to be able to apply this funding towards the delivery of the scheme.

Recommendations:

Cabinet is asked to recommend that Council:

- 1) Approve the acceptance of the Additional WMCA Funding of up to £12.24m to be added to the £98.8m previously secured which will be utilised to facilitate the delivery of City Centre South.
- 2) Delegate authority to the Director of Property Services and Development, following consultation with the Chief Operating Officer (Section 151 Officer), the Chief Legal Officer, the Cabinet Member for Jobs, Regeneration and Climate Change, the Cabinet Member for Strategic Finance and Resources and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence and approve and enter into the legal agreements and undertakings necessary to give effect to recommendation 1) above.
- 3) Add the Additional WMCA Funding to the Council's 5 Year Capital Programme.

Council is recommended to:

- 1) Approve the acceptance of the Additional WMCA Funding of up to £12.24m to be added to the £98.8m previously secured which will be utilised to facilitate the delivery of City Centre South.
- 2) Delegate authority to the Director of Property Services and Development, following consultation with the Chief Operating Officer (Section 151 Officer), the Chief Legal Officer, the Cabinet Member for Jobs, Regeneration and Climate Change, the Cabinet Member for Strategic Finance and Resources and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence and approve and enter into the legal agreements and undertakings necessary to give effect to recommendation 1) above.
- 3) Add the Additional WMCA Funding to the Council's 5 Year Capital Programme.

List of Appendices included:

The following appendices are attached in the private element of this report:

- Deloitte Review of Additional Funding Request Report

Background papers:

None

Other useful documents

Report to Cabinet and Council 24th January 2017 "City Centre South Development"

Report to Cabinet 28th November 2017 and Council 5th December 2017 "City Centre South –Early Acquisition of Aviva Long Leasehold Property Interests"

Report to Cabinet 11th January 2022 "City Centre South Land Acquisition and Compulsory Purchase Order"

Report to Cabinet 15 November 2022 and Council 6 December 2022 "City Centre South Funding and Delivery"

Has it or will it be considered by Scrutiny?

No

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes - 19 March 2024

Report title: City Centre South Additional Grant Funding

1. Context (or background)

- 1.1 The proposal to redevelop the City Centre South (CCS) site (“the Scheme”) is the Council’s key regeneration priority for the city centre.
- 1.2 Shearer Property Regen Ltd (SPRL) are the Council’s development partners for the Scheme and they were appointed by the Council in 2017 following a competitive procurement process to take forward development proposals for the site. SPRL have appointed Hill Holdings Limited as the Approved Funder for the scheme and Hill are also investing equity to become a shareholder in the SPRL development vehicle the Council is in partnership with.
- 1.3 The Scheme benefits from £98.8m of grant funding from the West Midlands Combined Authority (WMCA) which was secured by the Council (also in 2017) to fund land acquisition, enabling works, demolition and other key development costs necessary to bring forward the Scheme.
- 1.4 Whilst CCS has always been envisaged as a mixed use, city centre scheme, the original proposals included a significant amount of retail space anchored by a department store. Clearly, the changes to both the high street and the wider economy have influenced the Council and SPRL to re-envisage the scheme and bring forward proposals for more residential development as part of a deliverable, mixed use city centre development scheme.

This has resulted in:

- Planning Committee granting outline planning permission for the residential led Scheme in January 2022
- Hill (through Hill Holdings Limited) being confirmed as Approved Funder for the scheme in March 2022 and then subsequently investing into SPRL (through Hill Residential Ltd)
- The Compulsory Purchase Order (CPO) for the Scheme being made in April 2022
- WMCA Investment Board approving changes to the grant funding to pivot the scheme from a predominantly retail scheme to one which is predominantly residential in October 2022.
- A Minor Material Amendment (S73) Planning Application submitted to the Council in November 2022 to reflect the Scheme refinements.
- In December 2022, Council agreed to approve the use of up to £32.75m to support the delivery of the Scheme (£28.7m of which is to be funded from the West Midlands Combined Authority City Centre South grant and £5.25m from Capital receipts)

- A CPO Public Inquiry taking place in January 2023 following which the Secretary of State confirmed the CPO in April 2023
- A further Minor Material Amendment (S73) Planning Application submitted to the Council in October 2023 (and approved in December 2023) to reflect the Scheme changes required to comply with the dual core requirements referenced below.
- The Discharge of Reserved Matters Planning Application (RMA) for phase one of the scheme was submitted in December 2023.

1.5 The Scheme will deliver a range of transformational benefits for the people of Coventry. The proposed refinements to the Scheme will lead to up to 1,575 new homes (of which 20% will be affordable, predominantly social rented units), new retail, employment, health care and leisure space resulting in a new sustainable city centre community whilst still retaining a mixed-use approach. As well as these quantitative benefits, the delivery of the Scheme will realise a significant number of qualitative benefits that will benefit local residents and businesses, which include:

- An increased diversity in city centre uses, through the delivery of residential units (including different tenures), mixed retail and leisure spaces and new public realm provisions.
- An active, attractive and inclusive evening economy, as a result of the provision of a more varied commercial offer which will lead to a more socially inclusive place.
- Improved attractiveness of the city centre as a business location, through attraction of talent to the area and better linkages to the city's existing business district.
- Improved connectivity across the city centre through the proposed public realm works and new pedestrian and cycle linkages.
- A more active and varied cultural offer, through the diverse range of leisure and retail uses proposed under the new scheme.
- Improved perception of the city centre, through its transformation into an exciting and thriving location in which to live and work. This will not only encourage local visitors but will also increase tourism.
- Changed perception of Coventry as a place to live, work, visit and study due to the vibrant and successful mixed-use environment.
- Improved local and regional economic and commercial regeneration by the Scheme acting as a stimulus for further private sector investment due to an enhanced economic sentiment around the city centre.

1.6 As has been the case since the Scheme's inception, bringing forward a complex city centre regeneration scheme like CCS and delivering the range of benefits outlined above has required financial viability challenges to be overcome. The £98.8m WMCA grant funding acknowledged the reality of the "market failure" in this part of Coventry and the economics associated with bringing forward a city centre scheme of this nature. This has been reinforced through subsequent WMCA Investment Board Decisions to both continue to allow the full utilisation of the grant funding and to reprofile some elements to support Scheme cashflow.

- 1.8 The financial re-appraisal of the refined Scheme undertaken at the time of the December 2022 report indicated that even after a full utilisation of those elements of the WMCA grant available to the developer a viability gap remained. Accordingly, the Council agreed to provide a contribution of up to £32.75m of funding to help facilitate delivery of the Scheme. The proposed Council funding of the Scheme includes utilisation of £28.7m of the WMCA grant which is awarded to the Council as compensation for its loss of existing land interests in the CCS area and which the Council is willing to see recycled into supporting Scheme delivery.
- 1.9 Our advisers, led by Deloitte, advised the Council that an additional funding contribution from the Council to close the Viability Gap was justified and required in order to deliver the Scheme.
- 1.10 However, subsequently in July 2023, Michael Gove, Secretary of State for Levelling Up, Communities & Housing announced that all residential buildings over 18m in height will be required to incorporate dual stair cores and additional fire-fighting lifts and emergency systems to improve means of escape and building safety in the event of fire. This change was not anticipated at the time the previous report was considered.
- 1.11 The consequences of these late changes to the scheme have been considerable. The overall design of the scheme has been modified to allow the incorporation of additional staircases, protected core and fire-fighting lifts. These changes both increase the cost of constructing the scheme and reduce the amount of liveable area available to sell or rent. SPRL have estimated significant additional costs to the scheme as a result (the figure is available in the Private version of the report).
- 1.12 The Council is not in a position to contribute additional funds to the scheme. Accordingly, an approach was made to the WMCA who have agreed to provide an additional £12.24m of funding to allow the project to proceed. This additional funding was approved by the WMCA Investment Board on the 15 January 2024.
- 1.13 Once again the Council has requested that Deloitte provide a written report confirming the justification for the additional funding and demonstrating that value for money for the public purse is being secured. This report has been shared with the WMCA to support the request for additional funding and is included within the Private version of the report.

2. Options considered and recommended proposal

- 2.1 Option 1. Reject the additional funding request from SPRL and funding support from the WMCA
- 2.1.1 SPRL raised a formal Viability Amount request on 26 October 2022, which under the terms of the DA, the Council had a requirement to consider. This informed the decision of the Council to commit £32.75m in December 2022. There is no further formal requirement for the Council to consider an additional funding request from SPRL. However, if the Council formally resolves not to agree to accept this additional funding, then there is a real risk that the scheme may not proceed or proceeds in a fundamentally different form following a lengthy delay.

- 2.1.2 Whilst the Council and SPRL are obligated to collaborate with one another to assess if there might be an alternative solution, any such solution, if one were to emerge, would undoubtedly require the scheme to be re-designed and reduced in scope and quality. Many of the benefits that the scheme is due to deliver could be put at risk.
- 2.1.3 This is not the recommended option, and it should be recognised that this option would come with its own challenges, constraints and risks.
- 2.2 Option 2. To approve the Recommendations set out above and agree additional funding into the Scheme.
- 2.2.1 CCS is the Council's key regeneration priority for the city. The Council has worked closely with its development partner and the WMCA for a number of years to bring this complex scheme forward and deliver the much-needed benefits it will bring.
- 2.2.2 The Council and its advisors are satisfied that the additional funding that SPRL have requested is required to bring the Scheme forward. If this option is approved, it will help to provide the best possible opportunity for the Scheme to come forward and to help meet the Council's economic development, regeneration and well-being objectives for Coventry.
- 2.2.3 The decision to agree to accept the additional funding for the Scheme provides the opportunity for the key benefits for Coventry as set out in section 2.3 below to be delivered as part of the Scheme:
- 2.3 Key benefits for the city
- 2.3.1 **Regeneration:** The Scheme is at the heart of the city's regeneration ambitions. CCS will transform six and a half hectares of the city centre making it work for the way people want to use and enjoy city centres today. With up to 1,575 new homes the refined Scheme will help to create a new community in the city centre alongside all the benefits that brings. Recent investment in the public realm has shown how spaces can be transformed with high quality materials, water features and art. These important factors will also be at the heart of CCS and we expect lots of new jobs to be created. The Scheme will also fit with our wider ambitions for the Friargate area of the city which is only five minutes' walk away.
- 2.3.2 The Scheme will also play an important role in delivering a key objective for the city, namely the provision of a range of housing options, including affordable housing, which will help to create thriving, vibrant and diverse communities. This includes the retention of graduates and the role they play in attracting high value businesses. A young talented pool of labour is one of the most important considerations for businesses when deciding to relocate. CCS will play an important role if Coventry is to achieve its wider economic goals. With a significantly improved city centre, Coventry can expect to retain more graduates and attract more high value businesses – helping to close the City's productivity gap.

- 2.3.3 **New homes:** The refined Scheme is anticipated to provide up to 1,575 new homes in the city centre. As well as making a positive contribution to local housing supply, the new homes built on existing brownfield land will help make the city centre a location of choice for new and existing residents of Coventry.
- 2.3.4 **Enhancing the city's reputation and offer:** Alongside the Friargate scheme and the works to transform the rail station, the delivery of the Scheme will help to provide market confidence that Coventry should be a destination of choice for business investment.
- 2.3.5 The Scheme will support the diversification of the city centre's residential, retail, leisure, and community offer to attract increased footfall throughout the daytime and into the evening, supporting the viability of businesses within City Centre South and the wider city centre.
- 2.3.6 **Health and well-being:** The Scheme will deliver a larger area of public realm of a higher quality, providing a significant amount of public open space for residents and visitors to socialise, relax and dwell, supporting improved health and wellbeing. There will also be significant improvements to the permeability and legibility of this key city centre location through enhancing the historically important north-south connectivity along Hertford Street and Market Way, as well as creating new east-west connectivity which will improve the community's use of this part of the city.
- 2.3.7 **Environmental:** The Scheme will bring underutilised land in a city centre location back into productive use, maximising the use of brownfield land in a way which will enhance the quality of the built environment to the benefit of existing and new residents in Coventry.
- 2.3.8 The Scheme will also realise large improvements to the quality of the built environment, through the removal of poor-quality buildings and the replacement of the current public realm with new, high quality public spaces as well as an enhanced setting for the Grade II listed Coventry Market, making the building more prominent at ground floor level and enabling its architectural and communal values to be experienced in a more open manner.
- 2.3.9 The Scheme will also encourage sustainable modes of travel by removing surplus car parking capacity in the city centre and there is the potential for biodiversity net gain, through the creation of new planting, green and brown roofs at detailed design stage.
- 2.3.10 This is the recommended option.

3. Results of consultation undertaken

- 3.1 Ahead of the Scheme's Outline Planning Application submission, SPRL carried out a public consultation exercise between June – July 2020 which focused on understanding the community's and stakeholders' views on the vision and themes of the proposed scheme. Due to the COVID-19 pandemic and related restrictions, the consultation was primarily digital, with paper copies of information sent where requested. Eight webinars were held for stakeholders and local people.

- 3.2 The consultation was promoted in local press via adverts and press releases, through the Council and SPRL's websites and social media and through direct messaging to stakeholders and local groups.
- 3.3 A total of 2,700 people visited the consultation webpage and 281 online feedback forms were completed with additional feedback received via the Freepost address provided.
- 3.4 From the feedback received, 62% of people strongly agreed or agreed with the City Centre South vision. Respondents were keen to see the indoor market and the post war masterplan protected. There was clear support for green and open space and a desire for support for cultural and minority groups as part of the plan. 88% of respondents either strongly agreed or agreed that they would like to see improved pedestrian links and public spaces in this part of the city centre. 66% indicated that they liked the use of materials and outline design principles shown in the images provided. There was also support for the community uses. Throughout the feedback there was a clear desire to see something different or special added to ensure Coventry has a USP that celebrates its thriving art scene and heritage. This feedback has informed the development of the Scheme and will continue to inform final detailed designs going forwards.
- 3.5 There has been, and will be, further engagement in relation to the Scheme refinements as part of the evolution of the scheme in planning terms, including the reserved matters applications. There is also engagement and dialogue taking place with Shopmobility and relevant stakeholders and user groups in relation to the relocation of the Shopmobility service (the relocation is a pre-commencement condition attached to the Outline Planning Permission).

4. Timetable for implementing this decision

- 4.1 If Cabinet and Council agree to the Recommendations set out in this report then it is anticipated that the relevant legal agreements relating to funding and the Development Agreement will be agreed in early 2024. Subject to a positive outcome to the Reserved Matters Application submitted in December 2023, it is anticipated that the developer will be able to commence demolition during 2024.

5. Comments from Chief Operating Officer (Section 151 Officer) and Chief Legal Officer

5.1. Financial Implications

- 5.1.1 In 2022 a revised Full Business Case was submitted to the WMCA. This approved the proposed use of the £98.8m grant that was originally awarded in 2017 to support the scheme. In addition to this, a further £4m was approved by Full Council to provide gap funding for the project (plus approval to recycle £28.7m of WMCA Grant into the scheme).

- 5.1.2 Following changes to building regulations and the subsequent gap caused from the increased cost and reduced income referred to in section 1.11 of this report, the WMCA have agreed to provide up to £12.24m funding to contribute to this gap. It has been made clear that the Council is not in a position to provide further funding to the project above the £4m already approved. Further information on the revised cost and funding of the scheme is contained in the Private version of the report.
- 5.1.3 This report seeks authority to accept the additional £12.24m grant funding from the WMCA in order to contribute to the viability of the scheme. It does not seek any additional resource from the Council.

5.2. Legal Implications

- 5.2.1 The legal power for the Council to accept, administer the Additional WMCA Funding is provided by the general power of competence contained in Section 1 of the Localism Act 2011.
- 5.2.2 In order to accept the Additional WMCA Funding and ensure that this is properly applied towards the delivery of City Centre South, it will be necessary to amend both the Development Agreement between SPRL and CCC and the Grant Aid Agreement between CCC and WMCA.

UK Subsidy Control

- 5.2.3 Prior to entering into final legal agreements, the Council will need to satisfy itself that the grant is being spent against appropriate items and only to the extent required to facilitate delivery of the scheme. As such, it will be necessary for the Council to demonstrate that certain principles set out in the Subsidy Control Act 2022 will be satisfied. Put broadly for this project, there are some applicable subsidy control exemptions and other principles which apply which include that a subsidy pursues a legitimate policy objective (either to meet a market failure or to advantage an equity rationale), is proportionate to meeting that objective which would not otherwise be achieved and generates positive benefits that outweigh any distortion of competition and Investment incentives that may arise from it.
- 5.2.4 The overage arrangements which is to be included in the amended development agreement and the fact that the Additional WMCA Funding will only be permitted to be drawn down in arrears against agreed pre-specified works and will be subject to sign off by an Employer's Agent (or equivalent) will assist in this regard. In addition, the Developer will be responsible for providing the Council with all necessary reports to demonstrate that monies is being properly utilised; and the Developer will indemnify the Council against any claims or breaches arising from misuse of the grant. The final updated Development Agreement package will be reviewed and appropriate legal advice obtained prior to entering into it.

Procurement

- 5.2.5 Prior to entering into final legal agreements, the Council will need to satisfy itself that it continues to satisfy procurement requirements. Appropriate legal advice will be obtained.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

- 6.1.1 The delivery of the proposal outlined in this report will help deliver a range of housing, economic development, regeneration and wellbeing objectives that will help to realise the Council's strategic ambitions for a more vibrant and economically prosperous city.

6.2. How is risk being managed?

- 6.2.1 The Council has taken a proactive and positive approach to the identification, management and mitigation of risk associated with the project at both a strategic and project level. A dedicated risk register has been created, focussing on the risks that could impact the overall delivery of the project and this is managed by the project team responsible for bringing forward the Scheme.

6.3. What is the impact on the organisation?

- 6.3.1 The impact to the organisation will be considerable in terms of staff resources. A significant number of officers from across the Property and Development, Planning, Finance and Legal Services divisions are responsible for a range of work streams associated with this project, including: land assembly, CPO, scheme design, Planning processes and Decisions, legal agreements, financial analysis and agreements, commercial negotiations and community and business engagement.

6.4. Equalities / EIA?

- 6.4.1 Section 149 of the Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and other form of conduct prohibited under the act; and
- advance equality of opportunity and to foster good relations between persons who share a relevant protected characteristic (age, disability, gender re-assignment, pregnancy and maternity, race, religion and belief, sex, and sexual orientation) and persons who do not share it.

- 6.4.2 Having regard to the need to advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share it involves having due regard in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of the persons who share that characteristic that are different from the needs of persons who do not share it;
- encourage persons of the relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

6.4.3 An EqlA in relation to the land assembly and CPO elements of the Scheme was prepared and considered by Cabinet on the 11th January 2022 and updated in March 2022. The EqlA is an iterative and live document and is reviewed on a regular basis.

6.4.4 A separate EqlA has been prepared in relation to the relocation of Shopmobility (which is a Pre-commencement Planning Condition). The relocation of Shopmobility is being led by the Council and the developer following engagement and dialogue with key stakeholders and affected user groups.

6.5. Implications for (or impact on) climate change and the environment?

6.5.1 The overall development will be in accordance with the Council's planning policies for sustainable development.

6.6. Implications for partner organisations?

6.6.1 There are implications for the Council's development partner for the Scheme, SPRL, that will result from the Decisions that are the subject of this report.

Report author:

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Service Area:

Property Services and Development

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Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Aimee Proctor	Finance Manager – Projects and Commercialisation	Finance	07/12/2023	12/01/2024
Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	15/01/24	15/01/2024
Names of approvers for submission: (Officers and Members)				
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	07/12/2023	12/01/2024
Barry Hastie	Chief Operating Officer (Section 151 Officer)	-	12/01/2024	19/01/2024
Richard Moon	Director of Property Services and Development	-	12/01/2024	12/01/2024
Councillor J O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	-	19/01/2024	22/01/2024
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	19/01/2024	22/01/2024
Councillor D Welsh	Cabinet Member for Housing and Communities	-	19/01/2024	22/01/2024

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Public report Cabinet

Scrutiny Co-ordination Committee
Cabinet
Council

11th March 2024
12th March 2024
19th March 2024

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change – Councillor J O’Boyle

Director approving submission of the report:

Director of Property Services and Development

Ward(s) affected:

Foleshill, Henley and Sherborne

Title:

Public Sector Decarbonisation Scheme - CCC Public Buildings Phase 2

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum.

Executive summary:

The UK has committed to reduce the carbon emissions associated with its public buildings compared to 2017 levels by 50% by 2032 and 75% by 2037. To support this, the Department for Energy Security and Net Zero (DESNZ) has continued offering the Public Sector Decarbonisation Scheme (PSDS), but now requires a local match contribution. The PSDS grant scheme provides grants of up to £325 per tonne of carbon emissions saved by capital energy efficiency and heat decarbonisation projects that directly reduce fossil fuel use.

Coventry City Council has previously been successful in Phase 1 of the grant scheme which has helped the Council reduce emissions from its buildings and schools by over 1000 tonnes of carbon per year.

Coventry City Council submitted a bid to the Phase 3c grant scheme to support the delivery of a second phase of building decarbonisation projects. Due to the change in criteria for the PSDS grant, a smaller pipeline of buildings than in Phase 1 has been identified as suitable candidates for Phase 2. The proposed scope of works has a combined project value of up to £1.85m with a maximum grant contribution of £786k available via the PSDS grant scheme. It is proposed that match funding for the project is provided by the Council on an “invest to save” basis. Any investment would look to be recovered through revenue savings

achieved from reductions in the buildings' energy bills. Overall, the project is targeting carbon savings of up to 174 tonnes of carbon per year and estimated net savings of £40k per year after repayment of financing costs.

Recommendations:

Scrutiny Co-ordination Committee is requested to:

- 1) Consider the report and submit any comments and/or recommendations to Cabinet for consideration at their meeting on 12th March 2024.

Cabinet is requested to:

- 1) Approve the acceptance of a PSDS grant of up to the sum of £786k from the Public Sector Decarbonisation Scheme, if successful, to be utilised on the delivery of the Project as set out in the report.
- 2) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Property Services and Development, the Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to undertake all necessary due diligence and actions required to enter into a grant funding agreement with Department for Energy Security and Net Zero (or nominee).

Cabinet is requested to recommend that Council:

- 3) Approve the proposal to allocate up to £1m of corporate capital funding, funded from prudential borrowing towards Public Building Decarbonisation Phase 2 works with a total capital value of up to £1.85m as set out in the report ("the Project"), subject to successful award of the PSDS grant.
- 4) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Property Services and Development, the Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to approve the final scope and finances allocated to the Project, including in the event that grant funding is not successful.
- 5) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Property Services and Development, the Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to commence any necessary procurement activities and finalise the terms and conditions of the required contracts to facilitate delivery of the Project.
- 6) Approve the addition of up to £1.85m to the Capital Programme to reflect the delivery of the works recommended as part of this report.

Council is requested to:

- 1) Approve the proposal to allocate up to £1m of corporate capital funding, funded from prudential borrowing towards Public Building Decarbonisation Phase 2 works with a total capital value of up to £1.85m as set out in the report ("the Project"), subject to successful award of the PSDS grant.
- 2) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Property Services and Development, the Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to approve the final scope and finances allocated to the Project, including in the event that grant funding is not successful.
- 3) Delegate authority to the Director of Finance and Resources, Director of Property Services and Development, Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to commence any necessary procurement activities and finalise the terms and conditions of the required contracts to facilitate delivery of the Project.
- 4) Approve the addition of up to £1.85m to the Capital Programme to reflect the delivery of the works recommended as part of this report.

List of Appendices included:

None

Background papers:

None

Other useful documents

Coventry City Council Climate Change Strategy 2023-2030 (Draft)
HM Government Net Zero Strategy

Has it or will it be considered by Scrutiny?

Yes – Scrutiny Co-ordination Committee 11th March 2024

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 19th March 2024

Report title: Public Sector Decarbonisation Scheme - CCC Public Buildings Phase 2

1. Context (or background)

- 1.1. The UK has committed to reduce the carbon emissions associated with its public buildings compared to 2017 levels by 50% by 2032 and 75% by 2037. To support this, the Department for Energy Security and Net Zero (DESNZ) has continued offering the Public Sector Decarbonisation Scheme (PSDS). The PSDS grant scheme provides grants of up to £325 per tonne of carbon emissions saved by capital energy efficiency and heat decarbonisation projects that directly reduce fossil fuel use. Coventry City Council has previously been successful in Phase 1 of the grant scheme which has helped the Council reduce emissions from its buildings and schools by over 1000 tonnes of carbon per year. Previous PSDS grant required no local match contribution.
- 1.2. Following the significant works delivered in the Phase 1 decarbonisation project and other associated improvements, Coventry City Council has to date achieved a 44% reduction in building-related emissions compared to 2017. To achieve the remaining 6% reduction by 2032 the Council will need to begin to tackle the harder to remove emissions associated with buildings that utilise fossil fuels for heating.
- 1.3. To form the scope of works for Phase 2, Council buildings with fossil fuel heating systems were ranked in order of current energy efficiency. Due to the relative high cost of low carbon heating systems, only buildings that were eligible for PSDS grant support were considered. The main requirement being that the buildings have end-of-life fossil fuel heating systems. Initial feasibility and impact assessments were used to identify a scope of works that maximised carbon savings, PSDS grant contribution and lifetime benefit to the Council. A final business case evaluation will be carried out once project costs are finalised to ensure the project remains financially viable.

2. Options considered and recommended proposal

- 2.1. Do Nothing would result in undertaking Like-For-Like Replacements Only (**Not Recommended**)

This option involves replacing the end-of-life gas heating systems with like-for-like heating systems only. This is the current approach allowed for in the Council's budgets.

As modern gas boiler systems have a typical 15-year life, choosing this option would result in the buildings still using gas for heating in 2039. Therefore, the buildings would not be contributing towards the Council's requirement to reduce public sector building emissions by 75% by 2037. The Council would also have the risk of having to fund the full cost of replacing the gas system at this future date.

The Council would also lose the opportunity to deliver financial savings associated with energy efficiency improvements and the ability to leverage grant funding towards other efficiency measures as PSDS grants require the removal of gas boilers to be taking place. Therefore, this option is not recommended as it conflicts with the Council's key priority of tackling the causes of climate change and makes no financial savings.

2.2. Deliver Carbon Saving and Cost Saving Measures and Accept Grant (Recommended)

During the building selection process, the following energy improvement opportunities were identified. By delivering all of these measures together, the Council will be achieving both reduced carbon emissions associated with these buildings and will deliver financial savings estimated at £40k per year, net of financing costs. The buildings proposed for improvement and the measures proposed are:

To secure the grant we have included lighting and solar on the buildings proposed to have new heating systems installed as this helps us to demonstrate a whole building approach.

Even when fully funded from borrowing, lighting and solar projects deliver a good financial return, boost the overall business case and help to make the proposed borrowing viable. Additional LED lighting and solar PV measures to additional buildings are therefore also included as shown on the table below:

Building	Energy Saving Measure
Moat House Leisure Centre	LED Lighting
	Solar PV
	Low Carbon Heating
Families For All Family Hub	LED Lighting
	Solar PV
Wilfred Spencer Centre	LED Lighting
Foleshill Library	LED Lighting
	Solar PV
	Building Fabric Measures
	Low Carbon Heating
Coundon Family Centre	Solar PV
	LED Lighting

The combined measures set out above are estimated to cost £1.85m and deliver up to 118 tonnes of direct carbon savings and 56 tonnes of indirect carbon savings per year. Despite the higher cost of electric based heating, the project is anticipated to deliver gross energy bill savings of up to £117k per year.

Funding is allocated based on the direct carbon savings achieved, however it no longer fully funds projects and does not fund measures that reduce electricity usage such as LED lighting and Solar PV. Accepting the grant, if offered, would enable 68% of the cost for the low carbon heating and building fabric measures within the project to be funded by the PSDS grant contribution. This would reduce the Council's contribution to deliver the project by up to £786k.

The cost to the Council of providing the remaining match funding would reduce the Council's net costs by c£40k per year after interest payments, as well as making 2 buildings compatible with Net Zero targets. Final investment decision will be subject to final business case approval once the required procurement exercise has been completed.

This option is recommended as it aligns with the key Council priorities of tackling the causes of climate change and the inequalities in our communities as well as the enabling priorities of supporting financial sustainability of the Council and demonstrating the Council's role as a leader in these key priority areas.

3. Results of consultation undertaken

- 3.1 Consultation with the Head of Facilities Management was undertaken in relation to potential changes to the property estate. This was to ensure the risk of property disposal or redevelopment was understood and included during the evaluation of which schemes could be brought forward.
- 3.2 The building occupants have also been consulted in the initial preparation of the project as key stakeholders and have indicated their ability to facilitate the delivery of these projects. Further engagement will be undertaken in the final stages of project development to ensure any impacts on service provision are mitigated during the delivery of the project.

4. Timetable for implementing this decision

- 4.1. On grant award, obtain revised prices and confirm that the business case for the preferred option remains viable. Should viability be confirmed the Council will accept the grant.
- 4.2. Following approval to proceed with the project, officers will need to complete the remaining procurement activities and enter into delivery contracts for the project. For the projects receiving PSDS grant support, eligible spend can commence from the earlier of the date of grant acceptance or 1st April 2024.
- 4.3. The current proposed timeline for the delivery of the project is from April 2024 to March 2025 however contingency has been allowed to enable completion of the project up to March 2026. The exact program of works will be dependent on any statutory approvals and additional grant conditions imposed.

5. Comments from Director of Finance and Resources and Director of Law and Governance

5.1. Financial Implications

The recommendations of this report would result in the Council incurring capital spend of up to £1.85m, funded partly by up to £0.786m of PSDS grant funding. The grant funding will only partially fund the works required and commits the Council to provide the match funding to fund the remainder of the works. The amount of grant is based on the carbon savings achieved by switching from gas to electricity. This means that,

should the scope of the works reduce, the amount of grant funding will also reduce. It is proposed that the local match contribution would be funded from prudential borrowing over a 20-year period to reflect the expected lifetime of the assets.

The capital cost of the project is based on current market expectations. The project team will continue to evaluate opportunities to further reduce the capital cost of the project in order to optimise the financial business case. A maximum of £1.013m of additional funding would be required with the project delivering c£40k of net annual benefit by reducing property running costs.

While the recommended option remains to accept the full grant and install solar, lighting and heat pumps into the recommended buildings (Full scope), this report seeks approval to do so only on the basis of achieving project costs that deliver a final business case that meets the target return on investment.

5.2. Legal Implications

Under Section 12 of the Local Government Act 2003 the Council has a specific power to invest. The power states "a local authority may invest for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". This provides the Council with a power to invest, and match fund the Works, for any purpose relevant to its functions (this function would have to be identified) or if the Council can show it is for the prudent management of its financial affairs. Under section 1 of the Localism Act 2011, the Council also has a power "to do anything that individuals generally may do" (the "General Power of Competence"). "Individual" means an individual with full capacity. The General Power of Competence gives the Council:

- i. power to do a thing anywhere in the United Kingdom or elsewhere,
- ii. power to do it for a commercial purpose or otherwise for a charge, or without charge, and
- iii. power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

The primary purpose of the match funding is to deliver towards the One Coventry Plan, this helps to discharge the Council's existing Climate Change Strategy commitments. This will reduce the Council's impact on Climate Change as a result of its activities and support one of the key priorities of tackling the causes and consequences of climate change.

The Council will need to comply with the Public Contract Regulations 2015 and/or Contract Procedure Rules (as applicable) when awarding any contracts to deliver the Project.

6. Other implications

6.1. How will this contribute to the One Coventry Plan? (<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>)

The project directly contributes to two of the Council's priorities. The project will directly reduce the operating costs and contribution to climate change associated with the

operation of the buildings in scope. Further to this, by targeting community focused assets in Foleshill and Henley wards it will support the Council's priority of tackling inequalities with our communities.

6.2. How is risk being managed?

Building stakeholders have been engaged early in the process and will continue to be throughout the project lifecycle to ensure risk of impact to service operation is minimised. The project is being delivered by the Facilities Management service who have significant experience of delivering complex building service upgrades in active buildings. A live risk register will be managed by the project manager appointed to lead the project.

The Energy Management Service within Facilities Management is overseeing the grant management and the monitoring and verification of the project to ensure the grant conditions are met and the energy savings are realised. They have significant experience in doing this on previous energy efficiency projects.

Legal services have been engaged to support in the contract design for externally contracted elements of the project to ensure project risk is minimised. Capped value contracts are being proposed to protect the Council against cost overruns.

6.3. What is the impact on the organisation?

The project has been designed to minimise the disruption to the building users during its delivery. Due to the major nature of these works it may not be possible to mitigate all disruption entirely. The project team will work closely with all stakeholders to find appropriate solutions to any potential disruption.

This will be a relatively resource intensive project however the vast majority of resource will be fulfilled from the project supply chain. The Council's current resourcing is therefore sufficient to deliver this project.

The outcomes of the project will deliver both immediate carbon emission and energy bill savings as well as reduce future liabilities relating to the UK's 2050 Net Zero commitment.

6.4. Equalities / EIA?

The project does not present any significant impacts requiring a formal EIA to be undertaken, however, the project team is aware of the potential diverse nature of stakeholders that relate to the buildings within the scope of the project. This includes staff that operate out of the building and members of the public that come to use the buildings. Appropriate safeguarding and temporary mitigations will be developed during the final project design in collaboration with key stakeholders to ensure the project mitigates against potential conflicts.

Building user representatives have been engaged during the initial design of the schemes to ensure the delivered projects meet the requirements of the occupying

services. A comprehensive construction phase plan will be developed to ensure access and working environment is considered during the delivery of the project.

6.5. Implications for (or impact on) climate change and the environment?

The recommended project is anticipated to reduce the Council's annual carbon emissions by up to 174 tCO₂. The project will result in the removal of fossil fuel heating in 2 public buildings and replacement with low carbon alternatives that make the buildings "Net Zero Ready". The inclusion of additional Solar PV will also ensure the Council continues to expand its use of renewable energy sources.

6.6. Implications for partner organisations?

The recommended project includes delivery of measures at buildings that host 3rd party partner organisations such as CV Life. These organisations will be engaged during the project initiation phase and throughout delivery to ensure impact on their service operation is considered alongside the Council's own operations.

The output of the project will be an improved building environment for all stakeholders that use the building.

Report author:

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Daniel Peters	Head of Facilities Management	Property Services and Development	05.02.24	15.02.24
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Names of approvers for submission: (officers and members)				
Phil Helm	Head of Finance, Finance and Resources	-	16.02.24	18.02.24
Oluremi Aremu	Head of Legal and Procurement Services, Law and Governance	-	16.02.24	19.02.24
Richard Moon	Director of Property Services and Development	-	16.02.24	19.02.24
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	19.02.24	19.02.24
Councillor J O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	-	19.02.24	26.02.24

This report is published on the council's website: www.coventry.gov.uk/council-meetings



Public report

Cabinet and Council

Cabinet
Council

12 March 2024
19 March 2024

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change - Councillor J O'Boyle

Director approving submission of the report:

Director of Regeneration and Economy

Ward(s) affected:

Cheylesmore

Title:

West Midlands Investment Zone

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m

Executive summary:

The UK Government has invited the West Midlands Combined Authority (WMCA) to prepare a proposal for a West Midlands Investment Zone (WMIZ). The sectoral focus for WMIZ will be advanced manufacturing, which is an excellent fit with the One Coventry Plan ambition to increase the economic prosperity of the city and region. A total of £160m in funding is available for WMIZ over a ten-year period, and this will be used for tax incentives for investors in WMIZ sites, capital funding to prepare these sites for development, and revenue schemes designed to develop the target sector. The WMIZ proposals will also allow business rates growth on designated sites to be retained locally for 25 years for reinvestment in the development of the Advanced Manufacturing Sector. Business rates will be retained above existing levels on a "no detriment" basis such that no Local Authority will be worse off through its involvement in the WMIZ.

The WMIZ includes sites in Coventry/Warwick, Birmingham and Wolverhampton. There are four sites in Coventry and Warwick District; Whitley East in Coventry and Whitley South, Coventry Airport and Segro Park in Warwick District. Whitley East has been allocated as an employment site in the Coventry Local Plan. The WMIZ £160m budget includes an initial £23m for infrastructure works to prepare the Coventry Airport site for development, and this report seeks approval to accept that funding together with any additional funding that becomes available from the IZ budget up to a total value of £35m. It also seeks delegated

approval to enter into a Memorandum of Understanding for business rates retention related to the Whitley East site.

Governance decisions for WMIZ will be taken by a WMIZ Joint Committee / Board which Coventry City Council, Warwick District and Warwickshire County Council will all be represented on. West Midlands Universities including Coventry University and University of Warwick are also non-voting members of this group. A Coventry and Warwickshire Investment Zone office group will meet to ensure that consistent briefings are provided to Coventry and Warwickshire members of the WMIZ Joint Committee / Board.

Recommendations:

Cabinet is recommended to:

- 1) Note the aspirations of, and supports the principle of participation in, the West Midlands Investment Zone (WMIZ) proposed to benefit the WMCA area and Warwick District, conditional upon there being agreed no detriment position in respect of business rates income.
- 2) That Cabinet notes the governance arrangements for the WMIZ as set out in Appendix 2 to the report.
- 3) Agree in principle to entering into a Memorandum of Understanding (MoU) regarding business rates and their retention across the WMCA area and the Warwick District Council (WDC) area and delegate authority to the Director of Finance and Resources (s151) and the Cabinet Member for Strategic Finance and Resources to enter into this agreement.

Cabinet is asked to recommend that Council:

- 4) Approve acceptance of up to £35m in West Midlands Investment Zone (WMIZ) funding, noting that initially £23m will be available for infrastructure provision on the Coventry Airport site (subject to the conditions of the grant being satisfactory).
- 5) Grant delegated authority to the Director of Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance, and Cabinet Member for Jobs, Regeneration and Climate Change, to:
 - a) Undertake all necessary due diligence in relation to acceptance of the WMIZ funding allocation.
 - b) Continue to negotiate on all the matters associated with this report and to take such action as is deemed necessary, incidental or ancillary to or in consequence of bringing into effect the recommendations contained in this report, including but not limited to entering into any associated legal agreements (including the authority to effect any lease variations/surrender and any associated documents if appropriate) that are necessary to deliver the West Midlands Investment Zone.

- 6) Authorise the Council to add to the 5 Year Capital and/or Revenue Programme (as appropriate) any West Midlands Investment Zone funding received by the Council up to a maximum of £35m.

