

**Time and Date**

2.00 pm on Tuesday, 3rd December, 2013

**Place**

Council Chamber - Council House

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**1. Apologies****2. Minutes for the Extraordinary Meeting, held on 10th October and the Ordinary Meeting held on 22nd October 2013 (Pages 5 - 16)****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. Coventry Good Citizen Award**

To be presented by the Lord Mayor and Judge Griffith-Jones, Honorary Recorder

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

(a) Presentation of Illuminated Address to Councillor Timothy Sawdon, Lord Mayor for 2012/2013

(b) Lord Mayor's announcements

**6. Petitions****7. Declarations of Interest****Matters Left for Determination by the City Council/Recommendations for the City Council****8. The Coventry Award of Merit (Pages 17 - 28)**

From the Meeting of Cabinet Member (Community Safety and Equalities, 3<sup>rd</sup> October 2013

**9. Medium Term Financial Strategy (Pages 29 - 54)**

From the Cabinet, 19<sup>th</sup> November 2013

**10. Growing Business Rates Through Creating the Coventry Investment Fund (Pages 55 - 76)**

From the Cabinet, 19<sup>th</sup> November 2013

11. **Regenerating City Centre Office Accommodation through the Development of Student Accommodation** (Pages 77 - 90)

From the Cabinet, 19<sup>th</sup> November 2013

### **Other Business**

12. **Report of the Leader on Changes to Cabinet Membership** (Pages 91 - 96)

Report of the Executive Director, Resources

13. **Amendments to Appointments of the City Council** (Pages 97 - 102)

Report of the Executive Director, Resources

14. **Question Time**

14.1 Written Question – There are no written questions

14.2 Oral Questions to Chairs of Scrutiny Boards/Chair of Scrutiny Co-ordination Committee

14.3 Oral Questions to Chairs of other meetings

14.4 Oral Questions to Representatives on Outside Bodies

14.5 Oral Questions to Cabinet Members and Deputy Cabinet Members on any matter

15. **Statements (if any)**

16. **Debates**

- 16.1 To be moved by Councillor Sawdon, and seconded by Councillor Skinner:

“This Council, noting the resolution of the Scrutiny Co-ordination Committee of 8<sup>th</sup> August 2012 which ‘Supported the principle of a Coventry Week linking the Godiva Festival with the Coventry Inspiration Book Awards, the Positive Images Festival, Armed Forces Day and an international food festival’ calls for further action to be taken to pursue this issue”.

- 16.2 To be moved by Councillor Gingell, and seconded by Councillor Caan:

“This Council condemns the hideous practise of Female Genital Mutilation (FGM) and supports the national campaigns including that of the British Arab Federation (BAF) in its campaign to ensure its eradication.

We support:

1. Enforcement of the law so that British girls and girls resident in Britain are protected from being taken to different legal jurisdictions with the intention of carrying out FGM.
2. Better enforcement of the law including against parents and guardians who organise FGM and Practitioners who conduct FGM procedures
3. Better education to support young girls in resisting FGM, to educate boys to oppose it and to empower communities to confront it

We call upon all relevant authorities, including those involved in law enforcement, the justice system and public health, to do everything in their power to protect young girls from this life endangering, health threatening crime”

### **Private Business**

17. **Regenerating City Centre Office Accommodation through the Development of Student Accommodation** (Pages 103 - 114)

From the Cabinet, 19<sup>th</sup> November 2013

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Chris West, Executive Director, Resources, Council House Coventry

Monday, 25 November 2013

Note: The person to contact about the agenda and documents for this meeting is Carolyn Sinclair/Suzanne Bennett 024 7683 3166/3072

Membership: Councillors F Abbott, N Akhtar, M Ali, A Andrews, M Auluck, S Bains,

L Bigham, J Blundell, K Caan, D Chater, J Clifford, G Crookes (Chair), G Duggins, C Fletcher, K Foster, D Galliers, D Gannon, A Gingell, M Hammon, L Harvard, P Hetherington, D Howells, J Innes, L Kelly, D Kershaw, T Khan, A Khan, R Lakha, R Lancaster, J Lepoidevin, A Lucas, K Maton, J McNicholas, C Miks, K Mulhall, J Mutton, M Mutton, H Noonan (Deputy Chair), J O'Boyle, E Ruane, R Sandy, T Sawdon, H S Sehmi, B Singh, D Skinner, T Skipper, H Sweet, K Taylor, R Thay, S Thomas, P Townshend, S Walsh, D Welsh and A Williams

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**Carolyn Sinclair/Suzanne Bennett**  
**024 7683 3166/3072**

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# Agenda Item 2

**Coventry City Council**  
**Minutes of the Extraordinary Meeting of Council held at**  
**2.00 pm on Thursday, 10 October 2013**

Present:

Members:

Lord Mayor, Councillor G Crookes (Chair)	
Deputy Lord Mayor, Councillor H Noonan	
Councillor N Akhtar	Councillor R Lakha
Councillor M Ali	Councillor R Lancaster
Councillor A Andrews	Councillor J Lepoidevin
Councillor M Auluck	Councillor A Lucas
Councillor S Bains	Councillor K Maton
Councillor L Bigham	Councillor C Miks
Councillor J Blundell	Councillor K Mulhall
Councillor K Caan	Councillor J Mutton
Councillor J Clifford	Councillor M Mutton
Councillor G Duggins	Councillor E Ruane
Councillor C Fletcher	Councillor R Sandy
Councillor K Foster	Councillor T Sawdon
Councillor D Galliers	Councillor H S Sehmi
Councillor D Gannon	Councillor B Singh
Councillor A Gingell	Councillor T Skipper
Councillor M Hammon	Councillor H Sweet
Councillor L Harvard	Councillor K Taylor
Councillor P Hetherton	Councillor R Thay
Councillor D Howells	Councillor S Thomas
Councillor J Innes	Councillor P Townshend
Councillor D Kershaw	Councillor S Walsh
Councillor T Khan	Councillor A Williams
Councillor A Khan	

Honorary Alderman

J. Gazey, T. Webb and J. Wright

Apologies:

Councillor F Abbott, D Chater, L Kelly, O'Boyle, D Skinner and D Welsh

## **Public Business**

### **77. Declarations of Interest**

There were no declarations of interest.

### **78. Minutes Silence**

Members of the Council stood and observed a minutes silence as a mark of respect and in memory of Daniel Pelka.

### **79. Motion Without Notice**

In accordance with paragraph 4.1.35.7 of the Constitution, it was moved by Councillor Townshend, seconded by Councillor Gannon and agreed that

paragraph 4.1.58 of the Constitution, which related to time limits for speeches be suspended and that the Leader, Councillor Mrs Lucas and Councillor Duggins, as mover and seconder of the recommendations in relation to agenda item 3, headed "Serious Case Review Report into the Death of Daniel Pelka", (Minute 80 below refers), together with Councillor Blundell, as Leader of the Opposition, be allowed to speak for an unlimited time, with all other Members being allowed to speak for a maximum of five minutes.

#### 80. **Serious Case Review Report into the Death of Daniel Pelka**

Further to Minute 21 of the Education and Children's Services Scrutiny Board (2), the City Council considered, in detail, a Serious Case Review (SCR) report of the Coventry Local Safeguarding Board regarding Daniel Pelka. The Minutes of the Scrutiny Board (2) meeting were appended to the report for information.

Daniel Pelka was murdered in March 2012 by his mother and stepfather. Following their conviction in July 2013, and subsequent sentencing in August 2013, the Daniel Pelka Serious Case Review (SCR) report was published on Tuesday 17<sup>th</sup> September 2013.

In line with statutory guidance a SCR was commissioned to investigate and analyse the circumstances into Daniel's abuse and death. A SCR is held whenever a vulnerable child dies or is seriously injured or impaired and abuse or neglect is known or suspected to have been a factor. The purposes of this SCR reflected the relevant government guidance at the time to: -

- Establish what lessons were to be learned from the case about the way in which local professionals and organisations work individually and together to safeguard and promote the welfare of children;
- Identify clearly what those lessons were both within and between agencies, how and within what timescales they would be acted on, and what was expected to change as a result; and
- Improve intra and inter-agency working to better safeguard and promote the welfare of children.

The SCR report made 15 recommendations to local partners, covering domestic abuse, referral and assessment processes, training of staff, practice in schools and health as well as the requirement to disseminate messages to the Children's Workforce.

In accordance with paragraph 4.1.45 of the Constitution, the Leader, Councillor Mrs Lucas, moved the following additional Recommendations, which were supported unanimously:-

1. That the Executive Director, People, does immediately consult with the Local Safeguarding Children Board (LSCB) Partners with a view to the inclusion of the Leader of the Opposition or their nominee as a participating observer on the LSCB in line with Section 13(5) of the Children Act 2004 and to facilitate this, the Cabinet Member for

Education and the Chair of the Education and Children's Service's Scrutiny Board (2) be removed from the LSCB.

2. That this Council calls for a national debate and the setting up of a Commons Select Committee to consider all aspects of children's safeguarding, which may lead to changes in legislation where appropriate.

In addition, the Leader advised the Council that she had appointed His Honour Judge Hamilton (Retired) to be her Special Advisor on Child Protection Issues, with immediate effect.

**RESOLVED that the City Council unanimously:**

1. **Note the contents of the report.**
2. **Request that they receive a 6 monthly update report from Education and Children's Services Scrutiny Board (2) on delivery against the multi-agency action plan agreed through the independent Local Safeguarding Children Board.**
3. **Request that the Executive Director, People, does immediately consult with the Local Safeguarding Children Board (LSCB) Partners with a view to the inclusion of the Leader of the Opposition or their nominee as a participating observer on the LSCB in line with Section 13(5) of the Children Act 2004 and to facilitate this, the Cabinet Member for Education and the Chair of the Education and Children's Service's Scrutiny Board (2) be removed from the LSCB.**
4. **Calls for a national debate and the setting up of a Commons Select Committee to consider all aspects of children's safeguarding, which may lead to changes in legislation where appropriate.**

(Meeting closed at 2.45 pm)

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**Coventry City Council**  
**Minutes of the Meeting of Council held at 2.00 pm on Tuesday, 22 October 2013**

Present: Councillor Noonan (Deputy Lord Mayor and Chair for the Meeting)

Councillor N Akhtar	Councillor J Lepoidevin
Councillor A Andrews	Councillor A Lucas
Councillor M Auluck	Councillor K Maton
Councillor S Bains	Councillor J McNicholas
Councillor L Bigham	Councillor C Miks
Councillor J Blundell	Councillor K Mulhall
Councillor K Caan	Councillor J Mutton
Councillor D Chater	Councillor M Mutton
Councillor J Clifford	Councillor J O'Boyle
Councillor G Duggins	Councillor E Ruane
Councillor D Gannon	Councillor T Sawdon
Councillor A Gingell	Councillor H S Sehmi
Councillor M Hammon	Councillor B Singh
Councillor L Harvard	Councillor D Skinner
Councillor P Hetherton	Councillor T Skipper
Councillor J Innes	Councillor H Sweet
Councillor L Kelly	Councillor R Thay
Councillor D Kershaw	Councillor S Thomas
Councillor T Khan	Councillor P Townshend
Councillor A Khan	Councillor S Walsh
Councillor R Lakha	Councillor D Welsh
Councillor R Lancaster	
Councillor J Lepoidevin	
Councillor A Lucas	
Councillor K Maton	
Councillor J McNicholas	
Councillor C Miks	
Councillor K Mulhall	
Councillor J Mutton	
Councillor M Mutton	
Councillor H Noonan	
Councillor J O'Boyle	
Councillor E Ruane	
Councillor T Sawdon	
Councillor H S Sehmi	
Councillor B Singh	
Councillor D Skinner	
Councillor T Skipper	
Councillor H Sweet	
Councillor R Thay	
Councillor S Thomas	
Councillor P Townshend	
Councillor S Walsh	
Councillor D Welsh	

Honorary Alderman: Mr J Gazey

Apologies: Councillor F Abbott, M Ali, G Crookes, C Fletcher, K Foster, D Galliers, D Howells, R Sandy, K Taylor and A Williams

## **Public Business**

### **79. Minutes of the Meeting held on 10th September 2013**

The Minutes of the meeting held on 10<sup>th</sup> September 2013 were signed as a true record.

### **80. Coventry Good Citizen Award**

***On behalf of the Council, the Lord Mayor presented Mr Bernard Keogh with the Coventry Good Citizen Award. His citation read:***

*“On the night of 7<sup>th</sup> May 2013 at approximately 12:30-1:00am Bernard received a distress call from his next door neighbour whose house was on fire. Bernard kept his neighbour on the phone and told her to shut the bedroom door and open the window whilst he phoned the Fire Brigade. Bernard inspected the front entrance of the property but the smoke and flames were too overwhelming to attempt entering.*

*Bernard kept his neighbour talking whilst waiting for the Fire Brigade to arrive, which they did five minutes later. When his neighbour was out of the house she was overcome with smoke inhalation and had to be taken to hospital, for which Bernard’s wife accompanied her.*

*Once released from hospital the following day without any home to go to and no family to stay with Bernard took her in and supported her for two weeks whilst assisting her to find some new accommodation for a four to six month period while her home was being repaired. Bernard and his wife have also taken her to get new furniture for the house once she is able to return.*

*This courage and willingness to help is a perfect example of the Coventry spirit and is worthy to be named a Good Citizen.”*

### **81. Correspondence and Announcements of the Lord Mayor**

There were no items of correspondence or announcements of the Lord Mayor.

### **82. Petitions**

**RESOLVED that the following petitions be referred to the appropriate City Council body and/or external organisation:**

- (a) Cuts to Youth Services posts in Coventry - 26 signatures – presented by Councillor Bains.**
- (b) Wyken Young Peoples Centre – 429 signatures – supported by Councillor Abbott and presented by Councillor Sweet in her absence.**

83. **Declarations of Interest**

There were no declarations of interest.

84. **Property Disposal Programme 2013/2014 - 2016/2017**

Further to Minute 65/13 of the Cabinet, the City Council considered a report of the Executive Director, Place, that identified a site disposal programme of recognised housing development sites that could result in 1100 new houses being built over a 4 year period, to meet one of their 20 priorities to identify within a year how 1000 new homes could be built in Coventry. In addition, the Council's budget for 2013/14 required the continuation of significant savings stretching into the medium term, which were primarily being achieved through the Council's ABC Programme. The Programme's Fundamental Service Review for Strategic Property required the Council to save £3m per annum from its property portfolio by 2016/17. This target could only be achieved through a combination of property solutions including rationalisation of operational property, optimisation of the commercial property portfolio, and disposal of property assets. The report set the work of the review team in identifying an indicative programme of asset disposals for the period 2013/14 to 2016/17 that would contribute an estimated £1.1 million per annum revenue towards the target when all disposals had been completed, as well as providing 1100 new homes in Coventry.

In response to a question from Councillor Blundell, Councillor Kelly agreed that appropriate Member briefings in relation to the details of the Property Disposal Programme would be provided.

**RESOLVED that the City Council:**

- (1) Approves the indicative Capital Disposal Programme set out in the Appendix to the report, subject to detailed terms being approved in accordance with the Council's Constitution and Section 123 of the Local Government Act 1972.**
- (2) Approves that the proceeds of sale, over and above the values required to support the approved capital programme, be allocated to reduce debt servicing costs in accordance with the Council's Medium Term Financial Strategy which provides that the prudential borrowing should be repaid from capital receipts as they are generated.**
- (3) Approves that the savings realised through debt reduction be allocated against the savings targets for the Strategic Property Fundamental Service Review.**
- (4) Give delegated authority to the Executive Director, Place, to approve any variations in the Programme in consultation with the Cabinet Member (Business Enterprise and Employment).**

85. **Caring for our Future - Consultation on Reforming What and How People Pay for their Care and Support - Consultation Response**

Further to Minute 68/13 of the Cabinet, the City Council considered a report of the Executive Director, People, detailing the City Council's response to a Department of Health (DH) consultation on reforming what and how people paid for their care and support. The City Council also considered a Briefing Note of the Executive Director, People, detailing the recommendations and comments made by the Health and Social Care Scrutiny Board (5) following consideration of the report at their meeting on 25<sup>th</sup> September 2013 (their minute 17/13 refers.)

The Department of Health published the 'Caring for our future: reforming care and support' White Paper in July 2012 and in February 2013 the Government announced reforms to give more certainty and peace of mind over the costs of old age, or of living with a disability and committed to reforming the funding of care and support. The proposals represented the biggest changes in adult social care since 1948 and would affect Local Authorities, Health partners and providers of care and support and covered issues including assessment of care, how this care was met, how this care was paid for, the impact of the reforms on the care market and the required changes to local authorities to deliver this change.

The proposals were welcomed as a significant step forward in improving and simplifying the charging framework for adult social care, with the introduction of a standardised approach across all settings providing the local authority and the public with much needed clarification.

**RESOLVED that the City Council approves the consultation response.**

86. **Accountable Body Report for the Successful Regional Growth Fund 4 Bid**

Further to Minute 70/13 of the Cabinet, the City Council considered a report of the Executive Director, Place, that indicated that the City Council had been successful in securing Regional Growth Fund (RGF) money on behalf of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and requested that the City Council acts as accountable body for the successful RGF4 Programme.

In October 2012, £24.3m had been secured from the third round of RGF (RGF3). The Programme offered £1m in grants to businesses and provided funding for three key infrastructure projects – the Friargate Bridge Deck, Whitley Interchange and improvements to M40 Motorway Junction 12.

The City Council had been successful in the fourth round of bidding (RGF4) with a bid for a programme of business grants worth £4m to help businesses invest in new equipment, premises or products, leading to the creation of up to 500 new jobs in Coventry and Warwickshire.

The funding Programmes were key to the CWLEP's and the Council's current economic development agenda; almost £13m in RGF3 cash was being used to fund the Friargate Bridge deck, which was needed to allow the Kickstart Project and to attract major tenants to the Friargate development. Both RGF3 and RGF4 were closely aligned to the emerging City Deal proposals and would form an important part of the support that Coventry and Warwickshire offered to businesses, particularly in advanced manufacturing sectors.

The condition on which both of these bids had been won was that the City Council acts as accountable body.

**RESOLVED that the City Council recognise the funding opportunity secured through Regional Growth Fund Round 4, and agree that the City Council act as guarantor for the Programme.**

**87. Nomination of Elected Members for the Board of Culture Coventry**

The City Council considered a report of the Executive Director, Place, which sought approval for the appointment of five Elected Members to the new Board of Culture Coventry.

