

**Time and Date**

2.00 pm on Tuesday, 25th February, 2014

**Place**

Council Chamber - Council House

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1. **Apologies**
2. **Minutes of the Meeting held on 14th January 2014** (Pages 5 - 24)
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**
6. **Petitions**
7. **Declarations of Interest**

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

**It is anticipated that the following matters will be referred as Recommendations. In order to allow Members the maximum opportunity to acquaint themselves with the proposals, the reports are attached. The relevant Recommendations will be circulated separately.**

8. **2014/15 Council Tax Setting Report** (Pages 25 - 32)  
From the Cabinet, 25<sup>th</sup> February 2014
9. **Budget Report 2014/15** (Pages 33 - 94)  
From the Cabinet, 25<sup>th</sup> February 2014
10. **Appointment of Independent Person** (Pages 95 - 98)  
From the Ethics Committee, 20<sup>th</sup> February 2014

## **Matters from Cabinet, 11th February 2014**

11. **City Deal - Wave 2 Growth Hub Regional Growth Fund Bid** (Pages 99 - 108)
12. **High Speed Rail (London - West Midlands) Bill** (Pages 109 - 116)
13. **Friargate Bridge - Additional Works** (Pages 117 - 138)

## **Other Business**

14. **Statements (if any)**

## **Private Business**

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

15. **Friargate Bridge - Additional Works** (Pages 139 - 160)

From the Cabinet, 11<sup>th</sup> February 2014

Listing Officer: Colin Knight, Telephone: 024 7683 4001

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Chris West, Executive Director, Resources, Council House Coventry

Monday, 17 February 2014

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**

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## MINUTES OF THE MEETING OF THE CITY COUNCIL OF THE CITY OF COVENTRY

Held on 14<sup>th</sup> January 2014, in the Council House, Coventry

### PRESENT

Lord Mayor (Councillor Crookes)

Deputy Lord Mayor (Councillor Noonan)

Councillor Abbott	Councillor T. Khan
Councillor Akhtar	Councillor Lakha
Councillor Ali	Councillor Lancaster
Councillor Andrews	Councillor Lepoidevin
Councillor Auluck	Councillor Mrs Lucas
Councillor Bains	Councillor McNicholas
Councillor Mrs Bigham	Councillor Maton
Councillor Blundell	Councillor Mrs Miks
Councillor Caan	Councillor J. Mutton
Councillor Chater	Councillor Mrs M. Mutton
Councillor Clifford	Councillor O'Boyle
Councillor Duggins	Councillor Ruane
Councillor Fletcher	Councillor Sandy
Councillor Foster	Councillor Sawdon
Councillor Galliers	Councillor Sehmi
Councillor Gannon	Councillor Singh
Councillor Gingell	Councillor Skipper
Councillor Hammon	Councillor Mrs Sweet
Councillor Harvard	Councillor Taylor
Councillor Hetheron	Councillor Thay
Councillor Howells	Councillor Thomas
Councillor Innes	Councillor Townshend
Councillor Kelly	Councillor Walsh
Councillor A. Khan	Councillor Welsh

Honorary Alderman

Present:

Mr J Gazey

Apologies: Councillor Kershaw

Councillor Mulhall

Councillor Skinner

Councillor Williams

Honorary Alderman Webb

### **Public Business**

#### 109. **Minutes**

The minutes of Meeting held on 3<sup>rd</sup> December 2013 were signed as a true record.

#### 110. Exclusion of Press and Public

**RESOLVED** that under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the items of business indicated below on the grounds that they involve the likely disclosure of information defined in the specified Paragraph(s) of Schedule 12A of the Act as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and that in all of the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Minute No.	Subject	Relevant Paragraphs(s) of Part 1 of Schedule 12A
132	Commercial Property Ground Lease Proposals	3

#### 111. Coventry Good Citizen Award – Mrs Gladys Wheldon

On behalf of the Council, the Lord Mayor and Judge Griffith-Jones presented Mrs Gladys Wheldon with the Coventry Good Citizen Award. Her citation read:

*“Gladys Wheldon has lived in Stoke Aldermoor for 46 years. She is well-known, well liked and an approachable member of this community with an easy going and warm personality. Her commitment to voluntary work has been truly tireless and outstanding in numerous ways, not least in the variety of projects she has been involved in, the number of people she has helped and amount of time – more than forty years - over which she has demonstrated this tireless commitment.*

*Gladys initially began improving things for the local community with sessions she ran at the Community Centre for elderly local residents. It ensured they engaged with their peers, the local community and helped counter any sense of loneliness or isolation. She has also helped to raise money for day trips for less fortunate families to ensure people had something to look forward to.*

*Her annual Christmas parties are legendary with over 50 children enjoying food, entertainment and meeting Father Christmas as a result of her year-long fundraising efforts. Testament to her ability to include all ensures that older brothers and sisters receive gifts and that parents are catered for.*

*Gladys embraces all sections of the community which is evident through the work she does at the Community and Life Centre where she engages with the local Youth Leader, organises the over 60’s club and supports other cultures by teaching local Somalian ladies to knit and sew. She not only gave these ladies a useful skill, but integrated them into the local community and increased their confidence.*

*Gladys is no fair weather volunteer she will be out in all weathers at any time of year at a car boot sale to raise much needed funds. Gladys deserves*

*this award for embodying the definition of public spirit and community service, and to ensure she has a token of the love and gratitude many have for her for all she has done for her city.*

*Gladys will always help anyone in need, the list of her achievements is endless and she is truly deserving of this Good Citizen Award.”*

## 112. **Honours List**

The Lord Mayor congratulated the following Coventry citizens who had been included in the recent New Year's Honours List.

- **MBE** to Penelope Collard, Chairman of Penderels Trust, for her services to people with disabilities.
- **MBE** to Joe Elliott, Chairman of the Trustees of Coventry Transport Museum for his services to museums.
- **OBE** to Sofina Aktar Motin Islam, Headteacher at Stanton Bridge Primary School for her services to education.
- **OBE** to Councillor Mrs Ann Lucas, the Leader of the Council, for her services to local government.

In addition, the Lord Mayor congratulated Angela Whelan who had received an **OBE** in the Birthday Honours List last June for services to Education.

The Lord Mayor had written on behalf of the City Council to all the recipients sending congratulations

## 113. **Bomb Attacks in Volgograd**

The Lord Mayor referred to the recent suicide bombings in Coventry's twin city of Volgograd over the festive period. 2014 is an important year in this relationship as Coventry and Volgograd celebrate the 70<sup>th</sup> anniversary of the twinning link with many events planned throughout the year to mark the occasion.

Both the Lord Mayor and the Leader of the Council had written letters of condolence to the Mayor of Volgograd.

## 114. **Death of Dr Madeleine Sharpe MBE JP**

The Lord Mayor referred to the recent death of Madeleine Sharpe, former Chair of the Lord Mayor's Peace Committee for 25 years until her retirement in 2012.

Madeleine was also a GP in the Cheylesmore area for over 30 years, as well as the recipient of the Coventry Prize for Peace and Reconciliation in 2004 and a great supporter of medical and scientific aid for citizens of Vietnam and Cambodia.

Members of the City Council paid tribute to the work carried out by Madeleine over many years and expressed their condolences to her family and friends.

**115. Councillor David Kershaw**

The Lord Mayor gave an update on Councillor David Kershaw's progress following his recent illness.

Members conveyed their continuing best wishes to David and his family.

**116. Petitions**

**RESOLVED:-**

**(1) That the following petition be referred to HSBC Bank plc with the City Council's support:**

**"To urge HSBC to reconsider its decision to close the Earlsdon Street branch" - 656 signatures – presented by Councillor Hammon.**

**(2) That the following petition be referred to the appropriate City Council body:**

**"Requesting action in respect of dog fouling and general littering in Westwood Ward" – 32 signatures – submitted by Councillor Skinner and presented by Councillor Hammon in his absence.**

**117. Declarations of Interest**

The following Members declared Disclosable Pecuniary Interests in the matter referred to in Minute 125 below (International Transport Museum)

Councillor Gannon  
Councillor Hetheron  
Councillor McNicholas  
Councillor Sawdon  
Councillor Skipper

**NOTE:** The Members indicated above left the Council Chamber during the discussion and voting on this item.

**118. Commercial Property – Ground Lease Disposals**

Further to Minute 99/13 of the Cabinet, the City Council considered a report of the Executive Director, Place, which detailed the work of the Strategic Property Review Team in identifying a list of income producing ground lease properties from within the commercial portfolio where there was an opportunity to either restructure leases to grow rental income, or dispose of the asset and use the capital receipt to pay off debt.

A corresponding private report detailing confidential financial matters was also submitted for consideration.



The Fundamental Service Review “Strategic Review of Property” A60 required the Council to save £3m per annum from its property portfolio by 2016/17. The targets could only be achieved by a combination of property solutions including rationalisation of operational property, optimisation of the commercial property portfolio and the disposal of some property assets.

**RESOLVED that the City Council:**

- (1) Approves the list of properties set out in Appendix 1 of this report for lease restructure or freehold disposal, subject to detailed terms being approved in accordance with the Council’s constitution and in compliance with Section 123 of the Local Government Act 1972.**
- (2) Approves that the proceeds of any disposal be allocated to reduce debt servicing costs in accordance with the Council’s Medium Term Financial Strategy, which provides that prudential borrowing should be repaid from capital receipts as they are generated.**
- (3) Approves that the savings realised through debt reduction are allocated against the savings targets for the Strategic Review of Property - Fundamental Service Review.**
- (4) Delegates authority to the Assistant Director - Property Asset Management, to approve the terms of the individual lease restructures and freehold disposals.**

**119. Council Plan 2013**

Further to Minute 95/13 of the Cabinet, the City Council considered a report of the Chief Executive that sought approval of the new Coventry Council Plan.

The previous Council Plan was adopted in 2011 with progress monitored through half yearly performance reports. At the meeting of the Cabinet on 9 July 2013 (minute 29/13 referred) the Cabinet noted that whilst good progress had been made over the last two years, there were significant challenges facing the City that should be reflected in a revised plan for 2013/14 onwards. The new Plan provided the strategic direction and priorities for the Council for the next 10 years and reflected the Council’s aspirations for Coventry.

**RESOLVED that the City Council approves the new Council Plan attached as Appendix 1 to the report.**

**120. University of Warwick and Westwood Business Park Congestion Relief Scheme**

Further to Minute 90 of the Cabinet, the City Council considered a report of the Executive Director, Place, that outlined proposals to deliver a scheme to reduce congestion, improve bus service reliability and provide improved facilities for pedestrians and cyclists around the University of Warwick, Westwood Business Park and the A45.

The total package would cost £5.222m and was all externally funded: £1.725m of government grant funding from the national 'Local Pinch Point Fund', subject to a successful outcome of the bidding process; and £3.497m from the University of Warwick through planning obligations. This was a partnership scheme between Coventry City Council, the University of Warwick and the Department for Transport. To satisfy the grant conditions, work would start in January 2014 to enable completion by the middle of 2015.

**RESOLVED that the City Council:**

- (1) Approves the delivery of the University of Warwick and Westwood Business Park Congestion Relief Scheme totalling £5.222m as detailed in Sections 1 and 2 of the report.**
- (2) Approves Coventry City Council capital expenditure of £1.725m funded by external grant from the Department for Transport.**
- (3) Delegates authority to sign legally binding funding agreements with the Department for Transport and the University of Warwick, including section 151 officer sign-off, by the Executive Director, Resources, in consultation with the Cabinet Member (Public Services), for the grant funding.**

**121. Amendments to Terms of Reference for West Midlands Joint Committee**

Further to Minute 97/13 of the Cabinet, the City Council considered a report of the Executive Director, Place, that recommended that Council approved changes to the terms of reference of the West Midlands Joint Committee (WMJC) which had been agreed by the Joint Committee, but which required approval by all constituent Districts. Consequently the same recommendation was being taken to all District's Cabinets and Councils.

Cabinet were also being asked to give authority for the Leader to support a proposal to the Secretary of States for Transport and Communities and Local Government for structural changes to the West Midlands Integrated Transport Authority (ITA) which the ITA intended to submit. The Department for Transport had asked that the ITA demonstrated support from all constituent Districts for the proposed structural changes, consequently the same recommendation was being taken to all District's Cabinets and Councils.

Both changes were related and would affect the governance covering transport delivery in all Wards of Coventry. The aim of the changes was to improve the efficiency and effectiveness of regional activity and to strengthen transport governance.

There were no direct financial implications arising from the recommendations in the report, as the proposals only related to governance arrangements at this stage. However, the WMJC and the ITA formed key elements of the governance arrangements through which Government devolved funding to the West Midlands and onto each local authority.

**RESOLVED that the City Council:**

- (1) Accepts the amended terms of reference of the West Midlands Joint Committee as set out in Appendix 2 of the report insofar as they relate to executive functions of the Council, and that the Council Solicitor and**

**Assistant Director Legal and Democratic Services be authorised to take any necessary and consequential actions to give effect to this decision.**

- (2) Authorises the Leader of the Council, in consultation with the Chief Executive, to send or sign a letter of support to the relevant Secretary of States in connection with the proposed structural changes to the Integrated Transport Authority.**

## 122. Changes to the Constitution

Further to Minute 65/13 of the Cabinet Member (Community Safety and Equalities) meeting, the City Council considered a report of the Executive Director, Resources which sought approval for significant revisions to the Constitution.

The present Constitution was still based on the Government's Model Constitution which was issued at the same time as the Local Government Act 2000 executive arrangements were introduced. Since then, the Constitution has been amended as and when necessary but it had not been comprehensively reviewed.

Given the extensive change agenda within both the Council and local government generally, it was considered the ideal time to carry out that comprehensive review with the following objectives:

- Updating the documents to reflect new practices and procedures including updating procurement/contractual requirements and financial thresholds.
- Removing references, wherever possible, to specific legislation to prevent the documents from going out of date as quickly.
- Rationalising and updating the Scheme of Delegation to Officers.
- Removing unnecessary documents from the Constitution.

The main changes to the Constitution were set out in Section 2 of the report and are summarised as follows:

- The organisation of sections was now clearer and more straightforward.
- Part 2 (Articles) had been deleted and any sections not already replicated elsewhere in the Constitution have been inserted into the relevant Part.
- New Part 2 (Terms of Reference for Cabinet and Committees and Delegations to Officers) with extensive revisions to officer delegations to remove long lists of statutes and give more generic delegations. The Scheme has been amended to reflect the recent changes to directorates and senior management.
- New Part 3 (Procedure Rules). These had been updated where needed and unnecessary rules removed. In particular, the Rules for Contract and Financial Procedure Rules had been extensively revised.
- New Part 4 (Codes and Protocols). Codes and Protocols which do not need to be in the Constitution had been removed.
- New Part 5 (Members Allowance Scheme), which is the latest approved scheme.
- New Part 6 (Management Structure) which had been revised to show the new Strategic Management Board.

- Part 8 (Procedural Matters) had been deleted and its provisions included elsewhere, where appropriate.

Following further consideration of this issue since the meeting of the Cabinet Member (Community Safety and Equalities) on 6<sup>th</sup> January, 2013, together with representations made by Councillors Blundell and Sawdon at the meeting, the Cabinet Member recommended that Council also approve the following:-

- The deletion of Recommendation (1) (c) from the meeting of the Cabinet Member (Community Safety and Equalities) held on 6<sup>th</sup> January, 2014 which proposed a reduction in the capital and revenue budget virements for decisions by Directors from £0.25m to £0.05m.
- The implementation date of the new Constitution being delegated to the Assistant Director, Legal & Democratic Services in consultation with the Cabinet Member (Community Safety and Equalities) and Shadow Cabinet Member.
- Where there is not enough time for consultation papers to be considered by Council or Cabinet, in addition to the Leader, appropriate Cabinet Member and appropriate Director, that the appropriate Shadow Cabinet Member be also consulted in relation to a response.
- The deletion of the proposal in paragraph 2.3.5 of the report to remove the requirement in paragraph 3.2.11 of the Constitution that all private reports must be accompanied by a corresponding public report.