Council is recommended to:

- 1) Approve acceptance of up to £35m in West Midlands Investment Zone (WMIZ) funding, noting that initially £23m will be available for infrastructure provision on the Coventry Airport site.
- 2) Grant delegated authority to the Director of Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance, and Cabinet Member for Jobs, Regeneration and Climate Change, to:
 - a) Undertake all necessary due diligence in relation to acceptance of the WMIZ funding allocation and conditions.
 - b) Continue to negotiate on all the matters associated with this report and to take such action as is deemed necessary, incidental or ancillary to or in consequence of bringing into effect the recommendations contained in this report, including but not limited to entering into any associated legal agreements (including the authority to effect any lease variations/surrender and any associated documents if appropriate) that are necessary to deliver the West Midlands Investment Zone.
- 3) Authorise the Council to add to the 5 Year Capital and/or Revenue Programme (as appropriate) any West Midlands Investment Zone funding received by the Council.

List of Appendices included:

The following appendices are attached to the report:

Appendix 1 – Map of Investment Zone Sites

Appendix 2 – Investment Zone Joint Committee (IZ Board) – Terms of Reference

Appendix 3 – Equalities Impact Assessment

Background papers:

None

Other useful documents

UK Government Investment Zones Policy Prospectus:

<https://www.gov.uk/government/publications/investment-zones/investment-zones-policy-prospectus>

Coventry City Council Cabinet Report, 23 Feb 2021: [Entering into a Joint Venture Arrangement to Promote a Strategic Land Opportunity](#)

Warwick District Council Cabinet Report, 15 November 2023: [Participation in the West Midlands Investment Zone](#)

Has it or will it be considered by Scrutiny?

No

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 19th March 2024

Report title: West Midlands Investment Zone

1. Context (or background)

- 1.1 In March 2023, the UK published an Investment Zones Policy Prospectus, which invited the 8 mayoral combined authority areas in England, including the West Midlands Combined Authority (WMCA) to submit proposals for Investment Zones (IZ) in their areas. Within IZs, underdeveloped sites can be designated to provide new occupiers with tax incentives such as relief from business rates, national insurance contributions and stamp duty. The policy also offers the ability to designate sites for local retention of business rates growth for reinvestment into activities to develop a selected industrial sector. Finally, government announced that £80m, later increased in £160m in flexible capital and revenue funding would be made available for each IZ to support development of sites and the sectors they serve. Since March 2023, WMCA officers have worked with CCC and other local authorities to develop proposals for a West Midlands Investment Zone (WMIZ). This report summarises the benefits to Coventry of participation in the WMIZ.
- 1.2 The WMIZ proposal is being “co-developed” between government, WMCA and local authorities including Coventry. The work is being completed in stages, working towards having all the necessary details agreed and arrangements in place for the WMIZ to be established at the start of the 2024/25 financial year. The funding and other benefits available through the zone will then be available for ten years, recently increased from five in the original announcement.
- 1.3 The first of these stages was to select a sectoral focus for WMIZ from a list of five priority sectors set out in the IZ Policy Prospectus. These are Digital and Tech, Green Industries, Life Sciences, Advanced Manufacturing and Creative Industries. Given the West Midlands regional strength in advanced manufacturing, this was selected as the sectoral focus for WMIZ. This is an excellent fit with Coventry’s ambitions to secure a major automotive battery manufacturer and associated supply chain on the site of Coventry Airport and build on the city’s world class automotive specialism. The WMIZ submission also talks about the importance of the interface between advanced manufacturing and other priority sectors such as digital, green industries and life sciences.
- 1.4 The next stage was to select a set of sites which could most effectively use the tax incentives and the ability to retain and reinvest business rate in order to develop the West Midlands advanced manufacturing sector. Three sites were selected and put forward to government, a main “hub” site and two smaller “spoke” sites.
 - 1.4.1 **Coventry & Warwick Gigapark.** This is the hub site and the largest in the WMIZ, totalling 241.4Ha. The overall gigapark is made up of four individual sites. One of these, Whitley East is in Coventry, and further detail about that site is included in section 1.19 onwards. The remaining sites: Coventry Airport, Whitley South and Segro Park are all in Warwick District. A map of the Gigapark sites is included at Appendix 1. Both tax incentives and business rates have been requested for these sites, with the exception of the southern section of Segro Park which is already developed in the most part and is therefore not eligible for tax incentives.

- 1.4.2 **Birmingham Knowledge Quarter.** This is WMIZ's second tax incentives and business rates retention site and will run North East from Aston University through Duddleston and Nechells to Aston. The 55ha site has the potential to create more than 8,600 new jobs, and core to the proposals will be for universities, other public bodies and the private sectors to work together to stimulate R&D and innovation in digital applications that will service a wide range of sectors, notably Advanced Manufacturing. A new £70m investment from Bruntwood SciTech and Woodbourne Group has been announced as the anchor investment for this site.
- 1.4.3 **Wolverhampton Green Innovation Corridor.** This will connect the University of Wolverhampton Springfield Campus to the East of the city centre with University of Wolverhampton Science Park, and will stimulate the growth of new green industries and skills, many of which will feed into Advanced Manufacturing supply chains and processes. Through a Local Authority – University partnership approach, this 3.74ha site has the potential to create over 400 new jobs through the Investment Zone, which is expected to entail infrastructure investments through the capital funding allocation to accelerate development on the site.
- 1.5 The following tax incentives will be available on designated sites:
- 1.5.1 **Stamp Duty Land Tax (SDLT):** a full SDLT relief for land and buildings bought for commercial use or development for commercial purposes
- 1.5.2 **Business Rates:** 100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in Investment Zone tax sites.
- 1.5.3 **Enhanced Capital Allowance:** 100% first year allowance for companies' qualifying expenditure on plant and machinery assets for use in tax sites.
- 1.5.4 **Enhanced Structures and Buildings Allowance:** accelerated relief to allow businesses to reduce their taxable profits by 10% of the cost of qualifying non-residential investment per year, relieving 100% of their cost of structures and buildings over 10 years.
- 1.5.5 **Employer National Insurance Contributions relief:** zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £25,000 per year, with Employer NICs being charged at the usual rate above this level. This relief can be applied for 36 months per employee.
- 1.6 Sites which are selected for business rates retention will allow 100% retention of business rates growth above an agreed baseline for 25 years. Collection of rates will remain the responsibility of the collecting authority for use in a reinvestment strategy designed to encourage economic growth in the West Midlands, particularly in the target sector, advanced manufacturing.
- 1.7 Importantly, WMCA has agreed a "no detriment" position with LAs involved in WMIZ business rates retention as follows: "The allocation of retained business rates to be allocated by the WMCA through the established governance arrangements will be

subject to a robust investment plan to be developed and approved by the IZ governance body. There will be a requirement within the investment plan that, over an agreed accounting cycle (not greater than 5-years), sufficient investment will be in projects in those authorities who would otherwise be benefitting from alternative business rate regimes, to ensure that they are no worse off than if they had not agreed to participate in the WM Investment Zone. This will also reflect agreement between WMCA and Government that up until the point of a reset of business rates baselines, Government will allow relaxation of spending requirements within the Investment Zone business rates retention site to allow those rates retained to be invested in local growth.”

- 1.8 This will mean that Coventry, Warwick District or any other LA involved in WMIZ should not be worse off as a result of involvement in WMIZ. However, it will be necessary to ensure that the investment plan developed for the WMIZ is acceptable to CCC and that sufficient protections are built in to achieve the position outlined above. This investment plan will be agreed by the WM Investment Zone Joint Committee / Board on which CCC will be represented. Further detail is included in section 1.23.
- 1.9 A total of £160m in capital and revenue funding is available from government to support the WMIZ. This was increased from the original allocation of £80m in the November 2023 Autumn Budget Statement. Capital funding of £39m is currently earmarked for physical development of the three sites, including £23m for highways and associated works which will accelerate the development of the Coventry Airport site and prepare it for occupation by a battery manufacturer. The nature and detail of these infrastructure works will be agreed between CCC and its Joint Venture Partner, Coventry Airport Ltd.
- 1.10 It should be noted that the allocation of capital funding so far has been based on the original £80m budget; it is possible that additional capital or revenue grant will be available for Coventry and Warwickshire sites, or for other capital / revenue projects in the area linked to the overall aims of WMIZ once full details of how and when the additional money will be made available are confirmed. This report seeks authority to accept up to £35m in total in the event that further IZ funding becomes available, and grant conditions are acceptable.
- 1.11 Revenue funding is currently proposed for use in the following activities. Again, it should be noted that these allocations are based on the original £80m allocation, and further work will be required once details of the increased £160m budget are confirmed.
 - 1.11.1 **Inward Investment.** £2m. Additional regional and local capacity for attracting inward investment into WMIZ sites and the advanced manufacturing sector.
 - 1.11.2 **Supply chain development.** £5m. Programme of targeted support to enable West Midlands businesses to pivot, diversify and service the new occupiers at the Investment Zone core sites across the region, as well as service growing global market opportunities. This will safeguard and increase the competitiveness of West Midlands businesses in target sectors and support the safeguarding and creation of jobs.
 - 1.11.3 **RD&I Grants.** £5m. Programme of grants to complement the supply chain programme to enable businesses to accelerate product and service innovations

that will enable them to service expanding global markets in the target advanced manufacturing sectors, which will expand their competitiveness.

1.11.4 Equity Investment Top Up. £2m. This will expand the availability of equity finance as a further option for accelerating investment in those businesses operating in Advanced Manufacturing sectors in the West Midlands, or new firms investing in the region in these sectors, that present the potential to grow or scale rapidly.

1.11.5 Skills Programmes. £5m. This will focus on the delivery of Level 4/5 provision to equip the region's workforce with the high level skills required to fill the new good quality jobs that will emerge at the Investment Zones priority sites and in the wider Advanced Manufacturing cluster as businesses grow. The provision will also include entry and intermediate skills levels, reflecting the diversity of vacancies that are expected to emerge, and will consist of both short courses/bootcamps and longer courses, tailored to the needs of investors.

1.11.6 Regional Delivery and Matching. £7m. Funding to service the management and co-ordination of delivery of Investment Zone activities. The fund will cover project management and co-ordination resource both region-wide and specific to the priority sites, and will cover additional Planning, Highways and Environment capacity across various parts of the region, as well as funds to undertake master planning and Feasibility Studies, to help accelerate the development of priority sites.

1.12 The remaining funding is the estimated value of tax incentives. The WMIZ budget can therefore be summarised as follows:

Flexible Spend: Capital Funding for WMIZ sites <ul style="list-style-type: none"> • Coventry-Warwick Gigapark £23m • Birmingham Knowledge Quarter £9m • Wolverhampton Green Innovation Corridor £7m 	£39m
Flexible Spend: Revenue Activities <ul style="list-style-type: none"> • Inward Investment £2m • RD&I Grants £5m • Supply chains £5m • Level 4/5 skills support £5m • Regional Delivery and Matching £7m • Equity Investment Top Up £2m 	£26m
Tax Incentives	£15m
Additional funding announced in 2023 Autumn Statement for the period 2029-2034	£80m
Total	£160m

1.13 Government is yet to release details regarding the way in which in the additional funding will be allocated, or conditions that may be attached. However, it is safe to assume the funding is likely to be made available in the second half of the ten-year period during which Investment Zone funding will be available, and that established principles such as a 60% capital 40% revenue split for flexible spend activities will continue to apply. It

is also reasonable to assume approximately an additional £15m will be directed towards tax incentives, leaving an additional £65m split between capital and revenue activities.

- 1.14 Each WMIZ site must have a “delivery vehicle”. In the case of the Coventry Airport site this is well established; CCC formed a joint venture (JV) with Coventry Airport Ltd (CAL) in 2021 to secure planning permission for a battery gigafactory on the site. The JV will form the delivery vehicle for the capital works on the site funded by WMIZ. CCC will be the accountable body for the WMIZ funding, approval for which is sought to add to the CCC capital programme. The implementation of the infrastructure works to the Coventry Airport site may require variations to the existing Joint Venture Agreement and associated legal documents under which CAL hold the Airport.
- 1.15 For the other Coventry and Warwickshire IZ sites, the delivery vehicle would be a partnership between CCC, WDC, WCC and the developers or landowners of each site.
- 1.16 Of the four Coventry and Warwickshire IZ sites, three are in Warwick District (Coventry Airport, Whitley South and Segro Park). WDC’s Cabinet approved in principle inclusion of these sites in the WMIZ in November 2023 and are due to take a further decision in March 2024.
- 1.17 The section of the IZ within the Coventry boundary, called Whitley East on the map at Appendix 1 to the report consists of land allocated for employment uses in the current Coventry Local Plan.
- 1.18 This includes two sites eligible for both retention of new business rates, and tax reliefs on new development:
 - Land which Meadow Park School (part of Finham Park Multi Academy Trust) has freehold over.
 - Land which King Henry VIII School has leasehold over.
- 1.19 A further site would be eligible business rates retention only:
 - The site of Baginton Fields school.
- 1.20 Inclusion in the IZ does not force and freeholder or leaseholder to do anything against their wishes. The IZ may serve to make sites more attractive for development in future, but this would not force any party involved to sell its land or surrender its leasehold unless it chose to do so on terms which it found favourable.
- 1.21 With regards to Baginton Fields School, whilst CCC would have the ability to retain business rates in the event of new development on the site during the next 25 years, this does not create a commitment for CCC to redevelop the site and will not affect plans for provision of additional specialist secondary school places on the site.
- 1.22 Baginton Fields Nature Reserve has been excluded from the IZ.
- 1.23 Subject to approval of this report, it is proposed that CCC will enter into a memorandum of understanding (MOU) regarding the collection of business rates at the Whitley East site. The MOU will set out the intention for CCC to collect business rates for the site, which would then be reinvested in line with an Investment Plan and approved by the

WMIZ Board and WMCA Board. As set out in the governance section above, the MOU sets out that WMCA will work to ensure as far as possible that the area is no worse off than it would have been had it not agreed to participate in the WMIZ. The MOU is not legally binding. Further comment is included in the financial implications section of this report.

Proposed Governance Arrangement

- 1.24 As Warwick District Council (WDC) is currently neither a Constituent nor Non-Constituent Authority of WMCA, it cannot be granted voting rights on any of the WMCA's existing boards or committees. However, as the Billing Authority collecting business rates and implications for allocation of surplus business rates, WDC (and WCC as beneficiary of WDC rates collected) expect to have full voting rights on any Investment Zone decision-making body. As such, the proposal is to establish a new Investment Zone Joint Committee as part of both the WMCA Governance arrangements as accountable body, with delegated authority from the WMCA Board to make all decisions in relation to the Investment Zone up to a financial threshold to be set by WMCA Board as the Investment Zone's accountable body.
- 1.25 The new Investment Zone Joint Committee (IZ Board) would have a remit for taking decisions only in relation to Investment Zone matters. Decisions of the Joint Committee would be reported to the WMCA Board in the same way as the decisions of its Investment Board.
- 1.26 It is proposed that the Joint Committee (IZ Board) would be chaired by the Mayor of the West Midlands. It would include members nominated by each of the Authorities whose area is affected by the Investment Zone, including both WDC and WCC whose members would have full voting rights on the Board. All WMCA Constituent Authorities would be entitled to nominate members. Universities that have signed up to Investment Zone Sites will be non-voting members of the Board. In January, full Council approved the Cabinet Member for Jobs, Regeneration and Climate Change as Coventry's representative on the WMIZ Board. The proposed membership of the Board is set out in the Terms of Reference at Appendix 2 of the report.
- 1.27 In addition, a local Coventry and Warwick Investment Zone officer group has been established which will:
 - Advise CW representatives on the WM IZ Board on how to best represent the interests of CW and CW IZ sites, for example on plans for reinvestment of retained business rates, and the strategic direction of WMIZ as a whole.
 - Work together to attract the right occupiers to CW IZ sites and making sure regional resources (WMGC etc.) are aligned.
- 1.28 Membership of the group will be made up of LA officers and University representatives, and individual LAs will be responsible for briefing their elected members, ensuring a common approach to WMIZ Board.

2. Options considered and recommended proposal

2.1 The following options were considered with regards to CCC's involvement in WMIZ.

2.2 **Option 1. No Coventry and Warwickshire sites in WMIZ (Do nothing).** It would be possible for Coventry to access some of the wider benefits of WMIZ such as the skills and supply chain programmes without including any sites in the area in the business rates retention or tax incentives. Because these schemes are open to the whole West Midlands region, these schemes would be open to Coventry businesses even if CCC chose not to participate in development of the WMIZ proposals (effectively a "Do Nothing" option.). This option was discounted because the availability of government backed incentive packages including tax relief has been a crucial decision-making factor for battery manufacturers investing in European sites. If the Council chose not to include the Coventry Airport site in WMIZ, the lack of tax incentives would be a significant disadvantage in securing investment in the site, and CCC and partners would also be turning down the opportunity to use these incentives to attract investment to the neighbouring sites. It would also mean that the reinvestment of business rates would not be available on these sites. This option is not recommended.

2.3 **Option 2. Inclusion of Coventry-Warwick Gigapark site in WMIZ.** The recommended option is for the Coventry-Warwick Gigapark site, including Whitley East to be included in the WMIZ. This will grant access to tax incentives, business rates retention and re-investment and direct capital funding for these sites.

3. Results of consultation undertaken

3.1 Individual planning applications for each of the sites included in the WMIZ have been subject to consultation through the statutory planning process overseen by the relevant Local Planning Authority which for Whitley South, Coventry Airport and Segro Park is Warwick District Council. In Coventry, Whitley East's allocation as employment land was subject to public consultation through the Local Plan process. In development of the WMIZ proposals, WMCA has consulted regularly with its constituent LAs through regular working groups and through bi-lateral meetings with individual LAs and their local partners notably the Universities. The feedback from these sessions has been used to develop and shape WMCA's submissions to government for each phase of the "co-development" process for WMIZ.

4. Timetable for implementing this decision

4.1 WMIZ funding and tax incentives will become available from 1st April 2024 onwards for a period of 10 years. Subject to approval, CCC and the other WM LAs with WMIZ sites earmarked for business rates retention will enter into the MOU to allow government to designate the sites for rates retention by legislation which will come into effect at the start of the 2024/25 financial year. Subject to confirmation and contracting of WMIZ funding to CCC, capital works on the Coventry Airport sites are could commence in 2025.

5. Comments from Director of Finance & Resources and Director of Law and Governance

5.1 Financial Implications

5.1.1 WMIZ Grant Funding

The total costs of delivering the initial phase of the physical development works associated with the Coventry Airport site are anticipated to be in the region of £23m. This report seeks acceptance of funding to deliver the first phase plus potentially the second phase of the project.

A total of £160m in capital and revenue funding is available from government to support the WMIZ. Of this £160m, capital funding of £39m is currently earmarked for physical development of the three sites. This includes £23m for phase one of the highways and associated works at the Coventry Airport site. It is estimated that these works amount to £23m and are carried out by CCC and will therefore be wholly funded by this WMIZ funding. This report proposes that this grant is accepted provided that the final terms are acceptable to the Council.

In addition to the £39m capital funding above, there is £26m earmarked for revenue spend and £15m for tax incentives, plus an additional £80m that has been allocated to the WMIZ. It has not yet been determined how these amounts are to be allocated across the three sites. This report seeks approval to accept further amounts of up to an additional £12m of this funding in anticipation that additional funds are allocated to the Coventry Airport site to support the delivery of the investment zone. This £12m could include both Capital and Revenue funding. The revenue funding would support activities outlined in section 1.12 of this report, whilst the Capital funding would continue to deliver infrastructure works associated with the Coventry Airport site. Note that this report seeks approval to accept only WMIZ funding.

5.1.2 Memorandum of understanding & Business Rate Retention

The MOU will set out the intention for CCC to collect business rates for the Whitely East site, which would then be reinvested in line with an Investment Plan and approved by the WMIZ Board and WMCA Board.

In order to reinvest the business rates it is necessary for collecting authorities to ringfence all new business rates within the WMIZ for reinvestment. The business rates currently collected by CCC within the proposed WMIZ are limited to the rates associated with the Whitely East site. In 2022/23 these amounted to £1,043 per annum after deduction of rates relief.

Similarly, business rates that are currently collected by Warwick District Council for the Whitley South, Coventry Airport and Segro Park sites in excess of an agreed baseline would become available for ringfencing and reinvestment into the site, net of any debt servicing requirement.

Depending on the speed with which IZ sites are developed, and the amount of new floor space completed, initial modelling shows that hundreds of millions of additional business rates could potentially be generated over a 25-year period.

5.1.3 Wider investment programme

The IZ grant funding availability for some IZ sites/projects may be sufficient to deliver the necessary infrastructure to bring sites forward for investment. Where this is not the case, investment may be required from other sources including further government funding, private sector investment and potentially WMCA/local authority gap funding.

Whilst an initial investment of £23m (funded from the WMCA IZ budget) has been identified for the Coventry & Warwick Gigapark, the wider medium term investment programme is still in development, both in terms of spending requirements, and what any funding solution might be.

Very high-level estimates indicate that this medium term view could require significant investment over the next 10 years, however much work is required to establish this in greater detail. The £23m for which approval is sought in the report for the Gigapark is considered sufficient for the next 3-4 years.

5.1.4 WMCA/Local Authority funding

There is currently no expectation that any borrowing will be required for either the Coventry & Warwick Gigapark, or the other 'spoke' IZ sites. However, as sites develop, and opportunities arise, this is a possibility. In the event that a local investment is required, there may be an option for individual authorities to invest, but the default is that this would be carried out at a regional level by the WMCA on behalf of its members. Any investment required would need to demonstrate a sound business case whereby the financial benefits of additional business rates are more than sufficient to service any debt incurred. As a full member of the IZ joint committee and WMCA Board, and one of the 7 Met Councils underwriting the WM Combined Authority, Coventry and the other Mets through officer (Finance Director) due diligence and member voting (for which unanimity would be required) would be in a position to approve (or reject) any such investment.

5.2 Legal Implications

The decision set out in this report is made pursuant to the general power of competence contained in Section 1 of the Localism Act 2011.

The Business Rate Retention proposals and the governance will be the subject of further discussions between the partners and Legal and Procurement Services will support the service areas to ensure that the Council's position is adequately protected.

6. Other implications

6.1 How will this contribute to the One Coventry Plan?

(<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>)

The WMIZ proposals will contribute to the One Coventry Plan's ambition of improving the economic prosperity of the city and region by creating jobs in the advanced manufacturing sector. Tax incentives will make the sites included in the zone highly attractive to companies seeking locations for expansion or establishment of new ventures. The ability to retain business rates and re-invest it into projects which further develop the sector will ensure that more of the benefits of this work stay in the city and the region. In addition, the regional supply chain, grant programme and skills programme will provide new opportunities for Coventry residents and businesses in this sector which is crucially important to the local economy.

6.2 How is risk being managed?

A comprehensive Investment and Delivery Plan is being developed for the WMIZ, and CCC will be responsible for the section of the plan related to the Coventry and Warwick sites in the zone. This plan will be developed using the information submitted to government as part of the comprehensive approval process for investment zones which has been underway since June 2023. This includes setting out the approach to programme and risk management for the Coventry and Warwick sites, and a risk register covering the delivery of the capital project on the Coventry Airport site. CCC will be responsible for working with the JV to manage and mitigate these risks and report them both to the WMIZ Board and internally to the Council's Capital Programme Board. It is not anticipated that any of these risks will need to be reported on the Council's Corporate Risk Register, but this will be monitored over the lifetime of the project and WMIZ activities.

Coventry will through the proposed governance arrangements for the IZ will be in a position to approve or reject the investment programme proposals as they come forward.

6.3 What is the impact on the organisation?

Successful implementation of CCC's involvement in WMIZ will likely require additional capacity in terms of managing a large grant funded capital project, and the investment promotion associated with securing investors on the various investment zone sites. However, it should be noted that capacity fund for delivery is included in the overall WMIZ budget which CCC will be able to access in order to provide extra resource for these purposes.

6.4 Equalities / EIA?

An equalities impact assessment has been prepared for the proposed Investment Zone and Gigafactory development at Coventry Airport which is appended to this report (Appendix 3 refers). No negative equalities impact is expected as a result of this proposal. As the work on the remaining Investment Zone sites progresses, it will be necessary to undertake further EIA work in support of new planning applications etc.

6.5 Implications for (or impact on) climate change and the environment?

Development of a Gigafactory and its associated supply chain across the WMIZ sites would help to create the conditions for the increased take-up of low emission vehicles, particularly as the UK Government works towards ceasing the sale of new petrol and diesel vehicles by 2035. This would play an important role in reducing greenhouse gas emissions and will be an important contribution to the One Coventry Plan's aim to tackle the causes and consequences of climate change, and the West Midlands Combined Authority's aim for the region to be net zero by 2041. The supply chain and R&D grants programmes will also encourage investment from West Midlands business in low carbon technologies.

6.6 Implications for partner organisations?

Three of the four investment zone sites are in Warwick District and their development will therefore be subject to approval of Warwick District Council (WDC) as Local Planning Authority and by Warwickshire County Council as Highways Authority. Development of the Coventry Airport site in particular is likely to require considerable planning capacity and it may be possible to provide additional resource from the revenue funding available as part of the WMIZ budget. WDC is also the authority responsible for collection of business rates on these sites and will therefore need to sign an MOU with WMCA, and negotiations around the "no detriment" position for WDC are currently underway. There may also be opportunities for Coventry University and the University of Warwick to deliver elements of the regional skills / supply chain / grant programmes that are proposed using WMIZ funds, and this would be valuable for both universities to further establish their leadership in the Advanced Manufacturing sector in the region.

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Regeneration and Economy

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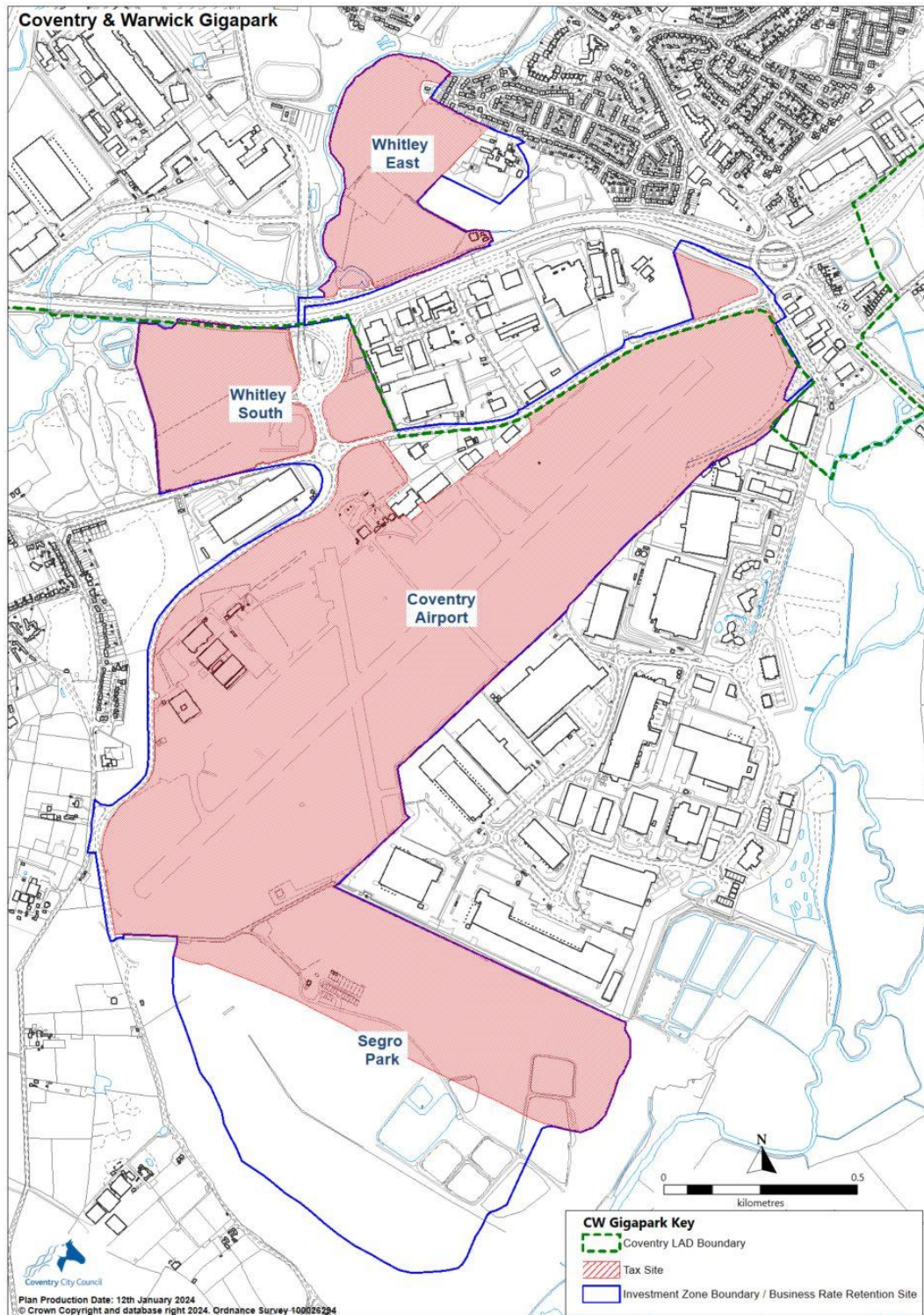
Enquiries should be directed to the above person

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Richard Moon	Director Property Services and Development	-	8 Jan 2024	9 Jan 2024
Michelle Salmon	Governance Services Officer	Law and Governance	15 Feb 2024	15 Jan 2024
Aimee Proctor	Finance Manager	Finance	8 Jan 2024	9 Feb 2024
Names of approvers for submission: (officers and members)				
Phil Helm	Head of Finance	Finance	9 Feb 2024	13 Feb 2024
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	8 Jan 2024	14 Feb 2024
Andy Williams	Director of Regeneration and Economy	-	08 Jan 2024	14 Feb 2024
Councillor J O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	-	15 Feb 2024	19 Feb 2024

This report is published on the council's website: www.coventry.gov.uk/meetings

Appendix 1 - Map of Investment Zone Sites

The designations indicated here are proposed only and are subject to HM Government's decisions on designation and ultimately parliamentary approval. They are published without prejudice to those decisions and must not be interpreted as being confirmed.



Appendix 2: Investment Zone Joint Committee (IZ Board) – Draft Terms of Reference

Governance	WM Investment Zone Joint Committee / WM Investment Zone Board
Purpose	Overall responsibility for developing and delivering the West Midlands Investment Zone and ensuring accountability to Government for its successful and compliant implementation.
Membership	<p>Voting Members: Mayor of the West Midlands One representative from each of the WMCA 7 Constituent Authorities One representative from Warwick District Council One representative from Warwickshire County Council</p> <p>Non-Voting Members: Universities that have signed up to the Investment Zone sites.</p> <p>Observers: Overview and Scrutiny Chair from the WMCA Scrutiny Chair from Warwick District Council (in the event of a Joint Committee) Other stakeholders may be invited to attend as observers when appropriate.</p>
Chair	Mayor of the West Midlands.
	Vice Chair - to be appointed from among Members.
Voting	<p>All voting Members shall have one vote.</p> <p>Matters shall be decided by consensus where possible. Where consensus is not achieved, decisions shall be taken on the basis of a simple majority of the votes cast.</p> <p>The Chair shall not have a second or casting vote and in the event of an equality of votes the motion shall not be passed but shall be deferred to the next meeting.</p>
Quorum	Three voting members of the Committee.
Frequency	Quarterly or more frequently as required on the giving of 5 clear working days' notice.
Location	Meetings will be held at locations agreed by its members.
Timing of Meetings	To be determined.
Type of Meeting	Formal meetings shall be held in public except when exempt or confidential information is being considered and the press and public are excluded in accordance with the Local Government Act 1972 (as amended).
Administration	The meeting will be administered by WMCA and papers will be published on both authorities' websites at least 5 clear working days before the date of the meeting.

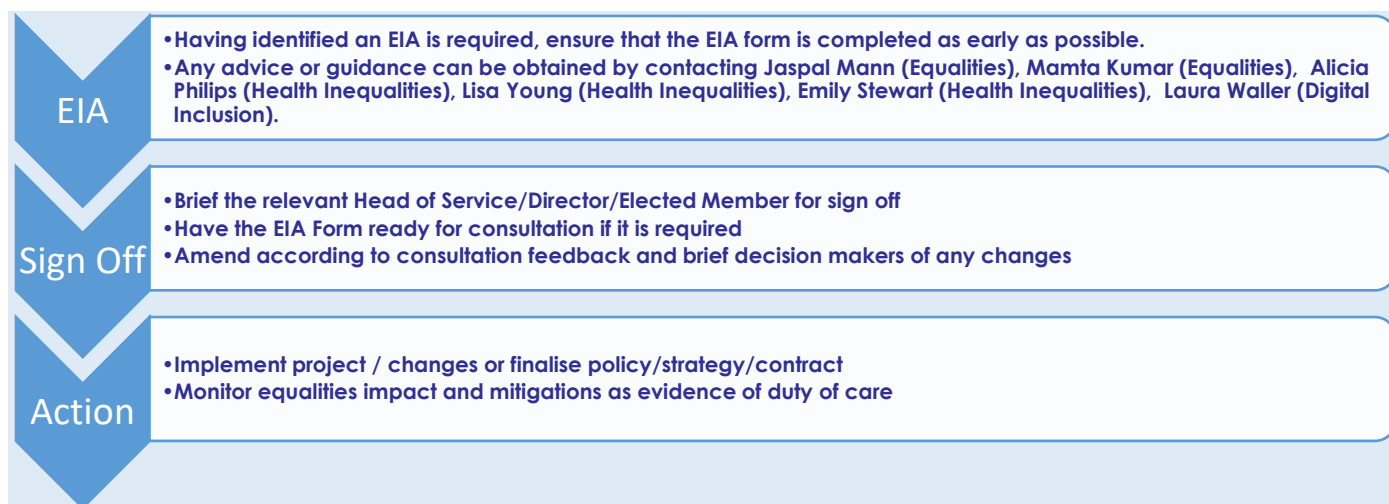
Allowances	None
Responsibilities	<p>The body will be a collaborative entity with the respective authorities working together to implement the WM Investment Zone in line with Government's Investment Zone Policy Prospectus and Technical Guidance. Its functions will include:</p> <ul style="list-style-type: none"> • Overall responsibility for developing and delivering the Investment Zone. • Approval in principle of Investment Zone sites development proposals and interventions. • Oversight of each Investment Zone Site delivery vehicle's performance in implementing the WM Investment Zone. • Ensuring delivery of the identified and agreed outcomes and outputs. • Allocation of Investment Zone resources in line with a developed and agreed Investment Plan. • Determination of the proportions between the tax incentives and spending elements of the £80 million IZ government grant. • Allocation of the tax incentives element of the £80 million grant and of the spending element of the £80 million grant. • Allocation of surplus retained business rates growth generated by the Investment Zone's BRR site, in line with Government's Investment Zone policy. • The allocation of retained business rates to be allocated by the WMCA through the established governance arrangements will be subject to a robust investment plan to be developed and approved by the IZ governance body. There will be a requirement within the investment plan that, over an agreed accounting cycle (not greater than 5-years), sufficient investment will be in projects in those authorities who would otherwise be benefitting from alternative business rate regimes, to ensure that they are no worse off than if they had not agreed to participate in the WM Investment Zone. This will also reflect agreement between WMCA and Government that up until the point of a reset of business rates baselines, Government will allow relaxation of spending requirements within the Investment Zone business rates retention site to allow those rates retained to be invested in local growth. • To ensure that the decisions of the Board do not import any undue risk to the WMCA in financing schemes that result from those decisions.

	<ul style="list-style-type: none"> • Approving reports to Government as part of the WMCA's accountability function.
Delegation	<ol style="list-style-type: none"> 1) Decisions in relation to the allocation of the initial £80 million government grant up to a total value of £80 million and within Government's proportionate allocation framework between the fund's components. 2) All other and subsequent decisions up to a value of £20 million. Decisions above £20million will be required to be taken by the WMCA Board as the accountable body for the Investment Zone. <p>All decisions will need to follow the WMCA's existing assurance frameworks and any introduced through the Deeper Devolution Deal or any subsequent legislative frameworks.</p>
Withdrawal from the Joint Committee	<p>Either Authority may give to the other not less than twelve months' written notice expiring on 31st March in any year of its intention to withdraw from the Joint Committee.</p> <p>Once the Joint Committee ceases to exist, unless that is by way of transitioning into a full Board of WMCA as outlined in 3.13 above, the functions delegated to it will each revert back to the relevant delegating Authority.</p>

EQUALITY IMPACT ASSESSMENT (EIA)



Title of EIA		EIA for WM Gigapark
EIA Author	Name	David Hope
	Position	Business Development Manager
	Date of completion	8th February 2024
Head of Service	Name	Steve Weir
	Position	Head Of Economic Development
Cabinet Member	Name	Cllr Jim O'Boyle
	Portfolio	Jobs and Regeneration and Climate Change



PLEASE REFER TO [EIA GUIDANCE](#) FOR ADVICE ON COMPLETING THIS FORM

SECTION 1 – Context & Background

1.1 Please tick one of the following options:

This EIA is being carried out on:

- ☐ New policy / strategy
- ☐ New service
- ☐ Review of policy / strategy
- ☐ Review of service
- ☐ Commissioning
- ☒ Other project (*please give details*)



1.2 In summary, what is the background to this EIA?

This Equality Impact Assessment (EIA) is for the WM Gigapark, which has been included as both a Tax Incentive and Business Rates Retention site within the West Midlands Investment Zone, and other activities that are planned for the West Midlands Investment Zone that are expected to have a direct impact on the Coventry economy and the city's businesses and residents.

Background Behind Investment Zones

Investment Zones were announced in the Spring 2023 Budget to catalyse the growth of knowledge-intensive growth clusters across the UK, with each cluster will driving the growth of at least one of the UK's key future sectors - green industries, digital technologies, life sciences, creative industries and advanced manufacturing. The ultimate aim is to bring investment into areas which have underperformed economically.

Each Investment Zone is being given an £80m (rising to £160m) public funding envelope over a five-year period, which will consist of two elements:

- *Tax incentives* – a maximum of three underdeveloped sites (up to 600ha of land in total) can provide tax incentives to help attract new investors and accelerate R&D activities within the target clusters. These incentives include Stamp Duty Land Tax (SDLT) for land/buildings bought for commercial use; 100% Business Rates relief on newly occupied business premises or where businesses expand; 100% Enhanced Capital Allowance for businesses investing in plant and machinery assets in their first year; Enhanced Structures and Buildings Allowance over 10 years; and zero rate Employer National Insurance Contributions Relief for any new employee working on the tax site for up to 36 months.
- *Flexible spend* – the remainder of the £80m funding envelope can be directed at other measures that can attract investment and tackle barriers to growth within the clusters. These include Research & Innovation support (including grants and loans); Local Enterprise & Business Support (including tailored sector-specific support for start-ups); Skills & Training programmes; Local Infrastructure delivery (e.g. land remediation); and investment in greater planning capacity.