In 2012, Coventry City Council engaged in a review of the city's cultural trusts, in partnership with Coventry Heritage and Arts Trust (CHAT), Coventry Transport Museum (CTM) and the Belgrade Theatre Trust. In October 2012, Council approved recommendations arising from the above review, including the recommended establishment of a new company limited by guarantee to take over the existing premises, employees, assets, liabilities and contracts of CHAT and CTM. In January 2013, Culture Coventry was formed as this new company. In July 2013, the Interim Board of Culture Coventry approved the planned TUPE transfer of staff from CHAT and CTM to Culture Coventry on 1<sup>st</sup> August 2013 and assumed responsibility from this date for the operations of facilities previously managed by CHAT and CTM

**Resolved that the City Council appoints the following Elected Members to the Board of Culture Coventry for the remainder of the Municipal Year 2013/14:**

**Councillor Gannon  
Councillor Hetheron  
Councillor McNicholas  
Councillor Sawdon  
Councillor Skipper**

**88. Question Time**

***The following Members answered oral questions put to them by other Members as set out below, together with supplementary questions on the same matters:***

<i>No</i>	<i>Question Asked By</i>	<i>Question Put To</i>	<i>Subject Matter</i>
1	Councillor Lepoidevin	Councillor Duggins	Adoption Service Inspection
2	Councillor Lepoidevin	Councillor Duggins	Timescale for response to the Children & Families Minister in respect of the Serious Case Review (Daniel Pelka)
3	Councillor Lepoidevin	Councillor Kershaw	Outcome of School Staff Inspection (re: Serious Case Review (Daniel Pelka))

Note: Councillor Duggins undertook to provide a written answer.

4	Councillor Blundell	Councillor Mrs Lucas	Protest outside Council House regarding Coventry City Football Club/Ricoh Arena
5	Councillor Andrews	Councillor Lancaster	Tribute to officers honoured in the National Transport Awards 2013 in recognition of their public realm work.
6	Councillor Sawdon	Councillor Mrs Lucas	Adoption Service Ofsted Report 2009

## 89. **Statements**

The Leader, Councillor Mrs Lucas, made a statement in respect of “The Ricoh Arena and Coventry City Football Club”

The Leader of the Opposition Group, Councillor Blundell, responded to the Statement.

## 90. **Debates**

Councillor Kelly moved the following Motion which was seconded by Councillor Ruane:

“The City Council resolves to continue to work in partnership with public and private sector organisations to further develop the economic profile of the City, supporting schemes for regeneration, providing support to small and medium size enterprises through alternative funded options, and the delivery of an ambitious housing programme of both aspirational and social housing.

The City Council further resolves to seek to generate further income from Business Rates by promoting the development of the Friargate Scheme and the redevelopment of the City Centre, including Coventry South, and to seek to raise the profile and perceptions of the City regionally, nationally and internationally.”

Councillor Blundell proposed the following amendment which was seconded by Councillor Andrews and which, in accordance with paragraph 4.1.62 of the City Council’s Constitution, was accepted by Councillor Kelly.

*That Council amends the motion set out on the Council agenda as follows:*

*“In the 2<sup>nd</sup> paragraph, 1<sup>st</sup> sentence after “..... development of the Friargate Scheme”, insert “, which thanks to the current Government has been enabled to proceed,”*

Amended motion to then read:

The City Council resolves to continue to work in partnership with public and private sector organisations to further develop the economic profile of the City, supporting schemes for regeneration, providing support to small and medium size enterprises through alternative funded options, and the delivery of an ambitious housing programme of both aspirational and social housing.

The City Council further resolves to seek to generate further income from Business Rates by promoting the development of the Friargate Scheme, which thanks to the current Government has been enabled to proceed, and the redevelopment of the City Centre, including Coventry South, and to seek to raise the profile and perceptions of the City regionally, nationally and internationally.”

**RESOLVED that the amended Motion, as set out above, be unanimously adopted.**

(Meeting closed at 3.45 pm)

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**Council - 3<sup>rd</sup> December 2013**  
**Recommendation from Cabinet Member (Community Safety and Equalities) 3<sup>rd</sup> October 2013**

**Minutes of the meeting of Cabinet Member (Community Safety and Equalities) held at 2.00 pm. on 3<sup>rd</sup> October, 2013**

Present:

Cabinet Member: Councillor Townshend

Other Members: Councillor O'Boyle  
Councillor Welsh

Employees (by Directorate):

People: C. Hickin, S. Roach, M. Watson

Resources: J. Barlow, H. Lynch, H. Peacocke, M. Salmon

Apologies: Councillor Andrews (Shadow Cabinet Member)

## RECOMMENDATION

### Public business

#### 30. The Coventry Award of Merit

The Cabinet Member considered a report of the Executive Director, Resources, that sought consideration of advice from the Cabinet Member (Community Safety and Equalities) - Coventry Award of Merit Advisory Panel who met on 2nd October 2013 to consider proposals for the Coventry Awards of Merit in 2014 (their minute 03/13 refers).

The Cabinet Member agreed that:

- (1) The Award of Merit should be made to the recipients proposed by the Advisory Panel.
- (2) The awards should be made on 17th January 2014.
- (3) The awards and the presentation ceremony would be funded from the Lord Mayor's hospitality budget.
- (4) The presentation ceremony should be held on a Friday evening in St. Mary's Guildhall.
- (5) The guest list, the medals and other details of the ceremony could be based on the 2011 format.
- (6) After consulting the proposed recipients, the Cabinet Member would make recommendations to the Council meeting on 3rd December 2013 that the

Council approves the nominations made by him and grants the Coventry Award of Merit to the recipients.

- (7) He would consult the Lord Mayor and submit financial proposals associated with the Ceremony and the Awards to the City Council at its meeting on 3<sup>rd</sup> December 2013.

**RESOLVED that the Cabinet Member recommends that Council approves the nominations made by him and grants the Coventry Award of Merit to the recipients.**

**Note: It was subsequently recommended that the Coventry Award of Merit be made to the following:**

**Right Honourable Bob Ainsworth MP**

For outstanding public service to the City of Coventry and its citizens as former Deputy Leader of Coventry City Council from 1989 to 1992, as Member of Parliament for Coventry North East for 22 years and as a Minister of the Crown for 13 years in Her Majesty's Government serving as Secretary of State for Defence.

**Professor Madeleine Atkins MBE DL**

For outstanding achievement in academic life, and her contribution to the development of Coventry University during her years as Vice Chancellor including enhancing the University's reputation as a place of national and international learning.

**Professor Lord Kumar Bhattacharyya KB CBE**

For outstanding personal achievement as the founder of Warwick Manufacturing Group raising the status of engineering and manufacturing in the UK and for his service to the promotion of the University of Warwick and the City of Coventry.

**Coventry Rape and Sexual Abuse Centre**

For the provision of a specialist high quality rape and sexual violence counselling support service to the citizens of Coventry undertaken with compassion and dignity to almost 5,000 women, men and children every year.

**Mr Courtenay Griffiths QC**

For outstanding achievement in the legal profession including appearing as a defence advocate in the international war crimes tribunal in The Hague.

**Councillor Tim Sawdon**

For outstanding contribution to the city of Coventry during 40 years on the City Council, including his year as Lord Mayor in 2012, the year the Olympics came to Coventry, serving as a former Chair of the Housing Committee, as Leader of the Conservative Group and Leader of the Opposition and as Cabinet Member for Culture, Leisure and Libraries.

**Dr Abdullah Shehu**

For outstanding personal achievement in the field of medical research including outstanding care for patients with profound neurological illness and injuries and representing the Muslim community of the city and contribution towards community cohesion.

(meeting closed at 4.10 p.m.)

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**Name of Cabinet Member:**

Cabinet Member (Community Safety and Equalities)  
Councillor Townshend

3 October 2013

**Council**

22 October 2013

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

None

**Title:**

**The Coventry Award of Merit**

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**Is this a key decision?**

No

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**Executive Summary:**

To consider advice from the meeting of the Cabinet Member (Community Safety and Equalities) Coventry Award of Merit Advisory Panel held on 2 October 2013.

**Recommendations:**

1. That the Cabinet Member (Community Safety and Equalities) considers the advice from the meeting of the Cabinet Member (Community Safety and Equalities) Coventry Award of Merit Advisory Panel held on Monday 2 October and makes recommendations to the City Council accordingly.
2. That the City Council approves the recommendations of the Cabinet Member (Community Safety and Equalities) and grants the Coventry Award of Merit to the recipients recommended by the Cabinet Member (Community Safety and Equalities).

**List of Appendices included:**

Appendix 1 - List of Past Recipients

Appendix 2 - Terms of Reference of the Coventry Award of Merit

**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, 22 October 2013

**Report title:  
The Coventry Award of Merit**

**1. Context (or background)**

- 1.1 The Coventry Award of Merit was established by the City Council in the 1960s as a means of acknowledging and honouring personal behaviour reflecting the highest ideals of citizenship or outstanding performance in any field of human endeavour which enhances the good name of Coventry and affords inspiration to its citizens.
- 1.2 The Award has previously taken the form of a citation under the common seal together with a presentation of a gold medallion pendant from a ribbon in the City's colours. The motif on the medallion is the phoenix, symbolising the resurgence of Coventry from the flames of the Blitz. A list of past recipients of the Award (Appendix 1) and the full Terms of Reference (Appendix 2) are appended to this report.
- 1.3 There have been no recipients of the Award since 2011. The Cabinet Member (Community Safety and Equalities) Coventry Award of Merit Advisory Panel will consider proposals for the Awards and advise the Cabinet Member on possible recipients and arrangements for presenting the awards.
- 1.4 The Cabinet Member (Community Safety and Equalities) will consider the advice from the Panel on 3 October and make recommendations for approval at the Council meeting on 22 October.

**2. Options considered and recommended proposal**

- 2.1 An Advisory Panel met on 2 October to advise the Cabinet Member (Community Safety and Equalities) on possible recipients of the Award.
- 2.2 The Advisory Panel is made up of the following members:  
Chair: The Cabinet Member (Community Safety and Equalities)  
Cabinet Member (Strategic Finance and Resources)  
Shadow Cabinet Member (Community Safety and Equalities)  
Chair of Scrutiny Co-ordination Committee (or their representative)  
The Lord Mayor, ex officio  
The Honorary Recorder

**3. Results of consultation undertaken**

- 3.1 The Cabinet Member consulted the Advisory Panel on 2 October and will consider its advice in making his recommendations to Council.

**4. Timetable for implementing this decision**

- 4.1 The Cabinet Member (Community Safety and Equalities) will consider recommendations from the Cabinet Member (Community Safety and Equalities) Coventry Award of Merit Advisory Panel and will then make recommendations regarding recipients to the City Council for approval at their meeting on 22 October 2013.
- 4.2 Following the decision of Council on 22 October, suitable arrangements will be made for an Awards Ceremony should the Council approve recipients of the Award.

## **5. Comments from Executive Director, Resources**

### **5.1 Financial implications**

In previous years the costs associated with the Ceremony and the Awards were met from within the existing budget of the Lord Mayor's Hospitality Budget. The Cabinet Member will consult with the Lord Mayor and submit financial proposals to Council on 22 October for any Awards that he may recommend to Council.

### **5.2 Legal implications**

There are no legal implications associated with this decision.

## **6. Other implications**

None

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?**

One of the Council's key priorities is to develop a strong sense of civic pride across the city. These awards give recognition to individuals or organisations that have rendered outstanding service to the city and promote civic pride.

### **6.2 How is risk being managed?**

None identified.

### **6.3 What is the impact on the organisation?**

None.

### **6.4 Equalities / EIA**

There are no EIA implications.

### **6.5 Implications for (or impact on) the environment**

None.

### **6.6 Implications for partner organisations?**

None.

### **Report author(s):**

#### **Name and job title:**

Hugh Peacocke, Governance Services Manager

#### **Directorate:**

Resources

#### **Tel and email contact:**

Extension 3080 – [hugh.peacocke@coventry.gov.uk](mailto:hugh.peacocke@coventry.gov.uk)



Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Usha Patel	Governance Services Officer	Resources	25/09/2013	25/09/2013
Helen Abraham	Asst. Director (Democratic Services)	Resources	25/09/2013	25/09/2013
Jane Barlow	Principal Private Secretary to the Lord Mayoralty	Resources	25/09/2013	25/09/2013
Other members	Councillor Gary Crookes,	Lord Mayor	25/09/2013	25/09/2013
<b>Names of approvers for submission: (officers and members)</b>				
Finance: Aimee Proctor	Lead Accountant, Finance	Resources	25/09/2013	25/09/2013
Legal: Andrew Burton	Solicitor, Legal Services	Resources	25/09/2013	25/09/2013
Director: Chris West	Executive Director	Resources	25/09/2013	25/09/2013
Members: Councillor Townshend	Cabinet Member	(Community Safety and Equalities)		

This report is published on the council's website:

[www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

## **Appendices**

Appendix 1 – List of Previous Recipients

Appendix 2 – Terms of Reference of the Cabinet Member (Community Safety and Equalities) Coventry Award of Merit Advisory Panel

**COVENTRY AWARD OF MERIT –**

**PREVIOUS RECIPIENTS**

**1966**

Mr Stanley Ashby, Godiva Harriers official and former Olympic runner

Sir Donald Gibson, first Coventry Architect and Planning Officer

Professor J W Linnett FRS, Professor of Physical Chemistry at Cambridge University

Miss M R Paton MBE, Superintendent, St Faith's Shelter, Coventry City Council

Air Commodore Sir Frank Whittle KBE, Inventor of the jet engine.

**1970**

Mr Derrick H Robins, former President, Coventry City Football Club

Sir Basil Spence OBE, architect and designer of Coventry Cathedral

Sir William Lyons, President, Jaguar Cars-British Leyland UK Ltd

Dr H Parry Williams, former Consultant Child Specialist, Coventry Hospital Group

Mrs A L Galpine JP, former Chairman of Coventry Magistrates' and Coventry Juvenile Court

**1978**

Rt Revd Cuthbert Bardley CBE, Bishop of Coventry from 1956 to 1976

Professor Joan Browne CBE, JP – Principal, Coventry College of Education 1948 to 1975

Mr Jack Jones MBE, General Secretary, Transport and General Workers' Union

Mr Phillip Larkin CBE, Poet and Librarian of the University of Hull

Mr Walter Chinn OBE, Director of Education for Coventry from 1947 to 1969

Sir Stanley Harley DL, industrialist, Managing Director, Coventry Gauge and ~Tool Ltd

**2002**

Sir John Egan, Chairman of Jaguar Cars Limited

Professor Sir Brian Follett FRS, Vice-Chancellor, University of Warwick

Reverend Canon Nerissa Jones MBE, Vicar of St Chad's Church, Wood End

Reverend Canon Dr Paul Oestreicher, peace and reconciliation, Coventry Cathedral

Right Honourable Sir Philip Otton, Lord Justice of Appeal

Councillor Tom White CBE, first Director of Social Services in the UK

**2011**

Gary Croshaw for services to West Midlands Police Special Constabulary

Joe Elliott for services to Coventry City Football Club, sports and charity

Professor Sudhesh Kumar for services to medical research and treatment of diabetes

David Moorcroft OBE for services to athletics

John Mutton for services to the International Children's Games

Les Ratcliffe for services to the motor industry

**COVENTRY AWARD OF MERIT – TERMS OF REFERENCE**

1. The object of the Coventry Award of Merit shall be publicly to acknowledge and honour behaviour reflecting the highest ideals of citizenship or outstanding performance in any worthy field of human endeavour which enhances the good name of the City of Coventry and affords inspiration to its citizens.
  
2. Any person, company or other organisation shall be eligible for consideration for the Coventry Award of Merit who has:-
  - 2.1 Rendered outstanding service to the City of Coventry in service to the local community.
  - 2.2 By outstanding personal effort in the field of sport, industry, government or the arts, brought particular renown to the City of Coventry.
  - 2.3 Made an outstanding contribution to the national life or in international affairs in any field of human activity in a manner which has brought credit upon the City of Coventry.
  - 2.4 By personal example of courage or devotion to duty and service to others, demonstrated the highest ideals of citizenship.
  
3. The grant of the Award of Merit shall be made by the City Council on the recommendation of Cabinet Member (Corporate & Neighbourhood Services), who will be advised by an Advisory Panel established for the purpose.

The Cabinet Member and Advisory Panel shall endeavour to maintain consistently high standards in the submission of recommendations and accordingly shall be at liberty to make such further enquiry into a nomination as they think proper, and shall be under no obligation to submit any recommendation unless they are satisfied that in doing so such standards would be maintained.
  
4. Any individual or organisation (including any member of the panel of Assessors) may submit a nomination for the Award of Merit. Any such nomination shall be in writing and submitted to the Director of Customer and Workforce Services with a detailed statement of the grounds on which it is made.
  
5. The Award of Merit shall take such form as the City Council may from time to time determine but shall include a Citation signed by the Lord Mayor for the time being stating the grounds on which the Award has been made. Awards shall be made by the Lord Mayor at a public ceremony.

# Agenda Item 9

**Council – 3<sup>rd</sup> December 2013**

**Recommendation from Cabinet  
19<sup>th</sup> November 2013**

## Coventry City Council

### Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 19 November 2013

Present:

Cabinet Members: Councillor A Lucas (Chair)  
Councillor D Chater  
Councillor G Duggins  
Councillor D Gannon  
Councillor A Gingell  
Councillor L Kelly  
Councillor A Khan  
Councillor R Lancaster  
Councillor E Ruane  
Councillor P Townshend

Deputy Cabinet Members Councillor Caan  
Councillor Howells

Non-Voting Opposition Councillor A Andrews  
Members:

Other Members: Councillors F Abbott, C Fletcher, P Hetherton and S Thomas

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive), F Collingham, J Forde

People B Walsh (Executive Director), R Baker, P Fahy, M Godfrey,  
K Ireland, A Maqsood, A Parks, M Watson

Place M Yardley (Executive Director), R Moon, A Williams

Resources C West (Executive Director), L Commane, C Forde,  
P Jennings, L Knight, A West

Apologies: Councillor J Blundell and D Kershaw

## RECOMMENDATION

### Public Business

#### 77. **Medium Term Financial Strategy**

The Cabinet considered a report of the Executive Director, Resources, which set out the Medium Term Financial Strategy (MTFS) 2014-2017, for adoption by the Council.

The report had previously been considered by the Finance and Corporate Services Scrutiny Board (1) at their meeting held on 7<sup>th</sup> October 2013. The Board had recommended that the risk register attached to the Strategy be updated to reflect the current situation regarding risk, before the report be considered by Council. A copy of the revised risk register was also circulated to the Cabinet.

The MTFS underpinned the medium term policy and financial planning process that was fundamental to setting the Council's revenue and capital budgets. It was noted that, following the Strategy's consideration by Council, the subsequent Cabinet meeting would consider the Pre-Budget report that would set out the work undertaken in preparation for the 2014/15 and future years' revenue budget and capital programme.

Notwithstanding the emergence in recent months of some early signs of national economic recovery, the Government's June Spending Round announcement confirmed continuing large cuts to local government resources. Therefore, the fundamental factor shaping the Council's MTFS continued to be one of unprecedented financial pressure leading to significant reductions in spending levels that were likely to continue in the period up to 2020, and possibly beyond. Indeed, if the current pattern of local government funding continued, this indicated that in real terms for every £10 of net budget the Council had available in 2010/11, it had less than £9 now and would have nearer £6 in 2024/25.

The report provided a summary of the national and local context that framed the strategy, which represented a combination of reducing resources, challenging underlying economic conditions, increased demand in some areas, a heightened need to improve the quality of service in others and new challenges represented by government reform. In these circumstances, it was crucial that the Council's financial strategy was both robust and flexible. This would provide the financial foundations to support work to ensure that the Council services were fit for purpose to protect the most vulnerable, as well as providing decent core services for every citizen in the City.