**RESOLVED that the City Council:**

- (1) Approves the changes set out in Section 2.2 of the report, including the additional changes recommended by the Constitutional Advisory Panel and by Scrutiny Co-ordination Committee subject to the following amendments:**
  - (a) In paragraph 2.2.7 (final bullet point), the power of the Leader to exercise executive decision-making powers in specified circumstances be in consultation with the Deputy Leader and/or the Deputy Cabinet Member where appropriate.**
  - (b) In paragraph 2.3.2, the Policy Framework consists of the plans policies and strategies that are required by law together with:**
    - the Housing and Homeless Strategy
    - the Council Plan
    - the Emergency Plan
  - (c) In paragraph 3.6.2 (financial thresholds), for grant income above £0.5m up to £2.5m, where time does not permit a formal report to Cabinet or to the Cabinet Member, delegated power be given to the appropriate director in consultation with the appropriate Cabinet Member and relevant Scrutiny Chair.**

- (d) In paragraph 2.1.6, where there is not enough time for Government Consultation papers to be considered by Council or Cabinet, in addition to the Leader, appropriate Cabinet Member and appropriate Director, the appropriate Shadow Cabinet Member be also consulted in relation to a response.
- (2) Approves the changes set out in Section 2.3 of the report subject to the following amendments:
- (a) The power to prosecute in connection with matters within the terms of reference of Licensing and Regulatory Committee should not be extended to allow officers to institute proceedings without the consent of the Committee, in line with current constitutional requirements.
  - (b) The terms of reference of the Planning Committee and Scheme of Delegation of Officers should be amended to require all proposed prosecutions for matters within the terms of reference of the Committee to be first approved by the Committee.
  - (c) The deletion of the proposal in paragraph 2.3.5 of the report to remove the requirement in paragraph 3.2.11 of the Constitution that all private reports must be accompanied by a corresponding public report.
- (3) The Table of Financial Thresholds set out in Appendix 3 to the report be amended in accordance with the recommendations of the Cabinet Member.
- (4) The Procurement Governance Flowchart attached as Appendix 4 to the report be amended to show contracts with an annual value of over £1m being referred to "Cabinet" only, rather than to "Cabinet/Cabinet Member (dependent on financial thresholds)".
- (5) A report on the operation of the revised Constitution be submitted to the Constitutional Advisory Panel, Scrutiny Co-ordination Committee and Cabinet Member (Community Safety and Equalities), (in that order to allow any recommendations to be forwarded to Cabinet Member) six months following implementation.
- (6) Approves that authority be delegated to the Assistant Director, Legal and Democratic Services to make minor amendments to the Constitution in consultation with the Cabinet Member (Community Safety and Equalities) and the Chair of Scrutiny Co-ordination Committee subject to a report on any such changes being submitted to the next available meeting of full Council.
- (7) Approves that authority to determine the implementation date of the new Constitution be delegated to the Assistant Director, Legal and Democratic Services, in consultation with the Cabinet Member (Community Safety and Equalities) and the Shadow Cabinet Member (Communities Safety and

**Equalities) in order to ensure that all the preparatory requirements are completed.**

**123. Increasing Pupil Places Programme 2014 Phase 2: Corpus Christi, Hollyfast, Little Heath, Park Hill and Whitley Abbey**

Further to Minute 112/13 of the Cabinet, the City Council considered a report of the Director of Education and Inclusion which set out proposals for Phase 2 of the Increasing Pupil Places Programme 2014.

The Increasing Pupil Places Programme 2014 involved ten schools. The first five schools were approved by the Cabinet as Phase 1 in June 2013. These schools were Aldermoor Farm Primary School, Broad Heath Primary School, Clifford Bridge Primary School, Coundon Primary School and Frederick Bird Primary School. Approval was now sought for the proposals and capital funding of a further five schools under phase 2 of the programme, these being Corpus Christi, Hollyfast, Little Heath, Park Hill and Whitley Abbey Primary Schools.

An Official Journal of the European Community (OJEU) tender process was carried out between February and May 2013 to select a consultant design team and partnering contractor. Associated Architects (lead consultants) and Wates Construction (partnering contractor) had developed the extension proposals in collaboration with key stakeholders. Planning applications had been submitted in October 2013 for all five schools. Enabling works would be completed in time for the schools to increase their intake capacity from September 2014 and the main construction works completed for January 2015. The report submitted detailed the specific proposals for each of the five schools and, appended to the report, were illustrations of the designs for each of the schools.

It was estimated that the total costs, based on the scheme design proposals, would £12,326,157. This was to be funded by a mixture of existing and future Central Government allocations and other grants.

**RESOLVED that the City Council:**

- (1) Approves plans for the extensions and modifications to Corpus Christi, Hollyfast, Little Heath, Park Hill and Whitley Abbey Primary Schools in line with the proposals included in the report.**
- (2) Approves the programme of £12,326,157 by the City Council to include expenditure for the extensions and modifications to Corpus Christi, Hollyfast, Little Heath, Park Hill and Whitley Abbey Primary Schools and Park Hill Play Group as set out in Table 5.1.2. of the report.**

**124. Polling District and Polling Place Review – Update**

Further to Minute 113/13 of the Cabinet, the City Council considered a report of the Executive Director, Resources, which set out the outcome of a review of parliamentary polling places and proposed a revised polling district and polling place scheme for Coventry.

The report indicated that Section 18C(1) of the Representation of the People Act 1983 (RPA 1983) placed a duty on all UK local authorities to review their parliamentary polling places within 18 months of a Parliamentary Election. The Electoral Commission had advised that the formal review process must take place between 1<sup>st</sup> October 2013 and 1<sup>st</sup> February 2015, and no part of the formal review could be carried out before 1<sup>st</sup> October 2013. In view of this advice, the Cabinet Member (Community Safety and Equalities) Electoral Arrangements Advisory Panel agreed a timetable for the review. The notice of the review was published on 7<sup>th</sup> October 2013.

The annual audit of electors was currently being conducted, with the revised register being published on 17<sup>th</sup> February 2014. The review needed to be completed in sufficient time to allow the revised register to be published using the revised polling districts, and allowing adequate time to book polling stations for the local and European parliamentary elections in 2014.

The Appendices to the report set out the Draft Revised Polling District and Polling Place Scheme; suggested roads/properties to be moved from one polling district to another; provided maps detailing the suggested polling district boundaries with the future proposed polling district names for the 18 wards; responses to the consultation; and the Acting Returning Officer's recommendations regarding polling stations together with any comments received from the Ward Councillors

Since publication of the report, one of the proposed polling places within Bablake Ward had become unavailable (districts Aa and Ac). The Cabinet Member therefore recommended that approval of the polling place for polling districts Aa and Ac, together with any further temporary amendments to the scheme, be delegated to the Chief Executive in consultation with the Leader, Deputy Leader, Opposition Leader and appropriate Ward Members.

**RESOLVED that the City Council approve the following recommendations:**

- (1) That the Council approve the revised polling district and polling place scheme with the exception of the polling place for polling districts Aa and Ac.**
- (2) That the approval of the polling place for polling districts Aa and Ac, together with the approval of any temporary amendments to the scheme for the 2014 elections for any further polling places that may become unavailable prior to the election, be delegated to the Chief Executive, in consultation with the Leader, Deputy Leader, Leader of the Opposition and the appropriate Ward Members.**

#### **125. International Transport Museum**

Further to Minute 114/13 of the Cabinet, the City Council considered a report of the Executive Director, Place, which sought approval for the provision of unsecured cash-flow support of up to £2m to Culture Coventry for the duration of works, in advance of receipt of grants, for the International Transport Museum scheme.

The International Transport Museum scheme comprised a significant development of

one of Coventry's key cultural assets, the Coventry Transport Museum. The scheme would include bringing back into economic use the Old Grammar School, one of Coventry's most important historic buildings, which was currently unused and on the English Heritage 'At Risk' Register.

It was expected that the project would re-fresh and further energise the cultural offer and visitor experience at Coventry Transport Museum, enabling the museum to reflect the depth of Coventry's role in pushing the frontiers of transportation manufacturing, whilst at the same time stimulating interest in emerging new technologies. The development would deliver a much-enhanced, ground breaking museum which would build on Coventry's role as a centre of innovation in world transportation, to attract new visitors to the City.

Subject to award, on 16<sup>th</sup> April 2013 Cabinet gave approval for the Council to act as guarantor for the European Regional Development Fund (ERDF) grant contribution for the scheme. ERDF funding of £3.1m and Heritage Lottery Fund grant of £4.63m had been secured for the scheme, but the grant could only be claimed retrospectively in phases, on evidence of expenditure. Further to analysis of the grant funding profile and its wider business plan, Culture Coventry had therefore requested that the Council provide cash-flow support for the scheme to enable its successful delivery.

Within the current profile for the scheme, Council cash-flow support to Culture Coventry would be required from April 2014 at an initial level of £0.25m, rising to a peak of £2m in January 2015. Full reimbursement of the cash-flow support provided would be anticipated by June 2015 by the retention of grant payments by the Council to repay the cash flow support.

**RESOLVED that the City Council:**

- (1) Approves the provision of unsecured cash-flow support of up to £2m to Culture Coventry for the duration of the works, in advance of receipt of grants for the International Transport Museum scheme.**
- (2) Delegates authority to the Executive Director, Place and Executive Director, Resources in consultation with the Cabinet Member (Housing and Heritage) to approve the profile and timing of cash-flow support to Culture Coventry to successfully deliver the development scheme.**

**126. Coventry and Warwickshire Sub-Regional Joint Committee**

Further to Minute 115/13 of the Cabinet, the City Council considered a report of the Chief Executive, which sought approval for the establishment of a Sub-Regional Joint Committee for Coventry and Warwickshire.

Coventry City Council worked closely with a number of other local authorities and other organisations to promote the economic growth and prosperity of Coventry. Local economic geography along with Government policy on economic growth, including the establishment of the Coventry and Warwickshire Local Enterprise Partnership (LEP), had led to increased partnership working between the seven local authorities in Coventry and Warwickshire along with Hinckley and Bosworth Borough Council.



The delivery of a Coventry and Warwickshire City Deal and the future allocation of Government local growth funding both require the establishment of formal local government arrangements at a sub-regional level. After consideration of the governance options that were available to the sub-region, it was proposed that a sub-regional Joint Committee be set up to address economic development, regeneration and strategic planning at a sub-regional level, with the view towards moving to a sub-regional Economic Prosperity Board when this is possible.

Appendix 1 of the report set out the recommended draft terms of reference for the Coventry and Warwickshire Joint Committee and it was proposed that authority be delegated to the Leader of the Council to agree any final outstanding details with the other members of the Joint Committee.

It was expected that Local Authorities be represented on the Joint Committee by the Leader of the Council. The draft terms of reference required each council to appoint a named substitute elected member. It was recommended that Coventry should nominate the Cabinet Member (Business, Enterprise and Employment) to be the Council's named substitute.

**RESOLVED that the City Council:**

- (1) Approves the establishment of Coventry and Warwickshire Joint Committee to address economic development, regeneration and strategic planning at a sub-regional level.**
- (2) Approves the draft terms of reference set out in appendix 1 in principle, and delegate authority to the Leader of the Council to agree final details with the other local authorities on the Joint Committee.**
- (3) Agrees that there is potential to widen the remit of the Joint Committee over time with the agreement of the constituent local authorities.**
- (4) Approves that the Leader should represent Coventry City Council on the Coventry and Warwickshire Joint Committee with the Cabinet Member (Business, Enterprise and Employment) as named substitute member.**
- (5) Endorses the approach of moving towards a sub-regional Economic Prosperity Board when this is possible.**

**127. Coventry and Warwickshire City Deal**

The Cabinet considered a report of the Chief Executive which sought endorsement of the Coventry and Warwickshire City Deal and approval of the cost sharing proposals for local authority partners.

Coventry and Warwickshire was one of 20 areas that were invited to take part in the second wave of City Deals. The purpose of City Deals was to drive local economic growth and jobs with each one a "bespoke" agreement between a local area and central Government that reflected the different needs of the local area's functional economic geography.

The Coventry and Warwickshire City Deal (the City Deal) focused on the advanced manufacturing and engineering sector and aimed to promote sustained economic growth and create jobs in the sub region. The City Deal would establish a Coventry and Warwickshire Business Support Clearing House that would deliver a range of bespoke business support services to support local businesses to grow and create local jobs by assisting them to invest in skills; supporting innovation through better access to research and development; and by supporting them to access both finance and development opportunities.

The Clearing House would be a subsidiary company limited by guarantee of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP). The Clearing House Managing Director would report directly to the CWLEP, who would manage the day to day operations. Councils through the Joint Committee would be able to hold the CWLEP to account on the outcomes of the Clearing House. The accountable body would be a Local Authority given responsibility for the funding used to support the City Deal.

The expected outcomes of the City Deal included over 15,000 new jobs by 2025 (including 8,800 in the advanced manufacturing and engineering sector); support for growth in 450 companies; and a new motor test track for the automotive sector at Fen End in Warwickshire. The City Deal included £25m of public sector investment and over £67m of private sector investment.

After extensive negotiations the Coventry and Warwickshire City Deal has been agreed between central Government and CWLEP; the seven local authorities in Coventry and Warwickshire and Hinckley and Bosworth Borough Council. As part of the City Deal the eight local authorities will set up a Joint Committee to provide robust governance arrangements for the City Deal.

The proposed local authority financial contribution to the City Deal was a total of £1,123,202 made up from contributions from all eight local authorities. Coventry City Council's contribution of £0.48m and Warwickshire County Council's contribution of £0.53m make up the most of the funding, with each of the District Councils contributing to the rest. The funding allocation was set out in more detail in appendix 2 to the report.

**RESOLVED that the Council:**

- (1) Agrees that Coventry City Council should formally endorse the Coventry and Warwickshire City Deal set out in Appendix 1.**
- (2) Approves the cost sharing proposal as recommended by the Chief Financial (section 151) Officers of the City Deal local authority partners as detailed in the main body of the report and in Appendix 2. Costs range from £1.1m to be met from local authority partners in year 1 with on-going costs rising to £3.2m (year 5) which will be met by the CWLEP partners on the basis that contributions from private sector partners and grant funding being pursued are forthcoming.**
- (3) Agrees to fund the Council's share of the estimated costs of City Deal of £0.48m to support the year 1 operating costs.**

**(4) Supports the approach of applying to European Union and Single Local Growth Fund sources of funding to support the on-going costs for City Deal taking into account any match funding requirements.**

**128. Appointments of the City Council: Annie Bettmann Foundation**

The City Council considered a report of the Executive Director, Resources which sought approval for the appointment of an additional trustee for the Annie Bettmann Foundation.

The Annie Bettmann Foundation was a charity providing financial help to people in the Coventry area who were either starting a business or completing their education with a view to starting a business.

The City Council has sole power to appoint trustees to the Foundation who need not be elected members. A minimum of 4 and maximum of 6 must be appointed. At its Annual Meeting on 16 May 2013, the Council appointed 5 trustees (including 3 elected members) with a term of office to expire in May 2017.

The Trustees have met and consider it would be helpful to have an additional trustee. His Honour Judge Donald Hamilton (now retired) was suggested by the Trustees as an additional trustee He has been approached informally and indicated that he is willing to serve.