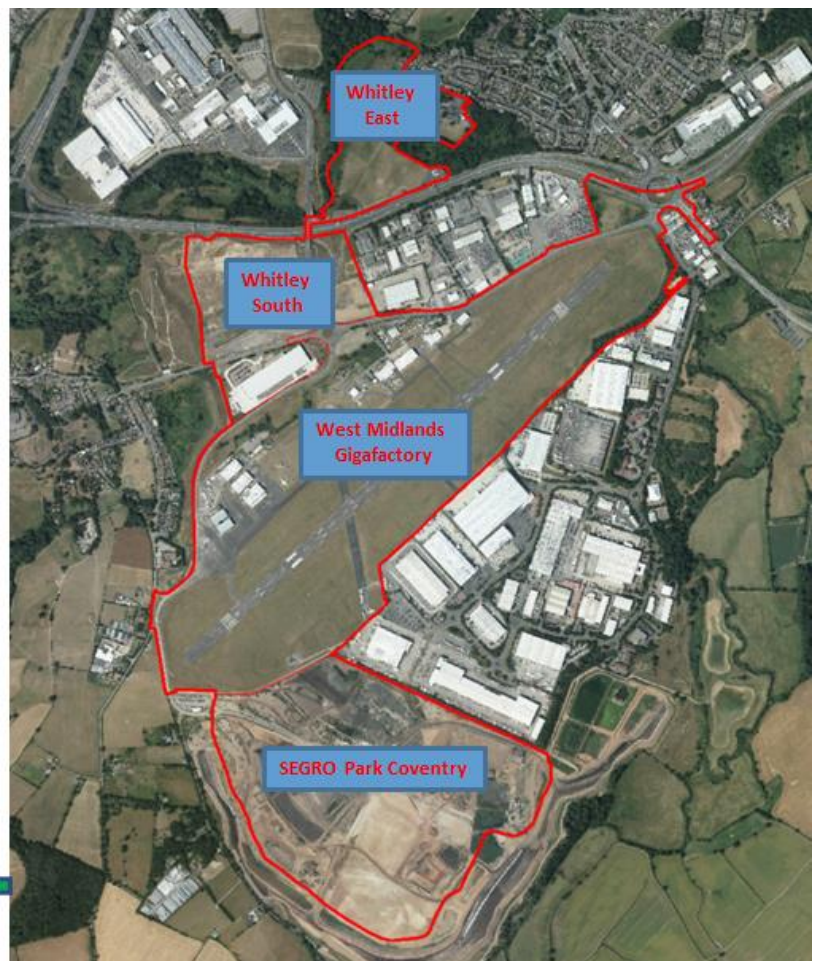
One of the 12 Investment Zones nationally is the West Midlands Combined Authority (WMCA) area (the other 4 will be located in Scotland, Wales and Northern Ireland). The West Midlands Investment Zone has two Tax Incentive and Business Rates Growth Retention sites (the WM Gigapark and Birmingham Innovation Quarter), with Wolverhampton Green Innovation Corridor being awarded significant capital funds to accelerate development works.

Background Behind the WM Gigapark

The WM Gigapark is a 241.4ha site which falls within the Local Authority areas of Coventry and Warwick. The aspirations are (principally through attract new inward investment) to build new commercial (mainly industrial production) and Research & Development (R&D) space (1,027,071 m² of new commercial floorspace in total) that will act as a major catalyst for modernising and growing the West Midlands automotive sector and linked Future Mobility and Advanced Manufacturing sectors.

The developments are expected to lead to the creation of many new good quality jobs – almost 10,000 directly, many thousands of additional indirect jobs, and many more in the region's Advanced Manufacturing supply chain, especially as securing investors/occupants in the WM Gigapark site are then expected to "crowd in" investment to other nearby sites in the Coventry area and the wider West Midlands in linked Advanced Manufacturing activities.

The WM Gigapark will consist of four components (the first three are physically located in Warwick Local Authority area, with Whitley East located in Coventry Local Authority area):



- **Coventry Airport.** This is expected to be the centrepiece of the overall development, given that it has outline planning permission for development of the West Midlands Gigafactory – this would be the UK’s largest battery gigafactory, which would support the transition to sustainable energy through electric vehicles by supplying advanced lithium-ion batteries. At full capacity, the Gigafactory will be able to produce up to 60GWh - enough to power 600,000 electric vehicles per year. The Investment Zone tax incentives are expected to stimulate £2.5bn of private investment (most likely in the form of Foreign Direct Investment), and result in the development of 529,648m² of industrial workspace and 6,000 new jobs, around half of which are expected to be high level jobs and almost half of which will be entry level jobs (including apprenticeships).
- **Whitley South** is currently brownfield empty land adjacent to UK Battery Industrialisation Centre, that has planning permission for commercial and R&D use. This is prime potential R&D space (particularly for Automotive and linked Future Mobility sectors) and development at these sites is expected to result in 46,355m² of R&D workspace, 11,617m² of hotel, 10,411m² of general office, and 2,300m² of retail space, plus the creation of over 750 jobs.
- **Segro Park Coventry** has planning permission for creation of new commercial premises, especially in R&D and supply chain production in electric vehicles and smart mobility. We are expecting development at this site to deliver 239,740m² of warehouse & distribution premises and 104,000m² of general industrial space, plus the creation of around 2,700 new jobs.
- **Whitley East** consists of land allocated for employment uses in the current Coventry Local Plan. Any development on the site would be subject to a future planning approval.

On top of these capital development activities, the West Midlands Investment Zone will deliver a series of region-wide revenue funded programmes that are expected to deliver positive benefits for Coventry and wider West Midlands business in terms of accessing opportunities to grow or diversify their business through new supply opportunities (through being supported by Supply Chain and Innovation and R&D programmes), and for Coventry and wider West Midlands residents to access new employment and training opportunities through Skills Development programmes. The number of residents and businesses that are expected to be engaged in these programmes will be determined once the total amount of funding being made available is finalised.

The £80m of government funding that has been made available for the Investment Zone for the period of 5 years (2024/25 to 2028/29) will cover the value of the tax incentives (likely to be around £15m for the WM Gigapark), capital development activities at the Investment Zone sites across the region (the WM Gigapark is expected to be allocated around £23m of capital funds to deliver site enabling works, opening up site transport access, and connection to power and utilities), with the remaining funding allocated to Investment Zone management and co-ordination and regional revenue funded programmes.



1.3 List organisations and people who are involved in this area of work?

Coventry City Council has been leading on the design of the Investment Zone activities, working together with West Midlands Combined Authority (who have been assigned lead responsibility from government for the Investment Zone), and in close collaboration with Warwick District Council and Warwickshire County Council.

For Coventry Airport specifically, the Council is in a Joint Venture with Rigby Property Group to oversee development and secure investors to the site. The Joint Venture has been in regular contact with West Midlands Combined Authority and relevant government departments (notably Department for Business & Trade) on the status of the pipeline of interested investors.

Coventry City Council and the neighbouring Local Authorities detailed above are also working closely with Coventry University, University of Warwick, the Advanced Manufacturing Catapult (WMG and the Manufacturing Technology Centre), and West Midlands Growth Company, notably in marketing the site to prospective investors and informing design of the regional revenue programmes (Supply Chain Development, Innovation and R&D and Skills Development). We also expect that other key assets within the local innovation ecosystem will become involved in design and delivery of these activities in the future (including MIRA Technology Park and UK Battery Industrialisation Centre, as well as Further Education and relevant training providers, and key Business Representative Bodies (including Coventry & Warwickshire Chamber of Commerce, Make UK, and Society of Motor Manufacturers and Traders).

SECTION 2 – Consideration of Impact

Refer to guidance note for more detailed advice on completing this section.

In order to ensure that we do not discriminate in the way our activities are designed, developed and delivered, we must look at our duty to:

- Eliminate discrimination, harassment, victimisation and any other conflict that is prohibited by the Equality Act 2010
- Advance equality of opportunity between two persons who share a relevant protected characteristic and those who do not
- Foster good relations between persons who share a relevant protected characteristic and those who do not

2.1 Baseline data and information

- Please include an analysis of the equalities data your service holds. This could include surveys, complaints, compliments, management information and customer profiles. *(Please refer to Diversity Guide)*
- Where possible compare your data to local data using



- Facts about Coventry
- Census 2011
- Census 2021
- JSNA

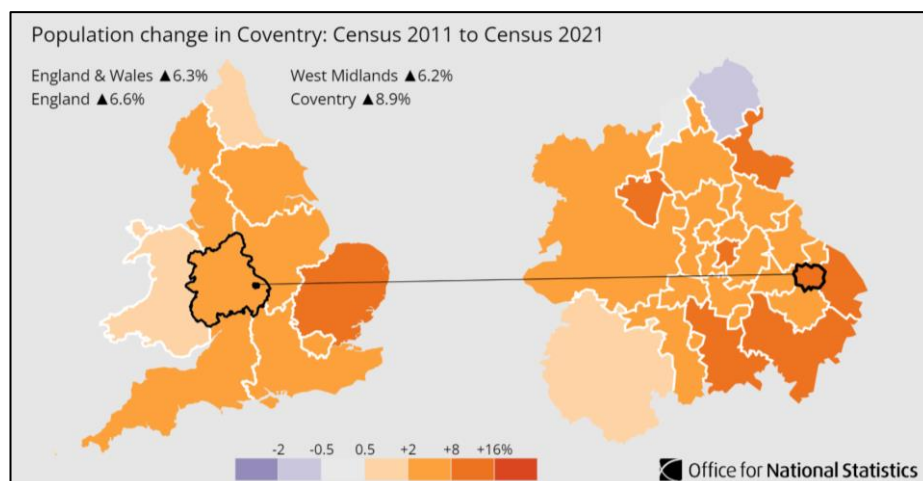
The Automotive sector and wider Advanced Manufacturing has been a key employer across Coventry & Warwickshire and the wider West Midlands for many years. There are over 40,000 jobs in Coventry & Warwickshire in Automotive and linked Advanced Manufacturing sectors, such as Rail, Aerospace and Motorsport. The area has 12 vehicle manufacturing sites and 15 R&D centres.

The wider West Midlands region contains around 430 firms in the automotive supply chain, and one in three British cars are manufactured in the region and the West Midlands is responsible for 40% of British cars exported. The region is home to global brands, including the Headquarters of Jaguar Land Rover, Aston Martin Lagonda, LEVC, plus BMW production and Lotus and Polestar R&D facilities. The region also has access to a large talent pool, with some 32,570 university students studying engineering and technology subjects.

However, the Automotive sector and wider Advanced Manufacturing is undergoing a significant evolution, as the internal combustion engine is expected to be phased out and electrification and electric vehicles grow in importance. The global Electric Vehicle market is projected to grow from \$163.1bn in 2020 to [\\$823.75bn](#) in 2030. This means that Coventry and wider West Midlands businesses operating in the sector will need to diversify and innovate in order to meet these new global supply opportunities and both project and create what are expected to be the “green jobs” of the future. As well as the need for businesses in the sector to diversify, there is also a major need to upskill and retrain the workforce, both to tackle the expected challenge of engineers leaving the sector in future years and to service electrification and these expected new “green jobs” of the future.

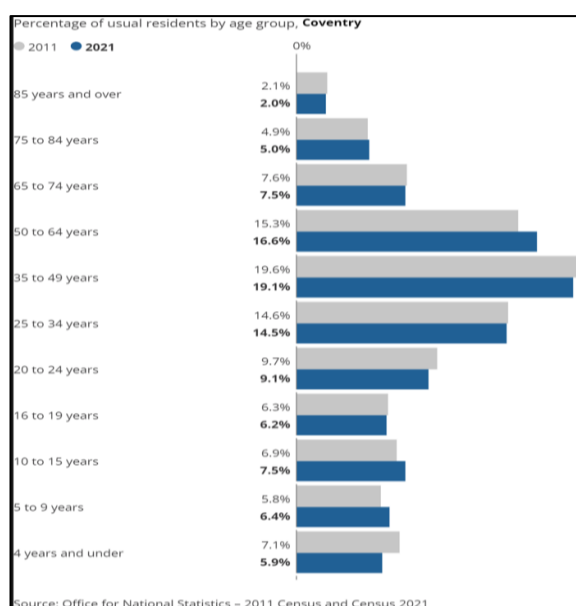
There is a growing local talent pool that could benefit from the new job and training opportunities created through the WM Gigapark and wider Investment Zone. For example, the population of Coventry has increased by 8.9%, from around 317,000 in 2011 to around 345,300 in 2021. Since the last census in 2011 the overall population in Coventry has increased by a greater percentage than the overall population of both the West Midlands (up by 6.2%) and England (up by 6.6%). See Figure 1 below.

Figure 1: Coventry Population Change 2011 to 2021



Between the last two censuses, the median age of Coventry has increased by one year from 34 to 35 years. The number of people aged between 50 to 64 years rose by around 8,800, an increase of 18.2%, while the number of residents aged 4 years and under decreased by around 2,000, which equates to around 9.0%. See figure 2 below. This further emphasises the growth in the local potential talent pool of skilled workers.

Figure 2: Coventry Population Age Breakdown



Coventry and the wider West Midlands is continuing to experience a wide range of economic challenges, and it is clear that large chunks of the local population are not benefiting from the economic growth and job opportunities. For example, Coventry's employment rate (77.2%) is lower than the national average

of 78.8%. However, the city's economic inactivity rate (22.8%) is above the national average of 21.2% and the unemployment rate of 5.4% significantly exceeds the national average of 3.7%.

As Figures 3 and 4 demonstrate, there are ongoing unemployment and youth unemployment challenges that are prevailing across large parts of the West Midlands – notably large parts of Birmingham, the Black Country, North Solihull and North Coventry. Given the scale of expected job creation at the WM Gigapark (almost 10,000 new direct jobs alone), there is scope for the WM Gigapark and wider West Midlands Investment Zone (and associated region-wide revenue funding programmes) to tackle challenges associated with worklessness both in Coventry and across other parts of the West Midlands.

Figure 3: West Midlands Claimant Count by Ward, January 2024

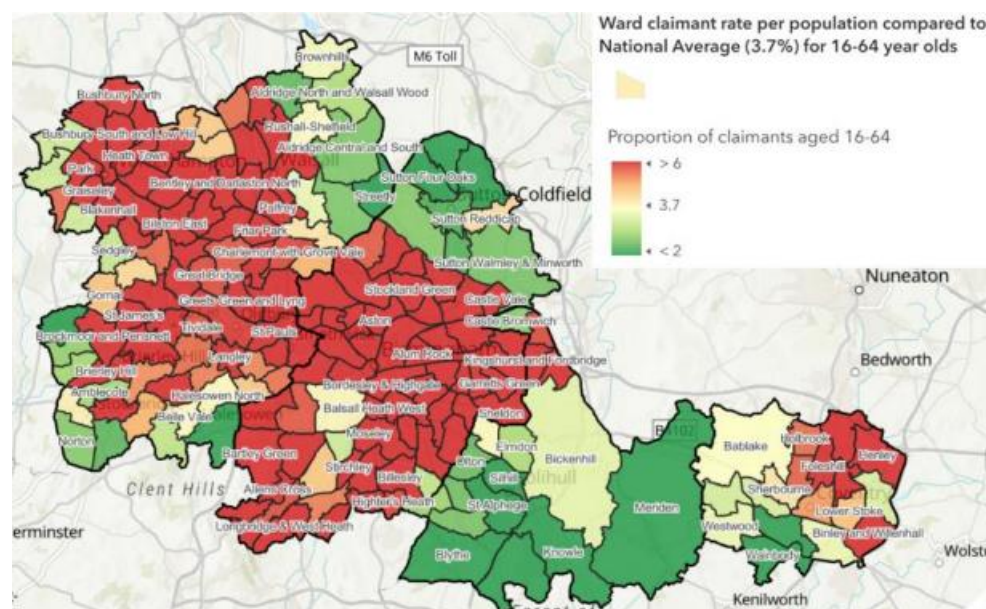
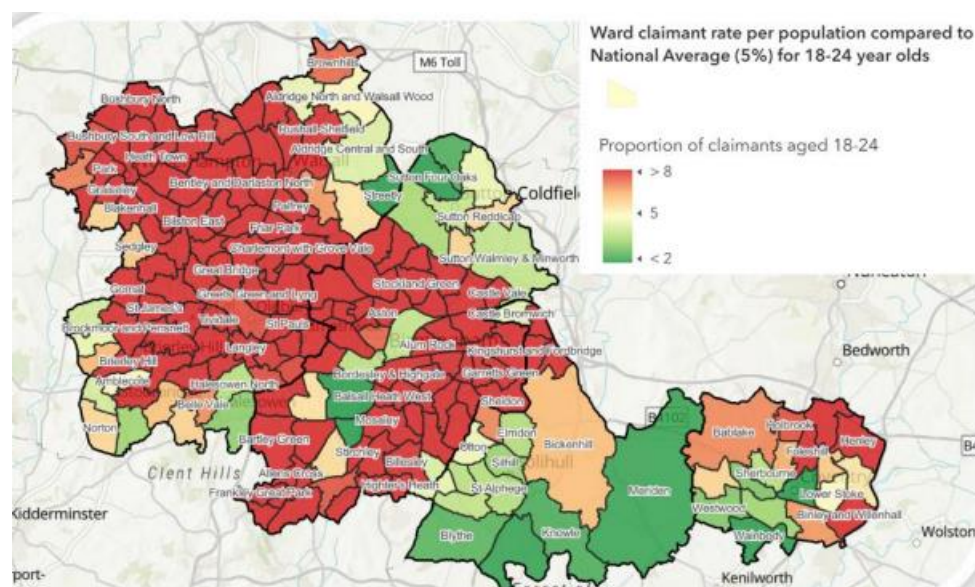


Figure 4: West Midlands Youth Claimant Count by Ward, January 2024



The breakdown of the types of job roles that are expected to be created at the West Midlands Gigafactory alone could possibly create to help address challenges associated with worklessness:

Division	Job Type	Examples of job activities	Qualification level
Production Staff (50%)	Material Handling	Mixing electrochemically active materials, additives and binders to produce electrode material	L2
	Machine Loading	Slitting electrode into smaller pieces for welding	L2
	Machine Unloading	Drying and stacking	L2
	Module Assembly	Tab and laminate	L2
	Pack Assembly	Injections of electrolyte	L2
	Logistics	Formation and charging, modular and pack assembly, inspection	L2/3
Maintenance and Engineering (30%)	Technicians	Service, maintenance and repair of process equipment	L3
	Senior Engineers	Lead engineers and department heads	L7
	Pro-cess/Production Engineers	Problem solving, tool and die, new product introduction, process improvement	L6
	Facility Engineers	Facility management, utilities, building, fire etc	L6
Quality (10%)	Engineers	Process controls, confirmation of part/supply specification, per-formance evaluation, defect analysis	L6
	Practitioners	Process controls, confirmation of part/supply specification. Per-formance evaluation, defect analysis	L4
Other (9%)	IT	Process controls, confirmation of part/supply specification. Per-formance evaluation, defect analysis	L6
	Data Management	Process controls, confirmation of part/supply specification. Per-formance evaluation, defect analysis	L6
Management (1%)	Process Leadership	Achievement of KPIs, conformance to legislation etc	L4
	Engineering Man-agement	Senior management of engineering processes across the organi-sation, innovation, compliance, budget etc	L7

As highlighted 50% are production staff are predominantly on-the-job trained against product quality, cost and delivery criteria and operating environment controls.

Both Coventry University and Warwick University are located within 5 miles of the WM Gigapark and Coventry College is also located within 5 miles. This gives prospective occupants immediate access to highly skilled university of college graduates and who could be trained in the specifics of what is required during their degrees. This, in turn, would vastly improve the retention rate of graduates to the local area which would then benefit Coventry and its economy.

Recent years have also seen a massive upgrade of the A45 / A46 junction next to the WM Gigapark site and both of those roads going in and out of it. There is also an access / link bridge going from the JLR HQ at Whitley to the airport across the A45 and this has been future proofed with a dedicated cycleway to allow green travel for potential employees to access the proposed Gigafactory site. The future aspirations to develop the Very Light Rail route will further help to improve the potential ability of local residents to connect with new employment and training opportunities.

2.2 On the basis of evidence, complete the table below to show what the potential impact is for each of the protected groups.

- Positive impact (P),
- Negative impact (N)
- Both positive and negative impacts (PN)
- No impact (NI)

**Any impact on the Council workforce should be included under question 5.0 – not below*

Protected Characteristic	Impact type P, N, PN, NI	Nature of impact and any mitigations required
Age 0-18	P	We expect a high number of the jobs to be created at the WM Gigapark to be entry level (including apprenticeships), and that through working in partnership with the Employment & Skills Service, we expect young people to fill a significant number of the jobs and training opportunities emerging at the site. There are also potentially positive health benefits for this cohort that could result – for example the regeneration of brownfield sites would create a safer, healthier space.
Age 19-64	P	We expect a high number of the jobs and training opportunities to be created at the WM Gigapark to be at a range of levels that could be taken by individuals that fall within this age cohort, not least through work with the Employment & Skills Service. We also expect a wide range of businesses to grow and diversify as a result of the regional revenue funding programmes, which would protect businesses and both create and safeguard additional jobs, which would have benefits for this cohort. There are also potentially positive health benefits for

EQUALITY IMPACT ASSESSMENT (EIA)



		<p>this cohort that could result from individuals from these groups accessing the new employment and training opportunities. The regeneration of brownfield sites would also lift property prices, and improve the environment and creates a safer, healthier space for this cohort.</p>
Age 65+	P	<p>We expect a high number of the jobs and training opportunities to be created at the WM Gigapark to be at a range of levels that could be taken by individuals that fall within this age cohort, not least through work with the Employment & Skills Service. We also expect a wide range of businesses to grow and diversify as a result of the regional revenue funding programmes, which would protect businesses and both create and safeguard additional jobs, which would have benefits for this cohort. There are also potentially positive health benefits for this cohort that could result from individuals from these groups accessing the new employment and training opportunities. The regeneration of brownfield sites would also lift property prices, and improve the environment and creates a safer, healthier space for this cohort.</p>
Disability	P	<p>Positive impact in that although the activities are not being explicitly directed at disabled people, we expect Coventry residents in this cohort to access job, upskilling and training opportunities as a result of both the direct job creation at the WM Gigapark and wider region revenue funding programmes.</p> <p>We will work with partners to ensure that wraparound services (especially employment and skills) are delivered in a flexible manner to ensure the successful engagement of disabled beneficiaries and ensure that they complete the courses in question and obtain the qualifications. This will include the delivery of more intensive support to those who require it (e.g. those who may require more time to complete grant application forms). It will also include using buildings that have disabled access, especially for one-to-many support. Where appropriate, we will also liaise with the relevant delivery bodies to signpost both businesses and individuals supported through the regional programmes to other specialist support services that are directed at the disabled (e.g. through CCC's Employment & Skills Service and specialist external agencies) – this will include support to help more people with disabilities into work, and to encourage more businesses to be Disability Confident</p> <p>The production of batteries for the electric vehicle industry will also have immediate benefits on the pollution levels which will directly</p>

EQUALITY IMPACT ASSESSMENT (EIA)



		reduce the burden of disease from stroke, heart disease, lung cancer, and both chronic and acute respiratory diseases, including asthma.
Gender reassignment	NI	Activities have not been designed to explicitly target this cohort of people. Although some individuals from this cohort could positively benefit from the support activities and their outcomes, and will work with prospective occupants at the WM Gigapark to ensure that their recruitment and training practices capture and reflect all social groups across Coventry's population, and employment and training support practices will be designed as flexibly as possible, it is difficult to say with certainty the likely scale of impact.
Marriage and Civil Partnership	NI	Activities have not been designed to explicitly target this cohort of people. Although some individuals from this cohort could positively benefit from the support activities and their outcomes, and will work with prospective occupants at the WM Gigapark to ensure that their recruitment and training practices capture and reflect all social groups across Coventry's population, and employment and training support practices will be designed as flexibly as possible, it is difficult to say with certainty the likely scale of impact.
Pregnancy and maternity	NI	Activities have not been designed to explicitly target this cohort of people. Although some individuals from this cohort could positively benefit from the support activities and their outcomes, and will work with prospective occupants at the WM Gigapark to ensure that their recruitment and training practices capture and reflect all social groups across Coventry's population, and employment and training support practices will be designed as flexibly as possible, it is difficult to say with certainty the likely scale of impact.
Race (Including: colour, nationality, citizenship ethnic or national origins)	P	<p>Given the scale of new jobs and training opportunities that are expected to be created through the WM Gigapark, we expect Coventry residents from Minority ethnic groups will not only positively benefit from accessing the new job and training opportunities that will emerge directly from the WM Gigapark – we will seek to signpost prospective occupiers to the CCC Employer Hub to help ensure that their recruitment practices will be accessible to the full range of Coventry's population. We also expect businesses run by Minority Ethnic people to benefit positively from the region-wide revenue funding programmes.</p> <p>We will work in partnership with CCC's Employment & Skills and Migration Services in particular, as well as Community Development, to ensure that these communities are able to benefit directly from new employment and training opportunities that will emerge as impacts. We also have multi-lingual members of staff, and building</p>

EQUALITY IMPACT ASSESSMENT (EIA)



		on practice from the Covid-19 grants, we will use these members of staff to communicate with those businesses and individuals where English is not their first language.
Religion and belief	NI	Activities have not been designed to incorporate explicit targets for different religions and beliefs. We expect people from all religions and beliefs to benefit from the employment and training opportunities that will result from occupants at the WM Gigapark, but it is difficult to break down with certainty the precise scale of impact. We will also work with the prospective investors to ensure the design of the new buildings is as inclusive as possible, which includes (but not limited to) encouraging the installation of prayer rooms for all faiths.
Sex	NI	Activities have not been designed to incorporate explicit targets for males and females. We expect both males and females to benefit from the employment and training opportunities that will result from occupants at the WM Gigapark, but it is difficult to break down with certainty the precise scale of impact. We will also work in partnership with both prospectus occupants and CCC's Employment & Skills Service to maximise awareness of the new employment and training opportunities emerging at the WM Gigapark – and will consider further tailored promotional activities to encourage women to apply for roles and/or training places, given that they are historically under-represented in manufacturing and engineering professions.
Sexual orientation	NI	Activities have not been designed to incorporate explicit targets for people from different types of sexual orientation. We expect individuals of a range of sexual orientation to benefit from the employment and training opportunities that will result from occupants at the WM Gigapark, but it is difficult to break down with certainty the precise scale of impact. We will also work in partnership with both prospectus occupants and CCC's Employment & Skills Service to maximise awareness of the new employment and training opportunities emerging at the WM Gigapark, especially amongst social groups that have traditionally been under-represented in engineering and manufacturing professions.

SECTION 3 – HEALTH INEQUALITIES - See the health inequalities pre EIA guidance sheet for this section.

3	Further information on health inequalities is available on the Intranet
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3.1 Please tell us how the proposal you are submitting this EIA form will reduce health inequalities:

Using the Marmot Principles, the WM Gigapark will deliver the following:

- Enable young people and adults to maximise their capabilities and have control over their lives by being offering apprenticeships to young people and employed opportunities within the GigaPark.
- Support a healthy standard of living, by creating fair employment and good work for all. The Gigapark is expected to create almost 10,000 new jobs, the majority of which will be filled by from the Coventry area and wider West Midlands. By increasing employment locally and having a positive impact on the West Midlands supply chain, there will be directly associated benefits in terms of the economy as well as reducing health inequalities as there are well documented links between high levels of employment and health.
- Create and develop healthy and sustainable places and communities and also pursue environmental sustainability and health equity. For example, once prospective occupants make a firm intention to invest in the site, detailed plans will need to be drawn up, and these will need to consider sustainable transport, ways to generate biodiversity net gain, good internal air quality, the climate change specifications of the buildings (which will be new build), and how nearby residents will be protected from noise and dust pollution – all factors that will be considered in the detailed Planning Applications that will subsequently need to be submitted. The even uses should also help increase the availability of low emission vehicles, which should also have a wider positive impact on the environment locally.

3.2 What information do you have to show you are going to reduce health inequalities:

“Being in good employment is protective of health. Conversely, unemployment contributes to poor health. Getting people into work is therefore of critical importance for reducing health inequalities.” ([Source](#)) Through the monitoring data that will be collated for the Investment Zone, we will track the new jobs created within those businesses occupying the sites and benefiting from the regional revenue funding programmes, and also as much information as possible about the jobs (e.g. salary level and indications of whether local residents are filling the roles).

The work will directly deliver against key objectives within the Coventry Skills Strategy, notably [Strategic Ambition 2: A skills ecosystem which ensures that all, including those most in need, are able to participate in, progress and achieve success](#) as this will reduce inequalities.



As detailed above, ways of improving active travel and sustainable travel to/from the site would also be explored as part of the process for developing the detailed plans for the site and in detailed Planning Applications. It is also something that could potentially be explored through the reinvestment of business rates.

Longer-term, the eventual uses of the site will help to expand the availability of low emission vehicles, through increased production and R&D (eventually making more vehicles available at potentially affordable prices). These will have a positive impact on reducing pollution, which should also have a positive impact on reducing health inequalities.

3.3 Who/which groups of people might face the biggest health inequalities for your work and why:

Low skilled workers (who generally have low incomes, poor literacy and who may live in deprived areas) who have few qualifications within the city are a big group which would be targeted by the arrival of occupiers at the WM Gigapark. We are also conscious that residents from Coventry's most deprived areas are also more adversely affected by health inequalities. One of the main aims of this project is to upskill the local workforce with relevant, up to date skills that will enable them to thrive in the current economic climate. We expect an influx of graduate-level employees due to the nature of the site but the majority of the intended workforce would naturally be expected to be local residents of all ages and levels of skill.

We will also work with CCC's Employment & Skills Service, Community Development and Migration Team to maximise awareness of the new employment and training opportunities emerging from the WM Gigapark, particularly amongst residents from social groups and/or neighbourhoods that have traditionally been under-represented in manufacturing and engineering professions – we will work with both the prospective occupiers and relevant education and training providers to help ensure that recruitment practices and the structure of relevant education and training courses can successfully provide a pathway of positive career progression and an improved standard of living for people from these groups.

We would expect many of the jobs created at the site to pay significantly more than the real living wage, offer strong promotional prospects and modern working conditions. Given the sheer volume of jobs that we expect to be created at the WM Gigapark and also the range of type of jobs that will be created (e.g. many in production, but also a significant number in ICT, design, management, marketing to name a few), it will be essential to create pathways by which those from groups and neighbourhoods traditionally under-represented in Advanced Manufacturing jobs can access the wide range of jobs that will be created. For this reason, CCC's Employment & Skills Service and the Coventry Job Shop and Employer Hub (and their links with local third sector organisations) will need to work closely with prospective applicants to identify their bespoke training requirements,



publicise the different types of jobs and training opportunities that are likely to become available, and to match local residents with these new jobs and training courses.

3.4 What can be done to improve health equity for the groups of people you have identified?

We expect the arrival of an investor capable of funding a Gigafactory to be paying more than minimum wage and that all employees would be paid a competitive rate which would offer medium to long term stability and good working conditions. Indeed, we would expect many jobs to be created at both the WM Gigafactory and wider WM Gigapark to be in skilled occupations paying significantly more than the real living wage.

We would also expect strong training provision and career progression to be offered. The same principles would apply for other production and R&D activities that we are hoping to secure as occupants at the WM Gigapark.

In turn, this would hopefully allow an acceptable work / life balance which has positive effects on the employees and the local communities.

Through the Account Management approach to support businesses through their growth journey, we will also work with deliverers of the regional revenue funding programmes to make businesses aware of “A Fairer Coventry”, where they will be able to access further information on additional measures they could take to reduce health inequalities and the potential benefits for their business of undertaking such actions – these include (but not limited to) investing more in workforce skills, introducing fair working practices, and considering more placement and apprenticeship opportunities.



SECTION 4 - DIGITAL EXCLUSION INEQUALITIES

Please consider the digital exclusion information in the supporting document prior to completing this section.

4.1 Starting point:

Thinking of the main aims of your work area that this EIA is for; does your work area impact digital inequalities or exacerbate? Y/N

- Does your work assume service users have digital access and skills?
- Do outcomes vary across groups, for example digitally excluded people benefit the least compared to those who have digital skills and access?
- Consider what the unintended consequences of your work might be.

Digital exclusion costs the UK £63 billion every year, with digital exclusion considered a key inhibitor to economic growth ([House of Lords, 23](#)). Investment in digital inclusion has been shown to demonstrate a £9.48 ROI for every £1 investment, across a number of factors ([Cebr, 2022](#)). This included estimations of tackling digital exclusion could fill basic digital skills vacancies generating 2.7 billion for UK businesses, in addition to £586 million for increased worker earning.

In this context, digital inclusion needs to be considered as an enabler for successfully realising the intended outcomes of both the WM Gigapark and wider West Midlands Investment Zone – be it from the standpoint of enabling local residents to successfully fill vacancies or delivery of the regional revenue funding supply chain and Innovation/R&D programmes, some of which are likely to support Coventry and wider West Midlands businesses to improve uptake of digital technologies to assist the development of new products, services and/or processes to position themselves to access growing global market opportunities.

There is a digital skills gap in the workforce nationally, with WMCA sitting below the national levels. Digital exclusion and its associated inequalities will mean those who are most marginalised will have poorer access to skills, education and employment, therefore digital inclusion must be considered from outset. Tackling digital skills at the foundation level enables access to higher skill development across the essential digital skills for life and work, which will underpin wider skill sets.

Digital inclusion motivates skill and career development, where people with the highest digital capability are twice as likely as those with very low digital capability to improve their career/skill opportunities. Additionally, 46% of digitally included people use being online to develop their skill/careers ([Lloyds Consumer Digital Index, 22](#)).

The Covid-19 pandemic accelerated the uptake of digital services nationally, whereby people who are digitally enabled have better financial opportunities, can access new information and are better connected to others (Lloyds Consumer Digital Index, 2021). However, for those who are digitally excluded, the digital divide has grown during the last two years, and without intervention people will be left behind with poorer outcomes across employment, health and wellbeing, education and service access.

When considering SME and sole trader development, digital exclusion and lack of digital confidence and infrastructure will disadvantage and inhibit business growth. Four digital skills for competitive business include maintaining web presence, selling online, using cloud-based technologies and digitising back-office functions (DCMS, 2017). Real examples of this inhibiting growth may include SME websites which do not function on smartphones or have access to secure payment, reduced digital marketing and supporting website functionalities, and resource heavy administration, pay roll and CRM software which impacts staff capacities and efficiencies.

This [survey](#) of small businesses nationally highlighted that SMEs are using technologies or web-based software, with 50% using it to manage the business and 23% using it to sell to customers online.

The West Midlands Tech Review of 2023 highlighted that 22% of West Midlands SMEs had low digital capability in 2021, with only Yorkshire and the Humber recording a higher percentage of all English regions. The most common barriers to digital adoption amongst SMEs included insufficient knowledge of appropriate technologies, perceived challenges of retraining staff, concerns of insufficient return on investment, and concerns of threats to cyber security.

There are other barriers that are preventing small businesses from developing their digital skills. These include:

- A lack of confidence at leadership levels that then affects the whole culture of their organisation;
- A perceived lack of time to engage in training;
- Cost, including the perceived need to engage an outside consultant, ongoing maintenance, employing specialist staff, and investing in equipment and staff training;
- Lack of motivation – including a perception that an online presence was not relevant to their business, and a perception that developing digital skills was not important for that business' growth;
- Lack of clarity on the benefits of investing in digital;
- Ability to source the right employees with digital competencies;
- Ability to source appropriate training.

The same report although identifies further barriers amongst specific types of business managers:

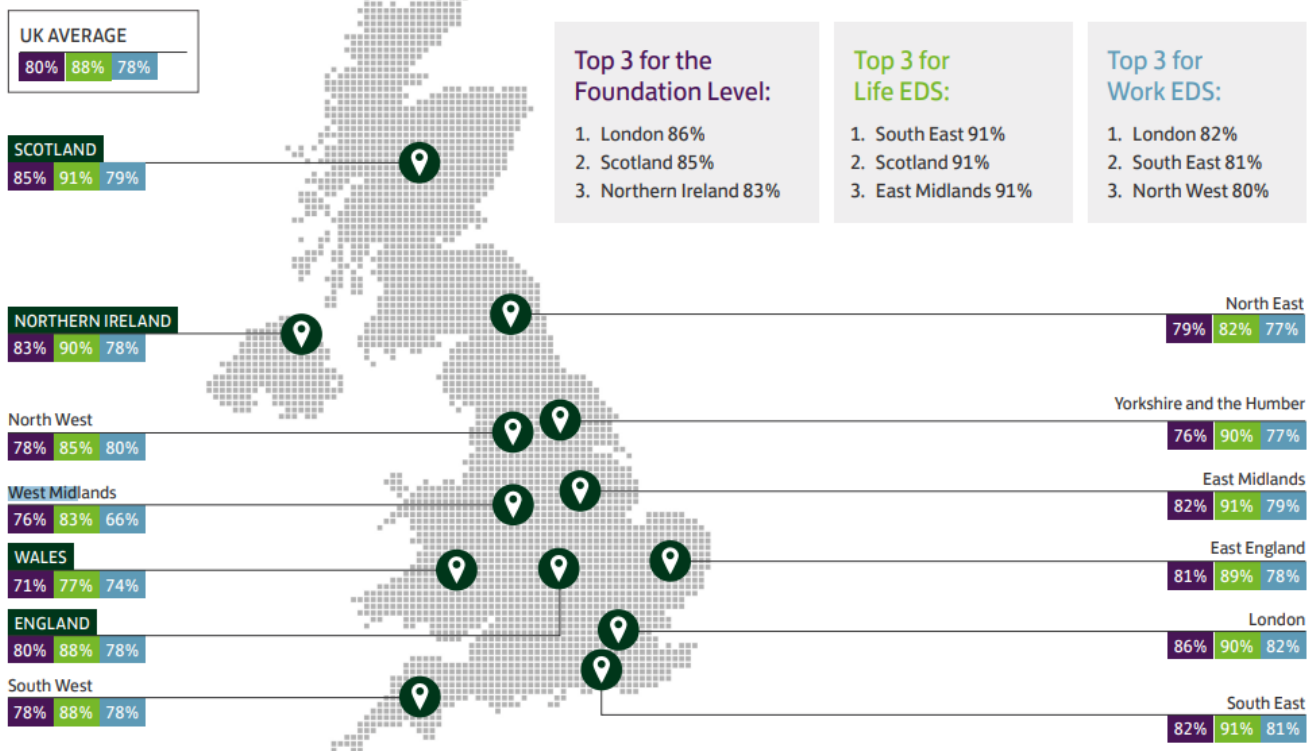
- Women from Minority Ethnic communities may face increased challenges around self-efficacy and autonomy, which affects their confidence in learning digital skills for business;
- Migrant entrepreneurs face specific challenges when a lack of digital skills are layered upon language barriers that hamper understanding of complex regulation and documentation;
- Disabled adults are disproportionately represented among non-users of the internet more generally, and relevant business advice may not be available in appropriate formats, such as Braille or audio;
- Older business owners may be particularly reluctant to develop new digital behaviours.