Based on initial estimates of both future funding settlements and known or expected future spending pressures, the Council's indicative financial position moving into 2014/15 budget setting showed a major funding gap increasing to £58m in 2016/17. This picture would be refined as the Council moved into Budget Setting, but gave a clear indication of the massive financial challenges. The position would become yet more acute in the period beyond this MTFS based on ministerial announcements about continued spending cuts.

**RESOLVED that the Cabinet:-**

- (1) Agree the recommendations from the Finance and Corporate Services Scrutiny Board (1).**
- (2) Recommend that the Council approve the Medium Term Financial Strategy.**

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Finance and Corporate Services Scrutiny Board (1)  
Cabinet  
Council

7<sup>th</sup> October 2013  
19<sup>th</sup> November 2013  
3<sup>rd</sup> December 2013

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director Resources

**Ward(s) affected: All**

**Title:**

Medium Term Financial Strategy 2014-17

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**Is this a key decision?**

Yes

Cabinet and subsequently Council are being recommended to approve the Medium Term Financial Strategy for 2014-2017

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**Executive Summary:**

This report presents a Medium Term Financial Strategy (MTFS) for 2014-2017 for adoption by the City Council. The previous strategy was approved in January 2013. The Strategy underpins the medium term policy and financial planning process that is fundamental to setting our revenue and capital budgets. Following the Strategy's consideration by Council, the subsequent meeting of Cabinet will consider the Pre-Budget report that sets out the work undertaken in preparation for the 2014/15 and future years' revenue budget and capital programme.

Notwithstanding the emergence in recent months of some early signs of national economic recovery, the Government's June Spending Round announcement confirmed continuing large cuts to local government resources. Therefore, the fundamental factor shaping the City Council's MTFS continues to be one of unprecedented financial pressure leading to significant reductions in spending levels that are likely to continue in the period up to 2020 and possibly beyond. Indeed, if the current pattern of local government funding continues, this indicates that in real terms, for every £10 of net budget the Council had available in 2010/11 it has less than £9 now and will have nearer £6 in 2024/25.

In summary, the national and local context that frame this Strategy include:

- Year-on-year 15% headline cuts to Government resources and a move towards greater complexity and ring-fencing in areas such as social care and regeneration;
- Underlying demographic demand in Social Care, with increasing numbers of very young and older people;
- The need to protect the most vulnerable people in the city including, for instance, children at risk, children and young people in care and victims of domestic abuse;
- The transfer of schools to Academy status putting increasing pressure on the Council's core education functions and other services that trade with the city's schools.
- The impact of continued difficult economic circumstances affecting both the number of people seeking to access Council services such as Housing Benefit and the financial performance of the Council's income based services;
- Continued expectations on the Council to maintain service levels and standards across the full range of core services despite the financial challenges;
- Upward pressure on Pension Funds' contributions, in particular to fund past service contributions;
- Management of newly acquired responsibilities in the areas of Business Rates and Council Tax Support that carry with them the risk or opportunity of significant financial volatility;
- Business rates income becoming an increasingly bigger aspect of our funding as government grant falls;

This represents a combination of reducing resources, challenging underlying economic conditions, increased demand in some areas, a heightened need to improve the quality of service in others and new challenges represented by government reform. In these circumstances it is crucial that the Council's financial strategy is both robust and flexible. This will provide the financial foundations to support work to ensure that Council services are fit for purpose to protect the most vulnerable as well as providing decent core services for every citizen in the city.

In support of these aims, the City Councils strategic approach to the demands that it faces includes:

- Continued implementation of the abc transformation review programme, reshaping services and making very significant savings. The emphasis of abc (A Bolder Coventry) will move towards challenging the things the Council needs to consider stopping doing or doing in partnership with others, in particular in high spend areas. Central to this will be the need to actively manage the demand for services to enable the Council to focus its services increasingly on the most vulnerable. This means changing the relationship between the Council and its citizens and encouraging those who are able to, to do more for themselves;
- Kickstarting the Friargate business district adjacent to Coventry railway station by rationalising and relocating the Council's office estate into the first office building as an anchor to the scheme. This regeneration project is critical for delivery of jobs and business rate growth for the City, to attract new businesses, boost confidence, to increase city centre footfall, improve the prospects for the City Centre South development and to generate economic prosperity for the City. In doing so, the Council will also generate savings directly through rationalisation of its office estate. The project will provide a platform for modernising many of the ways that the Council works and be a springboard for Council members and officers to operate in far more streamlined and cost effective ways, improving services to Coventry citizens.
- Leading the drive for economic growth, working with partner organisations to achieve this. The maximisation of business related capital investment either by the City Council or via

local partners will be fundamental to facilitating growth and the £50m resources set aside in 2013/14 Budget Setting for supporting such initiatives will be vital in this respect;

- Looking at ways that the Council can invest in the regeneration of the City. This will make Coventry an attractive place to live and work, creating a thriving economy in Coventry with jobs for local people and has the potential to reduce the reliance of local people on some of the services the Council provides. It also enables the Council to attract investment to the city in new buildings which means more business rate income for the council.
- Investing in the city’s highways network and city centre public realm works to ensure that the Coventry both is, and is perceived to be, open for business;
- Supporting the City Deal initiative in the sub region, as a way of unlocking major projects and initiatives that will stimulate growth;
- Continuing to provide the financial resources to support programmes of redundancy and early retirement in those areas where reduced levels of employment are required.

Based on initial estimates of both future funding settlements and known or expected future spending pressures, the City Council’s indicative financial position moving into the 2014/15 budget setting process shows a major funding gap increasing to £58m in 2016/17 as shown below. This picture will be refined as we move into Budget Setting but gives a clear picture of massive financial challenges. This position will become yet more acute in the period beyond this MTFS based on ministerial announcements about continued spending cuts.

	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>
<b>Revised Revenue Budget Gap</b>	<b>8</b>	<b>29</b>	<b>58</b>

**Recommendations:**

(1) Scrutiny Board 1 is requested to consider whether there are any comments/recommendations that they wish to make to Cabinet.

(2) Cabinet is recommended:

- (a) Consider any recommendations from Scrutiny Board 1
- (b) Agree the report and recommend that Council approve the Strategy.

(c) Council is recommended to approve the Strategy as the basis of its medium term financial planning process.

**List of Appendices included:**

Appendix 1: Analysis of Financial Approach to Risks

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

Yes

Finance and Corporate Services Scrutiny Board (1), 7<sup>th</sup> October 2013

**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?**

Yes

Council, 3<sup>rd</sup> December 2013

## Report title: Medium Term Financial Strategy 2014-17

### 1. Context (or Background)

#### 1.1 Financial Background

1.1.1 This strategy supports the Council's medium term policy and financial planning process, and in doing so provides a stable basis from which to deliver the Council's priorities as set out in the Council Plan.

1.1.2 The international financial backdrop is hugely significant for local authorities and the country in general. Although there are tentative signs that the UK economy is starting to recover from the long post 2008 recession, the combination of years of low growth and high levels of debt means that the pressure on UK public finances remains intense.

1.1.3 The Spending Round announced in June 2013 covering the period up to 2016, set out the scale of the pressure on local authority finances. Government figures show a reduction in Coventry's Settlement Funding Assessment of over 10% in 2014/15 rising to over 15% in 2015/16. Based on Government announcements and views expressed by sector commentators the Council expects cuts of this scale in 2016/17 and beyond.

1.1.4 On the whole, local government has performed well since 2010 in delivering savings that are amongst the largest in the public sector. It is likely however, that the easiest savings across public services have already been made, and there is significant pain to come both in terms of future spend reductions and fiscal tightening. The Public Accounts Committee on Local Authority Sustainability published in June 2013 concluded that the Department for Communities and Local Government had not assessed the impact of new funding arrangements on individual councils nor the effect of funding cuts on local government services, especially over the long-term where the ability to meet statutory duties will come into question.

1.1.5 Whilst resources fall, the demand for local authority services increases. The 2011 census reveals demographic changes with a greater number of both the very young and the old within the city. In addition, demand for services continues to be high and/or increasing across a number of areas including looked after children, homelessness, housing benefits and individuals seeking financial assistance. This environment of reducing resources, low economic growth, increased demand and government reform makes it crucial that local authorities consider their role and how they need to radically reshape their services, in order to protect the most vulnerable within an environment of scarce resources.

#### 1.2 National Developments

1.2.1 Apart from the increasing financial pressures that all public bodies face, there is a range of national policy reviews and other developments, which impact on local authorities and require their consideration as they develop their plans. Some are quite specific, whilst others are more cross cutting in their impact. These include:

- The need for **economic growth** is greater than it has been at any time in recent years. At a national level growth is required to help reduce national debt and to ensure the UK remains competitive. Locally, the retention of a share of Business Rates from 2013/14, in part through the operation of multi local authority pooling agreements, has significantly increased the importance of driving growth locally. The potential volatility of Business rates has resulted in a further unintended consequence

of some Council's needing to take a cautious approach to budget setting to allow for unexpected falls in Business Rates.

- The underlying demand and cost pressures in the **Social Care** area remain. The sharing of costs between the individual, local and national government, as set out in the Dilnot Report, is still the likely direction of travel. Although there is no certainty about what any revised system will look like, a major issue for local authorities and public policy makers more generally is how the demand for services can be managed in a way that is fair and equitable, whilst at the same time actively managing cost pressures. Details of the 2015/16 Local Government Finance Settlement indicate that part of the resources set aside from local government allocations has been earmarked for the new burdens in this area. However, the precise way in this will work and whether the funding is sufficient or not remains unclear.
- Changes in **schools** have continued apace, with the role of local authorities being reduced with the setting up of more Academy Schools. As more schools become academies the services provided within local education departments are under pressure to change their size and scope. It is very challenging to maintain a robust central core of education services as the trend to academy status continues and schools fail to buy-back the relevant services from the local authority. Equally, other services, largely those related to facilities management and professional services in Coventry are no longer required by some schools and this is representing a trading pressure for such services.
- As part of the June 2013 government announcement on spending plans, it was indicated that funding through **Council Tax Freeze** grant would continue for another 2 years. Depending on the precise arrangements applicable in future, the City Council will need to choose whether to raise the Council Tax (and increase the on-going revenue available via its Council Tax-base) or to freeze Council Tax levels, with only temporary and partial mitigation of the "cost" through the Council Tax Freeze grant.
- In the light of the increasing burden of public sector pensions including those of the **Local Government Pension Scheme** (LGPS) the Government has taken action on several fronts. The new LGPS 2014 will come into force on 1<sup>st</sup> April 2014 whilst a consultation ended in September 2013 on the future administration of the LGPS. However, neither of these initiatives look likely to address the chronic long-term pensions costs of past service which local government pension funds are now seeking to recoup through increasing local government employer contributions. The next few years will see some significant hikes in contributions across Councils including those for Coventry.

### 1.3 The Local Economic and Financial Context

This section describes some of the city's huge economic challenges. However, it is important to remember that it is now well positioned to meet these.

- 1.3.1 Household incomes are lower than the national average and unemployment higher. In addition, an indicator of general economic health, the "gross value added" is 10% lower for Coventry than the national average. The city's economy has been judged to underperforming by nearly £1 billion per annum and its city centre performs poorly compared to other cities, being 47<sup>th</sup> in the uk list of shopping centres, despite being the 13<sup>th</sup>

largest city. As the gateway to the Coventry and Warwickshire regional economy the city centre is not pulling its weight. A previous study by the Centre for Cities identified that compared to 63 other UK Cities, Coventry was performing less well across a number of economic indicators including business start-ups, business stock and economic activity per head, skills, employment, earnings and house prices.

**1.3.2** However, the city has demonstrated that it is already addressing the challenges through for example the success of the Olympics and in developing innovative initiatives such as the Heatline waste to energy scheme. Furthermore, the city has many key strengths, including: huge economic potential, with over 40,000 businesses located in the city, with a private sector with the appetite to work jointly with public services a quality environment where the urban meets the rural; two top universities; a super connected city where 90% of premises will have superfast connections by 2015. The city and local sub-region is well placed to move forward from a solid base and has been successful in securing significant grant funding through Growing Places, the European Regional Development Fund and the Regional Growth Fund which will be used to help support businesses and invest in local infrastructure.

**1.3.3** The financial starting point for the Council's MTF5 is the forecast budgetary position as at February 2013, when the current budget was set. The **revenue** budget gap assumed in February 2013 was as follows:-

	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>
Starting Point Revenue Gap per 2013/14 Budget Report Before abc Savings	22.0	44.8	61.4
Planned New abc Savings	18.1	36.4	36.4
Starting Point Revenue Gap Per 2013/14 Budget Report After abc Savings	<b>3.9</b>	<b>8.4</b>	<b>25.0</b>

**1.3.4** Subsequent Government resource announcements (including the March Budget and June Spending Round), emerging cost pressures and potential technical savings have emerged since then and the latest position including these developments is shown below.

	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>
Starting Point Revenue Gap (from table above)	<b>3.9</b>	<b>8.4</b>	<b>25.0</b>
Change in Resource Position	(0.1)	12.4	18.5
Combination of Emerging Cost Pressures and Technical Savings	4.4	8.4	14.4
Starting Point Revenue Gap for 2014/15 Budget Setting	<b>8.2</b>	<b>29.2</b>	<b>57.9</b>

This table shows a snapshot of a fluid position. This will be updated as part of the Pre-Budget Report.

**1.3.5** The Council's abc Programme - A Better Council for A Bolder Coventry – was launched in June 2009, and is affecting all the services the Council delivers. The Programme's overall objectives are to achieve better value for money by reducing the costs of delivering services, provide better and consistent customer services, develop and deliver real culture change across every level of the organisation and to invest in new technologies where appropriate to support service delivery. The revenue positions for 2013/14 and 2014/15 already have significant existing abc savings targets built into them and the programme has been instrumental in enabling somewhere approaching 1,000 posts to be deleted.

**1.3.6** The **capital** spend assumed in February 2013 and updated for changes so far in 2013/14 is:-

	<b>2013/14</b> <b>£m</b>	<b>2014/15</b> <b>£m</b>	<b>2015/16</b> <b>£m</b>	<b>2016/17</b> <b>£m</b>
Capital Programme Spend	82	115	56	40

**1.3.7** Government no longer provides capital resources to local authorities through supported borrowing, instead providing funding mainly via specific capital grants. Any other funding has to be identified locally from capital receipts, reserves, revenue contributions or Prudential Borrowing. Aside from the general pressure on public finances, capital reinvestment is constrained as local authorities struggle to general capital receipts at a time of recession. The Council's programme is now balanced over the medium term and does not require any borrowing except for self-financing scheme specific borrowing. This gives the Council's future plans a firm foundation for the investment plans outlined elsewhere in this report.

**1.3.8** The current level of **reserves** (£73.5m as at 31<sup>st</sup> March 2013) is adequate for current known liabilities and approved policy commitments. The Council's uncommitted working balance which stands currently at £7m, equivalent to 2.6% of the net revenue budget, is maintained to cover unforeseen financial problems. Major earmarked reserves include £6.3m to fund potential early retirement and voluntary redundancy costs over the plan period.

**1.3.9** Detailed three year changes to resource levels, cost pressures and proposed savings will be set out in the Pre-Budget report due to be considered by Cabinet on 10<sup>th</sup> December including the detailed proposals for balancing the 2014/15 budget.

## **2. Options Considered and Recommended Proposal**

The remainder of the report contains the proposed Medium Term Financial Strategy. It is recommended that Cabinet and Council approve the Strategy subject to any comments or changes from Finance and Corporate Services Scrutiny Board.

### **2.1 Principles that Underpin the City Council's Approach to the Medium Term Financial Strategy**

**2.1.1** At a strategic level resource allocation is driven by the City Council's policy priorities as set out in the current Council Plan. Within this context, the key strategic principles that underpin the City Council's MTFs are:

- A corporate planning and monitoring process that considers capital and revenue together and given overarching direction by Strategic Management Board (SMB).



Within this framework clear accountability and delegation exists, with budgets managed by the designated budget holder, and reported through Directorate Management Teams, SMB, Cabinet and Audit and Procurement Committee;

- A drive to identify efficiencies and achievable savings implemented as the earliest opportunity, including making savings against existing budgets provided this does not detrimentally impact on the delivery of policy priorities. Abc has been central to this but such activity is not exclusively abc related and the Justify Expenditure Examine Performance (JEEP) initiative is one example of such non-abc led activity.
- Strong project management approaches, including a specific focus on cost control;
- The establishment of a balanced revenue budget and capital programme over the medium term planning period.

## 2.2 Key Components of the Medium Term Financial Strategy

2.2.1 Within the context of those national developments which impact on local authorities, and the severe financial pressures that will be faced, the following aspects form the basis of the Council's MTFS:

- Much of the focus of this financial strategy outlined below is centred on forward looking and positive ways to protect and improve the Council's and the city's financial health. However, this does not lose sight of the fact that the Council's fundamental role is to protect and **support the most vulnerable citizens** in the city. The Council's view is that a bold approach is required to secure greater financial independence at a local level and protect the Council's future resource base. In this way the Council will be best placed to ensure continued support of its most important services, in particular those that secure the safety and security of people in the city.
- In the light of the short-term financial challenges that face the City Council, the implementation of its **existing abc programme** is fundamental to balancing its budget up to the end of 2014/15. Target savings from approved abc reviews over 2013/14 to 2015/16 rise to £44m across a number of areas, most significantly in terms of scale, in the People Directorate. Delivery of the large majority of these savings will represent a significant achievement and it is vital that considerable member and officer attention is devoted to this. Given the stretch targets applied to a number of these reviews, it will remain vitally important to maintain a very strong focus on this. It is also important to recognise that where the achievement of savings proves impossible, after rigorous testing by the appropriate officer and member governance structures, that the Council's financial plans are flexed appropriately to reflect this.
- In the medium term, development of the **next stage of transformation** will become the next most significant factor to enable the Council to achieve its own financial targets. This progression of abc will be vitally important in terms of delivering services as well as being the mechanism for achieving efficiencies and savings. The Council's new organisational structure based on People, Place and Resources will be fundamental to much of this, providing the optimum foundation for streamlining what the Council does and how it does it. As part of this and given the magnitude of the savings required, abc will need to focus on addressing questions of whether the

Council needs to continue to undertake services itself, to do so in partnership with others or to invite others to deliver them on the city's behalf (for instance following the example of joint working in the Council's asset management work with Solihull and Warwickshire councils);

- Perhaps the most critical element of transformation will involve the need to **change the relationship** between the Council and those who use its services. This change will be critical to the achievement of savings going forward, requiring many citizens to do more for themselves such that the Council will, overwhelmingly, provide face to face and dedicated support only to those who are most vulnerable. This will represent some fundamental changes, affecting significantly the customer experience in some services as well those who provide them.
- The Council has now formally approved pursuit of its **Kickstart project** and this will become one of the most important initiatives the Council has embarked upon for many years. The project will involve the rationalisation of Council buildings (from 27 to 9), the provision of a single city centre point of access for the public, transformational changes to how many Council officers work, modernisation of all office based locations and provision of one flagship city centre office. Initial financial analysis indicates that the project will be delivered on a better than cost neutral basis but there is likely to be further scope for further savings as the Council changes its size and shape in years to come. The new building will be the cornerstone of the Friargate regeneration project that will see a new business zone develop in the City Centre. For this range of reasons Kickstart is a central plank of the Council's strategy.
- This Strategy incorporates the driving **economic growth** through a number of complimentary work-streams. The importance of growth to the city, the sub-region and the Council and the opportunities for local government to influence this has never been greater. The Council will promote growth in the following ways:
  - Working in tandem with the Coventry and Warwickshire **Local Enterprise Partnership** (LEP) to help ensure that all relevant private and public sector parties in the region are working together with the common purpose of growing the local economy and increasing prosperity. In addition to the strategic policy direction provided by the LEP, it has already helped to facilitate the securing of major Regional Growth Fund and Growing Places funding to support local infrastructure schemes and initiatives.
  - Through the LEP, participation in and promotion of the Coventry and Warwickshire **City Deal** in partnership with our sub-regional partners and with Government. This will be driven principally through a City Deal Clearing house, to provide targeted support to local business covering areas such as skills, planning and access to finance.
  - Use of £50m resources already identified to support **business growth** within the city. These resources will be available in a variety of ways and could include encouraging businesses to locate to or grow within Coventry by providing the infrastructure, premises and facilities that make a difference to the investment decisions of such businesses.