**RESOLVED that the City Council appoints His Honour Donald Hamilton (retired) as an additional trustee of the Annie Bettmann Foundation (No. 1 and No. 2), with the term of office starting with immediate effect and ending at the same time as the other trustees in May 2017.**

**129. 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:

<b>No</b>	<b>Question Asked By</b>	<b>Question Put To</b>	<b>Subject Matter</b>
1	Councillor Andrews	Councillor A Khan	increase in the cost of Electricity bills during the last Labour Government
2	Councillor Blundell	Councillor A Khan	Whether or not fuel poverty had doubled under the last Labour Government
3	Councillor Noonan	Councillor A Khan	How many energy tariffs had existed under the last Labour Government
4	Councillor Sawdon	Councillor A Khan	Councillor Khan's position on the

			Labour Party proposals to change the way energy pricing works
5	Councillor Taylor	Councillor Kelly	Enquired as to when a report on HIMO's would be available
6	Councillor Taylor	Councillor A Khan	Labour's proposal to introduce another Quango in relation to energy costs
7	Councillor Lepoidevin	Councillor Chater	Grangehurst School / Governance
8	Councillor Lepoidevin	Councillor Duggins	Ofsted Inspection Childrens Services
9	Councillor Blundell	Councillor Chater	Safeguarding in Schools
10	Councillor Noonan	Councillor A Khan	Fracking
11	Councillor Hammon	Councillor Lancaster	Kenilworth Junction – traffic delays
12	Councillor Hammon	Councillor Lancaster	Tree, Greyfriars Green
13	Councillor Hammon	Councillor A Khan	Councillor Khan's position on an energy price freeze.
14	Councillor Blundell	Councillor Chater	Coventry's share of the Pupil Premium

### 130. **Statements by the Leader**

The Leader, Councillor Mrs Lucas, made a statement in respect of "The Ricoh Arena".

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

### 131. **Debate – Energy Market**

Councillor A Khan moved the following Motion which was seconded by Councillor Ruane:

"That this Council:

- (a) Believes Britain's energy market isn't working for ordinary families and businesses and the cost of electricity and gas is crippling their family finances;

- (b) regrets that energy bills have risen by almost £300 for families since 2010 and businesses say it's the second biggest cost they face and is concerned that when the price of energy increases energy companies pass this on, but when it drops consumers don't see their bills fall;
- (c) notes recent research by Which? estimating that flaws in the market have left consumers paying £3.9bn a year over the odds since 2010;
- (d) fully opposes the unfair price rises recently announced by the big energy companies including a 10.4% increase in Npower's dual-fuel bills from December, SSE increasing prices by 8.2% from 15th November, British Gas increasing their prices by 9.2% on 23rd November and Scottish Power raising prices by 8.6% from 6th December;
- (e) notes comments from the Chief Executive of Citizens Advice speaking about the SSE increase "The price rise will be a blow for stretched budgets ... Many households are facing a daily battle to try to make their frozen incomes cover mounting energy, food and travel costs. Further increases will push people into poverty;
- (f) believes that the increases represent a rip-off and believes that the present Government have chosen to defend the big energy companies and have failed to stand up for the consumer;
- (g) further welcomes the commitment that the next Labour Government will reset our energy market so it works for Britain's families and businesses, with a new tough regulator to stop overcharging."

An amendment, a copy of which is appended to these minutes, was moved by Councillor Hammon, seconded by Councillor Lepoidevin and lost.

**RESOLVED that the Motion, detailed above, as proposed by Councillor A Khan and seconded by Councillor Ruane, be adopted.**

Note: In respect of the above, a recorded vote was required in accordance with paragraph 4.1.75 of the City Council's Constitution. The Councillors voting for and against the amendment were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Councillor Abbott	Councillor Blundell	
Councillor Ali	Councillor Foster	
Councillor Akhtar	Councillor Hammon	
Councillor Auluck	Councillor Noonan	
Councillor Bains	Councillor Sawdon	
Councillor Mrs Bigham	Councillor Taylor	
Councillor Caan	Lord Mayor	
Councillor Chater		
Councillor Clifford		
Councillor Duggins		

Councillor Mrs Fletcher  
Councillor Galliers  
Councillor Gannon  
Councillor Gingell  
Councillor Harvard  
Councillor Mrs Hetherton  
Councillor Howells  
Councillor Innes  
Councillor A Khan  
Councillor T Khan  
Councillor Lakha  
Councillor Mrs Lucas  
Councillor Maton  
Councillor Miks  
Councillor J Mutton  
Councillor Mrs M Mutton  
Councillor O'Boyle  
Councillor Ruane  
Councillor Sandy  
Councillor Singh Sehmi  
Councillor Skipper  
Councillor Sweet  
Councillor Thay  
Councillor Thomas  
Councillor Townshend  
Councillor Walsh  
Councillor Welsh

Result: 37 for  
7 against  
0 abstentions

### **Private Business**

#### **132. Commercial Property Ground Lease Disposals**

Further to Minute 118/13 above, the City Council considered a report of the Executive Director, Place, which detailed confidential financial matters in relation to the list of income producing ground lease properties from within the commercial portfolio where there was an opportunity to either restructure leases to grow rental income, or dispose of the asset and use the capital receipt to pay off debt.

**RESOLVED that the City Council:**

- (1) Approves the list of properties set out in Appendix 1 of the report for lease restructure or freehold disposal, subject to detailed terms being approved in accordance with the Council's constitution and in compliance with Section 123 of the Local Government Act 1972.**

- (2) Approves that the proceeds of any disposal be allocated to reduce debt servicing costs in accordance with the Council's Medium Term Financial Strategy, which provides that prudential borrowing should be repaid from capital receipts as they are generated.**
- (3) Approves that the savings realised through debt reduction are allocated against the savings targets for the Strategic Review of Property – Fundamental Service Review.**
- (4) Delegates authority to the Assistant Director Property Asset Management to approve the terms of the individual lease restructures and freehold disposals.**

(Meeting closed at 6.10 pm)

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**Cabinet  
Council**

**25<sup>th</sup> February 2014**  
**25<sup>th</sup> February 2014**

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) - Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

City wide

**Title:**

2014/15 Council Tax Setting Report

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**Is this a key decision?**

Yes - Council are being recommended to approve the Council Tax levels for 2014/15

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**Executive Summary:**

This report calculates the Council Tax level for 2014/15 and makes appropriate recommendations to the Council, consistent with the Budget Setting 2014/15 Report on the same agenda. The report recommends a 1.94% increase in the City's Council Tax. Some figures and information are necessarily provisional at this stage due to the Police and Fire precepts not having been confirmed. These are shaded in grey.

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

The report includes a calculation of the Band D Council Tax that will be needed to generate this Council Tax requirement, based on the City's approved Council Tax base. The 2014/15 Band D Council Tax that is calculated through this process has increased by £25.68 from the 2013/14 level.

The Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of just below 2%. The Government have legislated that the rise must be below 2% to avoid triggering a referendum and, on this basis, the budget is being proposed on the basis of increasing Council Tax by 1.94%.

At the time of writing this report, the precepts from both the West Midlands Police and Crime Commissioner and the West Midlands Fire and Rescue Authority have not been confirmed. The provisional figures provided in this report are based on indicative figures. A report, with confirmed final figures, will be presented at the Council meeting on the 25<sup>th</sup> February 2014.

Members should note that the recommendations follow the structure of resolutions drawn up by the Chartered Institute of Public Finance and Accountancy, to ensure that legal requirements are fully adhered to in setting the tax. As a consequence, the wording of the proposed resolutions is necessarily complex.

**Recommendations:**

That Cabinet recommend to Council the approval of recommendations (1) to (5).

Council are recommended:

(1) To note the following Council Tax base amounts for the year 2014/15, as approved by Cabinet on 7<sup>th</sup> January 2014, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended) ("the Act"):

(a) 73,201.0 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

- (b) Allesley 298.3
- Keresley 208.9

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

(2) That the following amounts be now calculated by the Council for the year 2014/15 in accordance with Sections 31A, 31B and 34 to 36 of the Act :

(a) £714,815,082 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils (*Gross Expenditure and reserves required to be raised for estimated future expenditure*);

(b) £616,026,999 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act. (*Gross Income including reserves to be used to meet the Gross Expenditure but excluding Council Tax income*);

(c) £98,788,083 being the amount by which the aggregate at (2) (a) above exceeds the aggregate at (2)(b) above, calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year;

(d) £1,349.55 
$$\frac{(2) (c)}{(1) (a)} = \frac{£98,788,083}{73,201.0}$$

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

(e) £4,798.00 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts*);

(f) £1,349.48 
$$=(2) (d) - \frac{(2) (e)}{(1) (a)} = £1,349.55 - \frac{£4,798.00}{73,201.0}$$

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

(g)

Coventry Unparished Area	£1,349.48
Allesley	£1,359.79
Keresley	£1,357.73

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

(h)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Keresley
	£	£	£
A	899.65	906.52	905.15
B	1049.60	1057.62	1056.02
C	1199.54	1208.70	1206.87
<b>D</b>	<b>1349.48</b>	<b>1359.79</b>	<b>1357.73</b>
E	1649.36	1661.96	1659.44
F	1949.25	1964.14	1961.17
G	2249.13	2266.31	2262.88
H	2698.96	2719.58	2715.46

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

(3) To note that for the year 2014/15 the West Midlands Police and Crime Commissioner and the West Midlands Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwelling shown below:

Valuation Band	West Midlands Police and Crime Commissioner £	West Midlands Fire and Rescue Authority £
A	69.65	35.91
B	81.25	41.90
C	92.86	47.88
<b>D</b>	<b>104.47</b>	<b>53.87</b>
E	127.69	65.84
F	150.90	77.81
G	174.12	89.78
H	208.94	107.73

(4) That having calculated the aggregate in each case of the amounts at (2) (h) and (3) above, the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2014/15 for each part of its area and for each of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates £	Parish of Allesley £	Parish of Keresley £
A	1005.21	1012.08	1010.71
B	1172.75	1180.77	1179.17
C	1340.28	1349.44	1347.61
<b>D</b>	<b>1507.82</b>	<b>1518.13</b>	<b>1516.07</b>
E	1842.89	1855.49	1852.97
F	2177.96	2192.85	2189.88
G	2513.03	2530.21	2526.78
H	3015.63	3036.25	3032.13

(5) That the Council determines that its relevant basic amount of Council Tax for 2014/15 is not excessive in accordance with the principles approved under Sections 52ZC and 52ZD of the Act.

**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 – 25<sup>th</sup> February 2014

**Report title:  
2014/15 Council Tax Setting Report**

**1. Context (or background)**

- 1.1 The purpose of this report is to seek approval for the City's 2014/15 Council Tax. The total planned spending (Gross Expenditure) in 2014/15 will be met in part by grant income (including Revenue Support Grant), and fees and charges. Any spending that is in excess of these income streams must be met from Council Tax and is referred to as the 'Council Tax Requirement'.
- 1.2 The details of the planned spending for 2014/15 are proposed in the 'Budget Report 2014/15' that is being considered by the Council in conjunction with this Council Tax Setting Report.
- 1.3 At the time of writing this report, the precepts from both the West Midlands Police and Crime Commissioner and the West Midlands Fire and Rescue Authority have not been confirmed. A report, with confirmed final figures, will be presented at the Council meeting on the 25<sup>th</sup> February 2014.
- 1.4 The Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of just below 2%. The Government have legislated that the rise must be below 2% to avoid triggering a referendum and, on this basis, the budget is being proposed on the basis of increasing Council Tax by 1.94%.

**2. Options considered and recommended proposal**

- 2.1 The total Band D Council Tax in 2013/14 was £1,479.05. The figures calculated in this report represent a 1.94% increase from the 2013/14 figures for the City's Council Tax, and a 1.95% increase in total.

Total Council Tax, excluding any element for Parish Precepts, can be broken down as:

	Band D £	Increase from 2013/14 %	Proportion of total bill %
Coventry City Council	1349.48	1.94	89.50
Police and Crime Commissioner for the West Midlands	104.47	1.99	6.93
West Midlands Fire Authority	53.87	1.99	3.57
<b>Total Coventry Council Tax</b>	<b>1507.82</b>	<b>1.95</b>	<b>100.00</b>

- 2.2 The Band D Council Tax is used by Government as the national comparator. However, for Coventry, this does not reflect the demographics of the area and the make-up of the property mix; Coventry's property base is weighted towards Bands A to C. The average Council Tax bill in Coventry is £843.16, after allowing for all discounts and exemptions.

- 2.3 The total or "headline" Council Tax calculated for each band, for households of 2 or more adults with no reductions, and for households of 1 adult (who receive a 25% discount), is summarised below:

Valuation Band	Value of Property As at April 1991	Proportion of Band D	Chargeable Dwellings		Council Tax	
			No.	%	2 + Adults <sup>1</sup> £	1 Adult <sup>1</sup> £
Band A dwellings entitled to Disabled Persons Relief		5/9	125	0.1	837.68	628.26
A	Up to £40,000	6/9	53451	40.8	1005.21	753.91
B	£40,001 to £52,000	7/9	39219	30.0	1172.75	879.56
C	£52,001 to £68,000	8/9	21625	16.5	1340.28	1005.20
D	£68,001 to £88,000	9/9	8569	6.5	1507.82	1130.86
E	£88,001 to £120,000	11/9	4303	3.3	1842.89	1382.17
F	£120,001 to £160,000	13/9	2194	1.7	2177.96	1633.47
G	£160,001 to £320,000	15/9	1328	1.0	2513.03	1884.77
H	Over £320,000	18/9	96	0.1	3015.63	2261.72
			130,910	100.0		

<sup>1</sup> These amounts may be subject to penny rounding when the actual bill is produced

### 3. Results of consultation undertaken

The proposals in the Pre-Budget Report have been subject to eight week public consultation ending on the 5th February 2014. The details arising out of this consultation period have been reported in Appendix 1 of the budget report.

### 4. Timetable for implementing this decision

The proposals in this report take effect for the financial year starting 1<sup>st</sup> April 2014.

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

#### 5.1 Financial implications

A £1m increase or decrease in either the City Council's 2014/15 Council Tax requirement or Government grant, would lead to a £13.66 increase or decrease in Band D Council Tax (£7.64 in the average Council Tax per chargeable dwelling). Every £1 added to or removed from the Council Tax level will raise or reduce Council Tax income by £73,201.

#### 5.2 Legal implications

A statutory duty is placed on the Council, as billing authority, to set for each financial year an amount of Council Tax for different categories of dwellings according to the band in which the dwelling falls. The requirements to calculate and set a Council Tax are set out in the Local Government Finance Act 1992 and are detailed in the report. The Localism Act 2011 made significant changes to this Act, requiring authorities to calculate a Council Tax requirement for the year, not a budget requirement as was previously required. The Local

Government Finance Act 2012 made minor changes to the 1992 Act, clarifying the effect of the changes made to the way non-domestic rates income is distributed.

## **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 budget report on today's agenda outlines the very tight resource constraints facing the Council and the planned approach to identify savings options that are intended to minimise any adverse impact on the quality and level of services provided and the achievement of key objectives.

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

A non-collection rate is built into estimates of Council Tax income. Collection performance is monitored on a regular basis.

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

See Budget Setting 2014/15 Report, Council 25<sup>th</sup> February 2014.

### **6.4 Equalities / EIA**

No further implications.

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

No further implications.

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

No further implications.