EQUALITY IMPACT ASSESSMENT (EIA)



Moreover, a national report by Lloyds Bank has highlighted that the West Midlands has the lowest level of foundational digital skills and work based essential digital skills of all English regions.

Key ■ The Foundation Level n=4,099 ■ Life EDS n=4,099 ■ Work EDS n=2,981



National research by the [Good Things Foundation](#) has identified four digital skills that are essential for a competitive business, as detailed below. As a result, increasing the number of businesses with digital capability (particularly in these core areas) and improving the digital skills of the workforce needs to be a high priority for improving the competitiveness of the region's economy.



1 | Core digital activities for business

The government has identified four key digital skills for a competitive business.

- Maintaining a web presence
- Selling online
- Using the cloud
- Digitising 'back office' functions (such as payroll, customer relationship management software, sharing supply chain management information).

Source: DCMS, 2017

It should be noted that digital inclusion cannot just be added to a programme after it starts, and it must be considered from the outset, and positioned as an enabler to allow for meaningful skill development, employability and business growth. Both CCC's Economic Development and Employment & Skills Services will therefore need to work closely with the providers delivering the regional revenue funding programmes (especially Supply Chain, Innovation/R&D and Skills), plus the training providers that will work closely with the future occupants at the WM Gigapark to raise awareness of the importance, relevance and benefits of digitisation and enhancing digital skills. We will also encourage them to attend workshops or 1:1 support more specific to this area. The report highlights the importance of building trust at an early stage of contact with that business, and getting this ongoing relationship right will be important in securing buy-in from the relevant businesses and residents on improved digital adoption. Our expectation is that any future regional Supply Chain, Innovation/R&D and Skills programmes all will most likely have digitisation-focused modules in them.

4.2 Reducing digital exclusion inequalities

Where are the opportunities for your area to reduce digital exclusion inequalities and embed supports/interventions as part of your work?

The breakdown of expected jobs at the WM Gigafactory alone indicates that 9% are likely to be in ICT or Data Management. This is likely to represent over 500 jobs. It is likely that we will need to tackle digital exclusion inequalities if we are to ensure that local residents can successfully fill the new posts emerging at the WM Gigapark. CCC and local/regional partners will therefore need to work with prospective occupants and relevant training providers to ensure that the courses will be structured in appropriate ways that will enable residents to upskill digitally – through CCC's Account Management approach to business support, we will also maintain relationships with occupants at the WM Gigapark to ensure their evolving digital skills requirements and resultant career pathways are being tracked, and that the local employment



and skills support offer is being updated adequately to reflect this. Engagement of the Employment & Skills and Community Development Services, along with the Coventry Connects initiative, and work with relevant third sector organisations active in those neighbourhoods with highest levels of digital exclusion, will also be important if residents with less developed digital skills are to be successfully reached.

As detailed above, to ensure that Coventry and wider West Midlands businesses can access new growing global supply opportunities, we expect both the regional Supply Chain and Innovation/R&D programmes to have digitisation modules delivered as part of them. Through our Account Management approach to business support more generally, we will also raise awareness of and signpost local businesses to established digitisation support programmes for manufacturers, including Made Smarter West Midlands.

We will use established successful marketing methods to raise awareness of all activities linked to the WM Gigapark and wider West Midlands Investment Zone amongst both local businesses and residents, such as CCC's Business e-newsletter, the Green Business Network, partner communications (e.g. CW Chamber of Commerce Newsletters, CW Growth Hub Newsletters), and direct communication from Economic Development Service staff (particularly to businesses staff have supported in the past, such as through EU Structural Fund programmes and Covid-19 support). However, we will adopt a flexible approach and use additional methods (where needed) to engage types of businesses that have historically had lower levels of engagement with publicly funded business support or employment and skill support programmes and from those businesses and residents in Coventry's more deprived neighbourhoods and/or most disadvantaged social groups – this could include (but not limited to) promotion of the support services through the Go CV app, direct outreach through community venues, direct approaches (e.g. industrial estates and local/district centres), and partnership work with other CCC Services (e.g. Employment & Skills, Migration, Community Development) and relevant community organisations to maximise awareness raising opportunities.

As the WM Gigapark develops, the EIA will be reviewed to ensure digital inequalities are addressed as appropriate.

5.0 Will there be any potential impacts on Council staff from protected groups?

No.

You should only include the following data if this area of work will potentially have an impact on Council staff. This can be obtained from: Nicole.Powell@coventry.gov.uk

EQUALITY IMPACT ASSESSMENT (EIA)



Headcount:

Sex:

Female	
Male	

Disability:

Disabled	
Not Disabled	
Prefer not to state	
Unknown	

Ethnicity:

White	
Black, Asian, Minority Ethnic	
Prefer not to state	
Unknown	

Sexual Orientation:

Heterosexual	
LGBT+	
Prefer not to state	
Unknown	

Age:

16-24	
25-34	
35-44	
45-54	
55-64	
65+	

Religion:

Any other	
Buddhist	
Christian	
Hindu	
Jewish	
Muslim	
No religion	
Sikh	
Prefer not to state	
Unknown	

6.0 How will you monitor and evaluate the effect of this work?

Both CCC and other partners involved in WM Gigapark activities will collate information on an ongoing basis with regard to output and outcome achievement broken down by for people with protected characteristics, as part of the contractual monitoring processes we will need to undertake for WMCA as part of their Investment Zone obligations with government. We will also seek to work with the developers to establish key impacts and benefits during the construction stage.

We will also participate in any evaluation activities that WMCA commissions in respect of the Investment Zone, or any national commissions on all Investment Zones that government may commission, and we envisage that impacts of the programmes on Diversity, Equality and Inclusion will be one aspect evaluated.

EQUALITY IMPACT ASSESSMENT (EIA)



6.1	Action Planning	
Issue Identified	Planned Action	Timeframe

7.0 Completion Statement

As the appropriate Head of Service for this area, I confirm that the potential equality impact is as follows:

No impact has been identified for one or more protected groups ☐

Positive impact has been identified for one or more protected groups ☒

Negative impact has been identified for one or more protected groups ☐

Both positive and negative impact has been identified for one or more protected groups ☐

8.0 Approval

Signed: Head of Service: Steve Weir	Date: 12/2/2024
Name of Director: Andy Williams	Date sent to Director: 14/2/2024
Name of Lead Elected Member: Cllr Jim O Boyle	Date sent to Councillor: 14/2/2024

Email completed EIA to equality@coventry.gov.uk

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Public report Cabinet Report

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the identity, financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet
Council

12th March 2024
19th March 2024

Name of Cabinet Member:

Cabinet Member for Housing and Communities – Councillor D Welsh

Director approving submission of the report:

Director of Regeneration and Economy

Ward(s) affected:

St. Michaels

Title:

City Centre Cultural Gateway Project Update

Is this a key decision?

No – although the proposals affect more than two electoral wards, the impact is not expected to be significant.

Executive summary:

This report is seeking approval for additional capital funding to cover an increase in cost for the main construction works to the former IKEA building which will be known as the City Centre Cultural Gateway (CCCG). The CCCG will be a landmark destination that will be home to a Collections Centre of national significance and will bring together multiple partners and investors across creative, cultural and technology sectors to engage local people.

The project will bring together a collaboration of key national and local partners: Arts Council England (ACE), British Council (BC), Culture Coventry Trust (CCT) and Coventry University.

Coventry University will be developing a new Cultural Hub that will offer a student gallery, café, library and exhibition space, dance studio, conference area, artists' studios, post-production filming facilities and a shop to sell students' artwork, with some of these facilities being accessible to the public.

It is also seeking future additional capital (under delegation once there has been a developed and approved business case for future tenancies), for the basic fitting out of Floors 1 and 2 to enable them to earn future rental income.

Recommendations:

Cabinet is recommended to request that Council:

- 1) Approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees for delivery of the City Centre Cultural Gateway Project.
- 2) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees to be utilised towards the delivery of further works to Floors 1 and 2, only once there has been a developed and approved business case for future tenancies.
- 3) Note that the Agreement for Lease between Coventry City Council and Arts Council England, British Council and Culture Coventry in respect of the Collection Centre Development will include a mechanism that facilitates the ability for a request to be made to the City Council to deliver Partner Variations (including fit-out works) on their behalf with the cost being repaid to the City Council.
- 4) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence including approving any incidental and ancillary actions required to bring into legal effect the recommendation set out in Recommendation (3) above.

Council is recommended to:

- 1) Approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees for delivery of the City Centre Cultural Gateway Project.
- 2) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to approve capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees to be utilised towards the delivery of further works to Floors 1 and 2, only once there has been a developed and approved business case for future tenancies.

- 3) Note that the Agreement for Lease between Coventry City Council and Arts Council England, British Council and Culture Coventry in respect of the Collection Centre Development will include a mechanism that facilitates the ability for a request to be made to the City Council to deliver Partner Variations (including fit-out works) on their behalf with the cost being repaid to the City Council.
- 4) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence including approving any incidental and ancillary actions required to bring into legal effect the recommendation set out in Recommendation (3) above.

List of Appendices included:

None

Background papers:

None

Other useful documents

City Centre Cultural Gateway Project - Cabinet Report dated 14th March 2023 and Council Report dated 21st March 2023

Property Acceptance and Acceptance of Grant – Cabinet Report dated 23rd February 2021 and Council Report dated 23rd February 2021

Has it or will it be considered by Scrutiny?

No

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 19th March 2024.

Report Title: City Centre Cultural Gateway Project Update

1. Context (or background)

- 1.1.** On 23rd February 2021, Council approved the acquisition of the former city centre IKEA building; associated capital expenditure in respect of design works; and to enter into Agreements for Lease with the three Collection Centre partners (Arts Council England, British Council and Culture Coventry Trust).
- 1.2.** On 21st March 2023, Council approved capital expenditure to be funded from prudential borrowing to fund the construction and professional fees for the City Centre Cultural Gateway Project, incorporating the above Collections Centre development.
- 1.3.** The net capital expenditure approved by Council in February 2021 and March 2023 for the acquisition and development of the City Centre Cultural Gateway (CCCG) was for a total sum as set out in the in the private element of the Report.
- 1.4.** The capital approval from Council of March 2023 was for the funding of three distinct phases of the CCCG:
 - I. The 'Collections Centre' phase being the conversion of the Ground, Third and Fourth Floors into a Collections Centre to house the nationally significant collections of Arts Council England (ACE) and the British Council (BC), alongside Coventry City Council's (CCC) own vehicle, social history, archaeology, and human history collections, which are managed by Culture Coventry Trust (CCT) – collectively 'the Partners'.
 - II. Coventry University's 'Cultural Hub' phase on the Fifth and Sixth Floors, creating a 'Hub' space to be used partly as learning and academic teaching space, but also as a public facing cultural offer including studio and gallery spaces.
 - III. A third phase to enclose the two remaining floors at First and Second Floor levels (currently open sided car park) for future use to be determined, on the basis that these enabling works should ideally be carried out during the course of the main construction contract and prior to the arts collections being transferred onto site.
- 1.5.** At the time of the March 2023 Cabinet Report, prior to there being any rental income modelled for the future use of Levels 1 and 2, there was an annual deficit of the sum in the amount set out in the private element of the Report in the proposed financing model after the setting-off of rental income from the respective tenants over an agreed financing term. However, the March 2023 Cabinet Report suggested that even a minimal rental of Floors 1 and 2 could yield a further annual sum in the amount set out in the private element of the Report.
- 1.6.** Currently, the economic conditions and volatility within the construction market have returned tender prices from a selected Contractor that take the overall project cost beyond the March 2023 Council approvals.

2. Options considered and recommended proposal

RIBA Stage 3 Cost Update

- 2.1.** The Royal Institute of British Architects (RIBA) Stage 3 costings of the project (early 2023) identified that the project cost had already begun to be impacted by changes to the market, with projections at that stage being that the project cost (based on a competitive single stage tender) had escalated to be over budget by a sum in the amount set out in the private element of the Report.
- 2.2.** At this stage, and prior to commencing the detailed designs of RIBA Stage 4, the Council paused development of the project, to renegotiate the Collaboration Agreement (an agreement with Partners as to the funding liabilities of any abortive professional fees in circumstances where any Partner exited the Project), on the basis that proceeding into RIBA Stage 4 with an already emerging gap in the capital funding for the Collections Centre element of the scheme (Project Viability Gap) would present excessive risk and exposure to the Council for these fees.
- 2.3.** The negotiations with Partners resulted in a variation to the Collaboration Agreement, whereby the exposure to existing and future professional fees would be shared ('Risk Sharing') across the Partnership in circumstances where any future Project Viability Gap in the Project could not be resolved.
- 2.4.** By the end of RIBA Stage 4 design process, the total exposure to professional fees amounted to sum in the amount set out in the private element of the Report, of which the Council's contribution would be a sum in the amount set out in the private element of the Report.

RIBA Stage 4 and Contractor Procurement

- 2.5.** The procurement of a Contractor was commissioned through the Crown Commercial Service (CCS) Framework, which included 14 leading Tier 1 Contractors.
- 2.6.** Initially, a total of eight Contractors expressed an interest in submitting tenders through a Single Stage tender process. Gradually, the impact of the economic climate and a buoyant construction industry meant that the interest from Contractors waned to the extent that only one single Contractor maintained an interest through the Expression of Interest stage – 'the Contractor'.
- 2.7.** In these circumstances, where it emerged there was interest from only one single Contractor, the Project Team considered a range of options such as pausing the project; or returning to the market (potentially through another Procurement Framework) to gauge alternative interest.
- 2.8.** Consideration of these options concluded that programme delays; associated holding costs during the standstill period; and the fact that the same Tier 1 Contractors subscribed to most Frameworks – could most likely lead to costly delays and in all

likelihood a similar level of response as that received through the CCS Framework. It was therefore decided (with Partners) that the Project Team should work with the Contractor through a 'Negotiated Single Stage' process, which is similar (but not exactly the same) as a Two Stage tender process.

- 2.9.** The Project Team and Partners recognised that there was an evident risk of cost and programme creep when negotiating with a single Contractor.
- 2.10.** Throughout the summer of 2023, there was extensive pre-tender engagement with the Contractor, and their tender was returned at the end of September 2023, following the grant of a four-week extension to the tender period.
- 2.11.** The Contractor tender submission for construction costs was received at a sum in the amount set out in the private element of the Report, which took the overall Project Costs to substantially more than the Council approval of a sum in the amount set out in the private element of the Report.
- 2.12.** At this stage, the Contractor Tender Validity Period extended through until the end of December 2023.

Post Tender Engagement with the Contractor

- 2.13.** Given the higher tender submission costs received, the Project Team and Partners again considered a range of options – from going back to market; adopting an alternative procurement route; or even abandoning the project under the Shared Risk agreement within the varied Collaboration Agreement.
- 2.14.** All Parties agreed for the Council's Project Team to work with the Contractor to reduce the tender sum through a combined process of tender validation; value engineering and project descoping.
- 2.15.** The initial tender validation immediately produced some savings in areas where there had been double counting or misunderstanding of the scope by the Contractor. There then ensued a series of value engineering / descoping workshops with the Contractor towards the end of 2023 to realise further savings of the tender sum.
- 2.16.** Throughout December 2023, it became apparent that the cost reduction exercise with the Contractor was not going to be complete by the end of their Tender Validity Period. Furthermore, the varied Collaboration Agreement with the Partners also stipulated that if the Project Viability Gap could not be satisfactorily resolved by the end of the Tender Validity Period, then the Project would automatically dissolve unless the Senior Officers of each of the Parties to the Partnership unanimously agreed to extend the Agreement.
- 2.17.** The Contractor agreed to extend the Tender Validity Period through until the end of February 2024, without any addition to the tendered cost of the Project. Accordingly,

the Senior Officers from the Partnership unanimously agreed to extend the Collaboration Agreement through until the end of March 2024.

Project Viability Gap approvals

- 2.18.** In order to meet the March 2024 deadline for the extended Collaboration Agreement, each of the Parties requires governance approval to meet their respective capital shares of the Project Viability Gap.
- 2.19.** The Project Viability Gap for the Collections Centre element is not impacted by the letting of the top two floors to Coventry University, where a commercial rental deal has already been agreed.
- 2.20.** The process of value engineering and negotiating savings with the Contractor remains ongoing at the point of writing the Cabinet Report. Currently, the Project Team have negotiated a level of savings that have already been agreed with the Contractor, some of which have involved value engineering to areas such as the proposed façade of the building, but none of which affect the fundamental building performance standards such as are required by the collections Partners or Coventry University.
- 2.21.** The savings to date have reduced the additional capital requirement to a sum in the amount set out in the private element of the Report, which therefore forms the basis of the Recommendations within this Report.
- 2.22.** In relation to the additional capital requirement, each of the Partners are currently seeking governance approval for their 'share' of this Project Viability Gap, either through a capital contribution or through increased rentalisation over the agreed lease terms. Such approval from the partners is required before the Council will enter into the Agreements for Lease and construction contract.

Partner Variations

- 2.23.** In addition to the Project Viability Gap, there are capital costs that relate to Partner Variations, these being costs for additional works that the Partners have requested throughout the design phases, for which the Partners will be recharged directly.
- 2.24.** Furthermore, there are likely to be further Partner Variation requests from the Partners throughout the course of the construction contract, wherein they will likely request that the Contractor be commissioned to undertake their 'fit out' works. There is also the possibility that one or more Partners could request for these additional Partner Variations to be rentalised over their lease terms.
- 2.25.** The Recommendations to Council include for delegated authority to be granted the Council's Director of Finance and Resources, in consultation with the Cabinet Member for Housing and Communities and Cabinet Member for Strategic Finance, to decide

upon whether Partner Variations are to be rentalised, on the basis that decisions would need to be made swiftly to avoid additional costs associated with programme delays.

Additional Factors for Consideration

- 2.26.** Currently, the model allows for the enclosure of Floors 1 and 2 at a cost of a sum in the amount set out in the private element of the Report (an increase from RIBA Stage 3 of a sum in the amount set out in the private element of the Report) without any income being modelled, as yet, against future use. The March 2023 Cabinet Report indicated that the future letting of these floors could yield a sum in the amount set out in the private element of the Report.
- 2.27.** It is proposed that an additional investment of a sum in the amount set out in the private element of the Report should be delegated as detailed in the Recommendations (and subject to the delegated Officer approval of a developed business case in respect of assured future tenancies,) to allow for future works to Floors 1 and 2, through the distribution across these floors of essential services such as lighting and sprinkler systems. This investment, at even a minimal return of a sum in the amount set out in the private element of the Report, could yield more immediate returns.
- 2.28.** Modelling has also now been undertaken to assess additional income that could be drawn from the vacant external parking decks, for example through 'Permit Only' car parking aligned to the future development of City Centre South.

Option 1 – (Recommended Option) Approve the Additional Capital along with Future Capital Investment into Floors 1 and 2

- 2.29.** The additional outlay required to meet the additional capital requirement is a sum in the amount set out in the private element of the Report.
- 2.30.** The ACE / BC share of this additional capital requirement will be recovered through increasing their respective lease rental sums payable over the agreed term, for which they are currently seeking their respective governance approvals.
- 2.31.** This Option presents an annual revenue pressure to the Council of a sum in the amount set out in the private element of the Report (prior to any income from Floors 1 and 2; and from the external car parking decks). This is the same revenue position reported in March 2023.
- 2.32.** The modelled income from future occupancy of Floors 1 and 2 at a sum in the amount set out in the private element of the Report (subsequent to a delegated approval for additional investment of a sum in the amount set out in the private element of the Report in the distribution of essential services across these floors) could neutralise this revenue pressure, dependant on the cost of financing and the level of occupancy.

2.33. The longer-term occupancy of Floors 1 and 2 continues to be explored through various enquiries and models, drawn mainly from within the cultural and creative sectors, including further collections management interest and/or the potential relocation of the Coventry Transport Museum.

2.34. The modelling of future 'Permit Only' car parking on the external car parking decks would likely improve each of these scenarios by a further sum in the amount set out in the private element of the Report.

Option 2 – Not Approve the Additional Capital and / or Future Capital Investment into Floors 1 and 2 (Not Recommended)

2.35. This Option would result in the termination of the Project on the basis that the Project Viability Gap could not be resolved with Partners, with each of the Parties to the Collaboration Agreement being responsible for meeting the shared costs of the abortive professional fees.

2.36. Coventry City Council's share of the abortive professional fees would be a sum in the amount set out in the private element of the Report.

2.37. In this Option, the Council would need to consider alternative uses for the site.

2.38. Coventry City Council could also consider the disposal of the asset, which could result in a share of the disposal proceeds being due to Arts Council England in the respect of grant previously received towards the acquisition of the property.

2.39. This Option would present considerable risk to the Council, both reputationally and in the dismantling of the collections partnerships with Arts Council England and the British Council. It would also result in the loss of the newly developed 'Cultural Hub' being planned by Coventry University.

Option 3 – Approve the Additional Capital, without Future Capital Investment into Floors 1 and 2 (Not Recommended)

2.40. This Option would approve the necessary additional capital required to deliver the Project but would essentially leave all future works to Floors 1 and 2 until such a stage as a long term, permanent letting was secured.

2.41. This Option would essentially rule out any immediate uses and associated rentals to be drawn from of Levels 1 and 2.

2.42. This Option would essentially be delaying works that would eventually be required for future occupancies (i.e. distribution of essential services such as sprinkler systems) but would be substantially reducing / eliminating the potential for some investment recovery in the short term.

- 2.43.** This Option would not adversely affect the currently modelled revenue position, which would remain as an annual revenue pressure to the Council of a sum in the amount set out in the private element of the Report. Furthermore, if income generated from the 'Permit Only' car parking was to be accounted for (as it is a separate proposition), this would reduce the deficit of revenue funding in the model to a sum in the amount set out in the private element of the Report.

3. Results of consultation undertaken

- 3.1.** In 2017, Coventry City Council approved a 10-year Cultural Strategy (2017-2027), which was informed by structured primary research eliciting over 2,000 responses; involving over 12 hours of Cultural Strategy workshops; 20 hours of workshops linked to the city's bid for UK City of Culture; in-depth audience analysis; an audit of the existing cultural and heritage resources in the city; a tourism profiling study; and desk top research analysis.
- 3.2.** The Coventry Cultural Strategy 2017-2027 identifies 'Seven Big Ideas' to bring life and substance to the Strategy's principles and goals. The fifth of these 'Big Ideas' is 'The Nation in Coventry', which recognises that:
- "Coventry is well positioned as a showcase for the nation – with 40 million people within two hours travel time. The city will work to develop a plan to make Coventry a city of choice for national collections, events and productions".
- 3.3.** A subsequent 'Cultural Capital Prioritisation Strategy' report in 2018 referenced the opportunity to improve the quality and accessibility of museum storage facilities in the city, noting the potential to relocate other local and national collections into aligned or stand-alone facilities.
- 3.4.** Through Feasibility, Acquisition and Assurance stages of the project work, consultation on proposed shared Collections Centre facilities and the suitability of the former IKEA site for this purpose, has been undertaken with lead officers (and their architects and professional team advisors, where appointed) of Arts Council England, the British Council and Culture Coventry Trust.
- 3.5.** A Public Exhibition Event was held on site on 21st and 22nd February 2023 as part of the Planning Consultation for the Project. The event on 21st February 2023, was an invitation-only event for those residents who live immediately adjacent to the site, whilst the event on 22nd February 2023 was a wider public exhibition, which was publicised via the Let's Talk Coventry website, social media, local press and leaflet drop. The exhibition material was also available online. Planning consent was subsequently granted on 16th May 2023.
- 3.6.** The City Centre Cultural Gateway project is of significant relevance and interest in wider engagement and consultation around cultural provision in the city, including the current Cultural Strategy Refresh following on from the recent Future Works event held on 18th January 2024. On entering into Agreements for Lease with Partners and the Construction Contract with the contractor, more specific engagement and consultation is planned around the CCCG and its connections with the current local cultural

ecosystem, partnerships, and infrastructure; economic development; and city centre regeneration.

4. Timetable for implementing this decision

4.1. Subject to Cabinet and Council approval, it is anticipated that the programme for the City Centre Cultural Gateway will be as follows:

- AFLs / Approvals Completes – End of March 2024
- Mobilisation on Site – April 2024 to mid-May 2024
- Construction starts – June 2024
- Construction completes – August 2025

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

5.1. Financial Implications

5.1.1 Previously Modelled Position

In March 2023, it was assumed that the project would have a total net capital cost of a sum in the amount set out in the private element of the Report, which would be financed at a rate and over a term as set out in the private element of the Report. This included the proposed Phase 3 works (infill and future proofing of Floors 1 and 2). The impact of this was a net revenue cost to the Council of a sum in the amount set out in the private element of the Report. At this stage, no income was assumed or modelled for Floors 1 and 2.

5.1.2 Increased Tender Price

The RIBA Stage 4 Cost Report forecast that the contract value for the construction element of the contract would be a sum in the amount set out in the private element of the Report. However, when the tender price from the Contractor was received, it was above this Stage 4 projection by a sum in the amount set out in the private element of the Report. Since October 2023, the Project Team has been negotiating with the Contractor to reduce this increase by a sum in the amount set out in the private element of the Report.

These reductions have been drawn from a combination of tender validation; value engineering; and scope reduction.

However, the overall impact on the capital model for the project has been limited to a sum in the amount set out in the private element of the Report. As the Partners are required contribute towards the increased construction costs, via an increase in their rental sum, this has the impact of reducing the revenue gap back to a sum in the amount set out in the private element of the Report.

5.1.3 Financing Costs Assumptions

Since the previous modelling in March 2023, there has been an increase in interest rates. A recent reduction means that borrowing rates are currently around a value in the amount set out in the private element of the Report.

Therefore, the assumptions for the City Centre Cultural Gateway continue to be modelled at a value in the amount set out in the private element of the Report, representing a combination of both the longer and shorter term projections as a blended rate, which over the agreed lease terms remains prudent. While there remains a risk that external factors could increase (or decrease) borrowing costs further, impacting upon the modelling assumptions within the project, the Council is confident that borrowing can be managed at this level.

5.1.4 Additional Spend on Floors 1 and 2 and Associated Rental Income

The current assumptions are that there would be no income for Floors 1 and 2, although the existing scheme, as approved in March 2023, includes a sum in the amount set out in the private element of the Report of capital expenditure for the infill works, required to secure these Floors for future use by providing a shell and core conversion.

In order for the floors to be more immediately available for development in respect of future letting interest a further sum in the amount set out in the private element of the Report of works are considered to be required, but only upon delegated Officer approval of a developed business case in respect of these future lettings.

On the basis that Floors 1 and 2 could be let at a sum in the amount set out in the private element of the Report, this could generate additional income of up to a sum in the amount set out in the private element of the Report. There is also space on the exterior decks of those floors, whereby circa 250 parking spaces could be available for potential 'Permit Only' car parking. A gradual take-up of these parking spaces could generate a net annual income of a sum in the amount set out in the private element of the Report.

It is therefore anticipated that the potential income from Floors 1 and 2 would fund the remaining shortfall.

5.2 Legal Implications

5.2.1 Section 1 of the Local Government Act 2003 gives the Council the power to borrow money for any purpose relevant to its functioning under any enactment or for the purposes of the prudent management of its financial affairs.

6. Other implications

6.1 How will this contribute to the One Coventry Plan?

(<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>)

6.1.1 The delivery of the proposal outlined in this report will help deliver a range of economic development and cultural legacy objectives that will help to realise the Council's strategic ambitions for a more vibrant and economically prosperous city.

6.1.2 The delivery of the City Centre Cultural Gateway project will directly contribute to Coventry Cultural Strategy objectives for capital; Partnership; Life-Long Learning and Economic Growth.

6.1.3 The recommended proposal will further contribute to the Council's core aims of:

- **Making the most of our assets and developing the city centre** – through repurposing of a vacant city centre building as a new cultural asset for the city; increasing access to local and national arts, cultural and heritage collections; attracting inward investment; creating new jobs; and attracting two national partners to locate key cultural services to the city for the long-term period of their leases. Initial, high-level economic modelling estimates that delivery of the City Centre Cultural Gateway project has the potential to support temporary construction jobs; jobs in arts, culture, tourism and hospitality related sectors; and generate circa £185m in Gross Value Added (GVA) for Coventry and the West Midlands over a 10-year period.
- **Improving educational outcomes** – the proposal offers the potential to develop new learning, education and training opportunities aligned to the City Centre Cultural Gateway Project and associated activities. Coventry has a strong cultural educational offer within the city, provided not only by schools and education services but also through both universities, colleges and arts businesses. The City Centre Cultural Gateway project will present the opportunity to widen access to key local and national collections and develop a centre of excellence in collections care, curation, management and associated disciplines. With the inclusion of Coventry University's Cultural Hub, there will be strong learning links to the national partners in the Collection Centre, which will also serve to strengthen the educational provision.
- **Raising the profile of Coventry through promoting Coventry as a visitor destination and centre for arts and culture** – Goal 5 (Economic Growth) of the Coventry Cultural Strategy identifies Coventry as a culturally vibrant, attractive and prosperous city and sets the ambition that as a cultural city, we work to enrich the lives and environment for all residents. The Strategy aims to address the need of the city to improve the way it promotes itself as a major tourist destination for the West Midlands and as a result though a better articulated tourism offer, successfully attract more visitors, increase spend and secure and sustain new businesses and investment. The proposed project provides Coventry with a lasting physical and economic legacy from UK City of Culture 2021 and provides the opportunity to promote the city as a national centre of excellence for collections management, with

an aligned exhibition programme and Cultural Hub offering the potential to promote the city to cultural audiences and academics.

6.2 How is risk being managed?

- 6.2.1 The project is part of the Cultural Capital Investment Programme. The Programme comprised 15 cultural capital projects and is now managing two legacy projects and managing funds of a sum in the amount set out in the private element of the Report. The programme reports both to the Council's Capital Programme Board and the City Centre Cultural Gateway Board chaired by the Director of Finance and Resources. The Programme operates under an Assurance Framework which was developed in conjunction with the City Council's legal team and sets out how the programme will operate, manage and monitor projects.
- 6.2.2 The project has a comprehensive risk register that covers the whole scheme, which is regularly reviewed by the Project Team and key risks reported to the City Centre Cultural Gateway Board.
- 6.2.3 The risk of exposure to the Council as a result of the Project Viability Gap for the Collections Centre phase not being resolved, has been mitigated through a variation to the Collaboration Agreement with the Partners, who are now involved in sharing the risk of any abortive design fees resulting from this Phase of the project becoming unaffordable / undeliverable.
- 6.2.4 The risk of design fees expended on the development of the Coventry University Phase prior to entering into Agreement for Lease, has been mitigated through a Letter of Indemnity from Coventry University to cover the full extent of RIBA Stage 3 and RIBA Stage 4 fees.
- 6.2.5 In relation to the current tendered sum, the Project Team is endeavouring to mitigate cost risk through a very detailed analysis of the City Council's risks through a quantified analysis based on 'likelihood' and by adding these cost-based risks to the general level of construction contingency held within the Project costs.

6.3 What is the impact on the organisation?

- 6.3.1 The impact to the organisation will be primarily on officers within Finance, Regeneration and Economy, Property Services and Development and Legal Services Divisions, who will be responsible for undertaking the work to conclude the negotiations to enter into the Agreements for Leases and Leases as well as running a significant project ensuring it meets its main objectives and full potential.

6.4 6.4 Equalities / EIA?

6.4.1 Section 149 of the Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to: eliminate discrimination, harassment, victimisation and other form of conduct prohibited under the Act; and, to advance equality of opportunity and to foster good relations between persons who share a relevant protected characteristic (age, disability, gender re-assignment, pregnancy and maternity, race, religion and belief, sex, and sexual orientation) and persons who do not share it.

6.4.2 Having regard to the need to advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of the persons who share that characteristic that are different from the needs of persons who do not share it; and,
- encourage persons of the relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

6.4.3 The Equality Duty has been considered and it is felt that an Equalities Impact Analysis is not required as the proposal's concerns are for commercial reasons and no Council service or group will be impacted.

6.5 Implications for (or impact on) climate change and the environment?

6.5.1 The professional design team for the project include the specific appointment of a sustainability consultant – Eight Associates – who were commissioned to produce a sustainability statement.

6.5.2 The sustainability statement demonstrated the development's holistic approach to sustainable design and construction. It summaries the contribution that the design will make to creating a more sustainable development, drawing on information provided by specialist consultants and design reports and identifying key features intrinsic to achieving low carbon development.

6.5.3 The design team has significant experience in delivering schemes that are considered highly sustainable, either through application of formal green building rating systems, such as BREEAM and Home Quality Mark, as well as applying benchmarks from standards such as Passivhaus Design and adopting precedents from industry exemplary sustainable developments.

6.5.4 The scheme will adopt the following sustainable features:

- Energy strategy
- Implement a site waste management plan and stringent resource efficiency benchmarks

- Follow best practice policies in terms of air, water and ground pollution and appoint a contractor who will register for the Considerate Constructors Scheme
- Achieve a 25% improvement in water consumption (litres/person/day) compared to BREEAM's notional baseline performance
- Utilise sustainable transport, including access to public transport and inclusion of cycle storage facilities
- Minimise embodied carbon through efficient design, procurement of materials from a local source, or with a high-recycled content
- Be of high build quality, surpassing the minimum Building Regulations
- Ensure all materials are responsibly sourced and of low environmental impact where feasible
- Consider health and wellbeing through design and operational procedures, including optimum indoor air quality and thermal comfort
- Protect the existing ecological value of the site

6.6 Implications for partner organisations?

6.6.1 The delivery of the proposal outlined in this Report will secure benefits for each of the Collections Centre partners as follows:

Arts Council England – ACE has reached capacity across its two current collections stores. The proposed New Collections Centre offers ACE the opportunity to combine the functions of its two existing stores, whilst increasing capacity and efficiency through a single, long-term solution. The partnership, city centre Collections Centre model provides further opportunities to grow audiences and expand public access to the Arts Council Collection, with dedicated shared spaces where school pupils, community groups, researchers and professionals can access and experience the Collection. The proposal also provides the opportunity for ACE to directly respond to several of the recommendations from The Mendoza Review (2017), particularly in relation to dynamic collection curation and management; establishing a strategic approach to sharing skills and infrastructure; and contributing to placemaking and local priorities.

British Council – the British Council has also been seeking a long-term solution to its collection requirements. The Collection Centre provides clear benefits to the British Council through: providing ample space for the current Collection with the capability of accommodating future growth; providing a centrally located facility with good transport links (for logistics and improving access for British Council staff, stakeholders, students and professional visitors); allowing for greater collaboration and facility sharing with the Arts Council Collection and city's collections; creating a significant legacy opportunity for the national partners with Coventry UK City of Culture 2021.

Culture Coventry Trust – the proposed new Collections Centre facilitates the securing of Coventry's collections, managed by Culture Coventry Trust, into a more bespoke and suitable collections environment, with enhanced public access to the parts of the city's vehicle and human history collections that are not currently on display within current museum exhibitions at the Herbert Art Gallery and Museum; and Coventry Transport

Museum. The partnership with two national collections partners further provides an opportunity to significantly enhance and re-imagine the positioning of the Herbert Art Gallery and Museum – through the creation of an enhanced exhibition programme that will enable it to reach wider and more diverse audiences.

Coventry University – the involvement of Coventry University in the creation of an aligned Cultural Hub co-located with the Collections Centre provides a unique opportunity to create an international centre of excellence in collections care and management, providing direct managed access to teaching, collections and high-quality facilities for professionals, academics, students and researchers.

6.6.2 Each of the Collections Centre Partner organisations are required to contribute to the increase in their Project Viability Gap capital requirements. There is no such impact upon Coventry University as a tenant, as a commercial rental has already been agreed with the University prior to the tender returns.

6.6.3 Delays to the project programme already means that existing leases elsewhere have had to be extended, resulting in interim costs being incurred by the Collections Partners.

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Steve Thomas	Accountant	Finance and Resources	15/02/24	20/02/24
Michelle Salmon	Governance Services Officer	Law and Governance	15/02/24	16/02/24
Names of approvers for submission: (officers and members)				
Phil Helm	Head of Finance	Finance and Resources	19/02/24	21/02/24
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	19/02/24	21/02/24
Andy Williams	Director of Regeneration and Economy	-	19/02/24	21/02/24
Councillor D Welsh	Cabinet Member for Housing and Communities	-	21/02/24	21/02/24

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 12 March 2024

Present:

Members: Councillor G Duggins (Chair)
Councillor AS Khan (Deputy Chair)

Councillor R Brown
Councillor K Caan
Councillor P Hetherton
Councillor J O'Boyle
Councillor K Sandhu
Councillor P Seaman
Councillor D Welsh

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

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

Other Members: Councillor N Akhtar
Councillor R Lakha
Councillor CE Thomas

Employees (by Service Area):

Chief Executive: J Nugent (Chief Executive) M Burrows

Adults and Housing: J Crawshaw, J Reading

Finance and Resources: B Hastie (Director)

Law and Governance: O Aremu, S Bennett

Partnerships and
Performance: A Cole, L Lambert, M Legard, R Sugars

Property Services and
Development R Moon (Director), A Hunt, L Lewis

Public Health and Wellbeing:	R Chapman, J Ross
Regeneration and Economy	A Williams (Director), C Booth, D Nuttall, S Weir
Transportation, Highways and Sustainability	C Knight (Director), M Adams
Apologies:	Councillor L Bigham, G Hayre, G Ridley

Public Business

81. Declarations of Interest

There were no disclosable pecuniary interests.

RECOMMENDATION

88. Public Sector Decarbonisation Scheme - Coventry City Council Public Buildings Phase 2

Cabinet considered a report of the Director of Property Services and Development, which would also be considered by Council on 19 March, 2024, which indicated that the UK has committed to reduce the carbon emissions associated with its public buildings compared to 2017 levels by 50% by 2032 and 75% by 2037. To support this, the Department for Energy Security and Net Zero (DESNZ) has continued offering the Public Sector Decarbonisation Scheme (PSDS), but now requires a local match contribution. The PSDS grant scheme provides grants of up to £325 per tonne of carbon emissions saved by capital energy efficiency and heat decarbonisation projects that directly reduce fossil fuel use.

Coventry City Council has previously been successful in Phase 1 of the grant scheme which has helped the Council reduce emissions from its buildings and schools by over 1000 tonnes of carbon per year.

The Council has now submitted a bid to the Phase 3c grant scheme to support the delivery of a second phase of building decarbonisation projects. Due to the change in criteria for the PSDS grant, a smaller pipeline of buildings than in Phase 1 has been identified as suitable candidates for Phase 2. The proposed scope of works has a combined project value of up to £1.85m with a maximum grant contribution of £786k available via the PSDS grant scheme.