- Continued participation in the Coventry and Warwickshire **Business Rates Pool** allowing a greater share of any business rates growth to be retained locally. As well as the direct financial benefit of the pool, its existence encourages cross-boundary co-operation and gives a clear statement of intent of the participating authorities.
- In addition, the Council will pursue pragmatically, case-by-case opportunities to help sustain local strategic businesses, using its cash balances, legal borrowing powers and current low short-term interest rates. The Council will need to actively assess the robust business cases for providing pump priming investment through Prudential Borrowing, supporting key organisations through the **provision of loan finance**, as in the recent examples of Arena Coventry Limited and Coombe Abbey Hotel
- The Council will continue to provide significant investment in its **highways infrastructure** and seek external investment to supplement core financial resources. The quality of the local highways and pavements is an essential component of demonstrating that Coventry is a place that is open for business as well as being central to many citizen's perception of the city as a place to live and work.
- In line with A Bolder Coventry principals, the Council will continue to work on a range of fronts to help ensure that the city is a place where people want to work and live. Building on the Olympic city legacy, the Council will work to support the vibrancy of the city's **cultural, leisure and sporting offer**. This will include a wide range of interventions including continued support of the Godiva Festival, work to support exciting developments within the city's major sporting and cultural trusts, and continued co-operation to support the Ricoh Arena as a major conference, sporting and entertainment venue within the city. Financial savings and increased coherence of the city's cultural offer are being delivered through the merger of Culture Coventry which aligns with an aspiration to improve the city centre not just through retail but as a venue for event, leisure and cultural opportunities.
- The local government funding regime is placing increasing emphasis on the importance of locally resources (Council Tax and Business Rates). This Strategy incorporates a planning assumption based on increasing **Council Tax** by 2% - the maximum amount allowed by Central Government in recent years and an amount below prevailing inflation levels. The final decision on Council Tax will be made as part of the Budget Setting process and it is important to recognise that if it is not increased then the real value of the Council's Council Tax-Base (the amount the Council can generate from Council tax income) will not be maintained. As in recent years, in setting the level of the Council Tax, the Council will be faced with a decision of whether or not to accept the **Council Tax Freeze Grant**. Accepting this government grant, and not increasing Council Tax, will have a forecast short term cost of around £1m pa and is likely to reduce resources in the longer term. Whether to accept a Council Tax Freeze Grant will be a central part of each Budget Setting process;
- In order to maximise and maintain City Council income it is proposed that the Council's default position is that **fees and charges** should increase annually in line with inflation. Beyond this, as part of abc income maximisation review the Council will

rigorously review opportunities for charging where we currently do not, or increasing chargers where these are below the commercial or benchmarked rate. Where appropriate this will also entail an assessment of whether the Council should continue to remain in all of the traded services that it operates currently;

- The **generation of capital receipts** remains an important way in which the Council can generate funds for capital reinvestment in services, driving growth or making savings through the repayment of debt. The generation of receipts will be particularly important in achieving the savings targets of 2 abc reviews: Strategic Property and Income Maximisation. The Council's approach will continue to be to treat capital receipts corporately, either to resource the corporate Capital Programme or support individual projects/programmes as approved at a strategic level. The Council continues to plan for major redevelopment of "City Centre South" subject to appropriate economic conditions and the timing of other connected redevelopment projects. It is becoming increasingly likely that these aspirations will require some degree of investment and/or underwriting by the City Council and one of the strategies for this will be to look at how best the Council can utilise its current asset holdings to support this initiative;
- The council's approach to **commissioning and procurement** has been updated through the abc review to ensure that savings are delivered and that there is better co-ordination across the council, clear and more efficient governance and decision making arrangements, common processes and more commercial approach to the supplier relationships. This will shortly be aligned to the Council's constitutional arrangements. Joint commissioning with partner local authorities and across wider local authority consortia will continue to be important;
- The recently established **JEEP (Justify Expenditure, Examine Performance)** programme sets the agenda for involving staff in developing grass roots ideas for efficiency gains and cost savings, in the run up to the planned move to Friargate. Through the JEEP initiative employees and members have already identified efficiencies through, for example, the recycling of office equipment, the move to e-pay-slips and reductions in printed leaflets. The Council will continue to support this approach;
- From 2013/14 local authorities have been responsible for setting levels of **Council Tax Support**, but with a 10% reduction in resources. This change transferred the financial risk from central to local government. The Council's current policy is to maintain the level of benefit, ensuring that low-income households do not suffer any reduction in support. This policy will be maintained subject to annual review;
- The increasing costs of the **pension scheme** has been reflected in the MTFs for some years. The pension fund actuary is currently undertaking the triennial review of the fund which will take effect from 2014/15. It is anticipated that the cost to the council will rise from 2014/15, particularly given the need to meet the costs of past service. The Council will work with the West Midlands Pension Fund to agree employer pension contributions that strike a balance between being sustainable and affordable, keeping in mind the need to ensure a stable fund over the long-term.

- The **management of reserves** in a way that supports the MTFS and the abc programme. In particular, the City Council's approach continues to be based on:
  - A local "golden rule" that reserves are not to be used to meet on-going expenditure;
  - The classification of reserves as a corporate resource, with Strategic Management Board considering the application of budgeted amounts unspent at year end;
  - Holding reserves for a clearly identifiable purpose. This will include protecting against known or potential liabilities, at a minimum level consistent with adequate coverage of those liabilities, taking into account the overall level of risk faced by an organisation of the City Council's size.

### 2.3 **Technical Assumptions within the Medium Term Financial Strategy**

This MTFS is based on a number of technical assumptions which are outlined below:

- The Council will plan based on the figures released in the Central Government's June 2013 Spending Round. Although significant uncertainty remains about specific aspects of the years after 2014/15 the Council will plan based on a continued downward trajectory of Government resources;
- As a technical assumption, Council Tax increases of 2% per annum will be built into the MTFS. This will be subject to political debate and decision as well as any changes in the Government's capping criteria and interaction with Council Tax Freeze Grant proposals;
- 1% pay awards will be assumed for 2014/15 and 2015/16 in line with indicative Government announcements, rising to 2.5% for 2016/17;
- Business Rate income will be assumed to be inflated broadly in line with existing inflation levels (currently c3%). In addition, the Council's local share of Business Rate growth has been built in equivalent to £2m in 2014/15 rising to £3m in 2015/16;
- The Council's Tax-Base is assumed to grow at 0.6% per annum in line with recent trends;
- The forward financial projections will plan for annual increases in income and expenditure budgets in line with RPIY, currently assumed at 2% per annum. This will be subject to decision within the Budget Setting process which in recent years for instance has withheld inflationary increases on expenditure.

### 3. **Results of consultation undertaken**

- 3.1 No consultation has been undertaken as part of the MTFS. The implementation of the Strategy through Budget Setting and other individual projects, programmes and initiatives will be accompanied by specific consultations as appropriate.

### 4. **Timetable for implementing this decision**

- 4.1 The MTFS will underpin the proposals and approaches that will be set out in the forthcoming Pre-Budget Report and will be implemented in parallel to the proposals in that report from 2014/15.

## **5. Comments from Director of Finance and Legal Services**

### **5.1 Financial implications**

The main body of this report is concerned wholly with financial matters. It is important that the assumptions and principles detailed in the Strategy are adopted in order for the City Council to be able to deliver balanced budgets over the medium term.

### **5.2 Legal implications**

The proposals in this report provide the foundations to allow the Council to meet its statutory obligations in relation to setting a balanced budget by mid-March each year, in accordance with Section 32 of the Local Government Finance Act 1992 and section 25 of the Local Government Act 2003.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

The Council will be faced with increasingly challenging resource constraints over the remainder of this decade. Over time the initial focus to identify savings options that are intended to have as little adverse impact as possible on services to the people of Coventry will inevitably give way in the future to service changes that will have a more marked effect on front-line services.

Within these very difficult circumstances, the MTFS is very much aligned to existing policy priorities such as improving our roads and pavements and improving prospects for jobs and growth that are so critical to ensuring the city's success.

### **6.2 How is risk being managed?**

Inability to deliver a balanced budget is one of the Council's key corporate risks. The proposals within this report are aimed at mitigating this risk by providing a robust platform from which to deliver balanced budgets. Further analysis of the Council's key risks and how these are addressed in the MTFS is included in Appendix 1.

### **6.3 What is the impact on the organisation?**

The Council will need to make some decisions about which are its core priorities and which services it considers that it can no longer afford. It will also need to become more flexible about the mechanisms through which it delivers its services. In addition, the Council has operated several Early Retirement/Voluntary Redundancy windows in recent years as the key mechanism by which it has been able to reduce staffing levels across the Council. It is anticipated that this mechanism will continue to be used periodically and that the Council will continue to reduce employee numbers over the course of the Strategy.

### **6.4 Equalities / EIA**

Equality impacts that flow from the proposals that balance the Council's budget will be subject to assessment prior to the relevant decisions being taken. The forthcoming Pre-Budget Report will provide a further indication of how any equality issues for proposals to balance the budget will be managed.

### **6.5 Implications for (or impact on) the environment**

No specific impact

## 6.6 Implications for partner organisations?

The Council's financial plans will have a significant impact upon the way in which it works with its partners over the coming years. The implications of these changes will become clear as individual changes are identified.

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<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Michael Rennie	Lead Accountant	Resources Directorate	12/9/13	12/9/13
Lara Knight	Governance Services Team Leader	Resources Directorate	20/9/13	23/9/13
Lisa Commane	Assistant Director Special Projects Finance	Resources Directorate	20/9/13	20/9/13
Ewan Dewar	Finance Manager	Resources Directorate	23/9/13	23/9/13
<b>Names of approvers for submission: (officers and members)</b>				
Finance: Barry Hastie	Assistant Director Financial Management	Resources Directorate	20/9/13	24/9/13
Director: Chris West	Executive Director Resources	Resources Directorate	20/9/13	20/9/13
Members: Cllr Damian Gannon	Cabinet Member (Strategic Finance and Resources)		23/9/13	24/9/13

This report is published on the council's website:  
[www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

**Analysis of Financial Approach to Risks**

The following table incorporates the financial approach to manage the major financial risks facing the Council summarised from the Corporate Risk Register Update to Cabinet in April 2013.

	<b>Named Risk and Key Element of Risk</b>	<b>Existing Financial Treatment and Any Implications For MTFS</b>
1	Key projects (see below) - Failure of one or more key corporate projects.	Financial requirements for key projects are identified as part of project management arrangements and incorporated within medium term revenue/capital programmes as appropriate. Revised savings profiles are reflected in medium term plans as they arise.
	ABC Programme - Failure to align the "Better Council" and "Bolder Coventry" elements of the programme resulting in non-achievement of the financial and non-financial benefits.	
	Money Matters – Failure to produce a fit for purpose operating model and achieve target savings.	
	Adult Social Care Transformation - Failure to produce a fit for purpose operating model and achieve target efficiency and financial savings.	
	CLYP Review - Failure to deliver practice change and achieve financial savings.	
2	Finance - The Council is unable to produce a balanced budget in the medium term.	This strategy incorporates the measures that will enable us to balance our medium term programmes, in particular the delivery of the abc Transformation Programme.
3	Equal Pay Claims – Uncertainty around the level of equal pay claims cost and on-going litigation on pay protection.	A significant proportion of claims has been settled from within an original £30m provision established for this purpose. Further claims are being defended through due legal process and the remainder of a reduced envelope of £22.5m set aside for any potentially successful future claims.
4	Safeguarding Children – Risk that children and young people come to significant harm or die when this could have been prevented by Council or other related services.	These services have significant levels of core funding within existing budgets. Such areas are kept under review and where it is demonstrated that further financial support is required to mitigate such risks then this will be factored into our financial plans.
5	Safeguarding Adults – Risk that vulnerable adults come to significant harm or die when this could have been prevented by Council or other related services.	These services have significant levels of core funding within existing budgets. Such areas are kept under review and where it is demonstrated that further financial support is required to mitigate such risks then this will be factored into our financial plans.
6	Safeguarding Awareness – Failure to raise awareness of approaches to safeguarding.	Financial provision has been and will continue be provided to support the organisation of appropriate activity as appropriate.



7	School Entering an Ofsted Category – Risk that a school enters an Ofsted category causing a loss of confidence in the school, increased costs to improve performance and reputational damage to the Council.	The implementation of a targeted intervention programme of challenge and support in schools at risk of being graded inadequate. No specific financial implications beyond need to ensure adequate funding of core budgets.
8	Welfare Reform – Risk the Council fails to consider and manage the impact that Welfare Reform will have both on its key stakeholders, (i.e. employees, vulnerable residents) as well as the Council as a whole (i.e. funding, demand for services).	To determine which services in the Council may be affected by changes resulting from Welfare Reform and assess the financial impact that the changes will have on specific services identified, investigating any options for responding to pressures identified.
9	ACL/Coventry City Football Club - The value of the Council's shareholding in Arena Coventry Limited (ACL) is impacted upon by the position of Coventry City Football Club (CCFC) and could lead to reputational issues.	Refinancing the loan arrangements in ACL has acted to protect the Council's shareholding in ACL. Other action includes regular review of current status of events at SMB & Member level, representation on ACL Board of senior Council officers in capacity as Directors, external legal advice sought as appropriate, regular discussions held with other interested parties.
10	Nuckle Project - The significant challenges faced including lack of rail project experience, partnership working dimensions, procurement complexity and complication of external decisions affecting the project. The consequence of this could be significant impacts on the Council from a financial and reputational perspective.	Planned mitigating actions include an approved risk share agreement with project partners to ensure effective management of financial aspects including delivering the project within the agreed financial budget and ensuring that ERDF Funding conditions are complied with. To work with London Midland to agree a train service agreement. To ensure that the impacts from external change are closely monitored/managed.

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## **Appendix 1 (Revised): Analysis of Financial Approach to Risks**

The following table incorporates the financial approach to manage the major financial risks facing the Council summarised from the Corporate Risk Register updated in November 2013.

	<b>Named Risk and Summary of Key Elements of Risk</b>	<b>Key Actions and Any Relevant Financial Treatment or Implications for MTFS</b>
1	abc Transformation Programme - Failure to align the "Better Council" and "Bolder Coventry" elements of the transformation programme and achieve buy-in throughout the organisation resulting in non-achievement of financial and non-financial benefits.	The Programme's benefit tracker will be reviewed to check that it is fit for purpose. All roles and resourcing of teams (internal and external) will be identified to take forward the design and implementation elements of all projects that are approved.
2	Transformation Programme People* - Failure to deliver a single transformation programme which is fit for purpose and meets financial savings on the basis of supporting the most vulnerable and continuous improvement.	Ensure that data is sufficiently robust to measure transformation programme impact and identify where savings, efficiencies, improvements and changes are being delivered. Resource the Programme in Years 2 & 3 to deliver the change. Ensure that focus is given to identifying saving proposals across the People Directorate to meet target savings.
3	Establishing a Sustainable People Directorate* - Failure to meet key Directorate targets and deliver robustly against regulatory frameworks.	To take action to safely reduce the number of Looked After Children (LAC). To ensure that a robust performance management framework is in place to measure the sustainability/effectiveness of a People Directorate.
4	Finance - Inability to deliver a balanced budget in the short and medium term.	This strategy incorporates the measures that will enable us to balance our medium term programmes, in particular the delivery of the abc Transformation Programme. The Pre-Budget Report will be taken to Cabinet on 10th December.
5	Failure to safeguard or protect vulnerable children, young people and adults* - A child, young person or vulnerable adult experiences abuse or neglect leading to significant harm or death and the Council and its statutory partners or commissioned services are deemed to have failed to safeguard or protect.	Implement action plans from Serious Case Reviews and Serious Adult Reviews. Re-invigoration of quality assurance framework around social work cases in all teams. Raise awareness Council employees of signs of risk to children, young people and vulnerable adults. Ensure continued commitment and engagement from partners in the city in having robust arrangements in place to deal with allegations of abuse and neglect. To ensure that the impact of proposed changes in service delivery specifically consider the risk in relation to safeguarding. Ensure appropriate core funding within existing budgets and where it is demonstrated that further financial support is required to mitigate risks then factor this into financial plans.
6	Equal Pay - Uncertainty around the unknown level of liability and the on-going litigation on pay protection.	Large majority of claims now either settled or withdrawn. TU appeal regarding pay protection now withdrawn, all claims by claimants represented by Solicitors managed and any remaining Litigants in Person will be asked by the Employment Tribunal if they wish to pursue their pay protection claims. The Council has set aside a reduced provision of £15m to meet any potential successful future claims.