**Report author(s): Phil Baggott**

**Name and job title:  
Lead Accountant**

**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>				
Paul Jennings	Finance Manager (Corporate Finance)	Resources	07/02/14	14/02/14
<b>Names of approvers: (officers and members)</b>				
Lara Knight	Governance Services Officer	Resources	07/02/14	14/02/14
Finance: Barry Hastie	Assistant Director Financial Management	Resources	07/02/14	14/02/14
Legal: Carol Bradford	Legal Officer	Resources	07/02/14	10/02/14
Director: Chris West	Executive Director, Resources	Resources	07/02/14	14/02/14
Members: Cllr Damian Gannon	Cabinet Member (Strategic Finance and Resources)		07/02/14	14/02/14

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## 9 Public report Cabinet Report

Cabinet  
Council

25<sup>th</sup> February 2014  
25<sup>th</sup> February 2014

### **Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

### **Director Approving Submission of the report:**

Strategic Management Board

### **Ward(s) affected: All**

### **Title:**

Budget Report 2014/15

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### **Is this a key decision?**

Yes

Cabinet and Council are being recommended to approve the Council's **Revenue Budget** for 2014/15 incorporating revenue spending and savings decisions for 2014/15 and future financial years and the **Capital Programme** for 2014/15 to 2018/19.

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### **Executive Summary:**

This report follows on from the Pre-Budget Report approved by Cabinet on 10<sup>th</sup> December 2013. This has since been subject to a period of public consultation. It is intended that these proposals will now form the basis of the Council's final revenue budget for 2014/15. In the separate Council Tax Setting report on today's agenda it is recommended that City Council Tax levels are increased by 1.9% in line with the Budget recommended in this report.

2014/15 is the final year of four covered by the 2010 Spending Review which set out the Government's spending plans and incorporated significant reductions in the real level of resources available to local government. Over the course of the last year this has been updated by the Chancellor's Spending Round announcement of 26<sup>th</sup> June 2013, the Autumn Statement released on 5<sup>th</sup> December 2013 and the Local Government Finance Settlement for 2014/15 announced on 5<sup>th</sup> February 2014. The net effect of these announcements has been to make some further reductions to the Government grant resources available to the City Council for 2014/15 but to signal very large further cuts to 2015/16 and beyond.

The net impact of this period of austerity can be best demonstrated at a local level. In overall terms, the cuts in Government funding have led to a reduction of £324 for every Coventry household between 2010/11 and 2014/15, in the amount that the Council has available to spend.

In line with its Medium Term Financial Strategy, the Council has continued to meet the challenge of significantly reduced resources through its abc programme of transformation projects. This Budget Report confirms the fundamental importance of the Council achieving the existing three year abc savings programme within the Budget presented for 2014/15. The report also recommends approval of a range of expenditure and savings proposals that together produce a balanced budget.

This package of changes allows the Council to continue to deliver its key policies, confirmed in the Council Plan approved by Council on 14<sup>th</sup> January. However, national spending plans mean that local government will not be able to sustain the current range and level of services in the future. As a result, the Council will need to revise its expectations and those of the citizens and taxpayers of Coventry as the period of austerity continues.

The report also includes a revised Discretionary Rate Relief (DRR) Policy following a period of consultation. The new policy seeks to provide support to those organisations that best meet the priorities that the Council wants to promote whilst also offering a fair and transparent system to local tax payers. However, this will mean that some organisations that previously received DRR may receive a lower amount of or nil discretionary relief in the future. The new policy will not come into force until April 2015.

The Council recognises that the years beyond 2014/15 will bring further major financial challenges that will require further cuts in expenditure and changes to the way that some services are delivered. It is intended that further engagement with local people will be undertaken over the coming year to see how best some of these changes can be implemented. In the meantime, the Council is committed to placing itself in the best possible position by taking a positive approach to the new environment that local government is working within. These new circumstances are characterised by a reducing reliance on government resources and greater incentivisation to grow local business rates and retain a share in that growth.

Therefore, the Council's approach includes, but is not restricted to, Kickstarting the Friargate business district, implementing the Coventry Investment Fund proposals, leading the drive for economic growth and regeneration and supporting the sub-regional City Deal Initiative. The majority of the financial foundations for taking forward these initiatives have already been approved as part of existing decisions and are therefore not subject to specific recommendations within this report.

This report proposes a budget consistent with a rise in Council Tax levels just below the limit set by Government, beyond which a referendum would be required. This referendum limit has been set at 2% and the Council Tax rise will therefore be 1.9%. This option makes a modest amount of resources available to the Council in the short-term and guarantees the long-term security of this level of funding to help protect services provided to the people of Coventry.

#### **Recommendations:**

That Cabinet recommend to Council the approval of recommendations (1) to (6).

Council are recommended to:

- (1) Approve the final spending and savings proposals in **Appendix 2**.
- (2) Approve the total 2014/15 revenue budget of **£258.5m** in **Table 1** and **Appendix 3**, established in line with a 1.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.
- (3) Note the Executive Director of Resources' comments confirming the robustness of the budget and adequacy of reserves in **Section 9**.

- (4) Approve the Capital Programme of £142m for 2014/15 and the future years' commitments arising from this programme of £212m in 2015/16 to 2018/19 detailed in **Section 6** and **Appendix 4**.
- (5) Approve the proposed Treasury Management Strategy for 2014/15 in **Section 7**, the revised Investment Strategy and Policy at **Appendix 5** for immediate implementation and the prudential indicators and limits described in **Section 7** and summarised in **Appendix 6**.
- (6) Approve the Non Domestic Rate Discretionary Relief Policy for Charitable and Non Profit Making Organisations attached as **Appendix 7**.

**List of Appendices included:**

Appendix Number	Title
1	Public Consultation Responses
2	Spending & Savings Proposals and Equality Issues
3	Summary Revenue Budget
4	Capital Programme 2014/15 to 2018/19
5	Investment Strategy and Policy
6	Prudential Indicators
7	Non Domestic Rate Discretionary Relief Policy for Charitable and Non Profit Making Organisations

**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 – Council 25<sup>th</sup> February 2014

## Report title: Budget Report 2014/15

### 1. Context (or Background)

- 1.1 The purpose of this report is to seek approval for the 2014/15 Revenue Budget and corresponding Council Tax rise, the Capital Programme, Treasury Management Strategy and Prudential Indicators. The report also informs members of the Government's grant allocation for 2014/15, the Council's expected baseline level of locally retained Business Rates and the implications for future years' financial plans of the information contained within the report.
- 1.2 On 10<sup>th</sup> December 2013, Cabinet received the Pre-Budget Report that formed the basis of the statutory budget consultation process. Council approved the Medium Term Financial Strategy (MTFS) on 3<sup>rd</sup> December 2013 which provides the basis of the Council's medium term revenue and capital financial position for the next three years.
- 1.3 The proposals outlined in this report have been arrived at within the context of the Council's commitment to delivering the Council Plan agreed by Council on 14th January. The plan presents the Council's vision for the next ten years, combining the twin aspirations for the city to be "Globally connected - promoting the growth of a sustainable Coventry economy, and locally committed - improving the quality of life for Coventry people". These aspirations are increasingly challenging at a time of lower funding levels and one of the key messages within this report and the Budget consultation leading up to it is that the Council and Coventry citizens will need to engage with each other to determine the range, levels and quality of Council services that should be provided over the medium term within the tight financial constraints that will apply. Although the Council remains committed to delivering the best services possible, it will need to focus increasingly on protecting the most vulnerable citizens in the city and enabling the best conditions for economic regeneration and investment in the city. Internally, the Council will continue to focus on the delivery of its abc Programme of transformation reviews, which anticipates savings approaching £70m over the medium term. This focus will also turn to the more recent Kickstart initiative to help the Council balance its budget. This budget does not include any new abc savings within the revenue spending and saving proposals within the report.
- 1.4 The Government's resource announcements are largely as expected for 2014/15 but represent a significant worsening of the position in 2015/16 compared to previous forecasts. In addition, senior members of the Government and local government commentators have predicted a continuing downward trend in Government grant allocations for the period from 2016/17 and beyond, a position that the Council is now building into its forecasts.
- 1.5 In overall terms, the **cut in Government Revenue Support Grant for 2014/15 is £19m** – a reduction of 11% on the 2013/14 grant level. To provide some wider context, compared to the Council's level of gross controllable revenue expenditure<sup>1</sup> this is a real-terms cut of 5%. Reductions in Government resources (the Settlement Funding Assessment) continue to represent the dominant factor in setting the Council's Budget and the need to identify very large on-going cost reductions.

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<sup>1</sup> Gross revenue expenditure funded by Government Grant, Council Tax income, local Business Rates and fees & charges.

- 1.6 The Council's 2013/14 Budget Setting included a three year abc Programme and 2014/15 will represent the second year of this programme which will require a step increase in abc savings amounting to £18m. These savings have already received full Council approval and are not subject to any further decision for 2014/15. Delivery of the abc Programme remains a Council key response to reductions in Government funding and it is essential that members and officers are focussed on the reviews in place. It is recognised that several of the reviews contain very challenging increases in their targets for 2014/15 but the Strategic Management Board remains committed to their achievement. The Children, Learning and Young People (Social Care and Early Intervention) Review is the one area where a significant revision to the Programme will be necessary as a result of non-achievement of savings and this is set out in the detailed financial proposals. From April 2014 the People Directorate will deliver a consolidated transformation programme across children's and adults which focus the activities to address the savings lines within the MTFs.
- 1.7 This report's recommendations assume the rejection of the Government's Council Tax Freeze Grant which offers a grant equivalent to a 1% rise in Council Tax. Instead the report recommends a Budget that is supported by the maximum rise permissible above which the Council would be required to hold a referendum for its approval. The referendum limit has been set at 2% by Government and therefore the rise recommended in the Council Tax report on today's agenda is 1.9%. The recommended option makes additional resources of £0.7m available to the Council in 2014/15 over and above that on offer through the Council Tax Freeze Grant. In addition, it guarantees permanent Council Tax resources of £1.9m within the Council's tax-base - funding which can help protect services provided to the people of Coventry. Such a rise would be the equivalent of just over 30p per week for a typical Coventry household. Those that receive Council Tax Support (approximately 20% of Coventry households) would not pay any more under this proposal.
- 1.8 Notwithstanding the significant on-going cash reduction in general Government resources for the Council through the Settlement Funding Assessment, further reductions in specific grants has been set out in recent and previous announcements for 2014/15 including for the Education Services Grant, Housing Benefit Administration Grant and Adoption Reform Grant and for 2015/16 for Schools Basic Needs Capital Grant and Local Welfare Provision Grant.
- 1.9 The Council's Medium Term Financial Strategy and Pre-Budget reports set out the massive national changes affecting the financial and policy landscape for local authorities. At a local level the Council continues to face challenges that include providing robust services for vulnerable children and adults, delivering other vital local services to Coventry citizens and helping to make the city an attractive place for businesses to move to and thrive in. With the Council now being allowed to retain 49% of any future Business rates growth in the future, the strength and vitality of the local economy will take on increasing significance for core Council funding over the coming years.

1.10 Large urban authorities like Coventry which contain relatively high levels of deprivation are more dependent on Government grant settlements and are therefore impacted more as grants are cut. However, the Council is committed to working closely with its partners, local people and communities to develop positive and successful strategies to address this challenge. It is clear that public sector cuts will continue beyond the medium term planning horizon. Initial forecasts of the Council's medium term position are shown in **Section 5**. In view of this it is essential that the Council takes steps to establish robust budgets and secure financial foundations to prepare itself for the very testing times ahead.

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

The remainder of the report details the financial position facing the Council and the specific proposals put forward for approval.

2.1 The sections below outline the City Council's overall financial position including the resources available to support net budget (**Section 3**), the savings and cost pressures reflected in the proposed budget (**Section 4**) and the current position facing the Council over the medium term (**Section 5**). Approval is being sought for the saving and spending proposals and the overall budget. This is predicated on a City Council Tax rise of 1.9% and rejection of the Government's 2014/15 Council Tax Freeze Grant.

2.2 Government resources are now combined into a Settlement Funding Assessment of Revenue Support Grant, 'Top-Up' funding from Government plus the local share of Coventry Business Rates. Further analysis in **Section 3 (Table 2)** demonstrates a reduction affecting the Council's 2014/15 budget in the region of £19m.

2.3 The report seeks approval for a 2014/15 Capital Programme of £142m compared with an initial 2013/14 programme of £61m. The Programme is considered in detail in **Section 6** and **Appendix 4**.

2.4 The report is also required formally to seek Council approval for the Treasury Management Strategy (**Section 7**), the Investment Strategy and Policy (**Appendix 5**), the Prudential Indicators (**Section 7 and Appendix 6**) and the Chief Financial Officer's assessment of the adequacy of reserves and robustness of the Budget (**Section 9**).

2.5 A draft Non Domestic Rate Discretionary Relief Policy for Charitable and Non Profit Making Organisations was included for consultation purposes in the Pre-Budget Report. It is now recommended that this policy, included in full at **Appendix 7** be approved.

## 3. **Resources**

3.1 The Council's total revenue budget is funded from a combination of Council Tax resources, Settlement Funding Assessment from central government, specific grants from Government and other bodies and fees and charges for Council services. An analysis of the movement from 2013/14 to 2014/15 is shown below.



**Table1: Resources to Fund the Budget**

2013/14 £000		2014/15 £000s	(Increase)/ Decrease £000s	(Increase)/ Decrease %
(93,813)	<b>A: Council Tax Requirement</b>	(98,788)	(4,975)	(5.3%)
(53,056)	<b>B: Business Rates (Local Share)</b>	(56,817)	14,884	8.5%
(121,545)	<b>C: Revenue Support Grant and Top-Up</b>	(102,900)		
(389,706)	<b>D: Specific Grants (see section 3.4)</b>	(387,026)	2,680	0.7%
(68,457)*	<b>E: Fees and Charges**</b>	(69,284)	(827)	(1.2%)
(268,414)	<b>Funding of Net Budget (A + B + C)</b>	(258,505)	9,909	3.7%
(726,577)*	<b>Funding of Gross Budget (A + B + C + D + E)</b>	(714,815)	11,762	1.6%

\*2013/14 figures have been restated with £16m of charges to schools and other services reclassified as internal charges, reducing the line totals for Fees and Charges and Funding of Gross Budget.

\*\*Council Tax and Business Rates Collection Fund surpluses are shown in line E: Fees and Charges in line with statutory requirements. The 2013/14 figure was £0.8m and the 2014/15 figure is £3.4m.

- 3.2 The resource projection figures in this report use the Final Local Government Finance Settlement position for 2014/15 (final) and 2015/16 (provisional) plus an indicative position for 2016/17. It is important to recognise that the projections made for the years beyond 2014/15 are subject to further changes and clarifications by Government and the Council's experience of how the local Business Rates Retention scheme impacts upon the Council's overall resources position.
- 3.3 The headline position for Government funding shows a resource loss of 10.6% in 2014/15 with the subsequent years changes shown in **Table 2** below representing further significant reductions in the resources available to the Council as follows.

**Table 2: Coventry's Settlement Funding Assessment**

		2014/15 Final	2015/16 Provisional Settlement	2016/17 Indicative Estimate
Coventry's Settlement Funding Assessment	£m	(159.2)	(135.0)	(123.7)
Decreases on Previous Year	£m	18.8*	24.2	11.3
	%	10.6%*	15.2%	8.4%

\* This is a higher reduction than the £14.9m (8.5%) shown in Table 1 above. The analysis in this table rebases the starting 2013/14 starting point to provide a like for like comparison.