The report sought approval to provide match funding for the project on an “invest to save” basis. Any investment would look to be recovered through revenue savings achieved from reductions in the buildings’ energy bills. Overall, the project is targeting carbon savings of up to 174 tonnes of carbon per year and estimated net savings of £40k per year after repayment of financing costs.

The report indicated that the energy improvement opportunities were identified during the building selection process and that, by delivering all of the measures

together, the Council will achieve reduced carbon emissions associated with these buildings and will deliver financial savings estimated at £40k per year, net of financing costs. The buildings proposed for improvement and the measures proposed were detailed in the report.

Cabinet noted that Scrutiny Co-ordination Committee, had considered the report at their meeting on 11 March, 2024 and a detailed Briefing Note, outlining their consideration, was circulated. Cllr N Akhtar, Chair of the Scrutiny Co-ordination Committee was present at the meeting and outlined a number of concerns raised by the Committee in relation to the financial position of the project and the importance of ensuring the most beneficial interest is obtained. Cabinet received assurances from the Director of Finance and Resources and the Director of Property Services and Development in relation to the financial position, how the match funding would be met and the expected savings which would be achieved by reducing property running costs, as detailed in the financial business case.

RESOLVED:

That Cabinet:

- 1) Notes the concerns raised by the Scrutiny Co-ordination Committee, together with the assurances provided in relation to those concerns.
- 2) Approves the acceptance of a Public Sector Decarbonisation Scheme grant of up to the sum of £786k from the Public Sector Decarbonisation Scheme, if successful, to be utilised on the delivery of the Project as set out in the report.
- 3) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Property Services and Development, the Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to undertake all necessary due diligence and actions required to enter into a grant funding agreement with Department for Energy Security and Net Zero (or nominee).

That Cabinet recommends that Council:

- 1) Approves the proposal to allocate up to £1m of corporate capital funding, funded from prudential borrowing towards Public Building Decarbonisation Phase 2 works with a total capital value of up to £1.85m as set out in the report ("the Project"), subject to successful award of the PSDS grant.**
- 2) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Property Services and Development, the Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to approve the final scope and finances allocated to the Project, including in the event that grant funding is not successful.**

- 3) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Property Services and Development, the Director of Law and Governance, Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to commence any necessary procurement activities and finalise the terms and conditions of the required contracts to facilitate delivery of the Project.**
- 4) Approves the addition of up to £1.85m to the Capital Programme to reflect the delivery of the works recommended as part of this report.**

RECOMMENDATION

Public Business

91. West Midlands Investment Zone

Cabinet considered a report of the Director of Regeneration and Economy, which would also be considered by Council on 19 March, 2024, which indicated that the UK Government has invited the West Midlands Combined Authority (WMCA) to prepare a proposal for a West Midlands Investment Zone (WMIZ). The sectoral focus for WMIZ will be advanced manufacturing, which is an excellent fit with the One Coventry Plan ambition to increase the economic prosperity of the city and region. A total of £160m in funding is available for WMIZ over a ten-year period, and this will be used for tax incentives for investors in WMIZ sites, capital funding to prepare these sites for development, and revenue schemes designed to develop the target sector. The WMIZ proposals will also allow business rates growth on designated sites to be retained locally for 25 years for reinvestment in the development of the Advanced Manufacturing Sector. Business rates will be retained above existing levels on a “no detriment” basis such that no Local Authority will be worse off through its involvement in the WMIZ.

The WMIZ includes sites in Coventry/Warwick, Birmingham and Wolverhampton. There are four sites in Coventry and Warwick District; Whitley East in Coventry and Whitley South, Coventry Airport and Segro Park in Warwick District. Whitley East has been allocated as an employment site in the Coventry Local Plan. The WMIZ £160m budget includes an initial £23m for infrastructure works to prepare the Coventry Airport site for development, and this report seeks approval to accept that funding together with any additional funding that becomes available from the IZ budget up to a total value of £35m. The report also sought delegated approval to enter into a Memorandum of Understanding for business rates retention related to the Whitley East site.

Governance decisions for WMIZ will be taken by a WMIZ Joint Committee / Board which Coventry City Council, Warwick District and Warwickshire County Council will all be represented on. West Midlands Universities including Coventry University and University of Warwick are also non-voting members of this group. A Coventry and Warwickshire Investment Zone office group will meet to ensure that consistent briefings are provided to Coventry and Warwickshire members of the WMIZ Joint Committee / Board.

RESOLVED

That Cabinet:

- 1) Notes the aspirations of, and supports the principle of participation in, the West Midlands Investment Zone (WMIZ) proposed to benefit the

WMCA area and Warwick District, conditional upon there being agreed no detriment position in respect of business rates income.

- 2) Notes the governance arrangements for the WMIZ as set out in Appendix 2 to the report.
- 3) Agrees in principle to entering into a Memorandum of Understanding (MoU) regarding business rates and their retention across the WMCA area and the Warwick District Council (WDC) area and delegate authority to the Director of Finance and Resources (s151) and the Cabinet Member for Strategic Finance and Resources to enter into this agreement.

That Cabinet recommends that Council:

- 4) **Approves acceptance of up to £35m in West Midlands Investment Zone (WMIZ) funding, noting that initially £23m will be available for infrastructure provision on the Coventry Airport site (subject to the conditions of the grant being satisfactory).**
- 5) **Grants delegated authority to the Director of Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance, and Cabinet Member for Jobs, Regeneration and Climate Change, to:**
 - a) **Undertake all necessary due diligence in relation to acceptance of the WMIZ funding allocation.**
 - b) **Continue to negotiate on all the matters associated with this report and to take such action as is deemed necessary, incidental or ancillary to or in consequence of bringing into effect the recommendations contained in this report, including but not limited to entering into any associated legal agreements (including the authority to effect any lease variations/surrender and any associated documents if appropriate) that are necessary to deliver the West Midlands Investment Zone.**
- 6) **Authorises the addition to the 5 Year Capital and/or Revenue Programme (as appropriate) of any West Midlands Investment Zone funding received by the Council up to a maximum of £35m.**

RECOMMENDATION

Public Business

92. City Centre Cultural Gateway Project Update

Cabinet considered a report of the Director of Regeneration and Economy, which would also be considered by Council on 19 March, 2024, which sought approval for additional capital funding to cover an increase in cost for the main construction works to the former IKEA building which will be known as the City Centre Cultural Gateway (CCCG). The CCCG will be a landmark destination that will be home to a Collections Centre of national significance and will bring together multiple partners and investors across creative, cultural and technology sectors to engage local people.

Approval had previously been given for the acquisition and development of the CCCG, however currently the economic conditions and volatility within the construction market have returned tender prices from a selected Contractor that take the overall project cost beyond the approval by Council in March 2023 (Minute 127/23 refers).

A corresponding private report detailing commercially sensitive confidential matters was also submitted for consideration (Minute 97 below refers).

The project will bring together a collaboration of key national and local partners: Arts Council England (ACE), British Council (BC), Culture Coventry Trust (CCT) and Coventry University. Coventry University will be developing a new Cultural Hub that will offer a student gallery, café, library and exhibition space, dance studio, conference area, artists' studios, post-production filming facilities and a shop to sell students' artwork, with some of these facilities being accessible to the public.

The report also sought future additional capital (under delegation once there has been a developed and approved business case for future tenancies), for the basic fitting out of Floors 1 and 2 to enable them to earn future rental income.

RESOLVED that Cabinet recommends that Council:

- 1) Approves capital expenditure of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees for delivery of the City Centre Cultural Gateway Project.**
- 2) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to approve capital expenditure**

of a further sum in the amount set out in the private element of the Report to be financed from prudential borrowing to fund the construction and professional fees to be utilised towards the delivery of further works to Floors 1 and 2 , only once there has been a developed and approved business case for future tenancies.

- 3) Notes that the Agreement for Lease between Coventry City Council and Arts Council England, British Council and Culture Coventry in respect of the Collection Centre Development will include a mechanism that facilitates the ability for a request to be made to the City Council to deliver Partner Variations (including fit-out works) on their behalf with the cost being repaid to the City Council.
- 4) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence including approving any incidental and ancillary actions required to bring into legal effect the recommendation set out in Recommendation (3) above.

Private Business

97. City Centre Cultural Gateway Project Update

Further to Minute 92 above, the Cabinet considered a private report of the Director of Regeneration and Economy, that would also be considered at the meeting of Council on 19 March 2024, which set out the commercially sensitive confidential matters relating to the City Centre Cultural Gateway Project Update.

RESOLVED that Cabinet recommends that Council:

- 1) Approves capital expenditure of a further sum in the amount set out in the private report to be financed from prudential borrowing to fund the construction and professional fees for delivery of the City Centre Cultural Gateway Project.
- 2) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to approve capital expenditure of a further sum in the amount set out in the private report to be financed from prudential borrowing to fund the construction and professional fees to be utilised towards the delivery of further works to Floors 1 and 2, only once there has been a developed and approved business case for future tenancies.
- 3) Notes that the Agreement for Lease between Coventry City Council and Arts Council England, British Council and Culture Coventry in respect of the Collection Centre Development will include a mechanism that facilitates the ability for a request to be made to the

City Council to deliver Partner Variations (including fit-out works) on their behalf with the cost being repaid to the City Council.

- 4) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy, the Director of Law and Governance and the Cabinet Member for Housing and Communities, to undertake the necessary due diligence including approving any incidental and ancillary actions required to bring into legal effect the recommendation set out in Recommendation (3) above.**

RECOMMENDATION

Public Business

93. Procurement of a New Contract for the Supply of Electricity and Ancillary Services

Cabinet considered a report of the Director of Regeneration and Economy, which would also be considered by Council on 19 March, 2024 which indicated that electricity spending fluctuates due to various factors like global events affecting energy markets. The current Council's electricity contract ends on 30 September, 2024 and covers electricity for over 250 Council facilities and around 100 other places like schools. By starting the process early, the chosen supplier can buy energy over time instead of all at once, which helps avoid sudden price increases in the market.

Since 2016, the Council has been using the Eastern Shires Purchasing Organisation (ESPO) framework to buy electricity. ESPO acts as an intermediary, allowing the Council to access wholesale markets typically only available to large buyers. While this framework has helped manage market volatility to some extent, it's not very flexible and historically has not taken full advantage of renewable energy and new market opportunities.

By partnering with E.ON as the new Strategic Energy Partner, the Council can access a customized supply arrangement that opens up opportunities to save costs and generate revenue from new energy market mechanisms. This partnership allows the Council to tap into E.ON's expertise and resources in ways that weren't possible before.

The recommended option presents the best available opportunity for the Council to minimise the costs associated with the supply of electricity. Besides potential cost savings and flexibility, this new approach also aims to deliver more social value directly related to the Council's electricity needs.

A corresponding private report detailing commercially sensitive confidential matters was also submitted for consideration (Minute 98 below refers).

The report sought approval to enter contracts with E.ON UK PLC and its subsidiaries Npower and E.ON Next, as part of the Strategic Energy Partnership contract procured via competitive dialogue in compliance with Procurement Regulations 2015, signed on September 12, 2023.

In accordance with the Constitution, the report also informed Council of the decision undertaken by the Chief Executive on 19th December 2023 to exercise emergency functions to secure an immediate hedging of energy using an interim 12 month standard flex contract which will be superseded by the supply contract in the report should the recommendations be approved.

RESOLVED that Cabinet recommends that Council:

- 1) Approves the proposal to enter into an electricity supply contracts pursuant to the Strategic Energy Partnership for the supply of electricity up to 31st March 2030.**
- 2) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy and the Director of Law and Governance, to finalise the terms and conditions of the supply contract and any other legal agreements required to facilitate delivery of the electricity supply and its ancillary services.**
- 3) Delegates authority to the Head of Energy Services, following consultation with the Director of Regeneration and Economy, to oversee the ongoing management of the wholesale purchasing strategy during the term of the contract.**
- 4) Notes the exercise of the emergency functions by the Chief Executive on 19th December 2023 pursuant to Paragraph 3.8 (a) of Part 2M of the Constitution to secure an immediate hedging of energy using an interim 12 month standard flex contract.**

Private Business

98. Procurement of a New Contract for the Supply of Electricity and Ancillary Services

Further to Minute 93 above, the Cabinet considered a private report of the Director of Regeneration and Economy, that would also be considered at the meeting of Council on 19 March, 2024, which set out the commercially sensitive confidential matters relating to the procurement of a new contract for the supply of electricity and ancillary services.

RESOLVED that Cabinet recommends that Council:

- 1) Approves the proposal to enter into an electricity supply contracts pursuant to the Strategic Energy Partnership up to the value as identified in the private report for the supply of electricity up to 31st March 2030.**
- 2) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy and the Director of Law and Governance, to finalise the terms and conditions of the supply contract and any other legal agreements required to facilitate delivery of the electricity supply and its ancillary services.**
- 3) Delegates authority to the Head of Energy Services, following consultation with the Director of Regeneration and Economy, to**

oversee the ongoing management of the wholesale purchasing strategy during the term of the contract.

- 4) Notes the exercise of the emergency functions by the Chief Executive on 19th December 2023 pursuant to Paragraph 3.8 (a) of Part 2M of the Constitution to secure an immediate hedging of energy using an interim 12-month standard flex contract.**

Agenda item 12
Recommendations from Cabinet
Member for Policing and
Equalities
18 March 2024

Coventry City Council
Minutes of the Meeting of Cabinet Member for Policing and Equalities held
at 9.00 am on Monday, 18 March 2024

Present:

Councillor AS Khan (Cabinet Member)
Councillor P Akhtar (Deputy Cabinet Member)
Councillor P Male (Shadow Cabinet Member)

Employees (by Service Area):

Finance: E Dewar

Law and Governance: J Newman (Director), S Bennett, J Redfern

Public Business

15. Declarations of Interest

There were no disclosable pecuniary interests.

RECOMMENDATION

17. Proposed Amendments to the Constitution

The Cabinet Member for Policing and Equalities considered a report of the Director of Law and Governance which indicated that the Council's Constitution sets out how the Council carries out its business and makes decisions. It is a living document and is reviewed and updated from time to time to ensure that it meets changing legislative requirements and reflects changes in practise within the Council.

The Constitutional Advisory Panel at its meeting on 26 February, 2024 considered proposed changes to the Constitution. These were:-

- a) Amendments to the Contract Procedure Rules as set out in Part 3G of the Constitution
- b) Amendments to the Financial Procedure Rules as set out in Part 3F of the Constitution

In relation to the Contract Procedure Rules, the report indicated that the Health Care Services (Provider Selection Regime) Regulations 2023 (“PSR”) is a new set of rules which govern the arrangement of healthcare services in England, introduced by regulations made under the Health and Care Bill, and which came in to force as of 01 January 2024. The PSR must be followed for all applicable procurement activity by Integrated Care Boards (ICBs), the NHS and Local Authorities. Relevant authorities must follow one of seven (7) processes when procuring health care services. In addition, there is no threshold to the PSR, meaning that all applicable activity, regardless of value, must follow the new Regulations.

The proposed amendments to the Contract Procedure Rules (“CPRs”) are the second of three changes being considered by Council following the inclusive procurement changes in December 2023 and anticipated changes with the introduction the new Procurement Act coming in summer 2024.

The proposed amendments reflect new governance arrangements specific to procurement activity captured by the PSR and can be summarised as follows:

- Reference to and background of the Provider Selection Regime (reflected in Section 1).
- Bespoke governance process for Health Care services (reflected in Section 2 and throughout relevant sections). Unlike the PCR2015 and other associated public procurement regulations, there are no thresholds associated with the Provider Selection Regime (PSR), meaning all contracts of all values are captured within the PSR. As such, in order to maintain oversight of decision-making processes to ensure compliance with the transparency requirements of the PSR, all procurement activity relating to healthcare services caught under the PSR are to be brought to Procurement Panel / Board.
- Removal of permitted exceptions to the Contract Procedure Rules for Health Care services. There are no thresholds relating to the Provider Selection Regime, and as such, all contracts entered in to relating to Health Care services are required to comply with the legislation.
- Establishing a default position of utilising the Competitive Process under the PSR to drive value for money. Utilisation of any of the other permitted procurement processes and deviation away from the default position will need to be justified through the appropriate governance documentation brought to Procurement Panel or Procurement Board.

The Constitutional Advisory Panel agreed that all of the proposed amendments, as detailed in Appendix A in the report, should be recommended to the Cabinet Member for Policing and Equalities for approval.

In relation to the Financial Procedural Rules the report indicated that Legal Services, in consultation with the Council’s Financial Services, have conducted a review of the approval requirements for grant income and grant expenditure set out in the Constitution following feedback from its officers. The Council is regularly under extreme pressure to accept and administer grants in short timescales imposed by funding bodies. If such timescales are not complied with the Council may not be able to accept the grant.

It is considered that the current constitutional requirements affect the Council in efficiently accepting and administering grant in the necessary timescales. Currently the approval requirements for grant income and grant expenditure can at times lead to unnecessary complication and inefficient governance. It is considered that the approval requirements for grant income and grant expenditure should be amended so that (where relevant) approval can be sought for both the acceptance of the Grant Income and delegated authority to facilitate the Grant Expenditure at the same time where possible and drive efficiency in the governance approval process. In addition, the current constitutional requirements have resulted at times in the exercise of the Chief Executive Emergency Powers where time does not permit the approval of Council. The proposed changes will help to reduce such instances.

The proposed changes to Part 3F Financial Procedure Rules can be summarised as follows and are recommended in furtherance to the Council's on-going commitment to effective governance arrangements:-

- Administrative changes (titles).
- Updated procedural requirements for filing of grants on the grant register.
- Updated financial thresholds.
- Updated officer and member approval requirements.

The Constitutional Advisory Panel agreed that all of the proposed amendments, as detailed in Appendix B, should be recommended to the Cabinet Member for Policing and Equalities for approval.

RESOLVED that the Cabinet Member for Policing and Equalities recommends that Council:-

- 1) Approves the proposed amendments to the Contract Procedure Rules (Part 3G of the Constitution) as detailed in Appendix A to the report with immediate effect**
- 2) Approves the proposed amendments to the Financial Procedure Rules (Part 3F of the Constitution) as detailed in Appendix B to the report with immediate effect**
- 3) Authorises the Director of Law and Governance to make any necessary amendments to the Constitution.**

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Public report

Cabinet

A separate report is submitted in the private part of the agenda in respect of this item, as it contains information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972 as amended. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet
Council

12th March 2024
19th March 2024

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor R Brown

Director approving submission of the report:

Director of Regeneration and Economy

Ward(s) affected:

All

Title:

Procurement of a New Contract for the Supply of Electricity and Ancillary Services

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses two or more electoral wards in the City.

Executive summary:

Electricity spending fluctuates due to various factors like global events affecting energy markets. The current contract covers electricity for over 250 Council facilities and around 100 other places like schools.

The Council's electricity contracts end on September 30, 2024. By starting the process early, the chosen supplier can buy energy over time instead of all at once, which helps avoid sudden price increases in the market.

Since 2016, the Council has been using the Eastern Shires Purchasing Organisation (ESPO) framework to buy electricity. ESPO acts as an intermediary, allowing the Council to access wholesale markets typically only available to large buyers. While this framework has helped manage market volatility to some extent, it's not very flexible and historically has not taken full advantage of renewable energy and new market opportunities.

By partnering with E.ON as the new Strategic Energy Partner, the Council can access a customized supply arrangement that opens up opportunities to save costs and generate revenue from new energy market mechanisms. This partnership allows the Council to tap into E.ON's expertise and resources in ways that weren't possible before.

The recommended option presents the best available opportunity for the Council to minimise the costs associated with the supply of electricity. Besides potential cost savings and flexibility, this new approach also aims to deliver more social value directly related to the Council's electricity needs.

This report :-

- a) Seeks approval to enter contracts with E.ON UK PLC and its subsidiaries Npower and E.ON Next, as part of the Strategic Energy Partnership contract procured via competitive dialogue in compliance with Procurement Regulations 2015, signed on September 12, 2023.
- b) Informs Council of the decision undertaken by the Chief Executive on 19th December 2023 in accordance with the Constitution to exercise emergency functions to secure an immediate hedging of energy using an interim 12 month standard flex contract which will be superseded by the supply contract in this report should the recommendations be approved.

Recommendations:

Cabinet is requested to recommend that Council:

- 1) Approves the proposal to enter into an electricity supply contracts pursuant to the Strategic Energy Partnership for the supply of electricity up to 31st March 2030.
- 2) Delegates authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy and the Director of Law and Governance, to finalise the terms and conditions of the supply contract and any other legal agreements required to facilitate delivery of the electricity supply and its ancillary services.
- 3) Delegates authority to the Head of Energy Services, following consultation with the Director of Regeneration and Economy, to oversee the ongoing management of the wholesale purchasing strategy during the term of the contract.
- 4) Notes the exercise of the emergency functions by the Chief Executive on 19th December 2023 pursuant to Paragraph 3.8 (a) of Part 2M of the Constitution to secure an immediate hedging of energy using an interim 12 month standard flex contract.

Council is requested to:

- 1) Approve the proposal to enter into an electricity supply contracts pursuant to the Strategic Energy Partnership for the supply of electricity up to 31st March 2030.
- 2) Delegate authority to the Director of Finance and Resources, following consultation with the Director of Regeneration and Economy and the Director of Law and Governance, to finalise the terms and conditions of the supply contract and any other legal agreements required to facilitate delivery of the electricity supply and its ancillary services.
- 3) Delegate authority to the Head of Energy Services, following consultation with the Director of Regeneration and Economy, to oversee the ongoing management of the wholesale purchasing strategy during the term of the contract.
- 4) Note the exercise of the emergency functions by the Chief Executive on 19th December 2023 pursuant to Paragraph 3.8 (a) of Part 2M of the Constitution to secure an immediate hedging of energy using an interim 12 month standard flex contract.

List of Appendices included:

None

Background papers:

None

Other useful documents

Pan Government Energy Project Reports (OGC)
National Energy Category Strategy for Local Government 2022 (LGA)

Has it or will it be considered by Scrutiny?

No

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes - 19th March 2024

Report title: New Contract for the Supply of Electricity and Ancillary Services

1. Context (or background)

1.1. Energy Demand

The purchase of electricity is a core requirement to enable the Council to operate. The Council’s demand for electricity is associated with almost every aspect of service from traditional functions like our buildings and streetlighting but increasingly for new aspects such as the Council’s electric fleet. The quantity of electricity that the Council consumes on an annual basis has been increasing since the pandemic largely due to the electrification of heat and transport and is expected to rise further due to the expansion of the streetlighting and traffic management networks in the city.

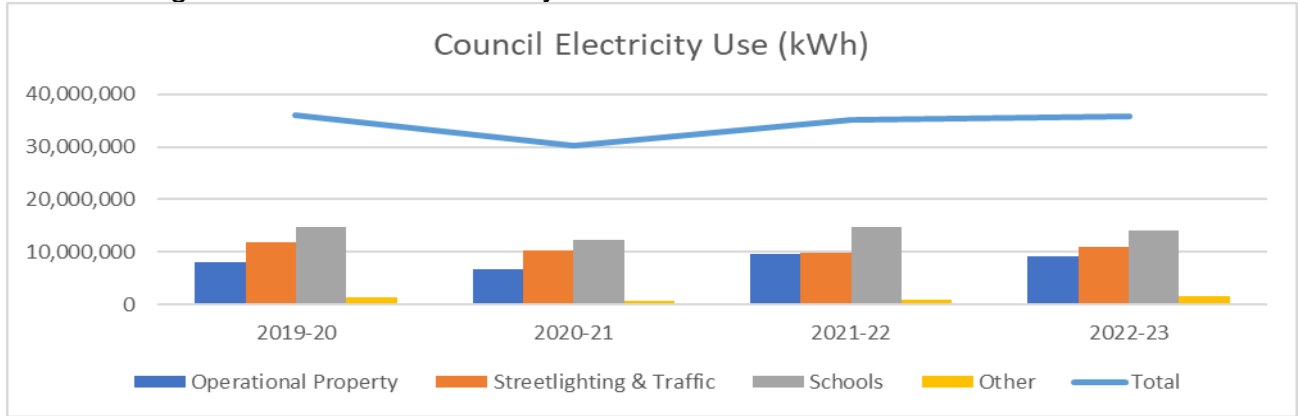


Figure 1 - Annual Electricity Use of Supplies on Coventry City Council's Contract by Sector

Some of this additional demand has been offset through efficiency improvements made to our assets and some has been met through the deployment of Solar PV across the Council estate over the past few years. The below shows the growth in onsite renewable energy generation that has supported the operational property demand above.

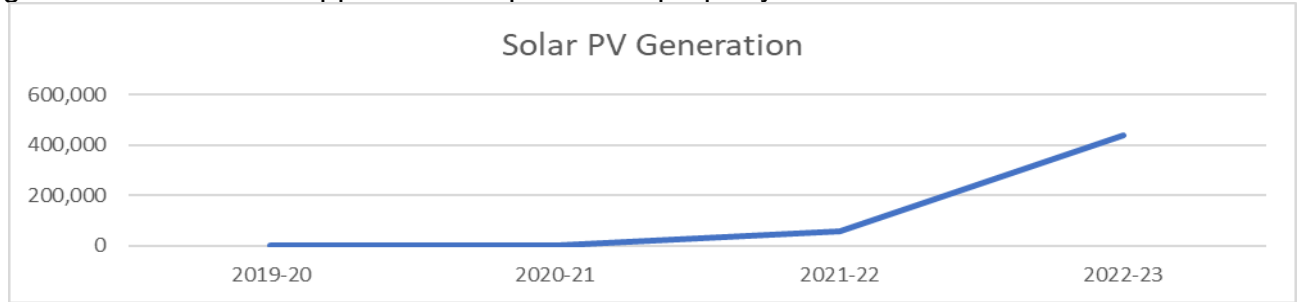


Figure 2 - Annual Solar PV Generation from Council Owned Systems on Operational Properties

1.2. Energy Costs

The cost of energy has also seen significant increases over recent years due to global geo-political events and changing UK policies. The price of electricity is made up from 4 main components: Wholesale Costs, Network Costs, Social & Environmental Costs and Supplier Costs. The below figure provides an average split of these various elements currently on a typical Council bill.

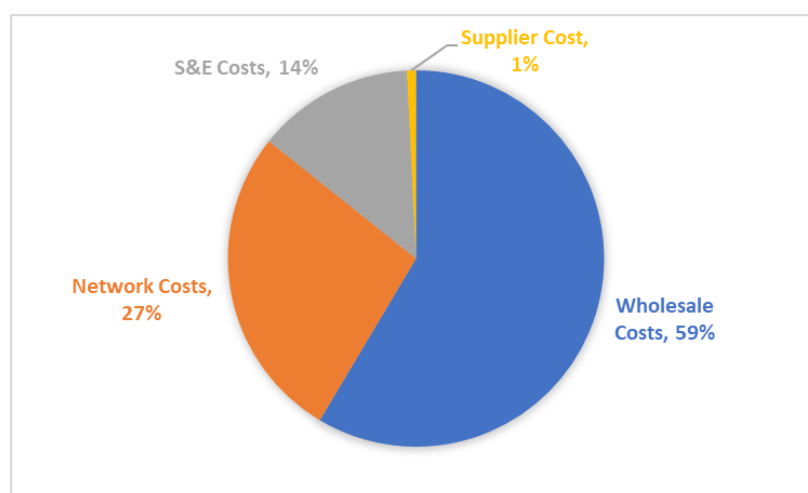


Figure 3 - Typical Breakdown of Current Electricity Spend by Cost Type

The unprecedented turmoil in the energy markets over the past couple of years have presented significant cost pressures in relation to the cost of electricity. At its peak electricity costs were over 10 times the recent average. The Council's current approach to procuring electricity using flexible procurement has successfully limited the impact of this market variation

Network Costs have also seen significant increases recently following the outcomes of the Electricity Market Reform process. This has seen a shift in how the costs associated with the management and improvement of the transmission and distribution networks are recovered. Many of these charges are set as part of regulated price reviews undertaken by Ofgem but are also subject to annual adjustment index linked to inflation. The high rates of inflation over the past year have seen significant increases in these charges.

Social and Environmental Costs have increased significantly over the past decade as a result of national policies. These charges are mechanism introduced to recover the costs of various national schemes such as incentives for Solar PV and other renewable energy programmes. Whilst these schemes are often time limited in terms of duration and therefore should fall over time, they are also often index linked to inflation. The current high rate of inflation has resulted in significant increases in these charges.

The Supplier Costs associated with the cost of electricity are only a very small proportion of the overall cost of electricity. These charges relate to the administration costs and supplier margins relating to the supply of electricity. The current cost of living crisis and associated wage inflation has resulted in these costs increasing across the industry. To remain commercially competitive there has been significant consolidation within the supplier base and a general move to the use of digital and automated processes.

1.3. Contract Value

Forecasting the spend on each year of the contract accurately is complex due to the number of variables involved. The actual spend will depend on both how the consumption varies as well as how the various cost elements vary over the term of the contract. The recent volatility in energy markets, high inflation and requirements for Net Zero all add additional uncertainty in the overall contract value for the electricity contract.

In order to align the energy pricing periods with the Council's financial year and to enable the schools to access the 24-month pricing period we are seeking to enter into a contract until 31st March 2030.

The actual contract spend for each year will be forecast and reviewed annually during the Council's overarching budget setting process. The forecast contract spend is defined by the Council's current budget expectations.

Not entering into the contract by October 2024 would result in the Council being charged variable deemed rates which would drive significant financial risk as the spend would be based upon market factors at the time.

1.4. Energy Contract Types

There are generally 3 types of electricity contract available: **Fixed Price Contracts**, **Flexible Fixed Priced Contracts** and **Flexible Variable Price Contracts**. Each option has its own benefits and drawbacks.

Fixed Price Contracts set prices at a single point of time based on the wholesale market at that time. These contracts provide complete certainty of costs for the contract period however places risk on what the prevailing market conditions are on the day they entered into. Customers required to renew their fixed price contracts were most exposed to the high market conditions last winter.

Flexible Fixed Price Contracts are where all energy is purchased in advance over a defined period with prices finalised at the start of each contract year. This allows greater flexibility as to when energy is purchased and therefore enables prices to be locked in early if prices are rising or locked in late if prices are falling. This approach also provides a level of certainty as the prices become fixed at the start of each contract period. This is the recommended approach for public sector organisations.

Flexible Variable Price Contracts are where some energy is purchased in advance over a defined period with the remainder purchased within the contract year. The degree of variability is agreed in advance and determines how frequently the prices are locked in during the contract year. This approach maximises the opportunity to achieve lower prices (particularly in a falling market) but reduces budget certainty as prices can rise or fall during the course of the contract year dependent on market conditions.

Only the use of Flexible Fixed Price Contracts is therefore considered in this report to align with the recommendations for public sector organisations by the Pan Government Energy Project undertaken by The Office of Government Commerce.

1.5. Additional Considerations

The increase in renewable energy generation in the UK energy supply mix has introduced increasingly complex and dynamic solutions to ensure the reliability of supply in the UK. This has resulted in a range of new incentives and opportunities for organisations to benefit financially from adjusting their energy use dynamically in response to network demands. Innovative solutions such as Time of Use tariffs or Demand Flexibility Services are increasingly becoming available in the market. The recent deployment smart heating systems and battery storage solutions within Council buildings and the electrification of the fleet have

potentially provided the Council with opportunities to take advantage of such incentives and offset the unavoidable increase in costs associated with the core supply of electricity.

Electricity usage is currently the largest contributor to the Council's carbon footprint. Therefore, the carbon intensity of the electricity purchased should be taken into consideration. There are direct and indirect options for the Council to make an impact on the emissions related to power use. The Council can deploy low carbon energy solutions directly reducing the amount of imported energy used (for example with a Solar Farm). This will need a flexible contract that does not penalise the Council for reducing the volume of energy it purchases. Alternatively, the Council can indirectly reduce emissions through considering the supplier's fuel mix as part of procurement.

1.6 Exercise of Chief Executive Emergency Functions

Part 2M of the City Council's Constitution provides for the Scheme of Functions delegated to Employees including the Chief Executive/Head of Paid Service.

Paragraph 3.8(a) of Part 2M of the Constitution enables the Chief Executive, following consultation with the Leader, to make decisions required in an emergency.

The Chief Executive was satisfied that the following decision was required to be taken pursuant to the emergency provision and that, in all cases, the circumstance constituted an emergency:-

- a) securing an immediate hedging of energy using an interim 12 month standard flex contract.
- b) Delegation of authority to the Director of Business Investment and Culture in consultation with Head of Energy Services and Law and Governance Services to enter into the necessary legal documentations

The purpose and objectives of the contract is:-

- to enable immediate hedging of energy using an interim 12-month standard flex contract;
- currently energy prices are not being too greatly affected by international geopolitics or network issues and are benefiting from the mild start to the winter. This could change over the next couple of months resulting in significant market movement which could result in additional costs to the Council;
- delaying the start of trading to February or March 2024 would increase the risk that the Council has to pay a higher price for energy than it would have otherwise paid;
- the arrangement provides a route to market and enter into a contract immediately as a result of the procurement of the Strategic Energy Partnership (SEP);
- the value for money element is access to hedging now rather than waiting as prices are relatively low; and

- The additional flexibility available from not being contracted within a centrally managed, multi-organisation framework arrangement ESPO our existing contract, offers the electricity contract to be an enabler for other activity that the Council wishes to investigate with the SEP. It allows for the Council and the SEP to utilise the electricity contract as another tool to enable innovative Net Zero action.
- Continue with existing energy arrangements with schools and other community associated organisations that account for approximately 1/3 of the overall annual spend on the contract.

The above decision including the reasons for the decisions taken, have been published on the City Council's website.

2. Options considered and recommended Proposal.

2.1. Do Not Enter a Contract (Not Recommended)

If the Council does not enter an electricity supply contract, the building supplies would remain with the existing supplier but move onto Variable Deemed Rates. These rates can change monthly and are dictated fully by the market conditions at the time and are usually around double the cost of being in a basic contract. The Council would also only have the most basic protections provided by statutory regulated terms and conditions.

This option is not recommended due to the additional cost and risk associated with being out of contract.

2.2. Standalone Procurement of Energy Supplier or Broker (Not Recommended)

The council could run a stand-alone procurement activity to directly appoint an energy supplier or broker. This is not an approach undertaken by most Local Authorities as it loses the ability to benefit from the savings associated with collective purchasing via a public sector framework. Whilst this approach would access the full electricity supplier market, it would add significant additional risk, cost and resourcing requirements to facilitate the process. This approach can sometimes be effective for short-term contracting or very low volume requirements, particularly where a fixed price contract is desired, however, it can lead to a restricted range of contracting options.

This approach is not recommended for the Public Sector as it historically has not delivered financial savings compared to the use of a Public Sector Frameworks via a Public Buying Organisation.

2.3. Call-off Public Sector Framework via a Public Buying Organisation (Not Recommended)

There are a number of Public Sector Frameworks available for the procurement of electricity supplies. Through this route the Public Buying Organisation (PBO) undertakes the procurement of the framework supplier, undertakes price negotiation, manages the contract with the supplier and usually manages the trading decisions on behalf of the organisations using the framework. The framework terms and management practices align with the best practice recommendations of the Pan Government Energy Project. Most frameworks offer 1 or more "baskets" to be a part of. Each "basket" offers a specific buying strategy.

Of the 6 PBOs with energy frameworks available, 3 currently use Npower, 2 use EDF Energy and 1 uses Total Energies. Due to the difference in Contract Period for each of the frameworks moving between them can result in either short periods of Variable Deemed Rates or fixed price rates if the desired “basket” has already begun hedging energy.

These frameworks historically have derived financial savings compared to standalone procurement exercises due to the scale of purchasing being undertaken, however, the Council has less direct control in the terms of the contract and therefore it can limit the Council's ability to benefit from regulatory changes and technology innovations that develop, or significant market events as was observed during Covid 19. The variety of buildings and other electricity using activities within the Council's responsibility means that often compromises need to be made when selecting the appropriate “basket” to join.

This option is not recommended as it would deliver less flexibility for risk management and overall value for money compared to the bespoke contract available to call-off via the Strategic Energy Partner Contract.

2.4. Bespoke Contract Call-off from Strategic Energy Partner Contract (Recommended)

The Council has the unique opportunity to call off the new Strategic Energy Partner (SEP) Contract with E.ON UK. The ground-breaking SEP contract has enabled a bespoke electricity supply contract arrangement to be offered to the Council that blends the hedging practices of traditional public frameworks with additional agility, control and cost saving opportunities that delivers the best potential for the Council to achieve financial savings compared to other contracting options.

The main structure of the proposal is based around the governance and best practice approaches of a PBO energy framework. This is however enhanced by making use of the smaller volume requirements that now exist for wholesale market participation, the recently deployed solar PV and battery storage assets the Council owns and anticipation of the changes in regulation coming through from the Electricity Markets Reform. A key aspect of the proposal is providing the Council with sufficient flexibility within the contract to not only minimise the cost of purchasing the electricity commodity itself but also operating our buildings and pricing mechanism such that it minimises the exposure to the increasing non-commodity costs that currently make up a significant part of the electricity bill.

This option delivers a financial saving on the fixed costs related to the contract such as Management Fees, Supplier Margins and Metering Service Costs compared to the current PBO framework contract. These costs account for less than 1% of the overall contract spend and therefore are less significant than the opportunities for savings relating to the wholesale energy costs and network costs that this option enables compared to a standard PBO framework contract.

The proposal also offers the inclusion of “affiliate” and “member” customers within the contract. This enables the Council to potentially support stakeholders in the city without the need to set up a Local Authority energy company.

The observation that Npower has been awarded the supply contract for 50% of the PBO frameworks recently tendered provides additional confidence in their ability to provide appropriate trading services to the Public Sector. This option also delivers specific additional

social value activities compared to contracting via a PBO framework. Further enhancement over the standard PBO frameworks is that this bespoke contract commits to providing an increased proportion of certificated renewable energy compared to the current PBO contract. This enables the Council to further support its key priority of tackling the causes of climate change.

Through the SEP, E.ON UK have been able to draw upon its expertise and develop a bespoke solution as outlined above for Coventry that better serves the Council's requirements than the standard market products and presents better opportunities to deliver savings in relation to electricity purchase. Therefore, this bespoke option is recommended in preference to a call-off from an existing PBO framework.

3. Results of consultation undertaken

- 3.1. The possible options for electricity supply were consulted with the 3 primary services that currently rely on the contract: Corporate Property, Streetlighting and Education. The benefits and drawbacks of each option were discussed, and all services agreed that the proposed recommendation of awarding via the Strategic Energy Partnership presented the best solution to their respective needs.
- 3.2. Following consultation, it was recommended that education and 3rd sector organisations that are currently supported through access to the Council's energy contracts should continue to be offered this support however additional governance is to be introduced to better protect the Council's position in the event of any default. The proposal is to achieve this with supplementary contract arrangements between the relevant organisations, the supplier and the Council.