7	Coventry fails to provide a high quality education for its children - Coventry school(s) for which the Local Authority is responsible go into special measures or are otherwise proven to be inadequate.	To focus support for underachieving groups. To implement the School Improvement Strategy. To deliver a self-supporting school to school model. No specific financial implications beyond need to ensure adequate funding of core budgets.
8	Welfare Reform - The Council fails to consider and manage the impact that Welfare Reform will have both on its key stakeholders, (i.e. employees, vulnerable residents) as well as the Council as a whole (i.e. funding, demand for services).	To determine which services may be affected Welfare Reform changes, assess the impact on them and investigate options for responding to pressures. To look at the wider impacts of poverty across the City and co-ordinate discretionary support provided across the Council. Assess the financial impact that the changes will have on specific services, investigating any requirement to respond to pressures identified.
9	ACL/Coventry City Football Club - The value of the Council's shareholding in Arena Coventry Limited (ACL) is impacted upon by the position of Coventry City Football Club (CCFC) and could lead to reputational issues.	The Council's action to refinance the ACL loan arrangement has protected the Council's shareholding in ACL. The ACL Board includes representation from senior Council officers in capacity as Directors. The Council is managing its shareholding interest through regular review of the current status of events at SMB and Member level through the establishment of the ACL Shareholders Panel. The ACL Shareholders Panel receives updates on the actions being taken by ACL to develop its business in areas which are not reliant on Coventry City Football Club Ltd. The Panel is also considering the future strategic direction for the Arena in its capacity as a 50% shareholder.
10	NUCKLE Project - The risk that changes to the original scheme design do not meet funding bodies' criteria, the scheme is not funded and the objectives of the NUCKLE Project are not achieved.	Work continuing with partners to develop operating costs, finalise level of train service and agree a risk share proportion. Effective engagement with Scheme Sponsor and design team. Project team working with partners to revise scheme packaging to enable maximised impact of higher priority spend areas.
11	City Deal and Economic Growth - Failure to facilitate the conditions to grow jobs, the economy and business rates in the City.	CWLEP growth plan in place. City Deal in the process of being negotiated with Government. Governance structure in place to engage with public and private sector partners to develop the content of the City Deal. Council's medium term financial strategy includes £50m investment facility. Abc programme developing proposals through A60 strategic property and A58 strategic regeneration, to grow business rates and kickstart.

\* These 3 risks have been reviewed / refreshed in response to the creation of the People Directorate



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**To: Cabinet**

**Date: 19 November 2013**

**Subject: Medium Term Financial Strategy 2014-17**

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**1 Purpose of the Note**

- 1.1 To inform Cabinet of the outcome of the discussions at the Finance and Corporate Services Scrutiny Board of the Medium Term Financial Strategy 2014-17 at their meeting on 7 October.

**2 Recommendations**

- 2.1 Cabinet are asked to consider and decide whether to agree the following recommendation of the Scrutiny Board:  
That the risk register attached to the Medium Term Financial Strategy is updated to reflect the current situation regarding risks, before the report goes to Council.
- 2.2 Cabinet Member (Policy and Leadership) is asked to consider and decide whether to agree the following recommendation of the Scrutiny Board:  
That each Cabinet Member receives and considers a list of weighted risks within their area of responsibility on a half yearly, informal basis and that these lists are available to all Members upon request.

**3 Information/Background**

- 3.1 The Finance and Corporate Services Scrutiny Board considered the Medium Term Financial Strategy 2014-17 at their meeting on 7 October 2013.
- 3.2 The Board raised concerns that they were unable to fully discuss the MTFS as the Corporate Risk Register provided was not up-to-date. Therefore, they have recommended that this document is updated before discussion at Full Council.
- 3.3 The Scrutiny Board are also seeking assurances regarding the management of Directorate risks and that information on these risks should be accessible to all Members.

**Victoria Castree, Scrutiny Co-ordinator, 024 7683 1122**

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**Council – 3<sup>rd</sup> December 2013**

**Recommendation from Cabinet  
19<sup>th</sup> November 2013**

**Coventry City Council**

**Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 19 November 2013**

Present:

Cabinet Members: Councillor A Lucas (Chair)  
Councillor D Chater  
Councillor G Duggins  
Councillor D Gannon  
Councillor A Gingell  
Councillor L Kelly  
Councillor A Khan  
Councillor R Lancaster  
Councillor E Ruane  
Councillor P Townshend

Deputy Cabinet Members Councillor Caan  
Councillor Howells

Non-Voting Opposition Councillor A Andrews  
Members:

Other Members: Councillors F Abbott, C Fletcher, P Hetherington and S Thomas

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive), F Collingham, J Forde

People B Walsh (Executive Director), R Baker, P Fahy, M Godfrey,  
K Ireland, A Maqsood, A Parks, M Watson

Place M Yardley (Executive Director), R Moon, A Williams

Resources C West (Executive Director), L Commane, C Forde,  
P Jennings, L Knight, A West

Apologies: Councillor J Blundell and D Kershaw

## RECOMMENDATION

### Public Business

#### 80. **Growing Business Rates through creating the Coventry Investment Fund**

The Cabinet considered a joint report of the Executive Director, Place and Executive Director, Resources, which set out proposals for growing business rates through creating the Coventry Investment Fund.

The need for economic growth was greater than it had been at any time in recent years. At a national level growth was required to help reduce sovereign debt and to ensure the UK remained competitive. Locally, the retention of a share of Business Rates from 2013/14, in part through the operation of multi local authority pooling agreements, had significantly increased the importance of driving growth locally. From 2013/14, authorities would benefit where there was growth in business rates, but would suffer where there was contraction, with changes impacting at a local level more directly than they would have in the past. With this change, the vibrancy of the local economy would become ever more important. There was a real need for the Council to play a leading role in attracting inward investment, using its powers to achieve strategic regeneration and business rate growth more than ever before.

The pursuit of economic growth in the City and region was central to the Council's abc Transformation Programme and the emerging City Deal, including how the Council could use its assets and powers to ensure an economically vibrant future for the City and its people. In addition, the Council would consider how best it could use its cash balances and reserves to help stimulate growth, through for example, taking advantage of current low short term interest rates. The Council, as part of its financial planning, was actively assessing business cases for providing pump priming investment through Prudential Borrowing.

In this context, the Council's Medium Term Financial Strategy 2013-2016 included funding of a £50m Coventry Investment Fund. Growth in the local economy, the creation of jobs and the growth in business rates could be stimulated and accelerated by public sector investment. By creating a local investment fund, on scale, the Council was seeking to invest in the City's financial future over the coming years and create a sustainable and prosperous City. This was at a time of significant funding reductions within local government and public policy change. However, the Council recognised the importance of taking steps now to generate local growth. This was in order to support the reduction in demand for public services and funding of residual services to local people in the future.

The Cabinet noted that this was a bold move in a time of austerity and was absolutely in line with its 20 point Plan for the City, including plans for growth and prosperity. It demonstrated a very substantial investment in the City and confidence in the City's ability to grow and thrive.

The Coventry Investment Fund would build on the success of recently externally funded programmes such as the Regional Growth Fund, Growing Places and



European Regional Development Fund (ERDF), complementing existing funding streams and meeting the gap these funds were not able to address. It would be used to invest in real business opportunities right the way through from manufacturing to retail and leisure services, road improvements and include the development of the Council's commercial property portfolio, with a view to getting the best return possible from its assets.

It was proposed that an Investment Board be established to make investment decisions from the Coventry Investment Fund on behalf of the Council, under delegated powers, chaired by the Cabinet Member (Business, Enterprise and Employment). The proposed membership of the Board and its terms of reference were detailed within the report.

The Cabinet further noted that the demand for small industrial units within the City had remained relatively steady despite the recession, leading to continued and reasonable demand. However, the effects of the recession, the lack of bank funding and the imposition of void rates on vacant industrial properties had halted all speculative industrial development in the City.

As landlord, the Council had the opportunity to step into the void created by the failure of the market and produce a positive contribution to its commercial portfolio. Approximately 2.5 acres of land on a traditional small industrial estate at Lythalls Lane remained undeveloped. It was therefore proposed that the Council could undertake the development of speculative industrial units to be held long term as part of the Corporate Property Portfolio. It was further proposed that the Council undertakes the development directly as it had all the necessary in-house skills, engaging a professional team and placing a commercial building contract with an appropriate building contractor.

The Council would then seek to let the units, on commercial terms, using commercial agents and then manage the units via Corporate Property Management.

**RESOLVED that**

**(1) the Cabinet:-**

- (a) Agree the establishment of the Coventry Investment Fund Board as a Cabinet Committee, its terms of reference and membership.**
- (b) Agree delegated authority for the Coventry Investment Fund Board for the fund with individual grant awards up to a maximum of £1m and non-grant awards of up to a maximum of £2m, subject to satisfactory due diligence being completed as detailed in paragraph 2.8.3 of the report.**
- (c) Allocate a budget of £2.5m of Coventry Investment Fund funding to develop a 4,000m<sup>2</sup> of new industrial buildings at Lythalls Lane and to delegate authority to the Coventry Investment Fund Board to enter into such legal agreement**

**required to facilitate the development provided costs always remain within the approved budget.**

- (d) Receive an annual report on the Coventry Investment Fund.**
- (e) Agree to arrangements for marketing the Coventry Investment Fund and attracting interest in the Fund as detailed within the report.**

**(2) The Cabinet recommend that Council:-**

- (a) Receive an annual report on the Coventry Investment Fund.**
- (b) Approve the consequential changes needed to the Constitution to include the Coventry Investment Fund Board's terms of reference and membership and give delegated authority to the Council Solicitor to make the necessary changes.**

Cabinet  
Council

19 November 2013  
3 December 2013

**Name of Cabinet Member:**

Cabinet Member (Business, Enterprise and Employment) – Councillor Kelly  
Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Place  
Executive Director, Resources

**Ward(s) affected:**

All

**Title:**

Growing Business Rates through creating the Coventry Investment Fund

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**Is this a key decision?**

Yes. It has the potential to affect all wards within the City and expenditure is in excess of £500,000.

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**Executive Summary:**

The need for economic growth is greater than it has been at any time in recent years. At a national level growth is required to help reduce sovereign debt and to ensure the UK remains competitive. Locally, the retention of a share of Business Rates from 2013/14, in part through the operation of multi local authority pooling agreements, has significantly increased the importance of driving growth locally. From 2013/14 authorities will benefit where there is growth in business rates, but suffer where there is contraction, with changes impacting at a local level more directly than they would have in the past. With this change the vibrancy of the local economy becomes ever more important. There is a real need for the Council to play a leading role in attracting inward investment, using its powers to achieve strategic regeneration and business rate growth more than ever before.

The pursuit of economic growth in the City and region is central to the Council's abc Transformation Programme and the emerging City Deal, including how the Council can use its assets and powers to ensure an economically vibrant future for the City and its people. In addition, the Council will consider how best it can use its cash balances and reserves to help stimulate growth, through for example, taking advantage of current low short term interest rates. The Council as part of its financial planning, is actively assessing business cases for providing pump priming investment through Prudential Borrowing.

In the context of the above, the Council's Medium Term Financial Strategy 2013 - 2016 includes the funding of a £50million Coventry Investment Fund (CIF). Growth in the local economy, the creation of jobs and the growth in business rates can be stimulated and accelerated by public

sector investment. By creating a local investment fund, on scale, the Council is seeking to invest in the City's financial future over the coming years and create a sustainable and prosperous City. This is at a time of significant funding reductions within local government and public policy change. However, the Council recognises the importance of taking steps now to generate local growth. This is in order to support the reduction in demand for public services and the funding of residual services to local people, in the future.

This is a bold move in a time of austerity and is absolutely in line with the new Cabinet of the Council's 20 point Plan for the City including plans for growth and prosperity. It demonstrates a very substantial investment in the City and confidence in the City's ability to grow and thrive.

The CIF will build on the success of recent externally funded programmes such as Regional Growth Fund, Growing Places and European Regional Development Fund (ERDF), complementing existing funding streams and meeting the gap these funds are not able to address. It would be used to invest in real business opportunities right the way through from manufacturing to retail and leisure services, road improvements and include the development of the Council's commercial property portfolio, with a view to getting the best return possible from our assets.

An Investment Board will be established to make investment decisions from the CIF on behalf of the Council under delegated powers, chaired by the Cabinet Member (Business, Enterprise and Employment).

The CIF will be delivered internally by teams across both the Resources and Places directorates, and will be live from this Autumn.

### **Recommendations:**

Cabinet is requested to:-

1. Agree the establishment of the '*Coventry Investment Fund Board*' as a Cabinet Committee, its terms of reference and membership.
2. Agree delegated authority for the CIF Board for the fund with individual grant awards up to a maximum of £1million and non-grant awards of up to a maximum of £2million subject to satisfactory due diligence being completed as detailed in paragraph 2.8.3.
3. Allocate a budget of £2.5million of CIF funding to develop up to 4000m<sup>2</sup> of new industrial buildings at Lythalls Lane and to delegate authority to the CIF Board to enter into such legal agreement required to facilitate the development provided costs always remain within the approved budget.
4. Receive an annual report on the Coventry Investment Fund.
5. Agree to arrangements for marketing the CIF and attracting interest in the Fund as detailed in the report.
6. Recommend to Council that Council approves the consequential changes needed to the Constitution to include the Coventry Investment Fund Board's terms of reference and membership and give delegated authority to the Council Solicitor to make the necessary changes.

Council is asked to:

1. Receive an annual report on the investment fund; and
2. Approve the consequential changes needed to the Constitution to include the Coventry Investment Fund Board's terms of reference and membership and give delegated authority to the Council Solicitor to make the necessary changes.

**List of Appendices included:**

**Background papers**

None

**Other useful documents:**

Budget Report 2013/14, 26<sup>th</sup> February 2013

<http://moderngov.coventry.gov.uk/documents/s9333/Budget%20Report%202013-14.pdf>

**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?**

Yes - Council 3<sup>rd</sup> December 2013

## **Report title: Growing Business Rates Through Creating the Coventry Investment Fund (CIF)**

### **1. Context (or background)**

- 1.1 Coventry has significant potential for growth with two global universities, an unrivalled location, exceptional motorway, rail and air transport infrastructure links and a talent pool for employers to recruit from across the region, yet Coventry's economy is underperforming by nearly £1 billion per annum and its City Centre performs poorly compared to other cities, being 47<sup>th</sup> in the UK list of shopping Centres, despite being the 13<sup>th</sup> largest City. As the gateway to the Coventry and Warwickshire regional economy the City Centre is underperforming. There is headroom for growth and the City needs continued economic stimulus to reverse this decline.
- 1.2 The Centre for Cities, an independent urban research organisation, classified cities in 2010 as buoyant, stable or struggling. Whilst Coventry's economy was classified as 'stable' they did indicate that it was close to being classified as 'struggling', and indicated that 11,900 jobs would be needed to bring the City's employment average up to the UK average. Compared to 63 other UK Cities, Coventry was performing less well across a number of economic indicators including business start-ups, business stock and economic activity per head, skills, employment, earnings and house prices. Coventry's economy has less private sector jobs and more public sector jobs when compared to other cities.
- 1.3 Whilst there are indications that Coventry has been weathering the recession well and some parts of the local economy are growing, there is a lack of suitable built or readily available business premises to accommodate this growth. It is for this reason that Centre for Cities have recently recommended that the Council and the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) continue to prioritise funding for improvements to Coventry City Centre as it is the gateway to the region and acts as a hub for businesses.
- 1.4 The Council has already committed to anchoring the Friargate development with its new office building to kickstart a new office based business district next to the railway station. This scheme will strengthen the catchment area for the City Centre South shopping scheme, radically change the City Centre, create 13,000 jobs and £11 million of business rate growth, in addition to saving money and creating a platform for transforming services to Coventry people. The Council report on 25<sup>th</sup> June 2013, recommending the starting of the Friargate scheme and the associated Friargate Bridge report, also approved the first investment from the Coventry Investment Fund including £1.7m to fund costs of the programme.
- 1.5 In February 2013, the Council provided for the Prudential Borrowing costs associated with £50 million capital investment to achieve local economic growth as part of its Medium Term Financial Strategy (MTFS). Cabinet and Council now need to decide the framework and governance for the allocation and distribution of the funds.
- 1.6 The Local Government Finance Act 2012 introduced new arrangements regarding Business Rate income. From 1st April 2013 growth or falls in Business Rates shared 50:50 between Central and Local Government. Business Rate reform introduces an element of opportunity and at the same time risk for the Council to grow and maintain its business rate collection and base.
- 1.7 The achievement of Business Rate growth will become a key feature of the Council's resourcing into the future. Large scale developments like Friargate and City Centre South will drive substantial growth in business rates. It is fundamental that the Council can use its powers, assets and finances using innovative means to accelerate or enable delivery.

- 1.8 As business rates are derived from new buildings it is important for the City that there is an active development pipeline of new buildings to support the City's economy and to provide a source of new business rates income. It is clear that the banking crisis of 2008/09 and the subsequent recession have brought speculative development in the City (and also across the country) to a halt. This means that there is a shortage of suitable new buildings in the City to accommodate or encourage inward investment. This is particularly applicable to the automotive supply chain supporting Jaguar Land Rover. Accordingly it is important that the Council considers initiatives that encourage new development in the City. This could include incentivising the private sector through Council funding to developers, provision of rent covenants or the Council undertaking development directly.
- 1.9 The demand and need for public intervention in business investment is clear. In January 2013, the response through an open call for business investments in Coventry & Warwickshire to create jobs was unprecedented. Over 62 expressions of interest were received, asking for over £67million of intervention which would potentially lever in around £280million of private investment into the area. Alongside this the successful ERDF SME grants programme has allocated over £1.6million in 12 months, against 30 business led investments, with a view to creating over 300 jobs and bringing in a further £9million plus private sector investment – and whilst the fund is reaching its capacity with a further 15 months to go, the pipeline for investment is growing.
- 1.10 The latest investment pipeline shows well over £100million worth of private investment that could potentially be brought forward into Coventry with a relatively small amount of public finance intervention, but currently is unable to access existing funding.
- 1.11 There is a clear economic growth opportunity for Coventry & Warwickshire, the investment by large companies such as Jaguar Land Rover is creating opportunities for the supply chain to locate around JLR. The development of Friargate is creating opportunities for new investment into the City, investment in the manufacturing supply chain in business such as Covrad, Unipart and Lear to name a few will create over 400 jobs and some direct foreign investment in the area.
- 1.12 Coventry currently has a competitive advantage compared to many of its neighbours and comparator areas. It is able to support both SME and large Business investment through its Assisted Area Status and there is more opportunity that can be exploited through this. However, even with this advantage the reality is Coventry is competing with other areas to bring forward growth opportunities, the key negotiating tool is the ability to put together a financial package to encourage businesses to invest in the City.
- 1.13 Coventry's assisted area status is likely to change in the summer of 2014, and the window of opportunity to start making investments is limited with action required before new Regional Aid Guidelines which could potentially curb the financial support Coventry can offer to large businesses.
- 1.14 The Government has already backed the evidenced demand for public finance intervention in Coventry & Warwickshire by allocating almost £30million of Regional Growth Fund resources to the CWLEP to invest in businesses and create jobs.
- 1.15 The City Deal negotiations provide the framework through which investments can be maximised and aligned to the wider sub regional agenda. The CWLEP will be allocated a Single Growth Fund in the future which will also support investment by amalgamating a range of existing funding streams, including potentially New Homes Bonus.
- 1.16 Maximising growth opportunities will require the Council to think differently and put in place governance in order to ensure that those opportunities, where deemed worthwhile

can be pursued with pace under flexible and responsive decision making through the Investment Board.

1.17 The attraction of the City as a place to invest is also driven by the City's offer in terms of the quality of its schools, leisure activities and housing. The Council recognises the need to continue to work across all of its services to deliver policies that create the wider environment for growth – the Coventry Investment Fund is one part of a much wider approach to Place.

### **1.18 Opportunity for First CIF intervention at Lythalls Lane**

1.19 Demand for small industrial units within the city has however remained relatively steady despite the recession leading to continued and reasonable demand. However the effects of the recession, the lack of bank funding and the imposition of void rates on vacant industrial properties has halted all speculative industrial development in the city.