- 3.4 Taking together the Settlement Funding Assessment and Council Tax resources, Coventry net budget provided for £2,217 of funding for every household in the city in 2010/11. Since then, the number of Coventry households has risen (from over 132,000 to more than 136,000) at the same time as overall resources have been cut. The equivalent funding per household figure for 2014/15 is estimated at £1,893, a fall over the period of £324.
- 3.5 Specific Grants – In overall terms specific revenue grant funding has reduced between 2013/14 and 2014/15 from £390m to £387m. Within this, the total level of funding received to fund city schools (including the Dedicated Schools Grant and Pupil Premium Grant) is expected to be c£210m. This is £8m lower than 2013/14 due in large measure to the continued transfer of schools to Academy status. Housing Benefit Subsidy payments have been estimated at £113m, whilst other significant grants/movements include:
- A Public Health Grant of £19.6m (£1.8m increase)
  - NHS funding to support social care and benefit health of £7.1m (£1.6m increase)
  - Assumed funding for Adult Education of £6.5m
  - New Homes Bonus Grant of £6m (£1m increase)
  - Education Services Grant estimated at £5.2m (£0.4m decrease)
  - Housing Benefit and Council Tax Administration Grant of £2.8m (£0.3m decrease)
  - Grants received in lieu of Business Rates amounting to £2.5m such as Small Business Rates Compensation Grant (£1.2m increase)

In addition, the Council is expecting Adoption Reform Grant of £0.3m (£0.8m less than 2013/14) and a new grant of £0.4m for Special Education Needs, and these have been taken account of within the overall budget pressure identified for the People Directorate in **Appendix 2**.

#### **4 General Fund Revenue Budget**

- 4.1 The General Fund Budget recommended in this report reflects the Government funding settlement, the Council's spending priorities, the approaches outlined in the Medium Term Financial Strategy and a Council Tax increase of 1.9%. The Pre-Budget Report taken to Cabinet on 10<sup>th</sup> December 2013 showed a budget gap of £2.8m for 2014/15. The principal movements that have happened since then are shown in **Section 4.2** below. The Council's Revenue Budget is detailed in **Appendix 3**, which sets out the Cabinet Portfolio revenue budgets and sources of revenue funding.

#### **4.2 Changes to Spending and Saving Proposals**

This budget includes a number of saving and expenditure proposals. A line by line impact of how these proposals affect the base budget is given in **Appendix 2** with an indication of where there have been changes to the figures included within the Pre-Budget Report. The changes since the Pre-Budget Report are shown in the table below. These changes enable the Council to deliver a balanced budget for 2014/15.



**Table 3: Principal Changes to Pre-Budget Report**

	Appx 2 Line Ref	2014/15 £m	2015/16 £m	2016/17 £m
<b>Pre-Budget Report Position</b>		<b>2.8</b>	<b>15.9</b>	<b>39.0</b>
Government Grant Settlement		0.2	(2.7)	0.0
People Department (Children Social Care & ABCS)	1a	5.6	5.0	5.0
Pensions additional current service cost	3	(0.8)	(0.2)	0.2
Pensions additional past service cost	4	(2.7)	(0.6)	1.7
LGPS Implications - costs added to pensionable pay	4a	0.5	0.5	0.5
Council Tax and Business Rates Surplus & Tax-Base Increase	6a	(2.2)	1.7	1.5
Asset Management Revenue Account – Debt Repayment	7	(2.0)	(2.0)	(1.0)
Housing Benefit Administration Grant – Lower Contingency Against Loss	8	0.0	0.3	0.6
Carbon Reduction Commitment Levy Exemption	9a	(0.3)	(0.3)	(0.3)
Integrated Transport Authority	10a	(0.6)	(2.1)	(2.6)
Living Wage	15	(0.4)	(0.4)	(0.4)
City Deal Clearing House	16	(0.1)	0.0	0.0
<b>Total</b>		<b>0.0</b>	<b>15.1</b>	<b>44.2</b>

4.3 The single largest additional expenditure line since the Pre-Budget Report relates to pressures totalling £5.6m within the People Directorate. This is made up of:

- £2.6m relating to additional Looked After Children numbers.
- A shortfall of £0.4m in relation to an anticipated shortfall in the Special Educational Needs and Disability abc review.
- Additional temporary social work staffing costs of £0.8m to protect vulnerable children.
- £1.1m in relation to temporarily delayed savings identified as part of the A Bolder Community Services Review
- £0.7m relating to a range of further pressures within the People Directorate including continued fall-out of existing grant funding such as Education Support Grant and Adoption Grant.

These costs have been balanced by several areas for which the position has improved including the projected positions in relation to Council Tax and Business Rates (2013/14 performance and 2014/15 tax-bases), the Asset Management Revenue Account (debt charges) and a lower than previously forecast cost of pension contributions.

- 4.4 The overall employer pension contributions included in this report result from discussions between the Council and the West Midlands Pension Fund. They increase the rate at which past service pension liability is recovered over the next three years compared with existing levels. Overall contributions will increase by £2.5m in 2014/15 rising to £8m by 2016/17, part of which relates to the city's schools with only the Council element (£2m rising to £6.4m) shown in **Appendix 2**. Further indicative rises are also expected in the years beyond the current triennial valuation subject to review in 2016 and the revised position of the Council's pension liability at that time. Final details in relation to pensions will be agreed with the Pension Fund shortly.
- 4.5 When the impact of these changes is added to the position shown at the Pre-Budget stage, the final net position is as follows and detailed in **Appendix 2**.

**Table 4: Movement in Medium Term Budget Position**

	2014/15 £000s	2015/16 £000s	2016/17 £000s
Initial Budget Gap	3,926	8,404	25,035
(Improved)/Worsened Resources Position	(1,878)	6,462	11,515
Immediate Cost Pressures	13,094	15,134	17,854
Long Term Cost Pressures	0	0	3,000
Technical Savings	(14,492)	(14,263)	(12,524)
Policy Savings	(1,500)	(1,500)	(1,500)
Policy Priorities	850	850	850
<b>Final Bottom Line</b>	<b>0</b>	<b>15,087</b>	<b>44,230</b>

- 4.6 **Reserves**  
The level of City Council reserves as at 31<sup>st</sup> March 2013 is reflected in the table below.

**Table 5: Reserves as at 31<sup>st</sup> March 2013**

	Balance as at 31 <sup>st</sup> March 2013 £m
Directorate Reserves	(18.6)
Corporate Reserves	(25.8)
Capital Reserves	(5.6)
Insurance Fund	(4.2)
Schools Reserves	(20.4)
<b>Total Reserves</b>	<b>(74.6)</b>

This level of reserves is adequate for the current known liabilities and approved policy commitments facing the City Council and is appropriate to sustain current plans, including the following commitments:

- £20m of schools specific reserves
- £9m of General Fund reserves to cover unforeseen financial problems
- £8m for planned future costs of the Council's Private Finance Initiative schemes in line with PFI financial models
- £6m for redundancy and pension strain costs over the medium term
- £6m to fund the Capital Programme
- £6m of grant funding earmarked for specific schemes
- £4m to cover the risk of potential insurance claims against the Council

The Council's external auditors, Grant Thornton, have expressed the view that the level of General Fund reserves remains low although the balance increased at the end of 2012/13. It is the view of the Executive Director of Resources is that overall levels are adequate, although approaching the minimum acceptable level for a Council of this size in the current financial climate. Reserve levels will continue to be kept under review. This is covered further in section 9.1.

## 5 Medium Term Financial Position

5.1 Whilst this budget produces a balanced position for 2014/15, Government indications of future funding represent significant reductions in future years. The years beyond 2015/16 hold significant uncertainty also because they will be marked by a new Spending Review and a new parliamentary term whilst the Business Rate retention scheme introduced in 2013/14 continues to hold further scope for volatility in local government financial planning. Therefore, current projections for 2016/17 and beyond remains extremely challenging across the local authority sector. The best estimate of the overall future resource position plus what we know about the Council's current spending plans and the decisions within this report is shown in the Table below.

**Table 6: Projected Medium Term Financial Position**

	<b>2015/16 £m</b>	<b>2016/17 £m</b>
Spending after applying fees, charges and specific grants	254.6	271.8
Resources from general government grant, Council Tax and retained Business Rates	(239.5)	(227.6)
<b>Anticipated Budget Gap</b>	<b>15.1</b>	<b>44.2</b>

This position assumes achievement of all savings within a very challenging abc programme.

5.2 The Council's approach to reducing spending and delivering efficiencies through the abc Programme has recently been reaffirmed within its Medium Term Financial Strategy. In addition, the Council's proposed new administrative building within Friargate will offer the opportunity to further modernise how it operates and achieve further efficiency improvements. The anticipated outcomes from reviews identified so far are built into the

position shown above. This approach, together with on-going monitoring of existing budgets, is the starting point for the Council in seeking to produce a balanced medium term financial position. However, the size of the gap is such that the Council will continue to be faced with a range of difficult budget decisions over this period. As a result of this the Council has begun to engage with local taxpayers and partners in a new conversation about the shape of the Council and its services going forward. This will become a major focus of consultation activity in the year ahead.

## 6 Capital Programme

- 6.1 In **Appendix 4** there are proposals for a Capital Programme of £142m. This compares with the current projected 2013/14 programme of £66m. The proposals include very significant and largely grant funded investment in the City's schools and highways investment programmes, together with continued essential spending in relation to property and ICT requirements.
- 6.2 The Programme has been balanced without the need for non-scheme specific prudential borrowing within 2014/15. Such borrowing of £2m is required for 2015/16 but not for the remainder of the life of the Programme. The Council's Medium Term Financial Strategy dictates that this borrowing should be repaid from capital receipts as they are generated in future years. It is intended that close control should continue to be exercised on the approval of any new capital spending commitments in the coming years.
- 6.3 This year's programme includes the following:
- A £36m programme in 2014/15 for Education/Children and Young People relating to investments in schools across the City including continuation of programmes to increase primary school places. However, this programme is significantly reduced from 2015/16 onwards reflecting the published reductions in Coventry's future Basic Need funding allocations.
  - A total investment of £38m in the City's transport and highways infrastructure including the £12m Friargate Bridgedeck and a Council funded £3m highways investment programme (down from £6m in 2013/14), spending on Cycle Coventry and city centre public realm works.
  - Expenditure funded from the Government's Regional Growth and Growing Places funds to support programmes and projects in partnership with the private sector and associated infrastructure schemes to help create economic growth, employment and additional business rates.
  - Initial spending on the long-term Coventry Investment Fund (CIF) programme of £50million to stimulate the local economy and create jobs.
  - Further spending of £13m over two years on the Nuckle scheme improving the railway links between Nuneaton and Coventry and incorporating a new station at the Ricoh Arena.
  - A £2.6m programme of Disabled Facilities Grants;
  - Continuation of the investment in ICT infrastructure (£7m in 2014/15) funded largely from Prudential Borrowing;
  - A £2.75m programme of property maintenance funded by revenue resources;
  - A £1m programme of externally funded parks and play schemes;
  - Works to extend and improve cemetery facilities at Lenton's Lane at a total cost of £1m.

- 6.4 The main sources of funding for the capital expenditure shown above are listed below:
- Capital grants from government bodies, Europe and the private sector (£91m). This includes £16m of European Regional Development Fund monies, £22m from the Regional Growth Fund, £22m of Government money for schools, and £21m of Government funding for highways and Nucle.
  - Unsupported or prudential borrowing (£40m) – this borrowing will support the Coventry Investment Fund (£6.5m), the Study Inn Loan (£5.5m), the Kickstart Office (£4m), £4m of ICT infrastructure spending, vehicle acquisition (£4m), the AT7 Centre (£2.5m) and Lenton's Lane Cemetery (£1m) plus £12m in areas for which grant resources have previously been used ahead of spend in 2013/14. This borrowing attracts no revenue support from Government and the additional cost of the borrowing has been reflected in the revenue budget.
  - Capital receipts arising mainly from selling Council assets (£1.45m).
  - £7m revenue funding for highways, property maintenance and ICT infrastructure investment.

6.5 **Forecast Capital Programme**

In line with previous practice, all areas of the Programme included have been evaluated to identify the likely realistic profile of spend, to maximise the amount of expenditure against which we can apply grant resources and to maximise the resources available corporately to the Council to fund the Capital Programme.

A summary of the proposed programme including existing commitments and funding sources is outlined below. This includes expenditure rescheduled into 2014/15 as a result of the 2013/14 budgetary control process. Full details of the proposed programme are included in **Appendix 4**.

**Table 7: 2014/15 – 2018/19 Capital Programme (Expenditure & Funding)**

<b>Expenditure</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Business, Enterprise and Employment	50,139	61,039	39,137	7,851	2,908
Education/Children and Young People	36,628	12,399	5,800	9,268	9,014
Energy and Environment	1,937	322	26	0	0
Health and Adult Services	2,760	2,389	2,389	2,389	2,389
Housing and Heritage	5,618	912	0	0	0
Public Services	42,988	14,741	10,375	8,822	8,858
Strategic Finance and Resources	9,246	2,111	1,000	1,000	1,000
<b>Total Approved Programme</b>	<b>149,316</b>	<b>93,913</b>	<b>58,727</b>	<b>29,330</b>	<b>24,169</b>
<b>Allowance for Rescheduling</b>	<b>(7,466)</b>	<b>2,397</b>	<b>1,879</b>	<b>1,564</b>	<b>336</b>
<b>Programme after Rescheduling</b>	<b>141,850</b>	<b>96,310</b>	<b>60,606</b>	<b>30,894</b>	<b>24,505</b>

<b>Funding</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Prudential Borrowing	40,209	57,202	37,946	6,415	1,317
Grants & Contributions	90,657	27,095	12,509	15,793	15,529
Capital Receipts	1,450	1,400	2,650	1,800	2,850
Revenue Contributions	9,279	7,977	6,248	6,793	6,750
Leasing	255	211	1,253	93	285
<b>Total</b>	<b>141,850</b>	<b>93,885</b>	<b>60,606</b>	<b>30,894</b>	<b>26,731</b>
Resources Available/(Shortfall)	0	(2,425)	0	0	2,226

Other significant Schools capital work programmes are excluded from the Programme and will be the subject of future reports to members. Between 2018 and 2022 the Council will need to expand secondary schools by the equivalent of up to 20 forms of entry to meet rising demand for places and support delivery of the City's SEN Broad Spectrum policy where suitable facilities for a further primary and secondary broad spectrum school are required. In addition, 7 replacement schools are being funded as part of the Government's Priority School Building Programme and will be procured and delivered by the Education Funding Agency outside of the Council's Capital Programme. This will address some of the worst condition schools in the City although significant condition issues still exist across the City's school estate primarily driven by the age and construction type of buildings.

The programme includes an on-going 5% allowance for the rescheduling of expenditure between years with an adjustment shown at a corporate programme level. This recognises the potential benefits of maintaining a degree of flexibility through the year and the fact that the Council is often faced with rescheduling due to factors outside its control.

Any potential new demands that arise over time as new initiatives are identified will need to be subject to rigorous review to balance their priority and affordability. The Council will continue to re-evaluate the future Capital Programme taking into account economic circumstances, its ability to generate capital receipts and the profile of other areas of significant investment that it manages.

## **7 Treasury Management**

7.1 Treasury management entails the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. Local authorities are required to maintain an overarching annual Treasury Management Strategy which is the subject of this section of the report.

7.2 In addition, authorities are required to set out:

- An Investment Strategy and Policy detailing out how investment risk is managed (**Appendix 5**);
- A suite of prudential indicators for treasury and capital programme management (**Appendix 6**);

- A Minimum Revenue Provision (MRP) statement detailing the way it calculates the prudent provision for the repayment of borrowing (**Section 7.6**).