4. Timetable for implementing this decision.

- 4.1. The contract will commence as soon as the terms and conditions have been agreed.
- 4.2. In relation to the exercise of the emergency function, in light of the urgent nature of the matter detailed in paragraph 1.6 above, the decisions were implemented immediately.

5. Comments from Director of Finance and Resources and Director of Law and Governance

5.1. Financial Implications

By entering into the supply contract at the values indicated, this does not fix the contract cost based on a fixed unit price or level of activity which can be subject to fluctuation dependent on annual energy consumption and any changes to the asset base supported. If the total contract value at any time was expected to be above that indicated, further approval would need to be sought.

The 2024/25 contract values assumed in this report are in line with the budget proposals considered by Council on 20th February 2024. The Council reviews its energy budgets annually in line with the budget setting process and will reflect any changes to consumption, asset base and price as part of this process over the life of the contract.

The values assumed within the contract reflect an estimate of potential growth and inflationary increase which if realised will form the basis of future budget considerations. The total contract value also includes costs of electricity of schools and other independents within the city that enables them to purchase from the same contract and support delivery of net zero in the city. As highlighted in the legal implications, these organisations will be required to sign contracts with the council to ensure financial risk of this part of the contract is managed.

Of the overall contract value, 57% is for the estimated Council cost of the contract over the contract period with the balance of 43% representing schools and independents.

5.2. Legal Implications

The Council has the power to enter into the electricity supply contract under section 1 of the Localism Act 2011 ("LA 2011"), which broadly gives the Council the power to do: -

- anything that an individual may do;
- for a commercial purpose or otherwise for a charge; and
- for the benefit of other areas than the Council's administrative areas,
- such power generally being known as the "General Power of Competence" or "GPC" for the purpose of this report.

The Council as part of achieving net zero will also be purchasing energy on behalf of schools and independents to help achieve greater savings across Coventry. The Council will enter into contracts with schools and other independents who participate in this electricity contract.

The Council as part of purchasing electricity on behalf of the Schools and Independents will provide the following services: -

- Procurement Management
- Contract Management
- Drafting the Service Level Agreements and entering into the necessary agreements
- Hedging Strategy Management
- Bill Validation and Query Support
- Provision of Data Management/Record Management
- Site Works Support

The cost of providing this will be recovered through an administration charge for the costs incurred by the Council on a cost recovery basis.

The Council has several powers to directly provide and charge for services including for the Schools and Independents: -

- (1) s93 of the Local Government Act 2003 ("**LGA 2003**") – which provides the Council with the power to charge for discretionary services; and
- (2) s1 of the Local Authorities (Goods and Services) Act 1970 ("**LAA 1970**") which allows the Council to provide and charge for goods and services (including administrative, professional and technical services).
- (3) s93 of the LGA 2003 only allows the Council to charge on a 'cost-recovery basis'; and
- (4) s1 of the LAA 1970 only permits trade with other public bodies.

5.3. Procurement Compliance

The Council undertook a Public Contracts Regulations 2015 compliant competitive dialogue procedure to identify and appoint a Strategic Energy Partner and enter into a contract with E.ON UK PLC on the 12th September 2023 (the SEP Procurement).

In addition to the mandatory and discretionary exclusion grounds, the bidders were tested against technical capability, value for money and social value (as well as Legals for the final contract form), complying with the PCR2015 requirement of “Most Economically Advantageous Tender”. The process was transparent throughout, with the detailed requirement outlined in the Prior Information Notice (PIN), Contract Notice (CN) and subsequent Contract Award Notice (CAN) published on the mandated Find A Tender portal.

The supply of electricity contract is procured under CPV Code 09300000 which is included in the SEP Procurement.

From a value for money perspective – the offer provides the following:

- Reduction in overall fixed costs associated with administration fees, commission and service fees required to deliver the electricity supply provision to the Council.
- The ability to secure a greater level of revenue savings relating to the Council’s existing renewable energy assets.
- The Council will have additional flexibility within the contract to minimise the cost of purchasing the electricity commodity and reduce exposure to increasing non-commodity costs.
- Additional Social Value commitments including educational support and energy advice to Coventry schools, volunteering commitments with Coventry based community organisations and work experience opportunities for young people in Coventry and benefits associated with local employment involved in the delivery of the contract.

Exercise of Chief Executive Emergency Functions

Part 2M of the City Council’s Constitution provides for the Scheme of Functions delegated to Employees, including to the Chief Executive/Head of Paid Service. Paragraph 3.8 of Part 2M enables the Chief Executive, following consultation with the Leader, to make decisions in an emergency.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

This approach ensures that all parts of the council can benefit from a coordinated and managed electricity supply contract. The proposed approach looks to build on the financial savings by enabling further non-commodity savings and potential revenue opportunities through participation in emerging ancillary energy markets.

This also allows for the Council to act as an enabler to provide other Coventry organisations such as schools and community organisations to access the route to market should they wish to participate. The opportunity to facilitate helps support the Council's ambition to be a partner and enabler for wider stakeholders. Through the Council acting as an agent not a supplier, it enables the widest possible approach that supports the One Coventry Plan without the risks associated with directly operating an energy company.

The contract guarantees to supply an increased proportion of renewable energy. This helps to discharge the Council's existing Climate Change Strategy commitments. This will reduce the Council's impact on Climate Change as a result of its activities and support the One Coventry Plan key priority of tackling the causes and consequences of climate change.

6.2. How is risk being managed?

The basis of Flexible Procurement for electricity purchasing is the key risk management consideration in the proposal. Furthermore, the proposal utilises the trading experience within the Strategic Energy Partner to guide and support the Council through the complex wholesale market environment in a transparent manner. The proposal also includes for a series of governance and performance management measures that will enable the Council to support contract management and delivery of the service. This helps to support the aims and objectives of the Strategic Energy Partnership with E.ON UK PLC.

The contract is to be managed by the Council's Energy Management Services team within Property and Development Directorate. This is a multi-award winning energy services team that has specialist capability in relation to energy management, bureau services and energy projects and now centrally oversees all of the Council's utility supplies including electricity, gas, water, heat and Solar PV arrangements.

6.3. What is the impact on the organisation?

The approach enables the Council to have a greater level of flexibility and control of outcome without requiring significant additional resource to be identified and funded. Making use of the Strategic Energy Partnership will help to reduce costs for delivering an effective electricity supply contract whilst also significantly opening up opportunities for the Council to be agile in the energy market and deriving additional benefits throughout the contract term.

6.4. Equalities / EIA?

This project does not have any direct impact on the Council's equality responsibilities although it is anticipated to assist with the continuation of broader service delivery through mitigation of cost implications with provision of electricity. There is also enhanced social value associated with the proposed contract route including support to schools and employment opportunities for disadvantaged Coventry residents.

6.5. Implications for (or impact on) climate change and the environment?

The contract is indirectly supporting the furthering of actions that help to address and mitigate the causes of climate change. The contract has the ability to deliver 100% renewable energy if required but more importantly has flexibility to maximise the benefit from the Council's ability to actively reduce energy usage, increase local renewable energy generation and adopt

smart technology. The enhanced freedom and benefits that the proposal offers will help to remove barriers and support the financial viability of transitioning to Net Zero.

6.6. Implications for partner organisations?

The proposed arrangement allows for partner organisations to benefit from the Council's electricity contract subject to E.ON UK PLC and CCC consent. Schools are one such example of organisations that will have the ability to benefit from the contract.

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Councillor J. O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	16/02/2024	19/02/2024
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	16/02/2024	19/02/2024

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Public report

Cabinet Member

**Cabinet Member for Policing and Equalities
Council**

**18 March, 2024
19 March, 2024**

Name of Cabinet Member:

Cabinet Member for Policing and Equalities – Councillor AS Khan

Director approving submission of the report:

Director of Law and Governance

Ward(s) affected:

None

Title:

Proposed Amendments for the Constitution

Is this a key decision?

No

Executive summary:

The Constitutional Advisory Panel, at its meeting on 26 February, 2024, considered proposed amendments to the Constitution in relation to changes to the Contract Procedure Rules (Part 3G) and the Financial Procedure Rules (Part 3F).

The Advisory Panel agreed with the proposed amendments. This report seeks approval from the Cabinet Member for Policing and Equalities and Council to the proposed amendments to the Constitution.

Recommendations:

The Cabinet Member for Policing and Equalities is requested to recommend that Council approves Recommendations (1) and (2) below:-

- (1) The proposed amendments to the Contract Procedure Rules (Part 3G of the Constitution) as detailed in **Appendix A** to the report with immediate effect
- (2) The proposed amendments to the Financial Procedure Rules (Part 3F of the Constitution) as detailed in **Appendix B** to the report with immediate effect

Council is recommended to approve Recommendations (1) to (2) above and authorise the Director of Law and Governance to make any necessary amendments to the Constitution.

List of Appendices included:

The following appendices are attached to the report:

Appendix A – Details of the proposed amendments to the Contract Procedure Rules (Part 3G)

Appendix B – Details of the proposed amendments to the Financial Procedure Rules (Part 3F)

Background papers:

N/A

Other useful documents

N/A

Has it or will it be considered by Scrutiny?

No

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

Yes - Constitutional Advisory Panel – 26 February, 2024

Will this report go to Council?

Yes – 19 March, 2024

Report title: Proposed Amendments for the Constitution

1. Context

- 1.1 The Council's Constitution sets out how the Council carries out its business and makes decisions. It is a living document and is reviewed and updated from time to time to ensure that it meets changing legislative requirements and reflects changes in practise within the Council.
- 1.2 The Constitutional Advisory Panel at its meeting on 26 February, 2024 considered proposed changes to the Constitution. These were:-
 - a) Amendments to the Contracts Procedure Rules as set out in Part 3G of the Constitution
 - b) Amendments to the Financial Procedure Rules as set out in Part 3F of the Constitution

2. Options considered and recommended proposals

2.1 Contracts Procedure Rules – Part 3G

- 2.1.1 The Health Care Services (Provider Selection Regime) Regulations 2023 ("PSR") is a new set of rules which govern the arrangement of healthcare services in England, introduced by regulations made under the Health and Care Bill, and which came in to force as of 01 January 2024.
- 2.1.2 The PSR must be followed for all applicable procurement activity by Integrated Care Boards (ICBs), the NHS and Local Authorities.
- 2.1.3 Relevant authorities must follow one of seven (7) processes when procuring health care services. In addition, there is no threshold to the PSR, meaning that all applicable activity, regardless of value, must follow the new Regulations.
- 2.1.4 The proposed amendments to the Contract Procedure Rules ("CPRs") are the second of three changes being brought to Council following the inclusive procurement changes in December 2023 and anticipated changes with the introduction the new Procurement Act coming in summer 2024.
- 2.1.5 The proposed amendments reflect new governance arrangements specific to procurement activity captured by the PSR and can be summarised as follows:
 - **Reference to and background of the Provider Selection Regime** (reflected in Section 1).
 - **Bespoke governance process for Health Care services** (reflected in Section 2 and throughout relevant sections). Unlike the PCR2015 and other associated public

procurement regulations, there are no thresholds associated with the Provider Selection Regime (PSR), meaning all contracts of all values are captured within the PSR. As such, in order to maintain oversight of decision-making processes to ensure compliance with the transparency requirements of the PSR, all procurement activity relating to healthcare services caught under the PSR are to be brought to Procurement Panel / Board.

- **Removal of permitted exceptions** to the Contract Procedure Rules for Health Care services. There are no thresholds relating to the Provider Selection Regime, and as such, all contracts entered in to relating to Health Care services are required to comply with the legislation.
- Establishing a **default position of utilising the Competitive Process** under the PSR to drive value for money. Utilisation of any of the other permitted procurement processes and deviation away from the default position will need to be justified through the appropriate governance documentation brought to Procurement Panel or Procurement Board.

2.1.6 The Constitutional Advisory Panel agreed that all of the proposed amendments, as detailed in **Appendix A**, should be recommended to the Cabinet Member for Policing and Equalities for approval.

2.2 Financial Procedure Rules – Part 3F

2.2.1 Legal Services in consultation with the Council's Financial Services have conducted a review of the approval requirements for grant income and grant expenditure set out in the constitution following feedback from its officers.

2.2.2 The Council is regularly under extreme pressure to accept and administer grants in short timescales imposed by funding bodies. If such timescales are not complied with the Council may not be able to accept the grant.

2.2.3 It is considered that the current constitutional requirements affect the Council in efficiently accepting and administering grant in the necessary timescales.

2.2.4 Currently the approval requirements for grant income and grant expenditure can at times lead to unnecessary complication and inefficient governance. It is considered that the approval requirements for grant income and grant expenditure should be amended so that (where relevant) approval can be sought for both the acceptance of the Grant Income and delegated authority to facilitate the Grant Expenditure at the same time where possible and drive efficiency in the governance approval process.

2.2.5 It is considered that the current constitutional requirements has resulted at times in the exercise of the Chief Executive Emergency Powers where time does not permit the approval of Council. The proposed changes will help to reduce such instances.

2.2.6 The proposed changes to Part 3F Financial Procedure Rules can be summarised as follows:

- Administrative changes (titles).
- Updated procedural requirements for filing of grants on the grant register.

- Updated financial thresholds.
- Updated officer and member approval requirements.

2.2.7 The proposed changes are recommended in furtherance to the Council's on-going commitment to effective governance arrangements.

2.2.8 The Constitutional Advisory Panel agreed that all of the proposed amendments, as detailed in **Appendix B**, should be recommended to the Cabinet Member for Policing and Equalities for approval.

3. Results of consultation undertaken

3.1 The proposed amendments have been considered by the Constitutional Advisory Panel to which all Group Leaders were invited to attend together with the Cabinet Member for Strategic Finance and Resources and the Chair of the Audit and Procurement Committee.

4. Timetable for implementing this decision

4.1 It is proposed that following Council approval, the amendments to the Constitution be implemented immediately.

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

5.1. Financial Implications

There are no specific financial costs arising from the recommendations within this report. The changes proposed to contract procedure rules are a legislative change with no additional financial implications. Changes to the Financial Procedure Rules relate to the governance and approval processes relating to the application for, acceptance of and approval requirements to receive grants and pay grants to external organisations

5.2. Legal Implications

There are no specific legal implications arising from the recommendations within this report. The proposed changes to the Contract Procedure Rules reflect a change in legislation.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

Not applicable.

6.2. How is risk being managed?

There is no direct risk to the organisation as a result of the contents of this report.

6.3. What is the impact on the organisation?

Not applicable

6.4. Equalities / EIA?

Not applicable

6.5. Implications for (or impact on) climate change and the environment?

None

6.6. Implications for partner organisations?

None

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Part 3G –Contract Procedure Rules

Index	Paragraph
Introduction	1
Summary of Contract Procedure Rules (CPRs) –Governance Process	2
Summary of CPRs—Financial Thresholds for Procedure	3
Objectives	4
Scope of CPRs	5
Compliance	6
Justification of Need	7
Approvals required before certain Relevant Procedures are commenced	8
The Procurement Board and Panels	9
Exceptions to Contract Procedure Rule	10
Valuation of contracts	11
Duties of Directors and the Head of Legal and Procurement Services	12
Selection of Procurement Route	13
Authority to enter into a contract	14
Specifications	15
Contract procedures	16
Invitations to formal tender	17
Opening formal tenders	18
The quotation procedure	19
Acceptance of formal tenders and quotations	20
Electronic tendering and quotations	21
Amendments and alterations to tenders and quotations	22
Contract Extensions	23
Contract Variations	24
Form of Contract	25
Social Value	26
Contract administration and management	27
Prevention of fraud and corruption	28
Freedom of Information Act	29
Management of Risk in Contracts	30
Impact of other Legislation	31
Definitions	32

PART 3G: CONTRACT PROCEDURE RULES

1. Introduction

1.1 These Contract Procedure Rules (CPRs) are the standing orders required by the Local Government Act 1972. They are part of the Council's Constitution and are, in effect, the instructions of the Council to officers and councillors for making contracts on behalf of the Council. The purpose of these CPRs is to set clear rules for the procurement of works, goods and services for the Council and to ensure a system of openness, integrity and accountability, in which the probity and transparency of the Council's procurement process will be beyond reproach. Accordingly, these CPRs must be followed for **all** contracts (but excluding the categories listed in Rule 6.2, grants and land contracts which are dealt with under different rules) for:-

- the supply of goods to the Council;
- the supply of services to the Council; and
- the execution of works for the Council.

1.2 The Council has a Procurement Strategy, setting out how the Council intends to go about procuring works, goods and services. Conformity to these CPRs, and the Council's Employee Code of Conduct and relevant associated employment policies, will ensure that contracts are let in accordance with the *Procurement Strategy* and any associated *User Guides and Procedures*.

1.3 The Council is subject also to the following regulations:

(a) Public Contracts Regulations 2015 (SI 2015/02) in relation to the procurement of goods, services and works,

(b) Concession Contracts Regulations 2016 in relation to the placement of concession contracts,

(c) the Health Care Services (Provider Selection Regime) Regulations 2023, (introduced by the Health Care Act 2022 for the procurement of in-scope health care services and public health services in England,

These legislations requires contract letting procedures to be open, fair and transparent. Public Contracts Regulations 2015(SI 2015/102), the legislation which reflects the EU Public Procurement Directives. This legislation requires contract letting procedures to be open, fair and transparent. These CPRs provide a basis for true and fair competition in contracts, by providing clear and auditable procedures, which, if followed, will give confidence that the Council has a procurement regime that is fully accountable and compliant with the

legislation.

Part 3G –Contract Procedure Rules

2. Summary of CPRs – Governance Process

Governance process for goods, services and works (other than Health Care Services)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10
Financial Value (per Contract) for Governance	Approval to Procure	Minimum Process	Advertising opportunity Advertising opportunity	Advertising opportunity award (i) Contracts Finder (ii) Find a Tender	Minimum Tender/Quote Timescales	Contract Terms	Opening of tenders	Authority to Award Contract	Contract Signing
£1,000,000 and above	Procurement Board. In addition, unless acting within approved budgets, Cabinet where the Contract Value (not estimated framework agreement value) is £1m and above on a per annum basis	Competitive tenders in compliance with Public Contract Regulations 2015 (PCR2015) (Note 1 below) Or direct appointment of a Local Authority Trading Company (LATC) in accordance with the teckal arrangement contained within PCR2015 where best value can	£100,000 - relevant Public Contracts Regulations 2015 threshold (i) Yes (ii) Not Required Over relevant Public Contracts Regulations 2015 threshold (i) Yes (ii) Yes	£100,000 - relevant Public Contracts Regulations 2015 threshold (i) Yes (ii) Not Required Over relevant Public Contracts Regulations 2015 threshold (i) Yes (ii) Yes	Minimum fifteen (15) working days between £100,000 and relevant Public Contracts Regulations 2015 threshold. Where above the relevant threshold, as prescribed by the Public Contracts Regulations 2015.	Standard or Bespoke Form of Contract. Where contracts are in the form of Deeds, they must be sealed by Legal Services. Contracts over £1,000,000 will need to be in the form of a Deed	Electronic tenders via the Council's e-tendering system	If within approved tolerance agreed at Column 2, e.g. <10% above estimated price, or report back to relevant body in Column 2 for approval	City Solicitor or authorised deputy
£100,000 up to £999,999	Procurement Panel					Standard or Bespoke Form of Contract. Where contracts are in the form of			Director and/or Head of Service

Part 3G –Contract Procedure Rules

		be demonstrated.				Deeds, they must be executed by Legal Services.			
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Part 3G –Contract Procedure Rules

£10,000 to £99,999	<p>Director approval or delegated authority to budget holder</p> <p>(Copies of Quotations MUST be forwarded to Legal and Procurement Services for order to be approved)</p>	<p>Minimum of five (5) written or oral quotations (see 3 below for thresholds). Where possible, a minimum of three (3) should be from local suppliers or social enterprises.</p> <p>Or appointment of a Local Authority Trading Company (LATC) in accordance with PCR2015 where best value can be demonstrated.</p>	<p>(i) Yes where over £25k and 'open market'. No where under £25k or closed exercise.</p> <p>(ii) Not Required</p>	<p>£10,000 - £24,999</p> <p>(i) Optional</p> <p>(ii) Not Required</p> <p>£25,000 - £99,999</p> <p>(i) Yes</p> <p>(ii) Not Required</p>	<p>Minimum five (5) working days between £10,000 - £24,999.</p> <p>Minimum ten (10) working days between £25,000 - £99,999.</p>	Official order form or Standard Form of Contract	Officers must use the electronic Quotations Pack via the Council's e-tendering system for contract values £25,000 - £99,999	Director or authorised deputy	Endorsed/Signed by Director or authorised deputy
Below £10,000	Budget holder	Use of corporate contract or demonstrable value for money	<p>(i) Not Required</p> <p>(ii) Not Required</p>	<p>(i) Not Required</p> <p>(ii) Not Required</p>	Not Applicable	Official order form (or Council Procurement Card)	N/A	Authorised by Budget Holder	Authorised by Budget Holder

Note 1 – Where PCR 2015 thresholds are not exceeded, a minimum of five (5) competitive tenders must be sought with the tender advertised on Contracts Finder

Note 2 – Framework agreements need approval by the relevant Procurement Panel or Procurement Board only, based on the total estimated/potential expenditure. Cabinet

Part 3G –Contract Procedure Rules

Approval will also be required for each individual Contract placed against a framework agreement where the annual value is £1,000,000 or over.

Governance process for Health Care Services under the Provider Selection Regime

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10
Financial Value (per Contract) for Governance	Approval to Procure	Minimum Process	Advertising opportunity on Find a Tender	Advertising award on Find a Tender	Minimum Tender/Quote Timescales	Contract Terms	Opening of tenders	Authority to Award Contract	Contract Signing
▲ <u>£1,000,000 and above</u>	Procurement Board. In addition, unless acting within approved budgets, Cabinet where the Contract Value (not estimated framework value) is £1m and above per annum basis	The most appropriate provider selection process in accordance with the Health Care Services (Provider Selection Regime) Regulations 2023. The default position for new and re-procured services is that of the Competitive Process.	Direct Award A - No Direct Award B - No Direct Award C - Yes Most Suitable Provider - Yes Competitive Process - Yes	Direct Award A - Yes Direct Award B - Yes Direct Award C - Yes Most Suitable Provider - Yes Competitive Process - Yes	Where utilising the Competitive Process, a minimum fifteen (15) working days.	Standard or Bespoke Form of Contract. Where contracts are in the form of Deeds, they must be sealed by Legal Services. Contracts over £1,000,000 will need to be in the form of a Deed	Electronic tenders via the Council's e-tendering system	If within approved tolerance agreed at Column 2, e.g., <10% above estimated price, or report back to relevant body in Column 2 for approval	£1m and above - City Solicitor or authorised deputy £100,000 to £999,999 – Director and/or Head of Service £10,000 to £99,999 – Endorsed/signed by Director or authorised deputy Below £10,000 – authorised by Budget Holder
<u>Up to £999,999</u>	Procurement Panel					Standard or Bespoke Form of Contract. Where contracts are in the form of Deeds, they must be executed by Legal Services.			

Note 2 – Framework agreements need approval by the relevant Procurement Panel or Procurement Board only, based on the total estimated/potential expenditure. Cabinet Approval will also be required for each individual Contract placed against a framework agreement where the annual value is £1,000,000 or over.

3. Financial Thresholds for Procedure

Contract Procedure Rules (CPRs)	
Quick Reference Guide Table – Financial Thresholds	
Above PCR 2015 thresholds (Note 2 below)	
£4,477,174+ (£5,372,609 including VAT)	Competitive tenders in compliance with Public Contracts Regulations 2015 required for Works, and Concession contracts.
£552,950+ (£663,540 including VAT)	Competitive tenders in compliance with Public Contracts Regulations 2015 required for Supplies and Services contracts that are subject to Regulation 74 (Light Touch Regime) for Health and Social Care contracts.
£179,086+ (£214,904 including VAT)	Competitive tenders in compliance with the Public Contracts Regulations 2015 required for Supplies and Services contracts.
<p>Form of Contract: Contracts for £999,999 or less in value can be signed for and on behalf of the Council under hand by Directors and Heads of Service.</p> <p>As a general rule, any works contract and high value contract with a value equal to or exceeding £1,000,000 which are to be expressed to be executed as deeds must either be:</p> <ul style="list-style-type: none"> • made under the Council's seal attested by the City Solicitor or authorised signatory; or • signed by at least two officers of Legal Services duly authorised by the City Solicitor. 	
Below PCR 2015 thresholds	
£100,000 – up to PCR thresholds as listed above (relevant to spend type, e.g., Works, Supplies or Services)	<p>At minimum of five (5) potential suppliers, should be invited to tender. Where possible those invited to tender should include at least three (3) local suppliers i.e., office based within CV1-CV6 postcodes.</p> <p>MUST be advertised on Contracts Finder.</p> <p>Or direct appointment of a Local Authority Trading Company (LATC) in accordance with PCR2015 where best value can be demonstrated.</p>
£10,000 - £99,999	<p>MUST use corporate contracts where one exists.</p> <p>Competitive quotations</p>

Part 3G –Contract Procedure Rules

	<p>£10,000 and up to £24,999 - a minimum of five (5) verbal quotations (which must be confirmed by email) must be sought - quotation pack use is optional.</p> <p>£25,000 and up to £99,999 - a minimum of five (5) quotations MUST be requested in writing using quotation pack (via the Council's e-tendering system with option to publish on Contracts Finder). Where possible those invited to tender should include at least three (3) local suppliers i.e., office based within CV1-CV6 postcodes.</p> <p>Or direct appointment of a Local Authority Trading Company (LATC) in accordance with PCR2015 where best value can be demonstrated.</p>
Below £10,000	Must use corporate contracts where one exists or show value for money.
<u>Health Care Services (Provider Selection Regime) Regulations (no threshold)</u>	<p><u>Must use corporate contracts where one exists.</u></p> <p><u>Must follow provider selection processes outlined in the Regulations.</u></p> <p><u>Must follow corporate guidance and governance process in accordance with these CPRs.</u></p>
Note 3: PCR Thresholds	<p>PCR Thresholds are revised every 2 years on 1st January. Figures quoted above for Works and Concessions (£4,477,174 plus VAT), Light Touch Regime Services (£552,950 plus VAT) and Supplies and Services (£179,086 plus VAT) are applicable from 1st January 2024 – 31st December 2025.</p>

- 3.1 The Director responsible for Legal and Procurement Services and the Chief Operating Officer (if they are not the same officer) or his/or her authorised deputy, subject to conditions, may grant authorise a contract as an exception to the CPRs if the works or goods/services are below PCR thresholds. An exception cannot be granted where a breach of any UK legislation would be incurred.

4. Objectives

- 4.1 The CPRs exist to achieve the aims set out below and to assist and protect the interests of the Council and individual Officers.

It is important that they are viewed as ***an aid to good management and not as a hindrance***. Followed properly, they provide protection for Officers against criticism and support good procurement practice.

Officers must be able to demonstrate that they followed procedure or had obtained the necessary authority for not doing so, in order to:-

- ✍ ensure value for money is obtained;

Part 3G –Contract Procedure Rules

✓

- ✓ ensure probity in the award of Council contracts;
- ✓ ensure fairness, equity, openness and transparency in the treatment of contractors/suppliers;
- ✓ ensure that procedures for placing contracts/orders comply with legislation;
- ✓ ensure records are kept which demonstrate compliance with CPRs.

5. Scope of CPRs

5.1 All purchases and contracts made in the name of and binding the Council must comply with these CPRs, and also any contract that involves income to the Council. This includes contracts where the expenditure is grant aided by a third party. These rules also apply to a company which is owned or controlled by the Council or is funded by public money. Any arrangement where the Council pays or receives money or equivalent value, other than a contract to employ staff, must comply with these Rules. This includes contracts for:

- (a) buying and selling goods;
- (b) any work being carried out;
- (c) services (including financial and consultancy services);
- (d) hire, rental or lease (of goods)
- (e) concession agreements

5.2 To receive and deal with expressions of interest (through the Procurement Board or the Panels as appropriate) from relevant bodies in providing or assisting in providing a relevant service on behalf of the Council in accordance with Part 5, Chapter 2 of the Localism Act 2011 and to consult with the relevant Cabinet Member on each expression of interest that is received.

6. Compliance

6.1 Every contract entered into on behalf of the Council must comply with these CPRs and all relevant UK legislation.

6.2 The only areas excluded from these Rules are:

- (a) Internally recharged services;
- (b) Schemes where the Council has delegated a function to a third party to perform and where a contract makes separate provision for procurement rules
- (c) Test purchasing in the course of an Officer's duty. (e.g. Trading Standards).
- (d) Land transactions

Part 3G – Contract Procedure Rules

(e) Grants

~~(e)~~ Grants

- 6.3 All contracts must be in writing. ~~Except Unless~~ in an emergency situation which has been approved by the Head of Legal and Procurement Services (or in their absence, the Deputy Head of Procurement), contracts under £100,000 in value must be made on an official Council order form or standard form of contract, as appropriate, approved by a designated Authorising Officer, with the Council's standard terms of trading endorsed or referred to. For works contracts, one of the standard forms of contract, such as the NEC, JCT or ICE forms may be appropriate. The Legal and Procurement Services Team, in consultation with Legal Services, will advise on other suitable forms of contract.
- 6.4 Responsibility for compliance with CPRs remains at all times with Council officers. Directors and the Head of Legal and Procurement Services will be responsible for monitoring compliance against these rules, aided by internal or external audits or inspections which will be carried out as appropriate.
- 6.5 See Rule 8 regarding approvals required before a Relevant Procedure (as defined in Rule 8.1.1) may be commenced.

7. Justification of Need

- 7.1 Before any Relevant Procedure (as defined in Rule 8.1.1) is commenced consideration must be given to:

~~(a)~~ ~~(a)~~ whether the expenditure is really necessary, and/or can demonstrate benefit to residents or the Council;

~~(b)~~ whether a critical review has been carried out to identify if the requirement can be met from within existing resources or whether it is being funded through grants or other approved income sources;

~~(b)~~ ~~(e)~~ the revenue consequences of any capital investment; and

~~(c)~~ ~~(d)~~

~~(d)~~ in any case, whether the necessary approvals in Rule 8 have been obtained.

8. Approvals Required before Certain Relevant Procedures are Commenced

- 8.1 Rule 8 applies to any Relevant Procedure:
- 8.1.1 *Relevant Procedure*: means any procedure conducted by or on behalf of the Council for the genuine purpose of the Council (alone or with others) entering into a contract for the purchase of goods, services and/or works, subject to the following:

Part 3G –Contract Procedure Rules

- (a) This shall include (without limitation), the seeking of quotations, the conduct of any tender exercise including the Provider Selection Regime, the conduct of any mini-competition exercise under a framework agreement, the making of a purchase under a dynamic purchasing system or off an approved list (or the like), and the conduct of a negotiated procedure by or on behalf of the Council.
- (b) This shall not include any genuine exercise to research market conditions (including without limitation, any soft market testing or benchmarking exercise) which is not in itself genuinely intended to directly result in the Council entering into a contract for the purchase of goods, services and/or works.

8.1.2 This Rule 8 only applies to conduct involving Council members and its officers and does not apply as between the Council and the public at large. Accordingly (and without limiting the implications of this), non-compliance by the Council or by any of its members or officers with all or any part of this Rule 8 shall not in itself result in any of the following:

- (a) Any act by or on behalf of the Council resulting from that non-compliance being invalid for any reason (including without limitation, any assertion that the Council has acted beyond its powers).
- (b) Any member of the public (including any person to who takes part in a Relevant Procedure which is conducted in breach of this Rule 8) having any claim of any kind whatsoever against the Council, including any claim for compensation.

8.2 *Requirements before a Relevant Procedure may be commenced:*

All of the following, to the extent relevant, and without limiting other requirements elsewhere in the Council's Constitution but subject to the exceptions in Rule 8.5 must be completed before a Relevant Procedure may be commenced:

- (a) The expenditure must be within approved budget and policy framework which has been approved by Members.
- (b) The use of expenditure must have been approved by the Procurement Board (or on the Procurement Board's behalf by the Procurement Panel where relevant) in accordance with Rule 8.3.
- (c) Where the Relevant Procedure is a sensitive matter (see Rule 8.4), the Procurement Board shall consider and give its approval or delegate the approval to the Procurement Panel.

8.43 *Delegation by the Procurement Board of the task of considering whether to approve a prospective Relevant Procedure for the purposes of Rule 8.2(b).*

The Procurement Board may (but shall not be obliged to) delegate that task to Procurement Panel (or any other relevant subcommittees the Procurement Board has in place from time to time), **but only if both of the following conditions** apply to the prospective Relevant Procedure under consideration:

Part 3G –Contract Procedure Rules

- (a) The reasonably estimated total value of the contract or contracts for goods, services and/or works expected to be entered by the Council at the conclusion of the Relevant Procedure (whether under a single contract, as aggregated under a framework agreement across its full term, across two (2) or more lots contained in the same Relevant Procedure, or as aggregated under a series of reasonably connected contracts) is **less than** £1,000,000 (one million pounds). Where there is reasonable doubt about whether the value is to exceed that figure, there shall be a presumption for the purposes of this Rule 8.3 (a) that it does exceed that figure; **and**
- (b) The Relevant Procedure is **not** a sensitive matter (see Rule 8.4).

~~8.5~~ 8.4 Any of the following may constitute a 'sensitive matter' for the purposes of this Rule 8 but the Procurement Board or Procurement Panel will make the decision.

- (a) There is a significant risk (on a reasonable view) that the Relevant Procedure (and/or any purchase of goods, services and/or works resulting from it) will create serious adverse publicity for the Council.
- (b) Under the proposed contract for the purchase of goods, services and/or works expected to result from the Relevant Procedure, the Council would be required to deal with a particular supplier or provider on an exclusive basis.

~~8.65~~ *Exceptions to obtaining any of the approvals required in Rule 8: only with the written consent of the Director responsible for Legal and Procurement Services and the Chief Finance Officer (if they are not the same person).*

9. The Procurement Board and Procurement Panel

9.1. Composition of the Procurement Board:

- (a) *Appointment and removal of Procurement Board members:* from time to time in accordance with its approved terms of reference and its members must include the Chief Operating Officer, a minimum of two (2) Directors and the Head of Legal and Procurement Services.
- (b) *How the Procurement Board is to conduct itself:* as determined by the Procurement Board's Terms of Reference, acting reasonably and in good faith, and in any case, lawfully.
- (c) *The Procurement Panel shall include:* Directors, Head of Function and other officers of the Council appointed or removed in accordance with its approved terms of reference.

9.2 The Procurement Board shall have the following powers:

- (a) To determine whether to approve or refuse any proposed Relevant Procedures which it has not otherwise delegated according to Rule 8.3;

Part 3G –Contract Procedure Rules

- (b) To monitor compliance with contract rules and monitor spend and contracts; to achieve savings;
- (c) The status of the Procurement Panel in place from time to time shall be as a sub-committee of the Procurement Board;
- (d) To establish and dissolve the Procurement Panel or similar sub-committee;
- (e) To establish the composition of members of the Procurement Panel or similar sub-committee, including appointment and removal of members, including any substitutes;
- (f) The conduct of the proceedings of the Procurement Panel or similar sub-committee from time to time;
- (g) Any act of the Procurement Panel or similar sub-committee (including any approval or refusal of a Relevant Procedure) shall be regarded as if it were the direct act of the Procurement Board itself;
- (h) To deal with expressions of interest from a relevant body exercising the right to challenge for a relevant service under Part 5, Chapter 2 of the Localism Act 2011;
- (i) To provide an annual report on the activities of the Procurement Board and Procurement Panel to Cabinet Member Portfolio Holder and to the Audit and Procurement Committee; and
- (j) The Chief Finance Officer has the power to vary the terms of reference of the Procurement Board and Procurement Panel.

9.3 The Procurement Panel shall have the following powers:

- (a) (b) (e) (g) (h) and (i) detailed in Rule 9.2.

10. Exceptions to CPRs

10.1 An exception to the CPRs is a permission to let a contract without complying with one or more of the Rules. An exception to CPRs may be granted subject to conditions. An exception cannot be granted where a breach of any UK legislation would be incurred.

10.2 Any Director may grant an exception to these CPRs where the value is below £100,000, except for contracts captured by the Provider Selection Regime. Any exception to CPRs of £100,000 and above (and up to PCR thresholds) will need the approval of the Director responsible for Legal and Procurement Services or his/her authorised deputy who may grant an exception to these CPRs. Applications for exceptions must be made in writing to the appropriate Director and include the exception rule that is requested and the justification for the exception. All Directors granting an exception or exceptions will notify Legal and Procurement Services of all exceptions granted at a frequency to be determined by the Director responsible for Legal and Procurement Services.