1.20 The Council as landlord has the opportunity of stepping into the void created by the failure of the market to supply the required premises and to produce a positive contribution to our commercial portfolio.

1.21 Approximately 2.5 acres of Lythalls Lane remains undeveloped. This site is a traditional small industrial estate in the city that has always let well at rents of circa £4-5 per square foot, providing the Council with one significant opportunity to be the first investment the CIF makes.

1.22 It is therefore proposed that the Council could undertake the development of speculative industrial units to be held long term as part of the Corporate Property Portfolio. It is further proposed that the Council undertakes the development directly (we have all the necessary skills in house), engaging a professional team and placing a commercial building contract with an appropriate building contractor.

1.23 The Council would then seek to let the units using commercial agents and then manage the units via Corporate Property Management.

1.24 The units would be let on commercial terms.

## **2. Options considered and recommended proposal**

2.1 The preferred option is to put in place specific investment fund – The Coventry Investment Fund (CIF) that is focused on delivering business growth and compliments the external funding environment that currently available to business, tackling issues of access to finance, funding investment in public sector infrastructure to unlock sites and de-risking developments.

2.2 Within the preferred option, to fund up to £2.5m from the CIF for the development of speculative industrial units at Lythalls Lane.

### **2.3 Purpose of CIF**

2.3.1 The simple purpose of the fund is *'to grow Coventry Business Rates and achieve economic benefits for its citizens'*.

2.3.2 This fund would be one of last resort designed to complement other funding opportunities available to business, and meet a genuine financial gap around investment growth in the City. The fund can also be utilised to support other strategies where the Council may wish to intervene to deliver regeneration aims, jobs and to create the environment for growth.



## **2.4 Key elements of the Fund**

- 2.4.1 The primary aim of the fund is to deliver growth of business rates, which in turn create jobs and investment in Coventry. This may be through the development of new floor space including completely new development or extensions to existing development, or proposals that bring void units back into use.
- 2.4.2 The fund will also support the Council's emerging commercial property strategy through acquisitions and the development of property to generate business rates.
- 2.4.3 It will primarily support business growth within Coventry's Local Authority boundary but also across Coventry & Warwickshire where there are significant and identifiable benefits to residents and businesses within the Coventry area, which in turn Coventry will benefit from through the Business Rate pooling arrangements. Allocations from the Coventry Investment Fund will also require recipients to aim to employ local people.
- 2.4.4 The fund will have a 'revolving' arm to grow and sustain the current investment into the future. This means that after consideration has been given to the delivery of financial targets within the existing MTFs, the Council will look to recycle income from investments back into the fund. Priority will be given to opportunities that used a revolving arm financial mechanism in order to sustain the fund in this way.

## **2.5 Financial Mechanisms for Investment**

- 2.5.1 The CIF will offer a number of financial instruments that could be utilised to unlock growth opportunities, examples of which include commercial loans, rental covenants, grants to business, investment in public infrastructure to attract development, investment in the Council's commercial portfolio.
- 2.5.2 The fund needs to be flexible enough to consider new financial interventions that come on stream.

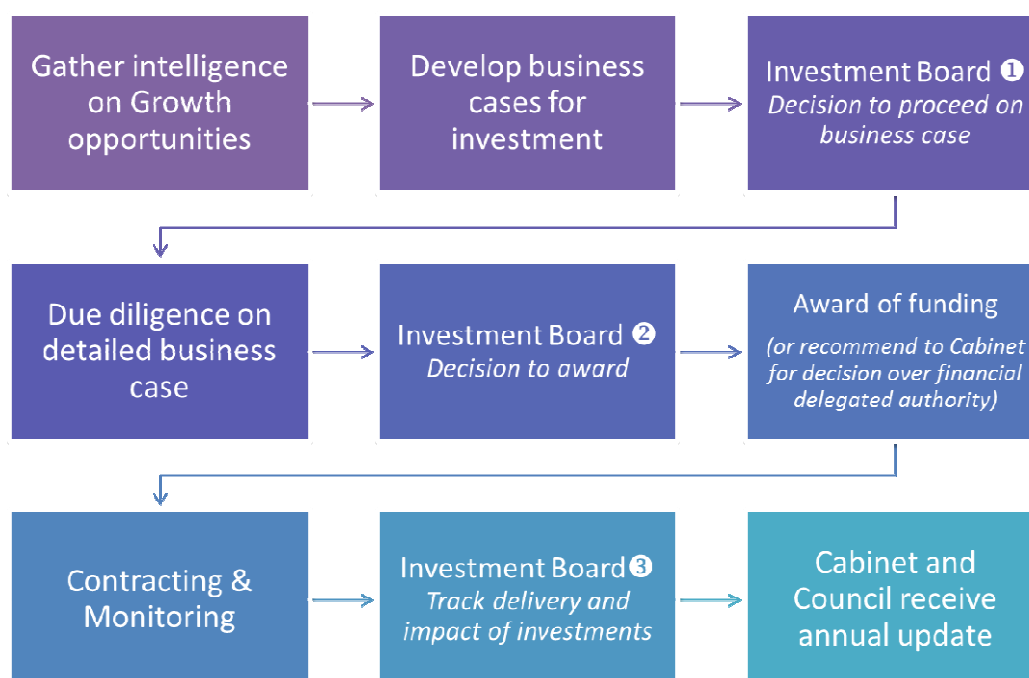
### **2.5.3 Financial Case for Lythalls Lane**

- 2.5.4 The Council must approach this transaction in the same way that any private sector developer would; i.e. minimise risk, maximise lettable and flexibility. The only way that we would act in a less commercial way would be around letting flexibility.
- 2.5.5 The land is in 2 plots totalling c2.5 acres. It is proposed that the Council commits to construct units totalling 40,000 in 2 phases. The cost of construction including fees, land and interest equates to approximately £2.5million
- 2.5.6 A business case has been developed including the rents achievable, void rates and other costs/income. The business rate growth would be in the region of £110k per annum, of which the council can retain 50% until business rates are reset (in approximately 7 years). In addition the Council would receive rent in the region of £260k per annum. This project has strategic fit with the Council's objectives of driving business rates growth, returns and jobs.
- 2.5.7 A small profit could potentially be crystallised if required by sale to third party investor.
- 2.5.8 A rent free period would need to be granted to any occupier dependent on lease length, covenant strength – assumption of 12 months is included.

## 2.6 Allocating Funds

- 2.6.1 The process for allocating funds needs to be both simple (in order to achieve pace to drive the agenda for growth) and robust (to ensure we are protecting public funds).
- 2.6.2 It is proposed that CIF programme opportunities are maintained on an “Investment Tracker.” The Investment Board will endorse at an early stage, those opportunities that should be worked up more fully into a business case. This early gateway will be based on strategic fit with the purpose of the CIF. The process for allocating and monitoring the impact of CIF funds beyond that stage is proposed as follows:

**Figure 2.6 – High Level CIF Process**



## 2.7 Evaluating Opportunities

- 2.7.1 Opportunities will be evaluated according to the purpose of funds. All growth opportunities must deliver against the vision of the Council and CWLEP, and have the appropriate financial standing in order to receive a financial intervention.
- 2.7.2 Beyond the pass/fail criteria the proposed weighting below seeks to ensure that the growth in Business rates is the priority, that the opportunity is genuinely deliverable and that new jobs will be created:
- Business Rate Growth – 40%
  - Strategic Fit to Council’s Vision and Aspirations – 30%
  - Deliverability – 20%
  - Jobs created – 10%
- 2.7.3 In deciding the weighting of activity it is important to note that in the last year alone, through the CWLEP over £40million has been made available as grant and loan to create jobs within the Coventry & Warwickshire Area. With that in mind this fund has been heavily weighted to ensuring the City sees a growth in its business rates, the potential investments are actually deliverable and where job creation will be implicit in these investments.

## **2.8 Fund Management**

- 2.8.1 The fund will be led and delivered by the Places Directorate. The Assistant Director, City Centre & Development Services will be the lead officer. This will be in close partnership with the Resources Directorate who will take the lead on ensuring that the due diligence is completed satisfactorily in accordance with the necessary financial parameters of the Section 151 officer.
- 2.8.2 A strong partnership between the two directorates is critical so the fund management will co-ordinate the work and ensure that the process as described above meets the timings of the growth opportunity and the requirements of the Council as funding body.
- 2.8.3 The monitoring of investments will be done in line with the systems and procedures already established, used and externally audited to manage the Regional Growth Fund, Growing Places and EU Structural Funds.
- 2.8.4 The staffing resources to support the process will be primarily delivered through existing staff within the Places and Resources Directorates. However given the complexity and nature of the different financial interventions there may be a requirement to set aside a small amount of resource from existing or new funding streams (eg RGF) or the CIF for fund management and external due diligence advice up to £100k per annum. It is proposed that ability to allocate this resource will be made available within the Investment Board's delegated powers.
- 2.8.5 Some of the investments that the CIF receive requests to support may require a detailed understanding of risk, return, security arrangements, funding terms, market comparators, due diligence on business plans and market demand. The Council is unlikely to have this full suite of skills in house and will wish to ensure that the due diligence completed for the Investment Board is robust. External advice across a range of disciplines may therefore need to be commissioned and the Investment Board will make arrangements for this advice to be provided via officers.
- 2.8.6 The scale, nature and type of investments will determine the complexity, frequency and nature of the monitoring arrangements that need to be put in place for the CIF. Some investments may warrant the Council seeking an equity stake or position on the Board of the company into which an investment is being made. The Investment Board will ensure that these arrangements are robust and there is also a role for the Council's Internal Audit Manager and the Council's External Auditors in testing the robustness of the governance arrangements in place.

## **2.9 Governance**

- 2.9.1 There is a need to balance the speed of decision making with robust governance. Therefore, an Investment Board will be put in place to review business cases and make decisions on which projects to invest in, the level of financial investment the Council will make the type of investment and track the impacts made by the Fund. The proposed terms of reference are appended to this report, a summary of which is below.
- 2.9.2 The membership of the board is proposed to be Cabinet Member for Business, Enterprise & Employment (Chair), Cabinet Member for Strategic Finance & Resources (Deputy Chair) and the Leader of the Council. The members would be supported by the Executive Director, Resources and Executive Director, Place, who would advise the Board and make recommendations.
- 2.9.3 It is also intended to invite as appropriate at least one independent person to advise and provide a critical friend, external business view. This individual would bring an understanding of the impact the investments could bring against the Council's objectives, market understanding, challenge on the commercial assumptions including assessment of risk but would not be a member of the Board.
- 2.9.4 The Board will need to have delegated authority from Council and Cabinet to make decisions to progress investment opportunities on the basis of the principles set out in this report. The current investments range from £100k to £10million. It is proposed that the Board is given delegated authority to make decisions to award individual investments up to £1million in grant or £2million through a non-grant intervention each from the CIF. Investment decisions will be subject to satisfactory due diligence being completed.
- 2.9.5 Although the board will only have delegated powers to agree up to these levels, they will consider all proposals and in excess of these levels and on the strength of the due diligence in the context of the wider fund objectives will recommend on to Cabinet and/or Council any investments above these thresholds for decision.
- 2.9.6 The Investment Board will meet monthly or as required.
- 2.9.7 The Investment Board will provide an annual update to Cabinet and Council on its activities, investments made, performance and monitoring. It is proposed that a half yearly update is provided to the Business, Economy and Enterprise Scrutiny Board 3.

## **2.10 Marketing**

- 2.10.1 The fund will be marketed on the Council's, CWLEP and appropriate partner websites. It will be profiled as part of Coventry's offer within the City Deal.
- 2.10.2 The website will clearly identify the criteria of what the fund is looking to invest in.
- 2.10.3 The fund will be a key part of the business and inward investment offer for Coventry being profiled as part of trade delegations home and abroad.

## **2.11 Other options considered**

- 2.11.1 The Council could choose not to invest and retain the £50million. The opportunity to have a real financial competitive advantage over some of the other areas in the UK will not be strong as it could be. Without the investment in growth the Council has limited control over the creation of business rates.

2.11.2 The Council could also choose to outsource the management and delivery of the fund. This would represent a high cost to the Council in appointing and retaining a 'fund manager' from outside the Council to deliver this service. It would also potentially not have the flexibility to adjust the fund during its lifetime. However, the Council will look to supplement its own skills and capacity as necessary to ensure that the CIF delivers its outcomes.

### **3. Results of consultation undertaken**

3.1 Consultation was undertaken as part of the 2013/14 budget proposals in which the allocation of £50million as part of the MTFS was approved. There has been no specific consultation on the CIF. However both the demand and evidence base being used to develop Coventry & Warwickshire's City deal would concur that the messages from both small, medium and large businesses is the need for access to finance schemes to support business growth.

### **4. Timetable for implementing this decision**

4.1 Given the nature of the demand the first Investment Board will meet as soon as it can to consider the current pipeline of investments and developed business cases for consideration.

### **5. Comments from Executive Director, Resources**

#### **5.1 Financial implications**

5.1.1 In February 2013 the Council set aside £50million, funded from Prudential Borrowing, as part of its Medium Term Financial Strategy to provide support for local economic growth. The profiling of the borrowing allows for allocation of the fund of up to £8m in 2013/14 and the remainder in 2014/15. There is some flexibility to alter the timing of this investment.

5.1.2 Any new business rates generated from the proposed financial interventions should contribute towards the £2m (2014/15) rising to £3m (2015/16) income target for the Strategic Regeneration and Business Rates Growth review under the Council's **abc** programme. There is also the opportunity, through the delivery of commercial space within the Council's commercial property portfolio, to generate income to support the Council's Strategic Property budget target of £3m by 2015/16.

5.1.3 New business rates generated from the financial interventions if any are provided outside of Coventry but within Warwickshire, will also benefit Coventry through the business rate pooling arrangement in place.

5.1.4 Each intervention from the CIF will be assessed against the principles in this report and on its own merits. Financial due diligence will include an assessment of risk, returns, benefits, terms, security, accounting treatment and financial standing of the entity receiving the intervention. Financial due diligence will be complemented by legal, property and development expertise to generate a consolidated business case for investment.

5.1.5 In order to spread and mitigate risk, it is recommended that the £50m CIF should be used across various financial mechanisms detailed in section 2.4. In addition as stated in section 2.2.2 the fund should be utilised as last resource once other sources of funds have been exhausted.

5.1.6 Accounting conventions require the Council to match capital spending with capital funding and revenue spending with revenue funding. The nature of the £50m CIF funding set aside assumes that the CIF is used to support capital expenditure. However, as the programme develops it is likely that some expenditure will be on revenue projects. Part of

the rest of the Council's capital spending is supported by revenue funding and this gives the Council some flexibility to resource switch between different projects in line with accounting practices. The Council will seek to use this flexibility as appropriate and will monitor the use of this as the CIF progresses.

## **5.2 Legal implications**

### **5.2.1 State Aid**

5.2.2 Placing the notice of available funds on the Council's web page ensures it is an open and transparent process.

5.2.3 As part of the due diligence the fund management will have to monitor that no particular applicant has received a number of grants from the Council which could be perceived as unfair. This should be addressed through the proposed evaluation matrix and criteria of the public funds that are invested in the applicant.

5.2.4 The objectives and conditions of the CIF will be clearly recorded as part of the terms of reference to ensure that when awarding grants they are compliant with those objectives and conditions.

### **5.2.5 Loans and grants**

5.2.6 The vires for any loans/charges/grants within the fund will be section 1 of the Localism Act 2011 the general power of competence so we need to show that it's for the benefit of the Council its area or persons resident or present in the Coventry area.

5.2.7 The Council has the power itself to borrow money under the Local Government Act 2003 for capital investments as long as the borrowing remains within prudent limits.

5.2.8 The loans will not constitute state aid if they fall within the market economy investor principle. This means that the loan or charge is on a commercial basis that the loan arrangements are provided on terms that a private operator acting under normal market conditions would provide. Due diligence must demonstrate that the loan is not at an abnormally low rate and the applicant is providing sufficient security to the Council to ensure it will meet the loan repayments.

5.2.9 The issue of vires for both the borrowing of money by the Council and the provision of loans would have to demonstrate by the Council that taking all circumstances into account this was a reasonable decision to be taken by the Council and in accordance with the Council's fiduciary duty.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

6.1.1 The Coventry Investment Fund will contribute significantly to the council's core aims of developing a prosperous city, making it an attractive place to be, making places and services easily accessible and creating a significant number of jobs for the people of Coventry. The CIF is a game changer – it has the potential to fundamentally change the economic landscape of large parts of our city.

## 6.2 How is risk being managed?

6.2.1 The following table shows the key risks associated with the proposal as well as the actions to mitigate and reduce those risks to the council:

Risk	Mitigating Action
1. The fund is not taken up by businesses	<ul style="list-style-type: none"> <li>• Strong business engagement by the Council's business investment team</li> <li>• Clear marketing strategy</li> <li>• Pipeline of investments already proven</li> <li>• Offering a variety of different financial interventions to suit business need</li> </ul>
2. The Council is unable to act quickly enough take advantage of the opportunity	<ul style="list-style-type: none"> <li>• Governance and due diligence conducted on a timely basis whilst ensuring rigour and appropriateness</li> <li>• Investment Board membership at the right level and frequency of meetings</li> <li>• Ability to call the Board together as needed in order to make responsive decisions</li> </ul>
3. The Council makes poor investments leading to loss of money. Acknowledgement that not all investments may prove to be as successful as desired.	<ul style="list-style-type: none"> <li>• Risk cannot be completely eliminated but can be minimised by the following actions.</li> <li>• Relationship established with business before application</li> <li>• Deliverability key criteria of the evaluation</li> <li>• Due diligence and monitoring process put in place</li> <li>• By conducting due diligence and scrutinising each bid the risk can be minimised</li> <li>• Spreading investments over a range of financial mechanisms</li> </ul>
4. Businesses unable to take up full financial investment after it has been allocated	<ul style="list-style-type: none"> <li>• Relationship established with business before application</li> <li>• Deliverability key criteria of the evaluation</li> <li>• Stringent due diligence process put in place</li> <li>• Clear monitoring processes to enable early warning</li> </ul>
5. The return on business rates is not delivered	<ul style="list-style-type: none"> <li>• Linking conditions of intervention to clear deliverable outcomes</li> <li>• Business case would establish the return and how it would be made</li> <li>• The investment would be scrutinised through due diligence to ensure that it would increase floor space and lead to new business rates.</li> </ul>
6. Reputational damage as a result of bad investments	<ul style="list-style-type: none"> <li>• Clear and transparent governance process</li> <li>• Due diligence and monitoring process put in place</li> <li>• Spreading investments over a range of financial mechanisms</li> </ul>

### **6.3 What is the impact on the organisation?**

- 6.3.1 There will be no direct impact on staffing resources. If it is decided at a later date, the only implication will be the appointment of a Fund Manager or external support to supplement skills and capacity of due diligence activities.