### 7.3 The detailed objectives that underpin the Treasury Management Strategy are:

Borrowing, to:

- Maintain adequate liquidity so that cash requirements are met;
- Minimise the cost of debt whilst maintaining long term certainty in interest rate exposure;
- Manage the total debt maturity profile, having no one future year with a disproportionate level of debt repayments;
- Undertake the restructuring of debt, in order to minimise the costs through actively reviewing opportunities for rescheduling.

Investment, to:

- Maintain the capital security of sums invested,
- Maintain adequate liquidity;
- Maximise the revenue benefit by retaining external investments, repaying existing loans and avoiding new borrowing as appropriate given prevailing and forecast interest rates.

The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk and the successful identification and control of risk are integral to the treasury activities and include the following: credit risk; liquidity risk; market or interest rate risk; refinancing risk and legal or regulatory risk

### 7.4 Interest Rate Forecast

In the current economic conditions it is expected that base rate (currently 0.5%) will remain low for some time, although current early signs of a recovery could apply upward pressure on rates. The impact of a low base rate is that shorter term borrowing costs and investment returns remain low. Longer term interest rates, for capital programme borrowing through the Public Works Loans Board (PWLB), are influenced by other factors, in particular the price of UK government gilts. During 2013/14 longer term PWLB rates have been in the region of 4% to 4.7%, although forecasts suggest that over the coming years these levels could rise by 1% or more. Longer term rates can be volatile and are set by the PWLB twice a day. Arlingclose, the City Council's treasury advisers, provide regular interest rate forecasts and commentaries.

### 7.5 Borrowing

Based on current estimated levels of spend the expected long term debt position of the authority at 31st March 2014 is as follows:



**Table 8: Estimated Long Term Borrowing at 31st March 2014**

Type of Debt	Total £m
PWLB	226.8
Money Market Loans	59.0
Stock Issue	12.0
Transferred Debt (other authorities)	18.3
Other	8.7
<b>Total borrowing</b>	<b>324.8</b>
PFI and Finance Lease Liabilities	64.3
<b>Total Long Term Liabilities</b>	<b>389.1</b>

The main funding sources currently used by Coventry are:

- The Public Works Loans Board (PWLB) - this is, in effect, the Government. Loans may be obtained at variable or fixed rates of interest. From late 2012 the PWLB has reduced borrowing rates by 0.2% for qualifying authorities, including the City Council. This “certainty rate” initiative provides a small, but welcome reduction in the cost of future borrowing. In addition, this trend has been extended with the introduction of a “project rate” which will enable the City Council, working with the Local Enterprise Partnership (LEP) to access borrowing for the Kickstart Project at 0.4% below standard PWLB rates;
- Money Market Loans - these are loans obtained from financial institutions and include LOBO (lender's option, borrower's option) loans typically with an initial fixed rate for 3-4 years, then variable thereafter. Should the lender exercise the option and seek to increase the rate beyond a certain level the borrower can choose to repay the loan, refinancing it at that point in time. This is, in effect, a call option for the lending bank. Coventry has £58m of such loans and in the event of a “call” one approach that would be considered would be to repay the loan, refinancing it from another source, such as the PWLB;
- Stock Issue (Bond issue) - this is loan stock issued by the City Council in 1996. In 2003/04 approximately £88m of the total of £100m was redeemed as part of a debt restructuring;
- UK Local Authorities – traditionally inter local authority borrowing has been used to manage shorter term cashflow demands, but there is now greater potential for longer term arrangements;
- PFI & Finance Leases - under accounting rules, liabilities to make payments under PFI schemes and finance leases are included within the City Council's balance sheet.

In addition, the City Council will consider other sources available to local authorities and may invest with these if appropriate: capital bond market investors; UK pension funds (excluding the West Midlands Pension Fund); vehicles set up by local authorities to enable joint local authority bond issues and other institutions authorised by the Prudential Regulation Authority.



Given the revenue budget and associated capital programme outlined in this report, the estimated underlying borrowing requirement for the City Council for each of the capital programme years from 2014/15 is summarised below:

**Table 9: 2014/15 Borrowing Requirement (excluding PFI & finance leases)**

<b>Underlying Borrowing Requirement</b>	2014/15 £m	2015/16 £m	2016/17 £m
New funds to finance the Capital Programme	40.2	59.6	37.9
Minimum Revenue Provision (debt repayment provision)	(14.7)	(16.7)	(17.8)
<b>Forecast increase in borrowing requirement</b>	<b>25.5</b>	<b>42.9</b>	<b>20.1</b>

This implies a significant increase in the Council's need to borrow over the coming years, which given the likely reduction in the level of City Council investments will increase the likelihood that the City Council will need to undertake some longer term borrowing during the coming year and beyond.

Issues that the City Council will take into account in its approach to borrowing include:

- Although local authorities have scope to borrow in advance of need, essentially borrowing on the basis of future planned capital spend, it is proposed that the City Council's current practice of not borrowing in advance of need continues;
- Non-capital programme factors including the level of short term cashflow balances, the use of reserve balances and the maturity of long term debt such as PWLB and, potentially, LOBO market loans;
- The impact of short term rates, including base rate, being lower than long term rates. This means that where the proceeds of long term borrowing are temporarily held as investment balances, there is a short term "cost of carry" reflecting the difference in short to long term rates. This is an immediate disincentive to undertake long term borrowing, even when long term rates are historically low;
- The potential to reschedule debt through redeeming existing borrowing early and replacing it with borrowing at lower interest rates. This will only be done if revenue benefits justify it, taking into account early repayment costs. However, the lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has tended to reduce the opportunities for local authorities to benefit through debt restructuring.

In the light of forecast interest rates, the objectives underpinning the Treasury Management Strategy and the forecast borrowing requirement for 2014/15 and future years, the Executive Director Resources will undertake the most appropriate form of borrowing depending on prevailing interest rates at the time.

#### 7.6 Minimum Revenue Provision

Local authorities are required to make prudent provision for the repayment of long term capital programme borrowing through a revenue charge (the Minimum Revenue Provision or MRP). The aim of prudent provision is to ensure that the revenue charge broadly reflects the period over which benefit is derived from the capital spend e.g. the life of an asset purchased or built.

Capital Finance Regulations (SI 2008/414) require the approval of an MRP Statement setting out the authority's approach. It is proposed that the existing policy continues:-

- For capital expenditure incurred before 1st April 2008 or which in future will be Supported Capital Expenditure, the Council will follow existing practice, the so called "Regulatory Method", with MRP broadly based on 4% of the underlying Capital Financing Requirement adjusted for the Adjustment A;
- From 1st April 2008 for all capital expenditure met from unsupported or prudential borrowing MRP will be based on the estimated asset life of the assets or a depreciation calculation;
- MRP for leases brought onto the balance sheet under accounting rules will match the annual principal repayment for the associated deferred liability.

## 7.7 Investments

The City Council holds investments, representing income received in advance of expenditure plus balances and reserves held. It is expected that the level of investments will fall in future years as capital programme spend is incurred and existing borrowing matures for repayment.

In line with statutory guidance, the order of objectives in investing the Council's funds remains:

- security of capital;
- liquidity or accessibility of the council's investments;
- yield or return.

The main investments used by the City Council are:

- Call accounts and deposits with banks, building societies, local authorities and the government, largely for fixed durations and rates of interest. During 2013/14 the amount held in these investments has ranged between £35m - £100m;
- Pooled funds such as Collective Investment Schemes (CIS) and Money Market Funds (MMF), which enable local authorities and other investors to diversify their investments. During 2013/14 the amount held in these investments has ranged between £15m and £30m.

The use of call accounts and Money Market Funds helps ensure the liquidity of funds available to the City Council.

Credit risk remains central to local authority investment management. Whilst the risk of banking failures has reduced, it has not dissipated altogether. Unqualified support by governments is now unlikely, in part as the result of regulatory changes. This means that in the event of a banking failure, it is almost certain that unsecured creditors and corporate investors would suffer some losses. This change in the nature of investment risk reflects a move away from "bail out" by government to "bail in" by corporate investors. This has recently been seen in the case of the Co-op where holders of debt are likely to suffer losses and internationally in respect of Cyprus. These trends increase the importance of the diversification of investments as a way of mitigating the potential impact of "bail in" risk.

The Council's proposed Investment Strategy and Policy (**Appendix 5**) deals with the management of counterparty or "credit risk" by determining how City Council lending or depositing limits are set. Although credit ratings are key components in the management of credit risk, in line with best practice, other sources of information are used. In this respect the counterparty advice that the City Council gets from Arlingclose, the Council's Treasury Management advisors, is significant.

Given the need to ensure an appropriate level of diversification across counterparties, the emergence of "bail in" risk and the likely reduction in the level of investment balances it is proposed that:

- a) the maximum limit for individual counterparties is reduced from £12m to £8m
- b) non-credit rated building societies are included on the counterparty list with a £1m investment limit. An unrated building society will only be used where independent credit analysis by the City Council advisors shows them to be suitably creditworthy. In addition, the regulatory framework governing building societies and insolvency regime provides comfort;
- c) Category or Group investment limits are set to manage the impact of systemic exposure, including for example to building societies as a sector and groups of separate legal entities regulated in the same sovereign state;
- d) Short Term credit ratings are no longer used as one of the investment criteria. It is the long-term credit rating that is the ultimate driver of creditworthiness of financial institutions, and of a bank's funding costs. In the capital markets, the perceived credit standing of an institution is referenced by its long-term rating which represents an agency's view of an institution's capacity to honour its financial obligations and its vulnerability to foreseeable events;
- e) The minimum sovereign rating for countries, other than the UK, in whom counterparties are located is revised from AA+ to A-, with any investments in countries with a rating below AA+ being classified as non-specified investments, subject to a total limit of £5m.

Non UK registered counterparties have for many years met the City Council's lending criteria. This continues to be the case. However, as a discretionary measure, in recent years direct investments have not been made with non UK registered counterparties, on the basis that there is more comfort in holding funds "closer to home". However, the use of non UK registered counterparties that comply with the lending criteria will again help ensure a greater diversification of funds. On this basis the placement of funds with non UK registered counterparties will restart in line with the lending criteria.

Separately, the City Council holds investments or provides loans for operational or policy reasons, for example, in order to stimulate economic development and growth. Such operational investments and loans will be assessed and reported on, on a case by case basis. This will include a full assessment of the risk, including credit risk, and how this will be managed. The development of the Coventry Investment Fund, with the drive for economic growth at its heart, is a prime example of such an initiative.

#### 7.8 Treasury Management Advisors

The authority employs Arlingclose consultants to provide treasury management advice. A key element of this is the provision of advice on credit risk and the supply of information on credit ratings from the 3 rating agencies, referred to above. Regular review meetings with the consultants provide a vehicle through which quality is managed. In addition, within the City Council, senior managers within the Resources Directorate meet on a periodic basis to review treasury issues, including the use of consultants.

#### 7.9 Treasury Management Staff Training

The authority's process of performance management, of which Competency Based Appraisals are central, addresses the training requirements of individuals. Staff with involvement in treasury issues attend events, including training courses, seminars and networking sessions focused on treasury management as appropriate.

#### 7.10 The Prudential Code

The current capital finance framework rests on the principle that local authorities can borrow whatever sums they see fit to support their capital programmes, as long as they are affordable in revenue terms. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. The indicators are explained below:

##### Revenue Related Prudential Indicators

Within **Appendix 6** indicators 1 and 2 highlight the revenue impact of the proposed capital programme. These show that the revenue costs of financing the Council's capital expenditure as a proportion of its income from Council Tax and government grant is forecast to increase from 12.68% in 2013/14 to 18.34% in 2016/17. This increase reflects the combined effect of significant investment under PFI contracts and increased levels of prudential borrowing funded spend within the capital programme. In addition, the impact on a Band D Council Tax of the current proposed programme compared to the programme approved last year is set out in indicator 2. This also shows an increase to 2016/17 for broadly the same reasons.

##### Capital and Treasury Management Related Prudential Indicators

These indicators, set out in **Appendix 6**, include:

- Authorised Limit (Indicator 6) - This statutory limit reflects the level of borrowing which could be afforded in the short term, but is not sustainable. It is the forecast maximum borrowing need with some headroom for unexpected movements.
- Operational Boundary (Indicator 7) - This is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.
- Gross Debt less than "Year 3" Capital Financing Requirement (Indicator 3) - The Council needs to be certain that gross external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for 2014/15 and the next two financial years. The CFR is defined as the Council's underlying need to borrow, after taking into account other resources available to fund the Capital Programme. This revised indicator, which replaces the previous indicator based on net debt, is designed to ensure that over the medium term, gross borrowing will only be for a capital purpose.
- Interest Rate Exposures, Debt Maturity Structure and Investments Longer than 364 Days (Indicators 10, 11 & 12) - The purpose of these prudential indicators is to contain

the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position. Indicator 11, Maturity Structure of Borrowing, includes a limit of 30% (previously set at 15%) of total debt that can mature in less than 12 months. This takes into account the potential need to take out short term borrowing to meet day to day cashflow requirements.

- Other indicators highlight Planned Capital Spend (Indicator 4), Actual Debt at 31st March 2013 (Indicator 8) and the adoption of the Treasury Management Code (Indicator 9).

All these prudential limits need to be approved by full Council, but can be revised by Council during the financial year. Should it prove necessary to amend these limits, a further report will be brought to Cabinet, requesting the approval of full Council of the changes required.

#### 7.11 Leasing

The City Council uses operating leases for non-fixed plant and equipment and the Capital Programme includes £0.3m of spend to be resourced from leasing in 2014/15. Leasing will only be used where this is value for money compared with other forms of funding, such as unsupported borrowing.

### 8 Budget Risks

8.1 In making budget recommendations to members, officers have challenged budgets with a view to ensuring maximum benefit from the resources available. This has included considering the risks with a view to ensuring that budgets and reserves are set at appropriate levels. The Authority carries some inevitable risks in agreeing the budget, and the major financial ones for the coming year are set out in summary below. Where appropriate these risks are included within either corporate or directorate based risk registers and will therefore be monitored through the Council's existing processes for managing risk or where more appropriate through on-going budgetary control processes. However it needs to be noted that the pressure on budgets and the risk of overspending in individual areas continues to be very high and will require constant vigilance in 2014/15. A range of issues will be kept under review during the year to help deal flexibly with any problems that may arise, such as efforts to reduce the Council's debt management and cash flow costs.

#### 8.2 Overall Risks

In considering the Council's corporate objectives in the context of its financial position, resources have been allocated to meet corporate priorities, and savings have been identified. In these circumstances there are a number of inherent risks which need to be managed:

- a) That new resources are used effectively to deliver corporate objectives. Operational plans and quarterly monitoring reports will address this issue specifically,
- b) That on-going spending and income are controlled to budgets. This pressure is certain to increase due to on-going national financial circumstances and, therefore, compliance with the Council's budgetary control rules remains essential,
- c) That treasury management procedures provide for cash to be available, at minimal cost, when required. The strategy and regular monitoring, provide adequate safeguards and this area will continue to be managed at appropriate levels of detail and regularity in 2014/15.