Part 3G –Contract Procedure Rules

- 10.3 The Director responsible for Legal and Procurement Services will keep a register of all exceptions to CPRs, which shall be available by appointment for inspection by members of the Council and the public. An annual report on exceptions granted in the previous financial year will be presented to the Procurement Board.
- 10.4 An application for an exception to CPRs to allow a contract to be let without genuine competition will not be granted without a cogent reason. A lack of time caused by inadequate forward planning is not a cogent reason and will not permit an exception to CPRs. If an application is granted, the Director responsible for the contract must demonstrate that the price obtained is not in excess of the market price and that the contract represents best value for money.
- 10.5 Where an exception has been granted in line with these rules, a further exception must be sought if the value of the original exception has been exceeded **or** the time period granted for the exception has elapsed.
- 10.6 An exception to the requirements to follow the tender or quotation procedure **may** be granted in the following circumstances:
- (a) an unforeseeable emergency involving danger to life or health or serious damage to property, in which the work, goods or services are required more urgently than would be possible if the tender or quotation procedure were followed;
 - (b) for justifiable technical reasons, the works, goods or services can be obtained from only one supplier;
 - (c) acquiring goods or services from a different supplier would result in incompatibility with existing goods or service or disproportionate technical difficulties;
 - (d) the proposed contract is an extension to or variation of, the scope of an existing contract, if permitted by the public procurement legislation i.e. below the required PCR threshold, *unless* the existing contract provides for an extension;
 - (e) there is a need to develop and influence the market by extending the range and provision of services, provided the contract is for a fixed term of no more than three years;
 - (f) it is necessary to enable the continuation of a new service, development of which was initially grant-aided, provided the contract is for a fixed term of no more than three years;
 - (g) when a grant from a public body includes a recommendation as to the supplier or is time limited;
 - (i) in furtherance of the Council's social enterprise policy, or other economic development aims, subject to the prevailing financial support limits for this type of activity and without breaching public procurement rules;

Part 3G –Contract Procedure Rules

- (j) if there are exceptional circumstances in which it would not be in the Council's best interests to follow the tender or quotation procedure or another Contract Procedure Rule.
- 10.7 An exception to Contract Procedure Rules is granted and separate authorisation is not required in the following circumstances:
- (a) placing an order against a contract/framework agreement let by another Public Body where contracts have been let to allow collaboration, e.g., Eastern Shires Purchasing Organisation (ESPO), Central Buying Consortium (CBC, Buying Solutions, etc.), where the value is below £100,000. If £100,000 or above, approval should be sought via the Procurement Panel or Procurement Board;
 - (b) as part of a partnering contract that contemplates a series of contracts with a single supplier;
 - (c) legislation requires the Council to let a contract differently from these Contract Procedure Rules;
 - (d) value for money can be achieved by the purchase of second hand/used vehicles, plant or materials
 - (e) the purchase of works of art, museum artefacts, manuscripts, archive collection items or the services of artistic and cultural performers;
 - (f) Residential Placements for an individual with a registered care provider of their choice under the Care Act 2014; and
 - (g) for decision making on utilities contracts. Due to the volatile nature of utilities markets and the need for expedient decision making, authority has been delegated through the approval of these Rules to the Director responsible for Legal and Procurement Services in consultation with the Chief Operating Officer. If the Chief Operating Officer is also the Director responsible for Legal and Procurement Services, then the decision will be made by the Chief Operating Officer in consultation with the Chief Executive or his nominated representative. All utilities contracts will be let through Legal and Procurement Services and in line with the procedures dictated by the Head of Legal and Procurement Services.
- 11. Valuation of Contracts and Aggregation of Requirements**
- 11.1 The Director responsible for each contract must record an estimated value for the contract before any offers are sought.
- 11.2 The total value of the contract is the total amount that the Council expects to pay for the contract, either in a single sum or periodically over time and should be calculated in accordance with the most appropriate of the following:
- (a) Capital and fixed term contracts – the total price which is expected to

Part 3G –Contract Procedure Rules

be paid during the whole life of the contract period, including all extension options and contingency allowance

- (b) Where the contract period is uncertain, multiply the price estimated to be paid each month by 48
- (c) If the purchase is one of a series of regular transactions for the same type of item, the 'Total Value' is the expected aggregate value of all of those transactions over a 12-month period
- (d) For feasibility studies, it is the value of the scheme or contracts which may be awarded as a result

11.3 Contracts for the same works, goods or services must not be split into smaller, separate contracts to avoid compliance with these CPRs or the Public Contracts Regulations 2015.

12. Duties of Directors and the Head of Legal and Procurement Services

12.1 The Director is responsible for ensuring that all expenditure involving procurement activity complies with the CPRs and is responsible for ensuring that contracts within his/her division are managed and operated within the terms of the contracts themselves.

12.2 The Head of Legal and Procurement Services is responsible for maintaining a register of contracts and for providing an up-to-date copy of the register. Contracts for less than £25,000 need not be recorded in the register. The contracts register is to be published on the Council's website in accordance with the Local Government Transparency Code. Directors responsible for entering into contracts for £25,000 or more must notify the Director responsible for Legal and Procurement Services of contracts entered into at a frequency determined by the Director responsible for Legal and Procurement Services.

12.3 As soon as practicable after the Council's budget has been set and in any event before the end of March in each financial year, the Director must notify the Head of Legal and Procurement Services of all contracts (including their values) that his/her division plans to enter into during the following financial year.

12.4 The Director must use corporate contracts, where they are in place. To do otherwise would be unlikely to give value for money for the Council and may be in breach of the Public Contract Regulations 2015.

~~12.5~~ ~~12.5~~ If there is an in-house service available that operates as a trading unit, the Director must consider, in accordance with Value for Money principles, whether that service should be used or whether a contract should be let to an external provider, although all resource implications (e.g. TUPE implications and/or redundancies for directly employed staff), must be considered as part of the best value assessment.

Part 3G –Contract Procedure Rules

13. Selection of Procurement Route

13.1 When selecting the most appropriate procurement route to secure value for money, the Director, in consultation with the Head of Legal and Procurement Services, shall adhere to the following principles:

- (a) All practical options for contract packages and methods of procurement should be analysed and evaluated, with the object of selecting the option that most effectively ensures value for money is achieved. The preferred option must provide full, fair, transparent and open competition and be identified as the most economically advantageous bid.
- (b) The scope of contract packages should take into account cross-cutting themes and outcomes identified by strategic, policy and service reviews. Stakeholders within and outside the Council should be consulted about service standards and specifications and investigation of the market undertaken. Performance under any current contract should be appraised and prospective performance considered in the light of consultations and investigations.
- (c) The contract package should seek to stimulate diversity and innovation, enhance choice for service users and attract new suppliers.
- (d) Partnerships between the public, private and voluntary sectors should be sought, which demonstrate a shared commitment to objectives that benefit users of the Council's services.

14. Authority to Enter into a Contract

14.1 Officers may only enter into a contract if authority is delegated to them or by specific decision of the Council, the Cabinet or Cabinet Member or Procurement Board or Procurement Panel.

14.2 Unless an officer has been given authority to enter into a contract, all contracts involving capital expenditure must be authorised by a specific decision of the Cabinet or a Cabinet member.

14.3 Unless an officer has been given authority to enter into a contract, all contracts involving revenue expenditure must be authorised by a specific item in the approved revenue budget for the relevant year. A specific item in the approved revenue budget is deemed to be an authority for the relevant Director to enter into a contract up to the value estimated.

14.4 All contracts will be let with the involvement of Legal and Procurement Services in consultation with service users and technical experts.

See Appendix 1 for Governance Flowchart

15. Specifications

15.1 The Director, in conjunction with the Head of Legal and Procurement Services, must ensure that an appropriate specification is prepared for every contract,

Part 3G –Contract Procedure Rules

which sets out clearly the Council's requirements with regard to the works, goods or services to be supplied.

- 15.2 All works, goods and services must be specified by reference to European or national standards where appropriate.
- 15.3 Specifications should incorporate measurable and, so far as is possible, objective quality and performance criteria to enable the contract to be monitored and managed and should build in a capacity for flexibility and innovation, to secure sustained improvements and the ability to meet changing local and national circumstances.
- 15.4 Where appropriate, specifications should identify and allocate the risks inherent in the contract.
- 15.5 If a contract may involve the transfer of employees (from the Council to a contractor or from one contractor to another), the tender documents should, if the contractor has assured confidentiality of personal information, include all relevant information relating to those employees.
- 15.6 The Director must obtain all necessary professional and technical advice and assistance in preparing a specification, to ensure a comprehensive document that expresses the Council's requirements and protects its interests. Consultants or other third parties who assist in the preparation of a specification must not be invited to tender or quote for the contract.

16. Contract Procedures

- 16.1 If a corporate contract is in place for the supply of any works, goods or services, the Director must place orders under that contract. Legal and Procurement Services publishes data to enable Directors to order from corporate contracts.
- 16.2 The Director in conjunction with the Head of Legal and Procurement Services must establish whether the public procurement legislation or the Provider Selection Regime applies to a proposed contract. If in doubt, Legal Services will advise whether ~~the either~~ legislation applies. When public procurement legislation does apply, the Director/ Head of Legal and Procurement Services must use the open or restricted procedure unless Legal Services agrees the use of competitive dialogue or the negotiated procedure. Where the Provider Selection Regime applies to a proposed contract, the Director/Head of Legal and Procurement Services must use one of the provider selection processes in accordance with the Provider Selection Regime guidance. In order to drive competitive procurement and value for money on all contracts, the default position of the Council is that~~Whenever possible,~~ a competitive procedure must be adopted.
- 16.3 The Head of Legal and Procurement Services will place all notices relating to contracts in Find a Tender where applicable and will ensure compliance with all applicable laws and regulations relating to the Council's procurement activities.
- 16.4 The Director need not obtain competitive quotations for contracts of less than £10,000 in value but must demonstrate in any event that the Council is receiving value for money.

Part 3G –Contract Procedure Rules

17. Invitation to Formal Tender

17.1 If the public procurement legislation applies to a contract, the selection of suppliers to be invited to tender for the contract must follow the requirements of that legislation.

17.2 If the estimated total contract value for the procurement is between £100,000 and PCR 2015 thresholds, a minimum of five (5) potential suppliers must be invited to tender using the Council's e-tendering system. Where possible those invited to tender should include at least three (3) local suppliers. The number of suppliers invited to tender should ensure full competition is achieved.

17.3 Where the Health Care Services (Provider Selection Regime) Regulations apply, the selection of suppliers to be awarded or invited to tender for the contract must follow the requirements of that legislation. No financial thresholds apply to the Provider Selection Regime.

17.4 Companies expressing an interest in being invited to tender in response to an advertisement, must satisfy the Council as to their legal, financial and technical capacity (including but not limited to their Health & Safety and Equal Opportunities policies) to undertake the contract by completing a standard questionnaire (where relevant) or tender document where the open procedure of the Public Contract Regulations is used, in a form approved by the Head of Legal and Procurement Services.

17.5 The Head of Legal and Procurement Services shall be responsible for ensuring that an "Invitation to Tender" procedure – that demonstrates public sector best practice – is available and adhered to, at all times.

18. Opening Formal Tenders

18.1 The information obtained at the opening of tenders is confidential to those involved in the opening process and those directly involved in evaluation of the tenders. Confidentiality must be maintained, and any breach reported to the Monitoring Officer.

18.2 The Council uses an *electronic tendering platform*. The tender opening process must be appropriate to the specific electronic software employed and its facilities for guaranteed receipt of tenders.

19. The Quotation Procedure

19.1 Where the Health Care Services (Provider Selection Regime) Regulations apply, the selection of suppliers to be awarded or invited to tender for the contract must follow the requirements of that legislation. No financial thresholds apply to the Provider Selection Regime.

19.2 Except for services which are captured by the Provider Selection Regime, where the contract value is £10,000 and up to £24,999, a minimum of five (5) verbal quotations

Part 3G –Contract Procedure Rules

(which must be confirmed by email) shall be sought and the use of the quotation pack is optional. Where the contract value is £25,000 up to £99,999, a minimum of five (5) quotations MUST be requested via the Council's e-tendering system using the quotation pack. Where possible those invited to quote where the contract value is between £10,000 and £99,999 should include a minimum of three (3) local suppliers.

- 19.32 The Authorising Officer must satisfy themselves as to the legal, financial and technical capacity of suppliers invited to quote to undertake the contract for the Council, through seeking appropriate in-house professional advice, and that they will provide value for money.
- 19.43 Three or more suppliers must be invited to quote to ensure genuine competition. If it is only possible to invite two suppliers to quote, authorisation must be sought from the relevant Director.
- 19.54 The Head of Legal and Procurement Services shall be responsible for all procedural aspects of seeking quotations, ensuring that probity and proper public accountability standards are in operation. Monitoring shall be carried out periodically by either the internal or external auditor.

20. Acceptance of Formal Tenders and Quotations

- 20.1 Where expenditure has been approved through the budget setting process, the Procurement Panel or Board has given approval to proceed and these CPRs have been followed, the Procurement Board or Procurement Panel shall receive notification of the contract award.

20.2 Where the Health Care Services (Provider Selection Regime) Regulations apply, the appropriate provider selection process shall be followed. Where the Competitive Process is followed, contracts shall be awarded according to the basic selection criteria and key criteria of the Provider Selection Regime. The Procurement Panel/Board shall receive a written report of the contract award from the responsible officer seeking approval for such award where outside of the delegated authority granted at the approval to proceed stage. In extreme urgency the Head of Legal and Procurement Services may agree to a verbal report from the responsible officer with a written report being presented to Procurement Panel/Board within a calendar month. All papers/electronic files will be stored in line with the document retention policy.

20.3 When using the Provider Selection Regime, the criteria for evaluation must be set out in the invitation to tender or equivalent document depending on which procedure is used, in descending order of priority, with the weightings to be given to them. The criteria may also be set out in Find a Tender and public notices. Whole life and environmental costs may be included in criteria for evaluation.

- 20.24 Excluding services captured by the Provider Selection Regime, For contracts of £100,000 or more, contracts are to be awarded under the "most economically advantageous" criterion (see Rule 20.3). The Procurement Panel/Board shall receive a written report of the contract award from the responsible officer seeking approval for such award where outside of the delegated authority granted at the approval to proceed stage. In extreme urgency the Head of Legal

Part 3G –Contract Procedure Rules

and Procurement Services may agree to a verbal report from the responsible officer with a written report being presented to Procurement Panel/Board within a calendar month. All papers/electronic files will be stored in line with the document retention policy.

- 20.53 Tenders or quotations must be evaluated on the basis of which is most economically advantageous to the Council. When using the Public Contract Regulations 2015, the criteria for evaluation must be set out in the invitation to tender or equivalent document depending on which procedure is used, in descending order of priority, with the weightings to be given to them. The criteria may also be set out in Find a Tender and public notices. Whole life and environmental costs may be included in criteria for evaluation.

21. Electronic Tendering and Quotations

The Head of Legal and Procurement Services is responsible for the procedure for these processes.

- (a) tenders and quotations over £25,000 must be invited electronically through the Council's e-tendering system. Support must be found for suppliers that do not have access.
- (b) invitations to tender and quotes submissions over £25,000 must be submitted electronically through the Council's e-tendering system. Where electronic submissions have been approved by the relevant Procurement Officer to be made outside of the approved system (i.e., via email), submissions must be made before the official opening deadline.
- (c) the procedure will also include arrangements for e-auctions.

22. Amendments and Alterations to Tenders and Quotations

- 22.1 Amendments to invitation to tender or invitation to quote documents, made after the invitations have been sent out, must be clearly headed "Tender Amendment" or "Quotation Amendment" as appropriate and sent to all suppliers who have been invited to tender or quote. If there is more than one amendment, they should be numbered consecutively. Amendments should be sent out in sufficient time to allow suppliers to adjust their tenders or quotations as appropriate.
- 22.2 A supplier's tender or quotation is his offer to the Council, which the Council may accept as it stands. Once a tender or quotation has been submitted, alterations will only be accepted through formal clarifications under the restricted procedure; or negotiations under the Competitive Dialogue process of the Public Contract Regulations 2015 or Health Care Services (Provider Selection Regime) Regulations 2023.
- 22.3 In all other situations, if a supplier attempts to alter their offer after the last date for receipt of tenders or quotations, they must be given the opportunity to stand by or withdraw their original offer. Correction of an obvious arithmetical error, which would reduce the price to be paid by the Council or increase the price to

Part 3G –Contract Procedure Rules

be paid to the Council, may be accepted.

- 22.4 Where performance specifications are used, a tender or quotation that is expressed to be conditional upon the Council's acceptance of alterations to the specification or the terms and conditions of contract, may be treated as non-compliant and rejected. This does not prevent the Council inviting variant bids (that is an invitation to submit an alternative bid that could then be considered as being to the Council's benefit provided that the condition applying to the mandatory reference bid is followed). If variant bids are invited, suppliers must be required to submit a mandatory reference bid based on the specification and terms and conditions included in the invitation to tender or invitation to quote, so that all bids may be compared fairly.
- 22.5 Where outcome-based specifications are used it will be for the bidder to decide the method of service delivery. Tenders or quotations will be evaluated fairly against published evaluation criteria.
- 22.6 A properly approved and **PCR**-compliant competitive dialogue process or negotiated procedure will normally result in one or more Best and Final Offers as a result of negotiation with selected bidders. No alteration to the Best and Final Offer, in terms of outcomes or contract price, is permitted without the specific approval of the Monitoring Officer.

23. -Contract extensions

- 23.1 Where extensions to contracts have been included in the original advert, tender documentation and contract, subject to Procurement Panel/Board approval, the extensions may be agreed; where performance is satisfactory and the original contract terms are to continue (including price variations in line with the original contract) through the issuing of a contract change note. The contract change note must be kept with the original contract in line with the document retention policy and must be signed by the officer who signed the original contract, or in their absence for whatever reason, by another officer authorised to sign the original contract.
- 23.2 For Contracts of £100,000 in value and over, **or irrespective of value where captured by the Provider Selection Regime**, these will be approved by Procurement Panel/Board as set out in Appendix 2.

24. Contract Variations

- 24.1 For contract variations, if a contract variation is proposed where the terms and conditions of the original contract will be changed, the Head of Legal and Procurement Services or relevant Panel/Board shall require a written report from the responsible officer requesting approval in line with Appendix 3 for acceptance and detailing the reasons for doing so. This shall be recorded in writing. Once approval is received, a contract change note will be issued and kept with the original contract documentation. All written reports will be stored in line with the document retention policy. If a contract is executed as a deed, a short supplemental deed may be drafted, and this will be dealt with on request

Part 3G –Contract Procedure Rules

to Legal Services.

25. Form of Contract

- 25.1 Legal Services will decide whether a contract is to be executed as a deed or under hand as a simple contract. As a general rule, any works contracts, and high value contracts equal to or exceeding £1,000,000 and which are expressed to be executed as deeds must either be:
- 25.1.1 made under the Council's seal attested by the City Solicitor or authorised signatory; or
 - 25.1.2 signed by at least two officers of Legal Services duly authorised by the City Solicitor
- 25.2 All contracts created as deeds must be made in accordance with the provisions of Rule 25.1 above, witnessed in accordance with the relevant provision of the Scheme of Functions Delegated to Employees by an Officer authorised to do so.
- 25.3 A contract executed as a deed is retained for twelve years to enable any action to be taken under it, if required
- 25.4 Contracts of between up to £999,999 in value can be signed under hand for and on behalf of the Council by Directors and Heads of Service, or an authorised signatory.
- 25.5 Any contracts entered into on behalf of the Council which are being executed by electronic means (using an electronic execution software tool) shall be undertaken in accordance with the process set out in the Contract Execution Rules.

26. Social Value

- 26.1 The Public Services (Social Value) Act 2012 requires the Council to consider delivering Social Value through contracts for services. However, the Council encourages consideration of social value outcomes in all contracts, where it can be evidenced that it is relevant to the subject matter of the contract.
- 26.2 For those contracts that fall below the threshold, the approach should be to maximise outcomes where possible.
- 26.3 In order to ensure that the Council adheres to the Act, the social value sought from a contract must be relevant and proportionate in respect of the proposed contract.

27. Contract Administration and Management

- 27.1 In relation to the procurement of goods, services and works, the Head of Legal and Procurement Services shall arrange for publication of a contract award notice for contracts valued in excess of £25,000 no later than 30 days after contract

Part 3G –Contract Procedure Rules

award, if appropriate, and shall keep a register of the notified information, which shall be available for inspection by appointment by any Member of the Council, internal and external auditors and any member of the public.

27.2 In relation to the procurement of health care services captured by the Provider Selection Regime, the Head of Legal and Procurement Services shall arrange for publication of a contract award notice for all contracts irrespective of value no later than 30 days after contract award and shall keep a register of the notified information, which shall be available for inspection by appointment by any Member of the Council, internal and external auditors and any member of the public.

27.3 The Head of Legal and Procurement Services shall be responsible for ensuring that a procedure on "Contract Administration and Management" is made available to all officers and partners managing contracts on the Council's behalf. This will include guidance on managing partnering or partnership contracts explaining techniques such as target costing and "open book".

28. Prevention of fraud and corruption

28.1 All purchases, contracts and income covered by these rules must be let in line with the Council's Anti-fraud and Corruption Policy and Strategy.

28.2 If an officer of the Council has a pecuniary interest in a contract or proposed contract, he/she must in accordance with Section 117 of the Local Government Act 1972 register the interest with the Monitoring Officer and declare it at any meeting at which the officer is present and the contract is discussed and thereafter leave the room and take no further part in the discussion.

28.3 If an officer of the Council has a personal or non-pecuniary interest in a contract or proposed contract, they must declare that interest to the Chief Executive or to their Director, as appropriate, as required by the Council's Code of Conduct for Employees and relevant employee policies.

28.4 If a Member of the Council has a disclosable pecuniary interest or other relevant interest in a contract as defined in the Code of Conduct for Elected and Co-opted Members, the member must take such action as is required by that Code.

28.5 A contract must be terminated immediately, and any losses to the Council arising from the termination recovered from the supplier, if the supplier, or anyone acting on their behalf:

- (a) offers or gives or agrees to give any member or officer of the Council any gift, benefit or consideration of any kind or value as an inducement or reward with regard to the contract; or
- (b) commits any offence under the Bribery Act 2010 or section 117 of the Local Government Act 1972.

A declaration to this effect must be contained in all invitations to tender or quote.

Part 3G –Contract Procedure Rules

28.6 The attention of officers is drawn to the Council's Code of Conduct for Elected and Co-opted Members, Whistleblowing policy, Disciplinary Policy and Procedures and the Code of Conduct for Employees and relevant employee policies. Non-compliance with these CPRs constitutes grounds for disciplinary action.

28.7 All of the requirements in Rule 28.1 to 28.6 above will apply to any third party acting on the Council's behalf in a contractual situation e.g. consultants and community representatives on evaluation panels.

29. Freedom of Information Act 2000

29.1 When entering into contracts the Council will refuse to include contractual terms that purport to restrict the disclosure of information held by the Council and relating to the contract beyond the restrictions permitted by the Act. Unless an exemption provided for under the Act is applicable in relation to any particular information, the Council will be obliged to disclose that information in response to a request, regardless of the terms of any contract.

29.2 When entering into contracts with non-public authority contractors, the Council may be under pressure to accept confidentiality clauses so that information relating to the terms of the contract, its value and performance will be exempt from disclosure. As recommended by the Information Commissioner, the Council will reject such clauses wherever possible. Where, exceptionally, it is necessary to include non-disclosure provisions in a contract, the Council will investigate the option of agreeing with the contractor a schedule of the contract that clearly identifies information which should not be disclosed. The Council will take care when drawing up any such schedule and be aware that any restrictions on disclosure provided for could potentially be overridden by obligations under the Act, as described in the paragraph above. Any acceptance of such confidentiality provisions must be for good reasons and capable of being justified to the Information Commissioner. When entering into the above contracts the Council will make it clear that these restrictions apply to sub-contractors also and that the Secretary of State has the powers to designate them as 'public bodies' for the purpose of making them comply with the Act.

29.3 The Council will not agree to hold information 'in confidence' which is not in fact confidential in nature. Advice from the Information Commissioner indicates that the exemption provided for in section 41 only applies if information has been obtained by a public authority from another person and the disclosure of the information to the public, otherwise than under the Act, would constitute a breach of confidence actionable by that, or any other person.

29.4 It is for the Council to disclose information pursuant to the Act, and not the non-public authority contractor. The Council will take steps to protect from disclosure by the contractor information that the authority has provided to the contractor (which would clearly be exempt from disclosure under the Act) by appropriate contractual terms. In order to avoid unnecessary secrecy, any such constraints will be drawn as narrowly as possible and according to the individual

Part 3G –Contract Procedure Rules

circumstances of the case. Apart from such cases, the Council will not impose terms of secrecy on contractors.

- 29.5 The Head of Legal and Procurement Services will be responsible for advising on the application of the Freedom of Information Act and contracts, in conjunction with the Council's Head of Information Governance, where circumstances arise that are not specifically covered by Council policy. He/she will also be responsible for updating procedure following any case law that materially amends or augments Council policy in this area.

30. Management of Risk in Contracts

For contracts of strategic importance, a risk register will be drawn up for the contract letting process. Once the contract is awarded, a risk register to cover the implementation and successful ongoing management of the contract will be drawn up by the Head of Service or authorised deputy. This risk register will be monitored in line with the corporate guidance on risk throughout the life of the contract.

31. Impact of Other Legislation

In addition to what has already been mentioned in these Rules, there is other legislation that may impact on the supplies, services and works required when following a contract tender or quotation procedure such as Health & Safety, Safeguarding, Modern Slavery, to name but a few. This legislation must be incorporated where relevant and appropriate. In particular, the Director must consider whether the contract needs to include, or be subject to, a Data Sharing Agreement where the nature of the contract services is such that personal data is likely to be shared.

32. Definitions

In these CPRs:

Authorising Officer means: an officer authorised to approve the placement of orders or invoices for payment.

Cabinet means: the Leader of the Council and the other members of the Council's Executive.

Chief Operating Officer means: the officer appointed under section 151 of the Local Government Act 1972.

Contract means: the agreement between the Council and a contractor/supplier/provider for the supply of works, goods or services, or for any activity that generates income for the Council.

Contractor means: a supplier or provider of works, goods or services to the Council.

Contract change note means: the document that describes changes to the original contract which have been agreed by both parties.

Part 3G –Contract Procedure Rules

Contract package means: the scope for amalgamating like requirements/services currently operating at different parts of the organisation, to suit the supply market to achieve overall better value.

Corporate contract means: a contract or framework agreement for the supply of works, goods or services to the Council e.g. for computer consumables, stationery, legal and financial services.

Decision making body means: the body responsible for decisions in the described situation under the Council's Constitution.

Director(s) means: a member(s) of the Council's One Coventry Leadership Team (OCLT) or Senior Leadership Team (SLT).

Framework Agreement means: an agreement between the Council and a contractor for the provision of estimated quantities of goods or services. This becomes a contract when an order for a specific quantity is placed either after further competition or through the most competitive source identified in the original tender.

Head of Legal and Procurement Services means: the Head of Legal and Procurement Services or their authorised representative.

Monitoring Officer means: the officer designated as such under Section 5 of the Local Government and Housing Act 1989 or their deputy.

Outcome based specifications means: a specification that describes the required outcomes through service delivery and leaves the method of delivery to the third-party provider.

Panels means: Procurement Panel.

Performance Specifications means: a specification that provides details of the methods to be adopted when delivering the requirements.

Procurement Board means: the officer board responsible for all procurement decisions.

Legal and Procurement Services means: the centralised legal and procurement service for Coventry City Council.

Provider Selection Regime means: the Health Care Services (Provider Selection Regime) Regulation 2023, the legislation which governs the arrangement of health care services in England, introduced under the Health Care Act 2022. The Provider Selection Regime only applies to those services for healthcare services and public health services (as defined in section 1(1) of the National Health Service Act 2006:) which are arranged by NHS bodies and local government, provided directly to individuals or patients and have a direct impact in the prevention, diagnosis, and treatment of physical and mental illness.

Public procurement legislation means: The Public Contracts Regulations 2015,

Part 3G –Contract Procedure Rules

the EC Directives from which they are derived, UK legislation affecting public sector contracts and any amendment, re-enactment or replacement of any of them.

Quotation means: an offer to undertake a contract of £10,000 or more but less than £100,000 in value.

Right to challenge means: the right to challenge for services under Part 5 of the Localism Act 2011.

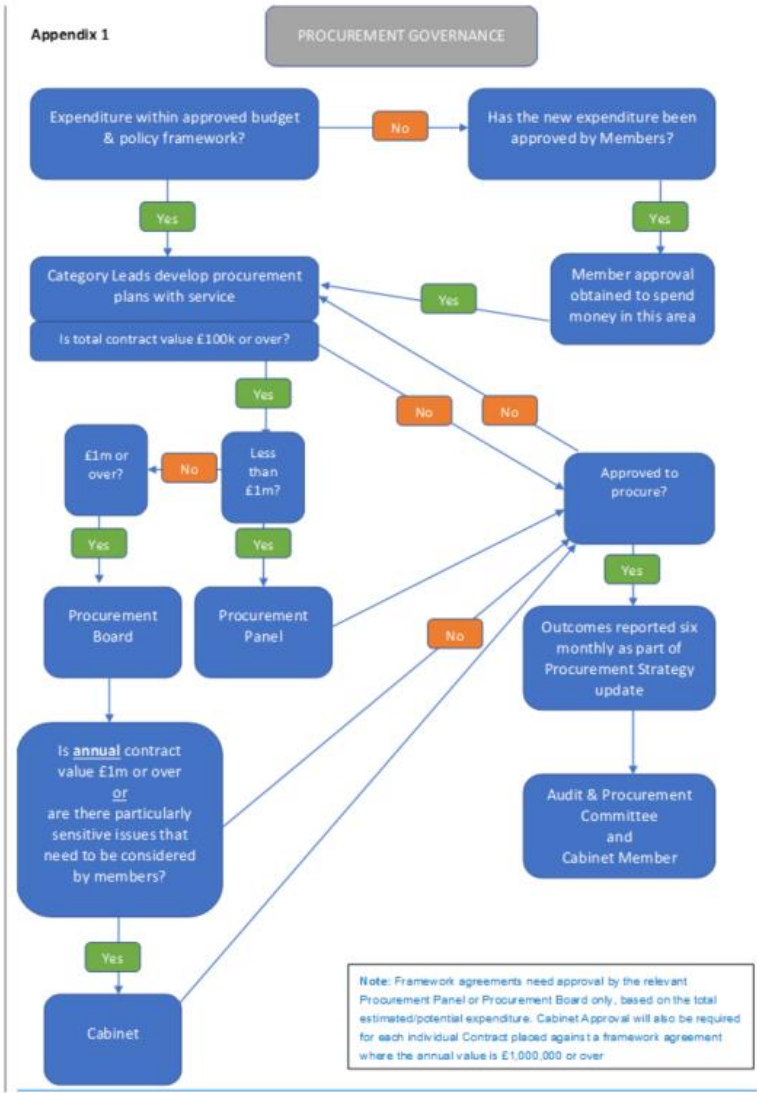
Services contract means: a contract or framework agreement for the provision of services to the Council.

Supplies contract means: a contract or framework agreement for the sale or hire of goods to the Council and includes, where appropriate, installation of goods.

Tender means: an offer to undertake a contract of £100,000 or more in value.

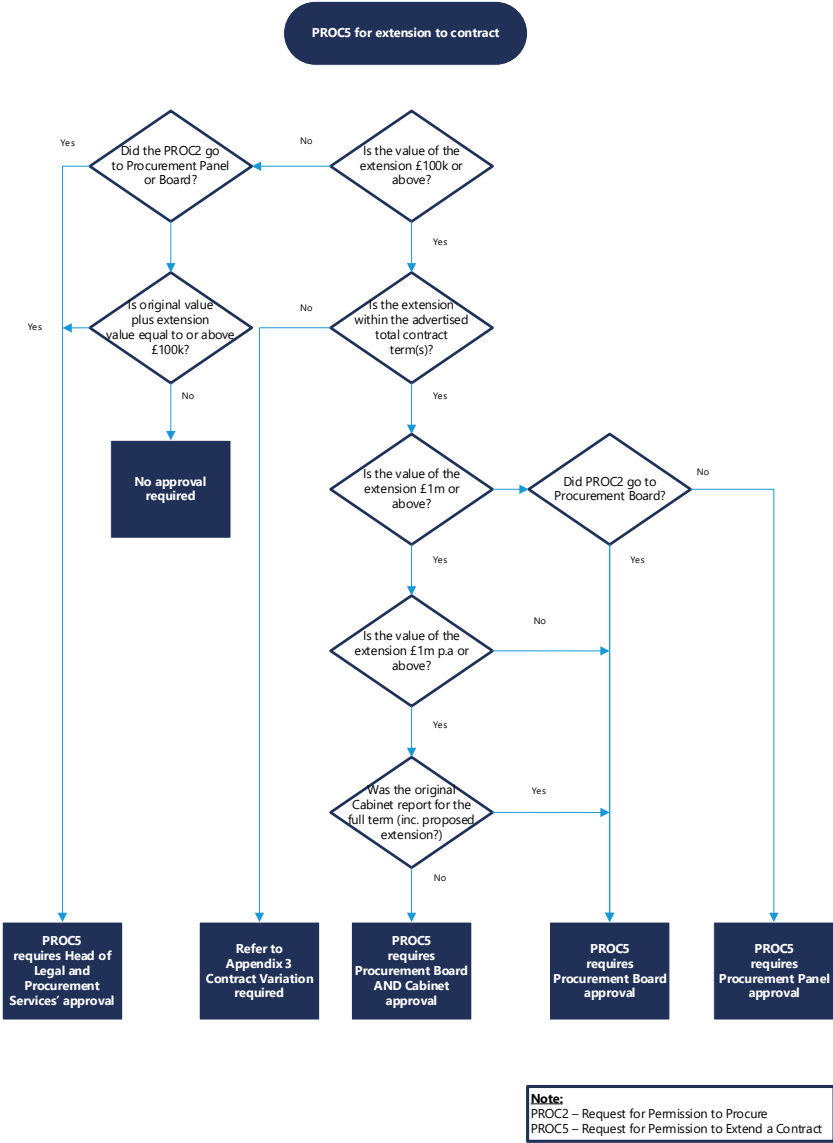
TUPE Regulations means: the Transfer of Undertakings (Protection of Employment) Regulations 2006 and any amendment, re-enactment or replacement of the same.

Works contract means: a contract for the construction, repair or maintenance of a physical asset not defined as Services in the Public Contracts Regulations.

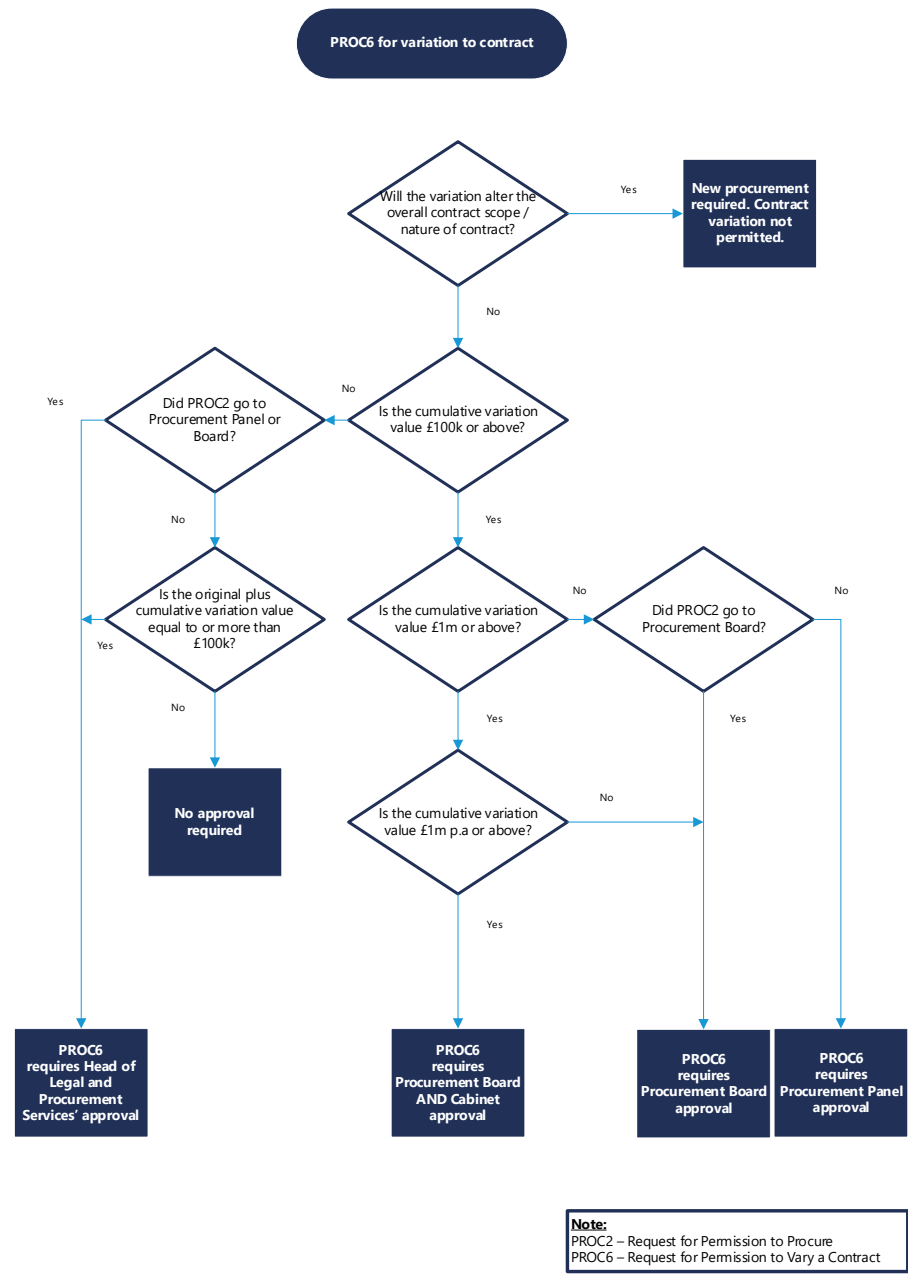


Appendix 2 – Approval Process for Contract Extensions

Part 3G –Contract Procedure Rules



Appendix 3 – Approval Process for Contract Variations



Appendix B – Part 1 - Constitution Amendment Table

Paragraph Number	Current Constitutional Wording	Proposed New Constitutional Wording	Justification
Paragraph 2.3 Grant Income	<p>Grant Income</p> <p>2.3.1 Approval prior to submitting a grant bid: joint approval by the Chief Executive and the Chief Operating Officer (Section 151 Officer), or nominees, following consultation with the relevant Cabinet Member</p>	<p>Approval prior to submitting a grant bid:</p> <p>(a) Where the submission of the bid <u>requires that it must be match funded</u> ~ joint approval in writing by the relevant Director and the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources) and following consultation with the relevant Cabinet Member;</p> <p>(b) Where there is <u>no requirement of the submission of the bid to be match funded</u> ~ approval by the relevant Director and relevant Finance Manager in writing or their respective nominees and following consultation with the relevant Cabinet Member.</p>	<p>Proposed amendment seeks to introduce a distinction for grant bids that do not require match funding by the Council. The reason for the introduction of such distinction is to reflect the lower risk presented by grant submissions that have no requirement of match funding. Where there is no requirement of the submission of the grant bid to be match funded the appropriate officers to approve have been recommended. The relevant cabinet members will continue to be consulted prior to submitting a grant bid so they are kept informed.</p>
Paragraph 2.3.2	<p>Approval prior to signature of grant agreement:</p> <p>(a) Where a requirement of a successful bid is that it must be match funded by the Council, the approval of the relevant Cabinet Member to accept the grant must be obtained before signature, regardless of the amount of grant.</p>	<p>Approval prior to signature of grant agreement (total grant value):</p> <p>(a) Where a successful bid up to the value of £1,000,000 includes the requirement that it must be match funded by the Council, the approval of the relevant Cabinet Member to accept the grant must be obtained before signature;</p> <p><u>and each following consultation with legal and financial services.</u></p>	<p>Proposed amendment seeks to introduce that cabinet member approval is required up to the value of £1m (introducing a threshold) but anything above £1m will go to Cabinet for approval as per the requirements of the constitution.</p> <p>The words “(total grant value)” have been added to help understanding from an operational perspective that such approval requirements relate to the total grant value. This provides additional clarity regarding the thresholds proposed.</p>

			Consultation is also required from legal and financial services to ensure the additional governance robustness.
(b) Up to £500,000 ~ joint approval by the Chief Executive and the Chief Operating Officer (Section 151 Officer), or nominees;	(b) Up to £500,000 ~ approval in writing by relevant Director with notification to Director of Finance and Resources (Section 151 Officer) or nominees; <u>and each following consultation with legal and financial services.</u>		Proposed amendment seeks to introduce approval by relevant Director only. It is considered that it is currently too onerous and unnecessary to require the joint approval by the Chief Executive and the Director of Finance and Resources (Section 151 Officer). Approval of the relevant Director who is responsible for service alongside consultation with legal and financial services is recommended to be sufficient and appropriate.
	(c) Above £500,000 up to £1,000,000 ~ approval in writing by the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources); <u>and each following consultation with legal and financial services.</u>		A new Paragraph 2.3.2 (c) has been introduced to provide a further threshold below £1million for senior officer approval. Cabinet members will be aware of the grant bid as per paragraph 2.3.1. Approval of the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources) alongside consultation with legal and financial services is recommended to be sufficient and appropriate.