### **6.4 Equalities / EIA**

- 6.4.1 The Coventry Investment Fund will be open to all businesses and investments within the Coventry Area and a number of businesses in the Warwickshire area that benefit the residents of Coventry. No equality impact assessment is required as the recommendations do not constitute a change in service or policy.

### **6.5 Implications for (or impact on) the environment**

- 6.5.1 It is more than likely that investment through the CIF will result in the creation of new buildings that will be required assessed under BREEAM, and will reduce the City's carbon emissions having an overall positive impact on the environment.

### **6.6 Implications for partner organisations?**

- 6.6.1 The CIF is Coventry Council's core financial investment into the growth and development of the sub regional economy. With a focus and specific investment within Coventry there is no doubt that the impact will be across the Coventry & Warwickshire LEP area. Neighbouring LEP area local authorities Leaders and Chief Executives have been made aware of Coventry's proposals to set up the CIF. If they choose to, they can align themselves to the CIF with their own funds utilising the systems and processes already established.



**Report author:****Name and job title:**

Andy Williams, Resources &amp; New Projects Manager

**Directorate:**

Place Directorate

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(All queries should be directed to the above person)

<b>Contributor/ Approver name</b>	<b>Title</b>	<b>Directorate</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
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David Cockroft	Assistant Director, City Centre & Development Services	Place	20/8/13	4/9/13
Richard Moon	Senior Development Executive	Place	20/8/13	22/8/13
Graham Simpson	Business Investment Manager	Place	20/8/13	20/8/13
Sarfraz Nawaz	Finance Manager	Resources	20/8/13	2/9/13
Michelle Salmon	Governance Services Officer	Resources	4/09/13	4/09/13
Carol Bradford	Locum Legal Officer	Resources	23/8/13	4/9/13
<b>Names of approvers: (officers and Members)</b>				
Clarissa Evans	Commercial Team Manager, Legal Services	Resources	20/8/13	4/9/13
Lisa Commane	Assistant Director, Special Projects Finance	Resources	20/8/13	23/8/13
Nigel Clews	Acting-Executive Director, Place	Place	3/9/13	6/9/13
Councillor Kelly	Cabinet Member (Business, Enterprise and Employment)	-	9/9/13	9/9/13
Councillor Gannon	Cabinet Member (Strategic Finance and Resources)	-	9/9/13	9/9/13

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# Appendix 1 - Coventry Investment Fund Board

## PROPOSED Terms of Reference

### **Background:**

The Coventry Investment Fund has been put in place to invest in real growth opportunities right the way through from manufacturing businesses to retail businesses, leisure services and road improvements and include the development of the Council's commercial property portfolio, with a view to getting the best return possible from its assets.

### **Purpose of the Fund:**

To grow Coventry Business Rates and achieve economic benefits for its citizens.

### **Status of the Board:**

The status of the Board will be as a Cabinet Committee.

### **Purpose of the Board:**

The Investment Fund Board will be advised on potential growth opportunities and financial instruments the Council can use. The Board will make decisions on what opportunities to fund.

### **Scope of the Board:**

- To develop , monitor, review and amend an investment strategy for the Board provided that it is in line with the Council's priorities and any other relevant policies and strategies.
- Review growth and investment opportunities that will grow Coventry business rates
- Review all the potential returns on investment from each case;
- Receive businesses cases for council investment;
- Authority to approve funding for grant investment of up to £1million
- Authority to approve funding for other investments of up to £2million;
- Recommend to Cabinet and Council investment opportunities above these limits for approval.
- Receive and approve due diligence reports and monitor the outcomes of investments made from the fund;
- Ensure the fund is operated in a transparent, fair and consistent manner and to this end to develop, approve and publish the criteria that will be used to assess and evaluate applications for investments.

### **Criteria for Investment:**

All growth opportunities must meet the strategic fit of the Council and the Coventry and Warwickshire Local Enterprise Partnership. Each applicant must have the appropriate financial standing in order to receive a financial intervention. Bids that do not meet these basic criteria will not be taken forward.

### **Membership:**

The membership of the board is proposed to be:

- Cabinet Member for Business, Enterprise & Employment (Chair)
- Cabinet Member for Strategic Finance & Resources (Deputy Chair)
- Leader of the Council

# Appendix 1 - Coventry Investment Fund Board

## PROPOSED Terms of Reference

### *Advisors to the Board:*

- Executive Directors, Resources and Place
- Assistant Directors, Resources and Place

The Board will invite, as appropriate, external advisors with professional expertise to sit on the board or be involved in ensuring the Board understands the investment options and reaches satisfactory due diligence in its decisions.

### **Quorum:**

The Quorum for the meeting will be three. Board members are able to nominate alternative Cabinet Members to attend if substitutes are required.

### **Decision Making:**

Decisions will be decided by a majority vote with the Chair having the casting vote.

### **Frequency of Meetings:**

The Investment Board will meet monthly or more frequently as is needed.

### **Reporting to Cabinet and Council:**

Cabinet and Council will receive an annual report on the Fund's investment portfolio.

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**Council – 3<sup>rd</sup> December 2013**

**Recommendation from Cabinet  
19<sup>th</sup> November 2013**

**Coventry City Council**

**Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 19 November 2013**

Present:

Cabinet Members: Councillor A Lucas (Chair)  
Councillor D Chater  
Councillor G Duggins  
Councillor D Gannon  
Councillor A Gingell  
Councillor L Kelly  
Councillor A Khan  
Councillor R Lancaster  
Councillor E Ruane  
Councillor P Townshend

Deputy Cabinet Members Councillor Caan  
Councillor Howells

Non-Voting Opposition Councillor A Andrews  
Members:

Other Members: Councillors F Abbott, C Fletcher, P Hetherton and S Thomas

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive), F Collingham, J Forde

People B Walsh (Executive Director), R Baker, P Fahy, M Godfrey,  
K Ireland, A Maqsood, A Parks, M Watson

Place M Yardley (Executive Director), R Moon, A Williams

Resources C West (Executive Director), L Commane, C Forde,  
P Jennings, L Knight, A West

Apologies: Councillor J Blundell and D Kershaw

## RECOMMENDATION

### Public Business

#### 83. **Regenerating City Centre Office Accommodation Through The Development Of Student Accommodation**

The Cabinet considered a report of the Executive Director, Place, which set out proposals for regenerating city centre accommodation through the development of student accommodation.

Coventry's two universities were major drivers of Coventry's economy. Both universities continued to gain national and international recognition for the quality of their teaching and both attract students from across the world.

However, the credit crunch and subsequent recession had made financing the development of student accommodation extremely challenging. This resulted in a shortage of good quality student accommodation, particularly for foreign students. In turn, this led to an increase in demand for houses in multiple occupation in suburban areas with resulting issues for local residents.

Coventry city centre includes a number of obsolete office blocks. There was an opportunity to regenerate these sites which, in turn, would improve the city centre and drive footfall into the retail and leisure area.

It is proposed to respond to a request to provide mortgage funding, by effectively acting in a banking capacity, to facilitate the development of 3 student housing blocks in the city centre. This would ensure additional student housing, physical and economic regeneration in the city centre and create financial benefits for the Council and the wider local economy and would achieve the administrations aims of securing regeneration of the city centre within a 12-month period.

**RESOLVED that the Council be recommended to:-**

- (1) Approve the use of its powers under the Local Government Act 2003 to prudentially borrow.**
- (2) Approve the use of its powers under the Localism Act 2011 to provide a loan to Study Inn over a term of 5 years, at a commercial rate of interest, as detailed in section 1.8.6 of the report, to be met from prudential borrowing as an addition to the existing approved capital programme.**
- (3) Delegate authority to the Executive Director, Resources and the Council Solicitor to agree detailed terms of the transaction, including the detailed approach to achieve the transaction in the most tax efficient manner for the Council and Study Inn.**

- (4) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment) and Cabinet Member (Strategic Finance and Resources) to make variations or new requirements to give effect to the proposals at are deemed necessary.**
- (5) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment), Cabinet Member (Strategic Finance and Resources) and the Cabinet Member (Community Safety and Equalities) to complete the funding agreements and such other ancillary documentation as is necessary to complete the refinancing transaction, based on the principles detailed in the report.**

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A separate report is submitted in the private part of the agenda in respect of this item, as it contains information that there is no public interest in disclosing in accordance with Schedule 12A of the Local Government Act 1972 as amended. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet  
Council

19 November 2013  
3 December 2013

**Name of Cabinet Member:**

Cabinet Member (Business Enterprise & Employment) - Councillor Kelly  
Cabinet Member (Strategic Finance & Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Place

**Ward(s) affected:**

All

**Title:**

Regenerating City Centre Office Accommodation Through The Development Of Student Accommodation

---

**Is this a key decision?**

Yes – the proposals in this report will result in financial implications exceeding £500,000

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**Executive Summary:**

Coventry's two universities are a major driver of Coventry's economy. Both universities continue to gain national and international recognition for the quality of their teaching and both attract students from across the world.

However the credit crunch and subsequent recession have made financing the development of student accommodation extremely challenging. This has resulted in a shortage of good quality student accommodation, particularly for foreign students. This has, in turn, led to an increase in demand for "house in multiple occupation" in suburban areas with resulting issues for local residents.

Coventry City Centre includes a number of obsolete office blocks. There is an opportunity to regenerate these sites which in turn will improve the city centre and drive footfall into the retail and leisure areas.

This report explores how the Council could respond to a request to provide mortgage funding, effectively by acting in a banking capacity to facilitate the development of 3 student housing blocks in the city centre. This will secure additional student housing, physical and economic regeneration in the city centre and to create financial benefits for the Council and the wider local economy and achieves the administrations stated aims of securing regeneration of the city centre within a 12 month period.

**Recommendations:**

Cabinet is requested to recommend that the Council:

1. Approves the use of its powers under the Local Government Act 2003 to prudentially borrow..
2. Approves the use of its powers under the Localism Act 2011 to provide a loan to Study Inn over a term of 5 years, at a commercial rate of interest as detailed in section 1.8.6 to be met from prudential borrowing as an addition to the existing approved Capital Programme.\*
3. Delegate authority to the Executive Director Resources and the Council Solicitor to agree detailed terms of the transaction, including the detailed approach to achieve the transaction in the most tax efficient manner for the Council and Study Inn.
4. Delegate authority to the Executive Director Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment) and Cabinet Member (Strategic Finance and Resources), to make variations or new requirements to give effect to the proposals that are deemed necessary.
5. Delegate authority to the Executive Director Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment), Cabinet Member (Strategic Finance and Resources) and Cabinet Member (Community Safety and Equalities) to complete the funding agreements and such other ancillary documentation as is necessary to complete the refinancing transaction, based on the principles detailed in this report.

Council is asked to:

1. Approve the use of its powers under the Local Government Act 2003 to prudentially borrow.
2. Approve the use of its powers under the Localism Act 2011 to provide a loan to Study Inn over a term of 5 years, at a commercial rate of interest as detailed in section 1.8.6 to be met from prudential borrowing as an addition to the existing approved capital programme.
3. Delegate authority to the Executive Director Resources and the Council Solicitor to agree detailed terms of the transaction, including the detailed approach to achieve the transaction in the most tax efficient manner for the Council and Study Inn.
4. Delegate authority to the Executive Director Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment) and Cabinet Member (Strategic Finance and Resources), to make variations or new requirements to give effect to the proposals that are deemed necessary.

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\* this is on the basis that the Council is minded to approve recommendations (1) and (2) to Council but is not authorised by the authority's executive arrangements, financial regulations, standing orders or other rules or procedures to make a determination in those terms.

5. Delegate authority to the Executive Director Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment), Cabinet Member (Strategic Finance and Resources) and Cabinet Member (Community Safety and Equalities) to complete the funding documentation and such other ancillary documentation as is necessary to complete the refinancing transaction, based on the principles detailed in this report.

**List of Appendices included:**

None.

**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?**

Yes – 3<sup>rd</sup> December 2013.

**Report title:** Regenerating City Centre Office Accommodation Through The Development Of Student Accommodation

**1. Context (or background)**

- 1.1 Both Coventry University and The University of Warwick are nationally and internationally recognised for the quality of their teaching. As a result both universities attract students from across the world. Currently the combined student population of both institutions is 58,000 of which 36,000 are full time.
- 1.2 It is estimated that the direct benefit to the local economy of student spend is £200-£300m per annum. The total benefit of both universities is much higher to the local economy.
- 1.3 Study Inn are a Coventry based provider of high quality student accommodation. They currently operate 4 schemes in the City providing a total of over 400 student bedrooms together with schemes in Nottingham and Sheffield. These schemes currently operate at a 100% occupancy rate for 50 weeks per year.
- 1.4 The success of both universities has however led to some unexpected consequences. As both universities only guarantee places in Halls of Residence to first year students more and more houses in the suburbs have been let to students in their second and subsequent years. These student houses are often referred to as HiMO's (Houses in Multiple Occupation). This has led to complaints from residents who argue that the nature of certain residential areas can be adversely affected by large student populations and large numbers of HiMO's, often owned by absentee landlords.
- 1.5 In light of the above Study Inn have identified 3 buildings in the city centre as being suitable for conversion into student flats, namely:
  - 175 Corporation Street (former Axa tower).
  - Well Street tower (former Axa tower).
  - Burges House, the Burges.

If converted, these properties could provide up to 420 additional student flats.

The provision of more student accommodation in the city centre could have the following benefits:

- Up to 100 HiMO's released back from student use.
  - Increased student foot fall and spend in city centre.
  - Redevelopment of out-dated office buildings that are unlikely ever to be occupied in their current form.
- 1.6 Due to the credit crunch and subsequent recession banks are currently reluctant to commit to what they consider to be speculative development, particularly when such development is not secured by a long term letting to a blue chip tenant. The nature of student accommodation does not permit long term leasing. Whilst Study Inn have secured options to acquire these buildings and have secured short term finance to convert the properties to student accommodation they have not yet been able to secure medium term mortgage finance in order to be able to refinance the properties once they have been completed and let to allow them to hold in the long term.
  - 1.7 Study Inn are a Coventry based company who have already developed 4 schemes in the City. They have secured the finance to complete the refurbishment of the schemes, but have been unable to secure loan finance beyond the development phase. This is despite business plans which suggest the schemes can service the debt.

Study Inn have therefore approached the Council to request that the Council be prepared to provide medium term commercial loan finance in the event that Study Inn are unable to secure finance from the market at completion of the schemes.

1.8 Officers anticipate the following principled basis for the loan agreement:

1.8.1 Coventry City Council to grant up to 3 commercial loans to Study Inn for a period of 5 years each. The loans will be granted in 2 tranches:

– **Tranche 1 – September 2014**

Burges House  
175 Corporation Street

– **Tranche 2 – September 2015**

Well Street Tower

1.8.2 Tranche 2 to be subject to: At least one property from Tranche 1 being re-financed with a commercial lender. Study Inn having fully complied with all financial and property covenants required by the Council on a commercial basis.

1.8.3 All lending to be subject to a maximum Loan to Value ratio.

1.8.4 Such valuations to be undertaken independently by RICS qualified valuer appointed by Coventry City Council.

1.8.5 Lending subject to:

- Borrower completing all refurbishment works to the property to the lenders reasonable satisfaction.
- Borrower paying a one off arrangement fee on completion of legal documentation and further on draw down.
- Borrower achieving 95% pre-lets prior to draw down.

1.8.6 Interest rate to be subject to variations should LIBOR increase over the period.

1.8.7 Coventry City Council to be granted full fixed and floating charge over property and shares.

1.8.8 Study Inn to cover all CCC's legal, valuation and reasonable admin costs.

1.8.9 A requirement for Study Inn to produce a 5 year business plan for approval prior to advancement of the loan and on an annual basis demonstrating Study Inn's ability to service the loan.

1.8.10 A Senior Officer in Finance and Legal Services, who is not connected to the Company in any way, will be appointed to monitor and manage the loan on behalf of the Council. Initially this will be the Executive Director - Resources who will discharge this day to day responsibility to a qualified senior officer in Financial Management.

1.8.11 A requirement for Study Inn to comply with financial and property ratios appropriate to a loan of this type; to ensure there is sufficient cash in the business to repay the Council's loan and that there is sufficient value in the company to cover the full value of the loan.

1.9 The Council will generate a surplus on the loan to Study Inn, which can be used to support the savings targets built into the Medium Term Financial Strategy as part of

Commercialisation and Income Maximisation review and Strategic Property reviews set out in the 2013/14 budget and assist in preventing cuts to front line services.

1.10 As part of its treasury management activities the Council will look to utilise temporary cash balances or short term borrowing to minimise the cost to the Council, prior to taking out longer term borrowing. Using such funds will allow the Council to initially generate a margin. The Council's overall cost of short term borrowing is currently low, reflecting current market conditions and the availability of cash balances in the short term. The option for the Council to review the interest rate in the event of rates rising is key in protecting the Council's financial position. The basis of how the Council finances the loan to Study Inn will be reviewed alongside the wider treasury management activities.

1.10.1 Under the Capital Finance Regulations 2003, the Council will treat the loan as capital expenditure on the basis that it is provided to meet the capital expenditure costs of converting the properties into flats. The capital expenditure will be resourced by prudential borrowing with Minimum Revenue Provision (MRP) provided over 25 years in order to meet the cost of the prudential borrowing. The scheduled principal repayment on the loan will match the MRP charge over the term of the loan.

1.10.2 An option to repay the loan early, recompensing the Council for any economic loss for the financial year in which early termination occurs.

## **2. Options considered and recommended proposal**

2.1 The options available to the Council are either to decline the request for support or to choose to offer support.

### **2.2 Option 1 – Decline**

2.2.1 In the event that the Council declines the request for support Study Inn will be unlikely to proceed with the acquisition and conversion of the properties as the risk of acquisition without a firm offer of funding would be too great a risk for the company to take on. This would result in a lost opportunity to secure the development of 3 outdated and empty office buildings in the city centre and the loss of up to 500 student places. The students would have brought increased footfall to city centre bars, restaurants and shops increasing the vitality and viability of the city centre.

### **2.3 Option 2 – Offer loan funding on a commercial basis**

2.3.1 If the Council were to make an offer of funding to Study Inn it would be in a position to realise the following potential benefits:

- Securing the redevelopment of three outdated office buildings.
- Creation of up to 500 student places in the city centre.
- Secure increased footfall to city centre bars, restaurants and shops increasing the vitality and viability of the city centre.
- Financial benefits to the Council in accordance with the proposal set out above.
- Freeing up of up to 100 HiMO's for family occupation.

2.4 It is clear however that, as with any financial transaction, there are risks inherent in the proposal. These risks are set out in more detail in paragraph 6. Were it agreed to proceed with an offer of finance, officers would strive to minimise risk through rigorous due diligence and a robust mitigation strategy.

2.5 In view of the benefits that can be secured for the city it is recommended that, subject to satisfactory due diligence and legal security, option 2 be pursued.

### **3. Results of consultation undertaken**

3.1 Where appropriate, consultation regarding the specific development proposals will be conducted through the planning process.

### **4. Timetable for implementing this decision**

4.1 It is intended that, if accepted, the recommendations of this report be implemented immediately commencing with due diligence. Study Inn are proposing to draw down the first mortgages in September 2014.