- 8.3 **Children's Social Care Services** – This area continues to face very significant challenges, some of which are reflected by the proposals in this report. The volume of cases and the cost of care for looked after children and for safeguarding other children and young people who cannot otherwise live safely with their families continues to represent a large service and budget pressure. This has been compounded by the Council's need to take appropriate service responses to the tragic death of Daniel Pelka. The Council will also need to take any steps deemed necessary when it receives the final report from the recent Ofsted inspection of Children's Social Care. In addition, an existing abc review to ensure that appropriate and cost effective responses are implemented to meet the needs of children, young people and their families in Coventry has not been able to deliver its original financial savings target.
- 8.4 **Kickstart** – Within an overarching Kickstart Programme, the Council is in the process of constructing a new purpose built office within the Friargate development, refurbishing existing accommodation to create a new customer contact centre in the heart of the city centre and streamlining the remainder of its operational property portfolio. These building changes will create a platform for the Council to transform the city, generate Business Rates growth and transform the Council to improve services and deliver savings. Kickstart also provides the opportunity for the Council to exploit new ways of working, which will require the utilisation of modern technology to improve its efficiency and deliver culture change in order to drive further savings. Customer Journey is one project within the overall Programme which will deliver improvements for the customer whilst reducing demand for Council services by maximising the use of technology to enable customers to undertake transactions on line. These new ways of working will be critical to enable the Council to improve the efficiency of working practices and make the financial savings needed as part of the overall Programme, and at this relatively early stage, it is clear that if it is not delivered successfully, this would be a significant future financial risk.
- 8.5 **Delivery of the abc Programme** – Savings from previously approved abc reviews increase in value by £18m in 2014/15 rising to £36m in 2015/16. Delivery of these savings continues to represent a massive challenge to the Council. The overall risk in relation to these areas of activity can be measured by the fact that these future savings represent in excess of 10% of the non-grant funded element of the Council's 2014/15 gross expenditure budget. The programme management effort required will continue to demand significant officer time to undertake the detailed work to deliver these savings.
- 8.6 **Health and Adult Social Care** – The A Bolder Community Services review, the single largest review identified by the Council, will have a significant impact on the way in which social care services amongst others are delivered in the city. This at a time when social care services for vulnerable adults continue to be the subject of cost pressure across the country as a result of demographic factors. The successful implementation of this review is essential to enable the Council to deliver balanced budgets going forward. Delivery of social care and health activities are now heavily dependent on successful partnership working with the health sector delivered in large part through the Better Care Fund, integration of Public Health services and the knock-on impact of national Welfare Reform changes (with consequent reductions in overall benefit levels) all of which are now part of the fabric of social care services.
- 8.7 **Children's Education Services** - The service is facing service and financial challenges from the conversion of Coventry schools, both secondary and primary, to Academy status. The Government is diverting resources in the form of the Education Support Grant directly to Academies for functions provided previously by the Council in its capacity as the Local Education Authority. This is requiring the People Directorate to identify the appropriate level of central education services that can be maintained for the remaining Coventry schools within the reduced cost envelope. The Government has also reduced previously the level of Early Intervention resources available to support fundamental services within the sector

which was translated into a budget saving required in the 2013/14 budget. The combined financial impact of these changes has been reflected in some of the cost pressures included within this report but these residual budget challenges remain and will continue to increase over time. This will require the service to undertake thorough examination of its budgets in order to deliver the overall scale of the savings required now and in anticipation of further sector changes over the medium term.

- 8.8 **Local Government Finance Changes** – From April 2013 local councils have been able to retain the benefit of 49% of any increase in Business Rate income. At the same time they are at risk from any falls in such income and from any increases in Council Tax Support (benefit) levels. This serves to increase the potential volatility in local council bottom lines and requires the Council to include some necessarily prudent assumptions in order to anticipate adverse fluctuations in these areas. In addition, the trend for Local Government finance will reduce the reliance upon central government funding and towards locally generated funding sources in the future and the Council will need to continue to secure its Business Rates base through the initiatives such as the Coventry Investment Fund to help ensure that the Coventry is well placed to demonstrate that it is a city that is open for business.
- 8.9 **Other Factors** – A variety of other factors represent a degree of financial risk going forward.
- Additional service and cost pressures or reduced income for Council services as a result of continuing national economic circumstances include increases, for instance, in housing benefit caseloads and reduced income from fees charged to customers for Council services.
  - Additional service and cost pressure on Council services resulting from welfare and benefit reform changes
  - The impact on trading services and overheads as a result of the Council becoming a smaller organisation and the transfer of Academy Schools from local authority control for instance which prevents a number of services from achieving their income targets.
  - Financial and reputational risk from involvement in major projects that rely upon external partners and external sources of finance (e.g. Nucleus, Friargate).
- 8.10 To protect itself from the underlying risks associated with setting any budget, the Council maintains general reserves, including the Working Balance which stands at £9.6m currently which is a safeguard against unforeseen risk. The overall level of reserves available as set out in **Section 4.4** provides sufficient financial protection against the risks outlined above within reasonable levels of assessed risk for 2014/15. However, the number and potential impact of the risks outlined above reflect the fact that the whole of local government faces increasing uncertainty and risk for the foreseeable future. For this reason, it is imperative for the Council's future financial robustness that opportunities are considered when they arise to strengthen the Council's balance sheet position. This might take the form of maintaining the level of reserves, increasing the level of provisions for bad and doubtful debt where appropriate and ensuring that the level of borrowing undertaken adheres strongly to prudential principles.

## 9 Comments from the Executive Director of Resources

### 9.1 Financial implications

This report is concerned wholly with financial matters. The proposals within this report represent the basis of the Council's 2014/15 revenue and capital budget supported by the Council Tax Report that will be considered alongside this one.

Under the terms of the Local Government Act 2003, the Chief Financial Officer (the Executive Director of Resources) is required to give assurance on the robustness of the estimates included in the budget. In the view of the Executive Director of Resources the budget being recommended to the City Council is supported by robust estimates of income and expenditure. This judgement is based on the following:

- i) The budget has been set within the guidelines of the authority's Medium Term Financial Strategy, approved by members, that sets out the broad policies and assumptions that lie behind the Council's medium term financial planning process.
- ii) There is a medium term financial plan in place that sets out the known changes to the current budget over three years incorporating the concept of strictly controlled Directorate budgets, known policy changes and best estimates of the impact of inflationary pressures and expectations of resources.
- iii) The authority operates an integrated medium term policy and financial planning process that incorporates a comprehensive and detailed assessment of the new policy and technical changes that will affect the proposed budget and the medium term budgetary position of the authority.
- iv) Individual Directorates, working to strict budgets, prepare detailed service budgets that are the financial representation of the authority's statutory duties and corporate service objectives for the coming year.
- v) The authority's individual Directorate Management Teams and its Strategic Management Board have been fully involved in the detailed make-up of the information included in the policy and financial planning process.
- vi) As discussed further below, the Authority's level of reserve balances is sufficient to meet other unforeseen eventualities, within reasonable limits of assessed risk that may potentially need to be met by the authority.

Both of the authority's political groups were provided with information on the policy and financial planning process and were consulted on the options available to enable them to take a full part in the final budget setting decisions.

The Local Government Act 2003 also requires the Chief Financial Officer to give assurance on the adequacy of reserves of the Authority for which the budget provides. The final position of reserve balances carried forward into 2014/15 will not be known until finalisation of the 2013/14 accounts and reserve levels will be kept reviewed at that time. It is the view of the Executive Director of Resources that the City Council holds an adequate level of reserves to support the recommended budget for 2014/15. This judgement is based on the following:

- i) The Council is adequately provided for in terms of its reserves compared to its overall level of budget and better provided for than many other authorities.
- ii) The level of insurance reserves is sufficient to meet any likely calls on them (within reasonable limits of assessed risk).
- iii) The level of reserves is sufficient to support contributions to 2014/15 directorate-based budgets (including schools) and Corporate commitments both for capital and revenue purposes.
- iv) The level of uncommitted Working Balances provides a sufficient level of short-term resource to meet any other unforeseen eventualities (within reasonable limits of



assessed risk) balanced against pressures to not hold an excessive level of reserve balances.

The Council's policy on reserve usage is set out in the Medium Term Financial Strategy. The overriding aim is to ensure that reserve usage is focused on delivery of the Council's corporate priorities, recognising that reserves can only be used once and that they should not be used to support on-going expenditure. A number of these reserves are dedicated to specific purposes, such as schools and insurance, and the remainder have been brought together and are scrutinised by the Strategic Management Board in order to ensure the best use possible for the corporate objectives of the authority.

Despite these statements about robustness of estimates and reserves, the scale of savings targets incorporated in the 2014/15 budget and the challenges facing the Council in the next few years is unprecedented and will require regular monitoring and potentially corrective action.

## 9.2 Legal implications

This report reflects the Council's statutory obligations in relation to setting a Council Tax Requirement in line with Section 31A of the Local Government Act 1992 (as amended). The report also meets the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place in line with Section 25 of the Local Government Act 2003.

## 10 Results of consultations undertaken

The proposals in this report have been subject to eight weeks public consultation ending on the 5<sup>th</sup> February 2014 including separate meetings with the Trades Unions. The details arising out of this consultation period are reported in **Appendix 1** and in broad terms the consultation outcomes support the main thrust of the spending choices and priorities in the final proposals. The changes that have been made between the Pre-Budget Report and this report are detailed in **Section 4.2**.

## 11 Other Implications

### 11.1 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 face continued very tight resource constraints as it enters the period covered by the next Spending Review. Although it has continued to take an approach to identify savings options that are intended to have as little adverse impact as possible on the quality and level of service provided to the citizens of Coventry or the key priorities of the Sustainable Community Strategy and Council Plan, this approach is coming under greater pressure each year. The Council will have to be very clear about its priorities going forward. These have been refreshed in the latest approved Council Plan and the Council is intending to undertake a consultation exercise through 2014 that engages with local people and organisations to gather their views on the future shape of the Council.

### 11.2 How is Risk being managed?

The inability to deliver a balanced budget is one of the Council's key corporate risks. The proposals within this report are aimed directly at trying to mitigate this risk. The scale and scope of the increased savings included in the Council's bottom line budget position are such that they represent a significant risk of non-achievement in the future. The savings programme will continue to be monitored robustly to ensure that Strategic Management Board and members are kept up to date with the progress of these reviews. The other external and internal pressures, particularly those in relation to adults and children's social care, continue to pose further risk and feature strongly in the proposals put forward as part of this Budget.

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

As indicated within the recent Medium Term Financial Strategy report, 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 in the future. It will also need to become more flexible about the mechanisms through which it delivers its services.

The Council has operated several Early Retirement/Voluntary Redundancy windows in recent years as the key mechanism for reducing staffing levels across the Council. It is anticipated that this mechanism will continue to be used periodically to enable the Council to continue to reduce employee numbers over the course of the medium term. The number of posts that have been made redundant since 2010/11 now exceeds 1,000. This compares with the most recent head-count calculation of the current workforce of c6,300. The Council is continuing to manage the staffing impact with a focus on redeploying displaced staff, avoiding compulsory redundancies where possible and minimising overall redundancy and early retirement costs.

### **11.4 Equalities / EIA**

The Council has started to identify potential equality impact issues and **Appendix 2** provides further details on any equality issues for each proposal and, where relevant, the process for any further detailed analysis. This analysis will be considered by elected members at the different stages of subsequent decision making. This can be illustrated by the equality and consultation analyses that have been carried out as part of the 'A Bolder Community Services' Programme, which were reviewed in the light of further consultation. The equality information included in the Pre-Budget report has been updated, where appropriate, as part of this report. It should be noted that the majority of savings identified for 2014-15 are largely technical in nature. In relation to spending for 2014-15, the Council's continuing commitment to protect vulnerable young people in the city is reflected by the proposed reduction in the Children's Social Care and Early Intervention Review savings target by £4m and further investment in the People Directorate in relation to both children's and adults social care. In addition to this, the Council is continuing work to understand the wider impact of welfare reform in the context of reductions to public expenditure and work is on-going to evaluate the impact on protected groups in the city.

The Council has also consulted on changes to the non-domestic rate discretionary relief policy for charitable and non-profit making organisations. All registered charities will continue to receive 80% mandatory rate relief. The new policy, recommended for adoption as part of this report has been produced in light of the significant financial challenges being faced by the Council and focuses on support to key organisations. The policy proposes that community groups or advice organisations providing advice or support to the most vulnerable residents may be eligible for up to 100 per cent relief. The Council has carried out an equality and consultation analysis on the proposed policy to fully understand the impact on protected groups in the city and this is available on the Council's website.

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

No specific impact

### **11.6 Implications for partner organisations?**

In order to ensure that the best possible value for money is achieved the Council is committed to reviewing or renegotiating arrangements with our external partners. Some of this activity is already well advanced through obtaining higher contributions from partners in the commercial sector (e.g. the Coventry and Solihull Waste Disposal Company) and revised

Commissioning and Procurement arrangements and reviews looking at other organisations. This activity will continue on a range of fronts to ensure that the Council is able to demonstrate good value from every pound that it spends. Revised proposals for Discretionary Rate Relief will have an impact on a number of organisations from April 2015 and they have been consulted with fully as part of the Budget Setting process. The Council will be seeking to consult widely on its medium term plans through 2014 and will engage with its partners as part of this process.

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## **CONSULTATION ON THE COUNCIL'S BUDGET PROPOSALS**

### **1. Introduction**

- 1.1. Between December 2013 and January 2014 the Council undertook an extensive round of consultation on its budget proposals for 2014/15, prior to making the final decision on its budget. This year, the Council also consulted upon its draft Discretionary Rate Relief (DRR) Policy as part of the budget consultation.
- 1.2. The Council reported on its priorities, the national financial context, the pressures on its services and how the reduction in public sector spending was impacting Coventry. This was followed by an outline of investment and savings proposals for the next financial year, as well as details of the DRR Policy. The Council asked consultees for their views on its priorities, on the budget proposals and on how it could meet the financial challenges it faced over the next few years. In addition, the Council asked respondents their views on the DRR Policy

### **2. Consultation process**

- 2.1. A series of meetings were held between December and February. The consultation process was led by the Cabinet Member Strategic Finance and Resources and supported by members of Strategic Management Board and other senior managers. Wherever possible, the opportunity was taken to attend existing meetings held by local organisations and groups to maximise participation in the consultation process. Organisations who were likely to be affected by the DRR Policy were invited to the budget consultation events and were given the opportunity to comment on the draft Policy and discuss how it would affect them.
- 2.2. The consultation involved the following:
  - Coventry Youth Council;
  - Coventry and Warwickshire Chamber of Commerce;
  - All organisations affected by the draft DRR Policy (approx. 250 organisations in the city);
  - Local business community;
  - Public and private partner organisations;
  - Voluntary and community groups;
  - The Council's Trade Unions;
  - Local residents;
  - Older People's Partnership;
  - Physical and Sensory Impairment Partnership.
- 2.3. Representatives from organisations and residents who were unable to attend the meetings were given the opportunity to receive the related reports and to send their comments directly to the Council. In addition to the public meetings, the Council hosted a survey on its website asking for peoples' views of its budget proposals and a separate online survey asking for views on the DRR Policy. The results of both surveys have been incorporated into these findings.
- 2.4. The Council consults with the trade unions on an ongoing basis on the implications of the specific reviews under the ABC Programme. Comments and issues raised by the trade unions on the individual reviews are addressed at project level. The Trade Unions were

also consulted on the draft budget proposals at a series of meetings held between November 2013 and January 2014. The Council continues to consult with the trade unions on the impact and implementation of the Council's budget.

### **3. Outcomes of the Public Consultation on the Council's Budget Proposals**

- 3.1. The main issues that were raised through the public consultation on the Council's budget proposals are set out below. In summary, respondents to the consultation recognised the financial challenges faced by the Council, and supported the priorities of regenerating the city and creating more jobs for local people whilst protecting the most vulnerable residents in the city. Respondents highlighted the need to lobby central Government and make the case for increased resources for the city, especially given the continued pressure on Council services.
- 3.2. A table is included at the end of this report that provides a summary of the comments made during the consultation, grouped into subject areas.