	<p>(c) Over £500,000 and up to £2,500,000 ~ to Cabinet, if time permits; if no time to go to Cabinet, to relevant Cabinet Member (or the Leader in their absence) in consultation with the relevant Scrutiny Chair; if no time to go to Cabinet Member, to relevant Director in consultation with relevant Cabinet Member and Scrutiny Chair, to be reported to Cabinet retrospectively;</p>	<p>(d) Over £1,000,000 and up to £2,500,000~ to Cabinet, if time permits; if no time to go to Cabinet, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) or nominee following consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee) to be reported to Cabinet retrospectively;</p> <p><u>and each following consultation with legal and financial services.</u></p>	<p>Proposed amendment seeks to ensure all approvals above £1million require the approval of Cabinet. The changes to officer approval provide the appropriate and sufficient governance where due to the urgent need to accept the grant funding time does not permit for a report to be presented to Cabinet in advance.</p>
	<p>(d) Over £2,500,000 ~ Council.</p>	<p>(e) Over £2,500,000 ~ Council, if time permits; if no time to go to Council, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader to be reported to Council retrospectively,</p> <p><u>and each following consultation with legal and financial services.</u></p>	<p>Proposed amendment retains the current position that all grant approvals above £2.5million require the approval of Council but introduces an approval mechanism where if time does not permit for Council approval that the senior officers can take the required decision urgently in order to secure the grant funding.</p>
Paragraph 2.3.3	<p>N/A – this is a new paragraph to be added to the Constitution.</p>	<p>The relevant Director will be responsible for ensuring that a copy of the completed grant agreement entered into with the Council is forwarded to Procurement Services at Procurement.Services@coventry.gov.uk in order for the details of the grant agreement to be updated on the register of grants.</p>	<p>Proposed new paragraph has been introduced to ensure effective record keeping and storage of grant agreements entered into.</p>

Paragraph 2.4
Grant Expenditure

<p>Grant Expenditure</p> <p>Approval to award grants to an external body:</p> <p>(a) Up to £50,000 ~ Chief Operating Officer (Section 151 Officer) in consultation with relevant Cabinet Member;</p>	<p>Grant Expenditure (see Note below)</p> <p>2.4.1 Approval to award grants to an external body (total grant value per external body):</p> <p>(a) Up to £500,000~ approval in writing by relevant Director following consultation with the relevant Cabinet Member with notification to Director of Finance and Resources (Section 151 Officer) or nominees;</p> <p><u>and each following consultation with legal and financial services.</u></p>	<p>Proposed amendments seek to duplicate that set out in Paragraph 2.3.2 in order to create consistency between the requirements of grant acceptance and expenditure. A consistent approach will be easier to administer operationally and will also mean that where approval to accept grant and expend grant is sought at the same time (as should be encouraged) the same approval requirements will apply to both.</p>
<p>(b) Above £50,000 and up to £250,000 ~ Cabinet Member(s) in consultation with Chair of Audit and Procurement Committee;</p>	<p>(b) Above £500,000 up to £1,000,000 ~ approval in writing by the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources) following consultation with the relevant Cabinet Member;</p> <p><u>and each following consultation with legal and financial services.</u></p>	

	(c) Above £250,000 and up to £1,500,000: Cabinet;	(c) Over £1,000,000 and up to £2,500,000 ~ to Cabinet, if time permits; if no time to go to Cabinet, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) or nominee following consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee) to be reported to Cabinet retrospectively; <u>and each following consultation with legal and financial services.</u>	
	(d) Above £1,500,000: Council.	(d) Over £2,500,000 ~ Council, if time permits; if no time to go to Council, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader to be reported to Council retrospectively, <u>and each following consultation with legal and financial services.</u>	
Paragraph 2.4.2	N/A – this is a new paragraph to be added to the Constitution.	The relevant Director will be responsible for ensuring that a copy of the completed grant agreement entered into with the Council is forwarded to Procurement services at Procurement.Services@coventry.gov.uk in order for the details of the grant agreement to be updated on the register of grants	Proposed new paragraph has been introduced to ensure effective record keeping and storage of grant agreements entered into.

Appendix B – Part 2 (a) - Proposed New Constitution Wording (to reflect that set out above)

2.3 Grant Income

2.3.1 Approval prior to submitting a grant bid:

- (a) *Where the submission of the bid requires that it must be match funded ~ joint approval in writing by the relevant Director and the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources) and following consultation with the relevant Cabinet Member;*
- (b) *Where there is no requirement of the submission of the bid to be match funded ~ approval by the relevant Director and relevant Finance Manager in writing or their respective nominees and following consultation with the relevant Cabinet Member.*

2.3.2 Approval prior to signature of grant agreement (total grant value):

- (a) *Where a successful bid up to the value of £1,000,000 includes the requirement that it must be match funded by the Council, the approval of the relevant Cabinet Member to accept the grant must be obtained before signature;*
- (b) *Up to £500,000 ~ approval in writing by relevant Director with notification to Director of Finance and Resources (Section 151 Officer) or nominees;*
- (c) *Above £500,000 up to £1,000,000 ~ approval in writing by the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources);*
- (d) *Over £1,000,000 and up to £2,500,000~ to Cabinet, if time permits; if no time to go to Cabinet, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) or nominee following consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee) to be reported to Cabinet retrospectively;*
- (e) *Over £2,500,000 ~ to Council, if time permits; if no time to go to Council, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader to be reported to Council retrospectively,*

and each following consultation with legal and financial services.

2.3.3 *The relevant Director will be responsible for ensuring that a copy of the completed grant agreement entered into with the Council is forwarded to Procurement Services at Procurement.Services@coventry.gov.uk in order for the details of the grant agreement to be updated on the register of grants.*

2.4 Grant Expenditure (see Note below)

2.4.1 Approval to award grants to an external body (total grant value per external body):

- (a) Up to £500,000~ approval in writing by relevant Director following consultation with the relevant Cabinet Member with notification to Director of Finance and Resources (Section 151 Officer) or nominees;*
- (b) Above £500,000 up to £1,000,000 ~ approval in writing by the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources) following consultation with the relevant Cabinet Member;*
- (c) Over £1,000,000 and up to £2,500,000 ~ to Cabinet, if time permits; if no time to go to Cabinet, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) or nominee following consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee to be reported to Cabinet retrospectively;*
- (d) Over £2,500,000 ~ to Council, if time permits; if no time to go to Council, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader to be reported to Council retrospectively,*

and each following consultation with legal and financial services.

2.4.2 The relevant Director will be responsible for ensuring that a copy of the completed grant agreement entered into with the Council is forwarded to Procurement services at Procurement.Services@coventry.gov.uk in order for the details of the grant agreement to be updated on the register of grants

Note: Where Grant Income is being received and it is known that Grant Expenditure to third parties will result from the utilisation of such Grant Income, approval should be sought for both the acceptance of the Grant Income and delegated authority to facilitate the Grant Expenditure at the same time.

Appendix B – Part 2 (b) - Tracked Comparison

2.3 Grant Income

2.3.1 Approval prior to submitting a grant bid:

~~2.3.1(a)~~ Where the submission of the bid requires that it must be match funded ~ joint approval in writing by the ~~Chief Executive~~relevant Director and the ~~Chief Operating Officer~~Director of Finance and Resources (Section 151 Officer), ~~or nominees, Head of Finance (in the absence of the Director of Finance and Resources) and~~ following consultation with the relevant Cabinet Member;

~~(b)~~ Where there is no requirement of the submission of the bid to be match funded ~ approval by the relevant Director and relevant Finance Manager in writing or their respective nominees and following consultation with the relevant Cabinet Member.

2.3.2 Approval prior to signature of grant agreement: ~~(total grant value)~~:

(a) Where a ~~requirement of a~~ successful bid ~~is up to the value of £1,000,000 includes the requirement~~ that it must be match funded by the Council, the approval of the relevant Cabinet Member to accept the grant must be obtained before signature, ~~regardless of the amount of grant.~~

(b) Up to £500,000 ~ ~~joint~~ approval in writing by the ~~Chief Executive~~relevant Director with notification to Director of Finance and the ~~Chief Operating Officer~~Resources (Section 151 Officer), ~~or nominees;~~

~~(c)~~ ~~Over~~Above £500,000 up to £1,000,000 ~ approval in writing by the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources);

~~(d)~~ Over £1,000,000 and up to £2,500,000 ~ to Cabinet, if time permits; if no time to go to Cabinet, ~~to relevant Cabinet Member (or the Leader in their absence) in joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) or nominee following consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee) to be reported to Cabinet retrospectively;~~

~~(e)~~(e) Over £2,500,000 ~ to Council, if time permits; if no time to go to ~~Cabinet Member, to relevant~~Council, joint approval in writing by the Chief Executive and the Director in of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and ~~Scrutiny Chair, Leader~~ to be reported to ~~Cabinet~~Council retrospectively.

~~(d) Over £2,500,000 ~ Council.~~

~~and each following consultation with legal and financial services.~~

~~2.3.3 The relevant Director will be responsible for ensuring that a copy of the completed grant agreement entered into with the Council is forwarded to Procurement Services at Procurement.Services@coventry.gov.uk in order for the details of the grant agreement to be updated on the register of grants.~~

~~2.4 Grant Expenditure (see Note below)~~

~~2.4.1 Approval to award grants to an external body- (total grant value per external body):~~

~~(a) Up to £50,000 ~ Chief Operating Officer (Section 151 Officer) in consultation with 500,000~ approval in writing by relevant Director following consultation with the relevant Cabinet Member with notification to Director of Finance and Resources (Section 151 Officer) or nominees;~~

~~(a)(b) Above £500,000 up to £1,000,000 ~ approval in writing by the Director of Finance and Resources (Section 151 Officer) or Head of Finance (in the absence of the Director of Finance and Resources) following consultation with the relevant Cabinet Member;~~

~~(b) Above £50,000 and up to £250,000 ~ Cabinet Member(s) in consultation with Chair of Audit and Procurement Committee;~~

~~(c) Above £250,000 and up to £1,500,000: Cabinet;~~

~~(d) Above £1,500,000: Council.~~

~~(c) Over £1,000,000 and up to £2,500,000 ~ to Cabinet, if time permits; if no time to go to Cabinet, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) or nominee following consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee to be reported to Cabinet retrospectively);~~

~~(d) Over £2,500,000 ~ to Council, if time permits; if no time to go to Council, joint approval in writing by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader to be reported to Council retrospectively.~~

and each following consultation with legal and financial services.

2.4.2 The relevant Director will be responsible for ensuring that a copy of the completed grant agreement entered into with the Council is forwarded to Procurement services at Procurement.Services@coventry.gov.uk in order for the details of the grant agreement to be updated on the register of grants

Note: Where Grant Income is being received and it is known that Grant Expenditure to third parties will result from the utilisation of such Grant Income, approval should be sought for both the acceptance of the Grant Income and delegated authority to facilitate the Grant Expenditure at the same time.

Appendix B - Part 3 (a) – Proposed amendments to the City Council Financial Approval Limits (tracked proposed amendments)

Part 3F – Financial Procedure Rules

CITY COUNCIL FINANCIAL APPROVAL LIMITS									
Governance Forum Approval Category	Relevant Finance Manager	Relevant Director	Director of Finance and Resources Chief Operating Officer (Section 151 Officer) ("S151")	Head of Finance <i>*in the absence of S151</i>	Procurement Panel	Procurement Board	Cabinet Member	Cabinet	Council
Budget									
Overall Balanced Budget									Unlimited
Capital schemes to be met from borrowing		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Revenue Budget Adjustments (Virement)		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Use of reserves, other than as originally intended		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Capital Budget Adjustments (Virement)		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Technical Adjustments			Unlimited						
Grant Income									
Approval prior to submitting grant bid (match funded)		Joint (unlimited) ⁴		*Jointly with Relevant Director (unlimited) ⁴					
Approval prior to submitting grant bid (not match funded)	Joint, or respective nominees (unlimited) ⁴								

February 2024 (Proposed Amendments)

Part 3F – Financial Procedure Rules

Approval Prior to Signature of Grant Agreement (<u>total grant value</u>) ^{3 5}		Joint-up Up to £0.5m ⁶	<u>Above £0.5m to £1m</u>	<u>*Above £0.5m to £1m</u>			<u>Above £0.5m to £2.5m¹</u>	Above £10.5m to £2.5m ¹	Above £2.5m ²
Grant Expenditure									
Approval to Grant Awards to an External Body ³		Up to £0.05m ^{4 6}	<u>Above £0.5m to £1m⁴</u>	<u>*Above £0.5m to £1m⁴</u>			<u>Above £0.05m to £0.25m³</u>	Above £10.25m to £24.5m ¹	Above £24.5m ²
Debt Write Off									
Approval to Write Off of Sums Owed to the Council			Up to £0.1m				Above £0.1m		

Footnotes

¹ Approval by Cabinet if there is time, if not by ~~Cabinet Member (or Leader in their absence)~~ in consultation with relevant ~~Scrutiny Chair; if no time to go to Cabinet Member, by the Chief Executive and relevant Director~~ the Director of Finance and Resources (Section 151 Officer) or nominee following ~~in~~ consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee) and the relevant Scrutiny Chair. To be reported retrospectively.

² Approval by Council if there is time, if not by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader. To be reported retrospectively. ~~In consultation with the relevant Cabinet Member;~~

³ ~~In~~ Following consultation with ~~the Chair of Audit and Procurement Committee~~ legal and financial services.

⁴ Following consultation with the relevant Cabinet Member.

⁵ ~~Where a requirement of a successful bid is that it must be match funded by the Council, the approval of the relevant Cabinet Member to accept the grant must be obtained before signature, regardless of if the amount of grant is up to the value of £1 million.~~

⁶ With notification to Director of Finance and Resources (Section 151 Officer) or nominees.

Appendix B - Part 3 (b) – Proposed amendments to the City Council Financial Approval Limits (clean)

Part 3F – Financial Procedure Rules

CITY COUNCIL FINANCIAL APPROVAL LIMITS									
Governance Forum Approval Category	Relevant Finance Manager	Relevant Director	Director of Finance and Resources (Section 151 Officer) ("S151")	Head of Finance <i>*in the absence of S151</i>	Procurement Panel	Procurement Board	Cabinet Member	Cabinet	Council
Budget									
Overall Balanced Budget									Unlimited
Capital schemes to be met from borrowing		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Revenue Budget Adjustments (Virement)		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Use of reserves, other than as originally intended		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Capital Budget Adjustments (Virement)		Joint up to £0.25m					Above £0.25m to £1m	Above £1m to £1.5m	Above £1.5m
Technical Adjustments			Unlimited						
Grant Income									

Approval prior to submitting grant bid (match funded)		Joint (unlimited) ⁴		*Jointly with Relevant Director (unlimited) ⁴					
Approval prior to submitting grant bid (not match funded)	Joint, or respective nominees (unlimited) ⁴								
Approval Prior to Signature of Grant Agreement (total grant value) ^{3 5}		Up to £0.5m ⁶	Above £0.5m to £1m	*Above £0.5m to £1m				Above £1m to £2.5m ¹	Above £2.5m ²
Grant Expenditure									
Approval to Grant Awards to an External Body ³		Up to £0.5m ^{4 6}	Above £0.5m to £1m ⁴	*Above £0.5m to £1m ⁴				Above £1m to £2.5m ¹	Above £2.5m ²
Debt Write Off									
Approval to Write Off of Sums Owed to the Council			Up to £0.1m				Above £0.1m		

Footnotes

- ¹ Approval by Cabinet if there is time, if not by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) or nominee following consultation with the relevant Cabinet Member and relevant Scrutiny Chair (or in the absence of the relevant Scrutiny Chair to the Chair of Scrutiny Co-ordination Committee). To be reported retrospectively.
- ² Approval by Council if there is time, if not by the Chief Executive and the Director of Finance and Resources (Section 151 Officer) following consultation with the relevant Cabinet Member and Leader. To be reported retrospectively.
- ³ Following consultation with legal and financial services.
- ⁴ Following consultation with the relevant Cabinet Member.
- ⁵ Where a requirement of a successful bid is that it must be match funded by the Council, the approval of the relevant Cabinet Member to accept the grant must be obtained before signature, if the amount of grant is up to the value of £1 million.
- ⁶ With notification to Director of Finance and Resources (Section 151 Officer) or nominees.



Public report

Council Report

Council

19 March 2024

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor R Brown

Director Approving Submission of the report:

Director of HR

Ward(s) affected:

None

Title:

Annual Pay Policy Statement 2024/25

Is this a key decision?

No

Executive Summary:

Local Authorities are required by sections 38 and 39 of the Localism Act 2011 to produce an annual Pay Policy Statement. The statement must articulate the City Council's policies towards a range of issues relating to the pay of the workforce, particularly the most senior staff (or "chief officers") and the relationship of their pay to the lowest paid employees. The proposed annual Pay Policy Statement for 2024/25 is attached as Appendix 1.

Recommendations:

Council is recommended to approve the Annual Pay Policy Statement 2024/25 attached at Appendix 1.

List of Appendices included:

Appendix 1 Annual Pay Policy Statement 2024/25

Appendix 2 Local Government Pension Regulations Statement

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Report title: Annual Pay Policy Statement 2024/25

1. Context (or background)

- 1.1 The Pay Policy Statement ensures transparency and accountability regarding the Council's approach to setting pay. The Pay Policy Statement when approved by Council, is published on the Council's website in accordance with the requirements of the Localism Act 2011. The Policy Statement requires the Council to particularly highlight the relationship between the pay and remuneration of the most senior staff (Chief Officers) and the general workforce. The Council's statement of policy on the Local Government Pension Scheme (LGPS) Regulations 2013 is also attached at Appendix 2.
- 1.2 Guidance on the development of Pay Policy Statements states authorities should explain their policy in respect of Chief Officers who have been made redundant and later re-employed or engaged under a contract of service, as well as their approach to any shared arrangements in place.
- 1.3 It is the City Council's policy is to not re-employ or re-engage previous employees within five years, if they have left as part of any voluntary redundancy/early retirement programme. It is not envisaged that any Chief Officer who leaves the Council with a severance or redundancy payment will be considered for further employment with Coventry or for the hiring of their services in another capacity save in exceptional circumstances.
- 1.4 Currently there are no shared arrangements in place.

2 Options considered and recommended proposal

- 2.1 Council is recommended to approve the annual Pay Policy Statement for 2024/25 to ensure compliance with the Localism Act 2011.

3 Results of consultation undertaken

- 3.1 There is no requirement to consult on the Pay Policy Statement.

4. Timetable for implementing this decision

- 4.1 The proposed Pay Policy Statement will be effective for the financial year 2024/25. Where actual earnings levels are referred to therein, these represent the latest figures available i.e. 2023/24.

5. Comments from Director of Finance and Resources and Director of Law and Governance

5.1 Financial Implications

The costs associated with the implementation of the Pay Policy are built into the City Council's budget planning process. One-off costs arising from the termination of employment are met from specific reserves set aside for this purpose.

5.2 Legal implications

The agreement to and the publication of an Annual Pay Policy Statement is a requirement of sections 38 and 39 of the Localism Act, 2011.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan

To help effectively deliver key objectives and corporate priorities, the City Council must ensure key principles provide the foundation for the determination of the pay and grading of employees.

6.2 How is risk being managed?

By adopting a Pay Policy Statement as attached at Appendix 1 the City Council is compliant with the Localism Act 2011.

6.3 What is the impact on the organisation?

This document outlines the key principles for Coventry City Council's pay policy for 2024/25

6.4 Equalities / EIA

In accordance with the Equality Act and the National Joint Council (NJC) Conditions of Service, the City Council is committed to equal pay principles and practice. The Council also publishes its Gender Pay Gap in accordance with statutory requirements

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

None

Report author(s):

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date document sent out	Date response received or approved
Contributors:				
Nicole Powell	Employee Relations Lead	HR & OD	14/02/24	14/02/24
Liz Read	Head of Electoral Services	Law and Governance	5/03/24	05/03/24
Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	8/03/24	8/03/24
Names of approvers for submission: (officers and members)				
Susanna Newing	Director HR	HR & OD	05/03/24	08/03/24
Barry Hastie	Director of Finance and Resources	Finance	08/03/24	11/03/24
Julie Newman	Director of Law and Governance	Law Governance	08/03/24	08/03/24
Members: Councillor R Brown	Cabinet Member for Strategic Finance and Resources		08/03/24	11/03/24

Coventry City Council – Annual Pay Policy Statement 2024/25

1. Introduction and Purpose

1.1 Under section 112 of the Local Government Act 1972, the Council has the power “to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to setting the pay of its employees as required.

1.2 Coventry City Council is committed to operating consistent and equitable pay arrangements for all employees. The Pay Policy Statement is required to set out the Authority’s policies for the financial year relating to:

- The remuneration of its Chief Officers (this includes Chief Executive, Chief Officers, Directors, and other senior Managers)
- The remuneration of its lowest paid employees
- And the relationship between them

1.3 The Pay Policy Statement is required to state:

- The definition of ‘lowest paid employees’ for the purposes of this statement
- The Authority’s reasons for adopting this definition

1.4 The Statement is also required to state the level and elements for each chief officer on the following:

- Remuneration on recruitment
- Increases and additions to remuneration
- The use of bonuses
- The approach to payment on their ceasing to hold office under the authority or being employed by the authority
- The publication of and access to information relating to their remuneration

1.5 Note that the Pay Policy Statement does not include information relating to the pay of Teachers or Support Staff in schools outside the scope of the Localism Act.

2. Current Pay Structure

2.1 The Council uses the National Joint Council (NJC) for Local Government Services Job Evaluation Scheme and the national pay spine as the basis for its local grading structure to determine the salaries of most of the non-school-based workforce.

2.2 Progression within the grading structure is based on the payment of increments until the top of the grade is reached.

2.3 Any changes to the current grading structure during the year 2024/25 will be subject to approval of Council.

2.4 A similar incremental approach is also applied to other groups of employees who are governed by relevant national negotiating bodies, including the Soulbury Committee.

2.5 Increments for those centrally employed on teachers’ terms and conditions are based on performance in accordance with their national agreement.

2.6 Chief Officers and other senior managers’ posts are evaluated in accordance with the Local Government Job Evaluation Scheme for senior managers. Performance is reviewed annually and may result in an increment award within the respective grade.

2.7 The above policies apply except where the operation of the Transfer of Undertakings (Protection of Employment) Regulations, or other statutory provision, dictate otherwise.

2.8 Where a Chief Officer or senior managers is appointed under a 'contract for service' rather than as an employee, the Council's 'contracts for services' arrangements are in place to ensure that maximum value for money is secured. Currently, Coventry City Council does not currently employ any Chief Officers or senior managers under a contract for service but if this was the case, we would apply the 'contracts for services' arrangements.

3. Legal Context

3.1 This policy is in operation to ensure that Coventry City Council meets its obligations under relevant legislation including the Localism Act 2011.

3.2 With regard to the equal pay requirements contained within the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and the Agency Workers Regulations 2010, the Council ensures there is no pay discrimination in its pay structures and that all pay differentials are objectively justified through the use of an equality-proofed job evaluation mechanism, which directly relates salaries to the requirements, demands and responsibilities of the role.

3.3 The Council also publishes its Gender Pay Gap annually.

4. Chief Officers Remuneration

4.1 For the purposes of this statement, Chief Officers are defined within S43 of the Localism Act and by Section 2 of the Local Government and Housing Act 1989, as the Chief Executive, Chief Officers, Directors and Heads of Service.

4.2 Chief Officers' Salaries

<u>Salary Grade</u>	<u>Salary Range</u>
<u>CX1</u>	£202,473
<u>D1/ D2</u>	£118,576 - £144,385
<u>AD1/AD2</u>	£90,234 - £116,551
<u>SM1/2/3</u>	£54,280 - £84,230

4.3 The Chief Executive's salary is £145,668.08 up to 29th February 2024

4.4 There was acting up arrangements in place for the Chief Operating Officer and Chief Partnerships Officer in place from 1st April 2023 until 30th June 2023. Honorarium payments were made during this period.

4.5 The Chief Legal Officer was also the Returning Officer for local elections held in Coventry in 2023. This is a separate appointment made in accordance with the Representation of the People Act 1983 and places a personal liability on the post holder. Therefore, a separate responsibility payment is made.

For Council elections, the Returning Officer fee is paid by the local authority of £7,916.67.

- 4.6 Chief Officer and senior manager remuneration currently falls within the range determined by the Council. These salary scales will be increased for 2024 / 25 in line with the relevant national pay award if made.

5. Recruitment of Chief Officers and senior managers

- 5.1 The determination of the remuneration offered to any newly appointed Chief Officer or senior manager will be in accordance with the pay structure and relevant policies in place at the time of recruitment. The Council's policy and procedures regarding recruiting Chief Officers or Senior Managers are set out in the Council's Constitution.
- 5.2 Chief Officers and senior managers' jobs are allocated to a salary range in accordance with the job evaluation scheme.
- 5.3 Where the Council is unable to recruit to a particular post, it will consider the use of temporary market force supplements. Where the Council remains unable to recruit chief officers under an employment contract, or there is a need for interim cover for a Chief Officer or senior manager post, the Council will consider engaging individuals under 'contracts for service'.
- 5.4 The Council considers that decisions on salary level for a new post over £100,000 pa or any existing post regraded to over £100,000 pa should be subject to accountability and scrutiny. The Council considers that it would be preferable for scrutiny of these decisions to take place in committee rather than by full Council, and that the Audit and Procurement Committee is the appropriate forum.

6. Increases and additions to Remuneration of Chief Officers or senior managers

- 6.1 The Council does not award any bonuses to its Chief Officers or senior managers.
- 6.2 Incremental progression within salary scales for Chief Officers and senior managers is based upon an annual performance based assessment.
- 6.3 It is the Council's policy to pay temporary and reviewable 'market supplement' to Chief Officer or senior manager salary levels where there is clear and demonstrable evidence that the salary level otherwise attached to the post creates substantial recruitment or retention difficulties. In 2024 / 2025 four Chief Officers or senior managers have received market supplements in addition to their basic salary, ranging from £3,982 to £15,390.
- 6.4 The gross fees paid to senior officers (other than the Returning Officer) covered in the pay policy for elections in 2023 totalled £31,399.56. The fees including those paid to senior staff for carrying out the responsibilities required to deliver these elections.
- 6.5 Additional allowances will only be paid to Chief Officers and senior managers where they undertake additional duties that fall outside their substantive role.
- 6.6 Ten Chief Officers or Senior Managers received payments of between £999.99 and £15,000 during 2023/24 for additional hours and work undertaken as Directors of Council-owned companies.

7. Payments on Termination

- 7.1 The Council's approach to discretionary payments on termination of employment of Chief Officers or senior managers in a redundancy situation is set out within its Security of Employment Agreement. In accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, the Council has used its discretion to calculate redundancy payments in accordance with the Security of Employment Agreement.
- 7.2 The Council does not exercise the discretion available to grant 'additional pension' under the Local Government Pension Scheme.
- 7.3 The City Council will not re-employ or re-engage previous employees within five years, if they have left as part of any voluntary redundancy/early retirement programme. It is not envisaged that any Chief Officer who leaves the Council with a severance or redundancy payment will be considered for further employment with Coventry or for the hiring of their services in another capacity save in exceptional circumstances.

8. Publication

- 8.1 Upon approval by the full Council, this statement will be published on the Council's Website.

9. Lowest Paid Employees

- 9.1 At present, the lowest paid employees of Coventry City Council are paid £11.59 per hour. This figure will be reviewed following announcement of the national pay award for 2024/25
- 9.2 The City Council employs a number of modern apprentices who are not included within the definition of "lowest paid employees" as they are employed under specific trainee contract terms. We also do not include trainees and interns within this definition.
- 9.3 The Code of Recommended Practice on Data Transparency recommends the publication of the ratio between the highest paid salary, the median average salary of the whole of the Council's workforce and the lowest salary level paid.
- 9.4 The current Council pay levels define the following rates of pay and this is within the recommended 1: 20 threshold.
- Chief Executive - £202,473
 - Median employee - £31,364
 - Lowest paid employee - £20,855
- 9.5 The current pay ratios are as follows :-
- Chief Executive to lowest paid employee = 1 ; 9.7
 - Chief Executive to median employee = 1;6.4

10. Monitoring and Review

- 10.1 Once approved by Full Council, the Pay Policy statement will come into effect and will be reviewed annually in accordance with the relevant legislation at the time.

3. The Local Government Pension Scheme Regulations Statement of Policy

• February 2022

Under Regulation 60 of the Local Government Pension Scheme (LGPS) Regulations 2013 each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations.

This Statement is applicable to all employees of Coventry City Council who are eligible to be members of the LGPS and, where applicable, deferred or pensioner members.

1. Regulation 30 – Members request for early payment of benefits

Explanation

From age 55, members who leave or have left local government employment have the right to apply for early payment of their retirement benefits subject to the consent of their employer. However, members aged 60 and over do not need their employer's consent.

The pension benefits must be reduced in accordance with guidance provided by the Government actuary. Employers may determine on compassionate grounds that the benefits are not reduced.

Coventry City Council's Policy

- **Active Members (current employees) - The City Council will allow early retirements on the grounds of redundancy/efficiency of the service. This discretion will otherwise only be used in rare and exceptional circumstances.**

It would need to be funded by a lump-sum contribution into the Pensions Fund by the City Council. Each specific request raised under this Regulation will be judged equally and fairly on its own merits.

- **This discretion will be exercised by those officers nominated to approve existing severance packages.**
- **Deferred Members (Pre April 2014) – Early release of retirement benefits may be allowed in exceptional circumstances. The former employee must make an application in writing to the City Council. Each specific case will be judged equally and fairly on its own merits and where appropriate approved by the appropriate Cabinet Member.**
- **Waiver or reduction – Each specific case will be judged equally and fairly on its own merits and where appropriate approved by the appropriate Cabinet Member. Any cost would need to be funded by a lump-sum contribution into the Pension Fund by the City Council.**

2. The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 Schedule 2 - The rule of 85 for members drawing benefits between age 55-59.

Explanation

The rule of 85 applies to those members who joined the LGPS before 2006 and allows them to retire earlier than their normal pension age, taking their pension benefits in full. Under the LGPS 2014 Regulations members may lose some of the rule of 85 protections if they wish to access their benefits and they are aged 55-59. An employer may resolve to reinstate the protection which would have cost implications.

Coventry City Council's Policy

Each specific case will be considered on the grounds of efficiency of the service, having fully considered service delivery and financial costs.

3. Regulation 31 – Award of Additional Pension of an active member

Explanation

An employer may resolve to award a member additional pension of not more than £6,500 per year (as at 1st April 2014). An employer may make decisions on awarding additional pension for up to six months after termination of employment in cases of redundancy, in the interests of efficiency of the employing authority's functions or at the ending of a joint appointment because the other appointment holder has left.

Coventry City Council's Policy

This discretion will not be exercised by the City Council in any circumstances.

4. Regulation 16(2)e & Regulation 16(4)d – Additional Pension Contribution (APC)

Explanation

An employer may make either a regular or lump sum Additional Pension Contribution (APC) to a member's account. This may be part or whole funded.

Coventry City Council's Policy

This discretion will not be exercised by the City Council in any circumstances.

5. Regulation 30(6) and Regulation 30 (8) – Flexible Retirement

Explanation

A member who is aged 55 or over and with their employer's consent reduces their hours and/or grade can then, but only with the agreement of their employer, make a written application to the administering authority (West Midlands Pension Fund) for payment of all or part of their accrued benefits without having retired from that employment.

If payment of benefits occurs before normal retirement age the benefits can be actuarially reduced in accordance with guidance issued by the Government actuary.

The employer may choose to waive the reduction in whole or in part. If the employer chooses to do so, then the cost of waiving the reduction in whole or in part has to be paid to the Fund.

Coventry City Council's Policy

Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs. The Council will normally only approve the payment of benefits where there is no additional cost to the Council.

6. Regulation 17 – Shared Cost AVC

Explanation

Employers may resolve to establish and maintain a Shared Cost Additional Voluntary Contribution Scheme (SCAVC). Who can join, how much the employer and employee will jointly contribute and the type of benefits provided must be considered.

Coventry City Council's Policy

Coventry City Council will allow a Shared Cost Additional Voluntary Contribution Scheme.

7. Regulation 16 – Optional contributions during absence

Explanation

Employing authorities have the discretion to extend beyond 30 days the period where a member can make a written request to make contributions. These contributions will cover a period of absence where pension contributions would otherwise not have been made.

Coventry City Council's Policy

Coventry City Council will extend the period of 30 days in rare and exceptional circumstances or where it was beyond the member's control.

8. Regulation 22 – Re-employed and rejoining deferred members

Explanation

Where a deferred member becomes an active member again, before becoming entitled to the immediate payment of retirement benefits in respect of former membership(s), he/she may elect to have former membership(s) aggregated with their current active membership. An election must be made in writing to the member's appropriate administering authority (West Midlands Pension Fund) before the expiry of the period of 12 months, beginning with the date that the employee again became an active member (or any such longer period as the employer may allow).

Coventry City Council's Policy

Coventry City Council will extend the period of 12 months in rare and exceptional circumstances or where it was beyond the member's control.

9. Regulation 100 – Inward transfers of pension rights

Explanation

A person who becomes an active member who has relevant pension rights may request their fund authority to accept a transfer value for some or all of their former rights. An election must be made in writing before the expiry of the period of 12 months beginning with the date that he/she became an active member (or any such longer period as his employer may allow).

Coventry City Council's Policy

Coventry City Council will extend the period of 12 months in rare and exceptional circumstances or where it was beyond the member's control.

10. Regulation 9 (3) - Contributions payable by active members

Explanation

Employing Authorities must review the contribution band to which they assign members each April, employers can also review band levels during the year

Coventry City Council Policy

An employee's contribution percentage will be determined each pay period (e.g. each months pay) based on the following:

- a) The pensionable pay to be paid in the pay period will be multiplied by 12 to give an annual equivalent and the contribution rate for that pay period determined according to the relevant tables.
- b) Any lump sums or retrospective arrears payments covering more than one pay period would be excluded from the calculation.

Employees will be notified of their pension contribution percentage on their payslip each month.

Details of the contribution rates can be found at About Your Scheme on the West Midlands Pension Fund's website by following the link <http://www.wmpfonline.com/activemember>

Members of the pension scheme have the right to appeal the pension banding decision within 6 months of the change of contribution rate; in the first instance they should contact Employment Services so that the matter can be reconsidered.

If they are still dissatisfied with this decision they can make a written application to the specified person, appointed by Coventry City Council, to give a decision under dispute.

11. Regulation 91-95 Forfeiture of pension rights

Explanation

If a member is convicted of a relevant offence committed in connection with their employment the former Scheme employer may apply for a forfeiture certificate. A forfeiture certificate certifies that the offence was 'gravely injurious to the state' or is liable to lead to a 'serious loss of confidence in the public service'. Where issued the former Scheme employer may direct that the member's rights under the regulations are forfeited.

Coventry City Council Policy

Coventry City Council will apply the provisions of regulations 91 to 95.

12. Regulation 7 – The Internal Dispute Resolution Procedure

Explanation

An Internal Dispute Resolution Procedure applies to active members of the LGPS and to others such as deferred and pensioner members, whose position may be affected by decisions taken by their former employer or LGPS administering authority.

Responsibility for determinations under the first stage of the procedure rests with a “specified person” appointed by the employer. The employer must specify the job title and address of the person to whom applications should be directed.

Coventry City Council's Policy

The specified person is:

**Director HR
Coventry City Council
PO Box 15
Earl Street
COVENTRY
CV1 5RR**

Council Meeting

19 March, 2024

Booklet 1

Written Questions

1.	<p>QUESTION SUBMITTED BY: Councillor E Reeves</p> <p>TO BE ANSWERED BY: Councillor R Brown, Cabinet Member for Strategic Finance and Resources</p>
	<p>TEXT OF QUESTION:</p> <p>In January Council voted to delegate Appeals Hearings specifically in relation to employment from members to officers.</p> <p>What consultation with the unions was carried out before this decision was made?</p>
2.	<p>QUESTION SUBMITTED BY: Councillor Blundell</p> <p>TO BE ANSWERED BY: Councillor Welsh, Cabinet Member for Communities and Housing</p>
	<p>TEXT OF QUESTION:</p> <p>Can the Cabinet Member please explain that if the 10-metre rule as per policy GE3 and GE4 of the Coventry Local Plan is for guidance only, as applied in a recent planning meeting, can he inform me what criteria will be used for future determination of this rule.</p>
3.	<p>QUESTION SUBMITTED BY: Councillor Heaven</p> <p>TO BE ANSWERED BY: Councillor Hetherton, Cabinet Member for City Services</p>
	<p>TEXT OF QUESTION:</p> <p>Can the Cabinet Member for City Services please confirm how much from the time the car parking charges were implemented in the evenings and on Sundays the Council has collected?"</p>

4.	<p>QUESTION SUBMITTED BY: Councillor Male</p> <p>TO BE ANSWERED BY: Councillor O’Boyle, Cabinet Member for Jobs, Regeneration and Climate Change</p>
<p>TEXT OF QUESTION:</p> <p>Following recent national press articles regarding electric bus re-call notices on safety grounds, can the Cabinet Member confirm whether Coventry has been impacted by this action? If so, can the Cabinet Member confirm the extent of this re-call and any impact to service delivery? More generally, how are the electric buses performing, particularly during periods of cold weather?’</p>	
5.	<p>QUESTION SUBMITTED BY: Councillor Masih</p> <p>TO BE ANSWERED BY: Councillor AS Khan, Cabinet Member for Policing and Equalities</p>
<p>TEXT OF QUESTION:</p> <p>Can the Cabinet Member inform the Chamber what sites have been identified as possible traveller transit sites. Also could he inform the Chamber when the Sicken drive permanent site will be fully operational.</p>	

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