### **5. Comments from Executive Director, Resources**

#### **5.1 Financial implications**

5.1.1 Approval of the recommendations in this report would result in the Council making available a loan to Study Inn to refinance development finance and begin work on development of the three sites above. The Council will generate a surplus on the loan to Study Inn, which can be used to support the savings targets built into the Medium Term Financial Strategy for the Commercialisation and Income Maximisation, and Strategic Property reviews, set out in the 13/14 budget, and also assist in preventing cuts to front line services.

5.1.2 The Council has discussed the proposed actions, including the accounting treatment of the loan as capital expenditure, with Grant Thornton, the Council's External Auditors. This discussion has included the details of the proposed transaction and the proposed financial implications for the Council and accounting treatment.

5.1.3 Study Inn will meet the one off costs associated with due diligence and reasonable admin completed by the Council to provide the loan. In addition the Council will receive a one off arrangement fee regardless of whether the loan is drawn down.

5.1.5 The loan agreement requires Study Inn to provide financial information regularly to the Council for the purposes of monitoring and to support their continued ability to service the new loan.

5.1.6 The recommendations specifically for the Council are being made because Cabinet is minded to recommend to Council to approve the level of prudential borrowing and the related loan to Study Inn for the equivalent value, which is in addition to the current agreed Capital Programme.

#### **5.2 Legal implications**

5.2.1 The Council will use the general power of competence under section 1 of the Localism Act 2011("the Act") as the power to make this commercial loan. Section 2 of the Act provides that where the power of competence is conferred on the Council to do something it confers power to do it in any way whatever including for or otherwise than for, the benefit of the Council, its area or persons resident or present in its area.

5.2.2 The power to borrow money is contained in the Local Government Act 2003.

- 5.2.3 The issue of vires would have to demonstrate that taking all circumstances into account this was a reasonable decision to be taken by the Council and in accordance with the Council's fiduciary duty.
- 5.2.4 As part of its due diligence the Council obtain valuations of each of the buildings to ensure there is sufficient security. It will also look at the business plan and accounts of Study Inns to ensure repayment of the loan can be maintained.
- 5.2.5 A state aid assessment will be carried out to ensure there are no implications that there is a breach of EU law. It is intended that this loan if approved will be at a commercial rate and will be fully secured against the assets of the company.

## **6. Other implications**

*Any other specific implications*

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

- 6.1.1 If adopted the proposals will contribute to revitalising the city centre, supporting the local economy and securing regeneration.

### **6.2 How is risk being managed?**

- 6.2.1 Study Inn have an impressive track record in developing and managing student accommodation. They are currently achieving close to 100% occupancy in their current schemes at average rents reflecting those required to support the proposed schemes however to try and minimise risk officers propose that the following risk mitigation strategies will be employed:
- Full independent valuation of the properties
  - Maximum loan to value ratio
  - Full independent scrutiny of business plan
  - Legal charge over the properties and debenture over shares.
  - No mortgage draw down until all refurbishment works complete and property pre-let.

### **6.3 What is the impact on the organisation?**

- 6.3.1 The impact on the organisation will be minimal. It will generate additional work for Place and Resource Directorates.

### **6.4 Equalities / EIA**

- 6.4.1 Section 149 of the Equality Act 2010, known as the Public Sector Equality Duty, requires the Council to eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people.
- 6.4.2 An equality impact assessment has not been carried out by officers as the proposal set out in this report does not constitute a change in service delivery or the exercise of a public function.

### **6.5 Implications for (or impact on) the environment**

- 6.5.1 None.



## **6.6 Implications for partner organisations?**

6.6.1 None.

**Report author(s):****Name and job title:**

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**Directorate:**

Place

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Lisa Commane	Assistant Director	Resources	09/10/2013	11/10/2013
Sarfraz Nawaz	Finance Manager	Resources	09/10/2013	11/10/2013
Paul Jennings	Finance Manager	Resources	14/10/2013	17/10/2013
Julie Fairbrother	Communications Officer	Resources	11/10/2013	
<b>Names of approvers for submission:</b> (officers and members)				
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Legal: Clarissa Evans	Commercial Team Manager	Resources	09/10/2013	11/10/2013
David Cockroft	Assistant Director	Place	18/10/2013	21/10/2013
Director: Martin Yardley	Director	Place	18/10/2013	18/10/2013
Members: Councillor Kelly	Cabinet Member (Business, Enterprise and Employment)		22/10/2013	22/10/2013
Councillor Gannon	(Cabinet Member (Strategic Finance and Resources)			

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## Public report

Council

3rd December 2013

**Name of Cabinet Member:**

Councillor Ann Lucas (Leader of the Council)

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

Not Applicable

**Title:**

**Report of the Leader on Changes to Cabinet Membership**

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**Is this a key decision?**

No

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**Executive Summary:**

This report sets out details of a decision of the Leader of the Council to appoint an Acting Cabinet Member (Education) on a temporary basis. The report also seeks the approval of Council to make a payment to the Cabinet Member presently relieved of his duties due to illness.

**Recommendations:**

**That the City Council:-**

- (1) **Notes the report of the Leader of Council on the appointment of Councillor Dave Chater as the Acting Cabinet Member (Education).**
- (2) **Approves that Councillor Dave Chater receives a pro rata Special Responsibility Allowance as Acting Cabinet Member (Education) until Councillor Kershaw is able to resume his duties or until the end of the 2013/14 Municipal Year whichever occurs first.**
- (3) **Approves that Councillor David Kershaw receives a sum equivalent to a Cabinet Members Special Responsibility Allowance until such time as Councillor Kershaw returns to office or until the end of the 2013/14 Municipal Year whichever occurs first.**
- (4) **Agrees that should Councillor David Kershaw's absence extend beyond a period of four months, then the Leader is required to consider approving any continued payment of the sum under Recommendations (2) and (3) in consultation with the Chair of Audit and Procurement Committee to ensure they remain appropriate but not to extend beyond the 2014 Annual General Meeting.**

- (5) Agrees that should Councillor Kershaw fail throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority or the executive due to his ill health or subsequent recuperation, he shall continue to be a member of the authority.**

**List of Appendices included:**

None

**Useful background papers:**

None

**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—3<sup>rd</sup> December 2013

Report title: **Report of the Leader on Changes to Cabinet Membership**

## **1. Appointment of Acting Cabinet Member (Education)**

- 1.1 Unfortunately Councillor David Kershaw is currently ill and unable to act as Cabinet Member (Education). It is unlikely that Councillor Kershaw will be able to resume his duty for a period of approximately three to six months.
- 1.2 The Leader has the power to appoint or remove Cabinet Members from office or change the ambit of their portfolios. Where there are changes to Cabinet Member portfolios the Leader is required to report those changes to the next available meeting of the Council. The Leader reports that she has appointed Councillor Dave Chater as Acting Cabinet Member (Education) whilst Councillor Kershaw is relieved of his duties. There will be no more than ten Cabinet Members (including the Leader and Deputy Leader) who will be actively discharging their functions and responsibilities.
- 1.3 Therefore Councillor Chater will also be authorised to execute the following functions pertaining to the Education portfolio and to discharge all other responsibilities of a Cabinet Member:-

Post 16 Education and Training  
Schools  
Early Years  
Libraries  
Adult Education  
Higher and Further (Education (Including Universities))

## **2. Options considered and recommended proposal**

- 2.1 In addition the Council is asked to approve the payment to Councillor Kershaw whilst relieved of his duties of an amount equivalent to the Special Responsibility Allowance for Cabinet Members due to the exceptional circumstances involved due to illness and enforced absence. This would in principal align with payments made to employees who are unable to perform their roles due to sickness.
- 2.2 As Councillor Dave Chater will be performing the function of Acting Cabinet Member (Education) it is appropriate that he receives the requisite Special Responsibility Allowance in accordance with the Members Allowances Scheme.
- 2.3 The alternative options would be not to make any payment to either Councillor Kershaw or Chater but it is not considered to be equitable in these circumstances and penalises a Cabinet Member for being absent from office due to illness. Another option would be for the Leader to re-allocate the Cabinet Member portfolio for Education amongst other existing Cabinet Members. However, this is not considered to be a viable option due to their existing workloads as well as the importance and substance of the Education portfolio.
- 2.4 It is considered good governance that should Councillor Kershaw remain of sick and/or is recuperating, then the Leader should evaluate the position and decide whether the proposed payment to him and the Special Responsibility Allowance to Councillor Chater remain proportionate and reasonable. This should be decided in consultation with the Chair of Audit and Procurement Committee.

- 2.5 Should it be the case that Councillor Kershaw fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority or the executive due to his ill health or subsequent recuperation, it is necessary that Council approves that he shall continue to be a member of the authority. Therefore it is deemed prudent and appropriate to obtain that approval within this report.

Therefore the proposals are that:

- (1) The report of the Leader of the Council on the appointment of the Acting Cabinet Member (Education) be noted;
- (2) Councillor Dave Chater receives a pro rata Special Responsibility Allowance as Acting Cabinet Member (Education) until Councillor Kershaw is able to resume his duties or until the end of the 2013/14 Municipal Year whichever occurs first.
- (3) Councillor David Kershaw receives a sum equivalent to a Cabinet Members Special Responsibility Allowance until such time as Councillor Kershaw returns to office or until the end of the 2013/14 Municipal Year whichever occurs first.
- (4) Should Councillor David Kershaw's absence extend beyond a period of four months then the Leader is required to consider approving any continued payment of the sum under Recommendations (2) and (3) in consultation with the Chair of Audit and Procurement Committee to ensure they remain appropriate but not to extend beyond the 2014 Annual General Meeting.
- (5) Should Councillor Kershaw fail throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority or the executive due to his ill health or subsequent recuperation, he shall continue to be a member of the authority.

### **3. Results of consultation undertaken**

- 3.1 Not applicable

### **4. Timetable for implementing this decision**

- 4.1 The appointment of Councillor Dave Chater as Acting Cabinet Member (Education) has taken effect from 13 November 2013. The proposals will enable Councillors Chater and Kershaw to receive their proposed simultaneous payments from this date.

### **5. Comments from Executive Director, Resources**

- 5.1 Financial implications

The payments to Councillors Kershaw and Chater would result in expenditure of £866.83 each per month in addition to their normal basic allowance.

The additional costs will be met from the current budgetary provision held within Members Allowances.

- 5.2 Legal implications

The Leader has power under Section 3.2.5 of the Constitution to make changes to Cabinet Member portfolios. The proposed payment to Councillor Kershaw would be made under the Council's general power of competence under Section 1 of the Localism Act 2011.

Section 1 of the Localism Act 2011 allows the Council to do anything that individuals generally may do. It is considered that this would include a time limited payment where an individual is unable to carry out their duties.

Section 85 of the Local Government Act 1972 provides that if a member of a local authority fails throughout a period of six consecutive months from the date of their last attendance to attend any meeting of the authority or executive, they shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

### **6.2 How is risk being managed?**

No risk identified.

### **6.3 What is the impact on the organisation?**

### **6.4 Equalities / EIA**

In order to attract a diversity of the Cabinet, the current proposal will aid in attracting a wider pool of future incumbents. This is due to ensuring that where an office holder is absent from office they are not penalised as a result when the situation is beyond their control such as prolonged illness and recuperation in the instance of this report. It will also, in principle, be in alignment with sick pay that employees of the Council receive when they are absent from work.

### **6.5 Implications for (or impact on) the environment**

None

### **6.6 Implications for partner organisations?**

None

## **Report author:**

### **Name and job title:**

Christine Forde, Assistant Director Legal and Democratic Services and Monitoring Officer

### **Directorate:**

Resources

## Public report

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<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Christine Forde	Assistant Director Legal and Democratic Services and Monitoring Officer	Resources	20/11/13	20/11/13
Barry Hastie	Assistant Director Finance	Resources	21/11/13	25/11/13
<b>Names of approvers for submission:</b> (Officers and Elected Members)				
Councillor Philip Townshend	Cabinet Member (Community Safety and Equalities)		21/11/13	22/11/13

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## Public report

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Council

3<sup>rd</sup> December, 2013

**Name of Cabinet Member:**

Not Applicable

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

Not Applicable

**Title:**

**Amendments to Appointments of the City Council**

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**Is this a key decision?**

No

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**Executive Summary:**

This report seeks approval to amend appointments to City Council bodies and outside bodies resulting from the Leader's recent decision to appoint Councillor Dave Chater as Acting Cabinet Member (Education)

**Recommendations:**

That the City Council approves the following amendments to appointments made at the Annual Meeting on 16<sup>th</sup> May, 2013 for as long as Councillor Chater is Acting Cabinet Member (Education):-

- (a) That Councillor Walsh be appointed to the Licensing and Regulatory Committee in place of Councillor Chater
- (b) That Councillor Thomas be appointed to the Finance and Corporate Services Scrutiny Board (1) in place of Councillor Chater
- (c) That Councillor Chater, as Acting Cabinet Member (Education) be appointed to the following in place of Councillor Kershaw:-

Corporate Parenting Board (which acts as the Cabinet Advisory Panel for Looked After Children)

Cabinet Advisory Panel – Sports Vision and Strategy, Tourism and City Wide Events

ACL Shareholders Panel

Coventry School Admissions Forum

- (d) That Councillor Mrs Sweet be appointed as the Labour Group representative on the Corporate Parenting Board (which acts as the Cabinet Advisory Panel for Looked After Children) in place of Councillor Chater, who is now appointed to that body by virtue of his position as Acting Cabinet Member (Education)

**List of Appendices included:**

None

**Useful background papers:**

Minutes from the meeting of the City Council held on 16<sup>th</sup> May 2013.

**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 – 3<sup>rd</sup> December, 2013

**Report title: Amendments to Appointments of the City Council**

**1. Context (or background)**

- 1.1 As a result of Councillor David Kershaw's recent illness, on 13<sup>th</sup> November, 2013, the Leader, Councillor Mrs Lucas, appointed Councillor Dave Chater as Acting Cabinet Member (Education) so that Councillor Kershaw is relieved of his active duties temporarily in view of the exceptional circumstance that have arisen.
- 1.2 As a Member of the Cabinet, Councillor Chater is not able to be a member of either the Licensing and Regulatory Committee or the Finance and Corporate Services Scrutiny Board (1), both of which he was appointed to at the Annual Meeting in May, 2013.
- 1.3 Councillor Kershaw is also currently a member of the following City Council bodies and outside bodies by virtue of his appointment as Cabinet Member (Education)

Corporate Parenting Board (which acts as the Cabinet Advisory Panel for Looked After Children) (Councillor Chater is a Labour Group representative on this body)

Cabinet Advisory Panel – Sports Vision and Strategy, Tourism and City Wide Events

ACL Shareholders Panel

Children and Young People Commissioning Board

Coventry School Admissions Forum

**2. Options considered and recommended proposal**

- 2.1 It is proposed that the following amendments be made to appointments made at the Annual Meeting on 16<sup>th</sup> May, 2013 for as long as Councillor Chater is the Acting Cabinet Member (Education): -
  - (a) Councillor Walsh be appointed to the Licensing and Regulatory Committee in place of Councillor Chater
  - (b) Councillor Thomas be appointed to the Finance and Corporate Services Scrutiny Board (1) in place of Councillor Chater
  - (c) Councillor Chater, as Acting Cabinet Member (Education), be appointed to the following in place of Councillor Kershaw:-

Corporate Parenting Board (which acts as the Cabinet Advisory Panel for Looked After Children)

Cabinet Advisory Panel – Sports Vision and Strategy, Tourism and City Wide Events

ACL Shareholders Panel

Coventry School Admissions Forum

- (d) Councillor Mrs Sweet be appointed as the Labour Group representative on the Corporate Parenting Board (which acts as the Cabinet Advisory Panel for Looked After Children) in place of Councillor Chater, who is now appointed to that body by virtue of his position as Acting Cabinet Member (Education)

**3. Results of consultation undertaken**

3.1 Not applicable

**4. Timetable for implementing this decision**

4.1 The appointments will take effect from the date of the Council Meeting (3<sup>rd</sup> December, 2013)

**5. Comments from Director of Finance and Legal Services**

5.1 Financial implications

Not applicable

5.2 Legal implications

There are no legal implications

**6. Other implications**

Not applicable

**Report author:**

**Name and job title:**

Suzanne Bennett, Governance Services Team Leader

**Directorate:**

Resources

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<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
<b>Names of approvers for submission:</b> (Officers and Elected Members)				
Chris West	Executive Director, Resources	Resources	18/11/13	18/11/13
Christine Forde	Assistant Director, Legal and Democratic Services and Monitoring Officer	Resources	18/11/13	18/11/13
Councillor Townshend	Cabinet Member (Community Safety and Equalities)	-	21/11/13	22/11/13

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**Council – 3<sup>rd</sup> December 2013**

**Recommendation from Cabinet  
19<sup>th</sup> November 2013**

**Coventry City Council**

**Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 19 November 2013**

Present:

Cabinet Members: Councillor A Lucas (Chair)  
Councillor D Chater  
Councillor G Duggins  
Councillor D Gannon  
Councillor A Gingell  
Councillor L Kelly  
Councillor A Khan  
Councillor R Lancaster  
Councillor E Ruane  
Councillor P Townshend

Deputy Cabinet Members Councillor Caan  
Councillor Howells

Non-Voting Opposition Councillor A Andrews  
Members:

Other Members: Councillors F Abbott, C Fletcher, P Hetherton and S Thomas

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive), F Collingham, J Forde

People B Walsh (Executive Director), R Baker, P Fahy, M Godfrey,  
K Ireland, A Maqsood, A Parks, M Watson

Place M Yardley (Executive Director), R Moon, A Williams

Resources C West (Executive Director), L Commane, C Forde,  
P Jennings, L Knight, A West

Apologies: Councillor J Blundell and D Kershaw

## RECOMMENDATION

### Private Business

#### 88. **Regenerating City Centre Office Accommodation Through The Development Of Student Accommodation**

Further to Minute 83 above, the Cabinet considered a report of the Executive Director, Place, which detailed confidential financial matters in relation to proposals for regenerating city centre office accommodation through the development of student accommodation.

**RESOLVED that Council be recommended to:-**

- (1) Approve the use of its powers under the Local Government Act 2003 to prudentially borrow the sum indicated in the report.**
- (2) Approve the use of its powers under the Localism Act 2011 to provide a maximum loan at any point to the sum indicated in the report to Study Inn over a term of 5 years, at a commercial rate of interest as detailed in section 1.8.6 of the report, to be met from prudential borrowing as an addition to the existing approved Capital Programme.**
- (3) Delegate authority to the Executive Director, Resources and the Council Solicitor to agree detailed terms of the transaction, including the detailed approach to achieve the transaction in the most tax efficient manner for the Council and Study Inn.**
- (4) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment) and Cabinet Member (Strategic Finance and Resources) to make variations or new requirements to give effect to the proposals at are deemed necessary.**
- (5) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment), Cabinet Member (Strategic Finance and Resources) and the Cabinet Member (Community Safety and Equalities) to complete the funding agreements and such other ancillary documentation as is necessary to complete the refinancing transaction, based on the principles detailed in the report.**



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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