### **4. Council Priorities**

#### **Helping Local People into Jobs**

- 4.1. Consultees commented upon the importance of creating jobs for local people and recognised that it was important for the Council to continue investing in the city, in order to support the city's economy and stimulate growth. The Physical and Sensory Impairment Partnership, in particular, highlighted the need to ensure young people were supported into work.
- 4.2. The Council's decision to pay the living wage was welcomed by consultees, who felt that the Council should encourage other organisations in the city to follow suit and adopt the living wage.

#### **Creating the Infrastructure for the City to Grow and Thrive**

- 4.3. There were a range of views on the development of the city centre. A number of respondents felt that Friargate and other developments were key to regenerating the city and creating jobs. The Chamber of Commerce lauded the infrastructure improvements to the city centre, which were seen as good for businesses. The Council was praised for its ambitious projects and for the delivery of schemes that would put the city on a positive footing in terms of jobs and growth. The Older People's Partnership also stressed the importance of creating jobs for local people by stimulating the local economy. The Partnership also recognised the role of Friargate and the new business district in leveraging new businesses into Coventry.
- 4.4. The Physical and Sensory Impairment Partnership emphasised the need to ensure that the city centre developments took into account the differing needs of the population, so that the city centre was accessible to all.
- 4.5. In the short term, some residents suggested that the Council support new, local businesses to establish themselves by giving them the opportunity to occupy empty shops in the city centre at reduced rates and encouraging pop-up shops and local markets. They also suggested that the Council could consider short term lets for vacant properties.
- 4.6. Whilst recognising that it is important for the city's economy to grow, a number of respondents to the Council's online budget consultation survey were concerned about the Friargate development and the effects this would have on the city centre. Respondents to the online survey felt that the development of Friargate would take away



business from the High Street, forcing businesses to close. Instead, it was felt that the Council should do more to increase footfall and encourage new businesses to locate into the city centre. Respondents also suggested that the Council make the city centre more accessible to shoppers and visitors alike by investing in the city's public transport infrastructure.

- 4.7. A number of respondents to the online survey were also concerned about the amount of capital expenditure being invested into Friargate. Consultees suggested that the Council should invest in its current property portfolio and seek to make it more energy efficient, rather than create a new office block. In addition, it was suggested that the Council look to co-locate some of its front line services alongside other consumer services e.g. in supermarkets and banks.

#### **Raising the Profile of Coventry**

- 4.8. Discussions on the Council's priorities highlighted the importance of enhancing the reputation of the city. Respondents felt that Coventry was a great city already, but needed to market itself well in order to attract tourists and investment. Linked to this, consultees, including the Physical and Sensory Impairment Partnership, called for the Council to invest in leisure and cultural facilities so that both residents and visitors enjoyed life in the city.

#### **Increasing the supply, choice and quality of housing**

- 4.9. A number of comments were received about ensuring the supply of affordable housing in the city. Respondents felt that the city needed a greater supply and choice of housing, and that the quality of the existing housing stock needed to be improved.

#### **Support for our most vulnerable residents**

- 4.10. Consultees across all groups welcomed the Council's priority of protecting the most vulnerable residents of the city whilst dealing with the changes in the level of funding. Respondents stressed the importance of continuing to provide services to those who need them the most, in particular social care and advice services, thus supporting the Council's decision to invest in this area.

- 4.11. Added to this, there was concern over the cumulative impact of changes to benefits, zero hour contracts and low paid and temporary work on local residents. The voluntary and community sectors underlined the importance of working in partnership to ensure that vulnerable people continued to receive the support that they needed. It was explained that the Council has been working over the past few years to ensure that it understands both, the equality impacts of its own decisions on the local population, and also the cumulative impact of Government cuts on local residents and organisations. These assessments are used to inform the Council's decision making processes.

#### **Creating an attractive, cleaner and greener city**

- 4.12. A number of local residents confirmed that the improvement of pavements, streets and roads was still a priority, and in particular making pavements safe for young children and older people. A few residents commented that some roads had still not been improved whilst other roads were deteriorating again and that in their view the Council should invest more in repairing and maintaining the roads and pavements.

#### **Youth Services**

- 4.13. The key message from Coventry Youth Council was about the need to ensure that, as a vulnerable group, children and young people continued to be supported. It was felt that services for children and young people were essential to ensuring that they were safe, were enabled to achieve their best and were able to engage in meaningful and fun activities in their social time. The Youth Council felt that investing in preventative services

would benefit the Council by reducing dependence on statutory services in the longer term.

## 5. Council Tax

- 5.1. There was a general recognition that in the current financial climate, and given the on-going reduction in the Council's reduced resources, the proposed increase in Council Tax was a fair approach. Most respondents to the consultation supported an increase in Council Tax to continue to provide services for vulnerable people.

## 6. Delivering Efficiencies

- 6.1. Respondents to the consultation praised the Council for delivering the level of savings that it had achieved through its transformation programme. Through both the discussions and the online survey, a number of areas were highlighted that the Council could explore in order to deliver further efficiencies. These included:
  - Reviewing how the Council is organised and deliver savings through reducing both the number of staff and in particular the amount spent on senior pay;
  - Reviewing the Council's refuse collection services and consider providing a fortnightly refuse collection,
  - turning off street lighting after a certain time to save on energy costs;
  - Discontinue dressing of the city, e.g. planting flowers;
  - Expand the use of libraries, and use these as community hubs;
  - Allowing the public to use facilities in schools, e.g. as community rooms;
  - introducing charges for services that are currently free;
  - reducing the opening hours of certain services, such as libraries; and
  - Consider providing statutory services only.
- 6.2. Consultees also highlighted the need for the Council to secure efficiencies through either delivering shared services with neighbouring authorities, thereby reducing the cost to the Council, or outsourcing all of its services to the most cost effective supplier. The voluntary and community sectors felt that they were best placed to support the Council by delivering citizen focused services, and suggested that the third sector and the Council work together to consider which services, currently delivered in-house, might be delivered more cost effectively by the voluntary sector.

## 7. Discretionary Rate Relief Policy

- 7.1. This year, as part of the budget consultation, the Council consulted upon its revised Discretionary Rate Relief policy. Discussions on the DRR Policy recognised that Council faced a difficult financial situation and that the need to protect vulnerable residents was a key priority. However, it was felt that the DRR Policy would have a significant impact on the ability of small, local voluntary and community sector organisations to operate. Of the 26 respondents who completed the online survey, 69% indicated that the DRR Policy would have a negative effect on their organisation, whilst 19% said that they were unsure as to what the impact would be. Respondents wanted the Council to recognise that the voluntary sector has faced a reduction in income from different funders over the past few years, and that the proposed Policy would have a significant impact on a number of already struggling organisations.
- 7.2. Participants felt that limiting the ability of voluntary and community sector organisations to operate through increasing rates would have a detrimental impact on the people they served. The affected groups span the spectrum of the protected equality groups, many of whom were often on low incomes and living in deprived areas of the city (the Equalities



and Consultation Analysis will be available on the Council's website). Respondents felt that the proposals would have a negative impact on the wider social benefits of their work, such as community cohesion and community engagement. These views were supported through the online survey responses, with 61.5% of the 26 respondents who completed the survey, reporting that the DRR Policy would have a negative effect on their customers/service users.

- 7.3. Respondents highlighted the range of work that voluntary and community organisations did within their communities and how this contributed to improving the quality of life for vulnerable people, supported the delivery of the Council's aims and objectives, and by early intervention work, also ensured that service users did not rely on costly Council services. It was felt that the voluntary and community sector were saving the Council money by providing early intervention/support services. The voluntary and community sectors emphasised that they wanted to work in partnership with the Council, but these proposals were seen as counter-productive to developing good working relations and were seen as contrary to the Council's stated aims of delivering Council priorities by active citizens and through strong and involved communities.
- 7.4. Submissions to the consultation highlighted that, as a Marmot city, the Policy should recognise the importance of active participation in sporting activity by children and older people in the city, which will help improve the health and well-being of local residents. Comments to the consultation also highlighted that the proposed Policy would have a negative impact on the delivery of the Council's Sports Strategy, and in particular, the ability of the Council to secure future funding for the emerging Strategy and associated undertakings.
- 7.5. Responses to the DRR Policy also highlighted a number of specific issues in relation to the policy documentation, which are as follows:
  - Respondents felt that the **limitation of relief on one property** was inequitable and would affect small organisations who needed to operate from various locations to deliver their services, e.g. housing associations, scouts
  - The issue of **reserves** was contentious. Consultees felt that organisations who had budgeted carefully, who were able to manage financial risks to their organisation whilst continuing to deliver services, would be unfairly penalised under the proposals. Instead, respondents asked the Council to consider the criteria applied by of the Charity Commission and Bristol City Council. Respondents also asked that the criteria that will be used to conduct the means test should be published.
  - Representatives of housing charities felt that the **exclusion of housing associations** was unfair, given the role that these organisations played in supporting vulnerable people in the city, and creating safe, secure and attractive accommodation for local residents. Partners such as WM Housing felt that the proposals would affect their ability to initiate or contribute to community investment projects in the city in future.
  - Consultees emphasised the need to phase in the Policy over a period of time to enable organisations to deal with the financial challenges presented to them
  - Comments received highlighted the need for the Policy to recognise the benefit of **active engagement in sport as beneficial** to the health and well being of residents and clearly articulate this in the criteria for inclusion.
- 7.6. Participants of the consultation suggested a number of alternatives that the Council could consider. These included:
  - Considering policies applied elsewhere, such as Bristol City Council and Southwark Council, and adopting similar approaches;

- The proposals contained within the report by Social Enterprise UK '*Business Rates, Economic and Social Value*' and the report by the Sport and Recreation Alliance '*Discretionary Rate Relief for Sport Clubs*'; and
- Using £1m of the £50m Coventry Investment Fund to subsidise DRR for a two year period to enable the third sector to deliver vital services, whilst exploring the contribution that voluntary organisations make to the city during that time.

## 8. Involving Residents and Communities

- 8.1. As part of this year's budget consultation, participants were asked to think about what they could do to help improve quality of life for themselves and for their communities. The majority of respondents were positive about being involved in their local communities and suggested ways in which they wanted to be involved. These included:
- Keeping pavements in the vicinity of their homes clean;
  - Creating local task and finish groups, made up of residents, aimed at improving the locality;
  - Allowing charities/communities to run libraries instead of the Council;
  - Engaging residents and communities in dressing the city, e.g. planting flowers;
  - Businesses to sponsor flower displays;
  - The Chamber of Commerce working with the Council to use business rate monies to grow existing businesses and support the emergence of new enterprises; and
  - Businesses and organisations giving employees time to engage in volunteering opportunities.

## 9. Conclusion

- 9.1. All consultees recognised the scale and very difficult decisions that the Council was facing in planning its finances and setting a balanced budget for 2014/15, and there was continued support for the Council's priorities and recognition of the importance of regenerating the city and creating more jobs, and ensuring that vulnerable people are supported. There was concern about the impact the DRR policy would have upon the ability of the voluntary and community sectors to continue to deliver vital services, and upon their service users who relied upon these organisations.

## Summary of Responses from the Council's Public Budget Consultation – January 2014

Priority / Theme	Comments	Sector
<b>Priorities</b>		
<b>Helping People into Jobs</b>	<ul style="list-style-type: none"> <li>• Most important to create jobs, without this people will not have money to spend in the City Centre.</li> <li>• Support young people into jobs</li> <li>• Jobs should be our priority</li> <li>• Promote the city to bring new businesses into the City who can provide more jobs.</li> </ul>	Older People's Partnership and Physical and Sensory Impairment Partnership
<b>Creating the Infrastructure for the City to Grow and Thrive</b>	<ul style="list-style-type: none"> <li>• There are a lot of empty shops in the city centre</li> <li>• We need to encourage more businesses into the city centre</li> <li>• Support for local businesses, putting rent and rates down would help to get retailers into shop premises. Promote short term lets of empty shops to help new businesses</li> <li>• Concern about the amount of spending earmarked for Friargate</li> <li>• City centre is currently declining and businesses are moving out. Friargate will mean more businesses and people working in the city centre</li> <li>• The infrastructure improvements to the city centre are laudable and the city is on the cusp of great opportunities with the development of Friargate</li> <li>• Friargate and developments are good forward planning and will help to regenerate the city</li> <li>• We should encourage external investment but Friargate development is a huge risk</li> <li>• Concerns about amount of money spent on Friargate</li> <li>• Need to bring retailers into the city centre to encourage spending</li> <li>• Suggestion that the Council improve the energy efficiency of its existing properties rather than create Friargate</li> <li>• Friargate will help to lever in external businesses into the city</li> <li>• Need to work together in partnership to address the issues of business rates.</li> <li>• Cut all spending on regeneration</li> <li>• AT7 centre is a good idea</li> <li>• Need to regenerate the city and consider public transport in Broadgate</li> </ul>	Residents Online survey respondents Chamber of Commerce Older People's Partnership

Priority / Theme	Comments	Sector
<p><b>Increasing the Supply and Choice of Housing</b></p>	<ul style="list-style-type: none"> <li>The city needs good quality housing</li> <li>Make more land available for housing and improve the quality of existing housing stock</li> </ul>	<p>Older People's Partnership Residents</p>
<p><b>Support for our most vulnerable residents</b></p>	<ul style="list-style-type: none"> <li>How will the Council define 'vulnerability' in different circumstances, when talking about protecting the most vulnerable people?</li> <li>Reducing services now may lead to more issues further down the line that may be more expensive. Preventative services for all citizens are better than reactive ones in the long run.</li> <li>Protecting the most vulnerable residents should be the Council's top priority</li> <li>Opposition to cuts to services for disabled people and children's services</li> <li>The voluntary sector has a role not just in early service provision, but also delivering specialist support and reducing demand on statutory services. The voluntary sector can contribute and help to create more independence for service users.</li> <li>It is crucial for the council to protect those who cannot protect themselves</li> <li>Improve access to citizen's advice and support services.</li> </ul>	<p>Youth Council Voluntary and community sector partners Residents Older People's Partnership</p>
<p><b>Creating an attractive, cleaner and greener city</b></p>	<ul style="list-style-type: none"> <li>Making roads and pavements safe is important in particular for older people and disabled people.</li> <li>Some streets have not yet been repaired and others appear to have been done more than once.</li> <li>Clearing roads in the snow is particularly important for vulnerable people. Young people could be involved by helping residents to clear paths.</li> <li>Council should spend money on doing repairs properly once rather than doing lots of repairs</li> </ul>	<p>Residents Youth Council</p>

Priority / Theme	Comments	Sector
<b>Youth Services</b>	<ul style="list-style-type: none"> <li>• Create a city wide awards scheme aimed at young people specifically, to encourage them to be involved in community activities</li> <li>• Important to reduce youth unemployment.</li> <li>• Importance of having safe and friendly places that young people can meet and engage with each other</li> <li>• More leisure activities for young people are needed</li> <li>• Cuts to Youth Services now will create pressures later for the Council, e.g. increased anti-social behaviour</li> </ul>	Residents Older People's Partnership Youth Council Trade Union
<b>Council's Budget Proposals</b>		
<b>Council Tax</b>	<ul style="list-style-type: none"> <li>• The council should rise rates (council tax rate)</li> <li>• I am happy to pay more council tax if the money is spent on worthwhile services</li> <li>• Increase in council tax seems fair</li> </ul>	Residents
<b>Efficiency Savings</b>	<ul style="list-style-type: none"> <li>• Impression that the Council has a lot of managers</li> <li>• The Council should freeze senior pay</li> <li>• Council needs to spend its money sensibly and not on grandiose projects</li> <li>• The council should consider a fortnightly waste collection</li> <li>• Turn off street lighting after certain times</li> <li>• Reduce opening hours of libraries</li> <li>• Stop dressing the city, e.g. flower displays</li> <li>• Council should explore joint working with other councils</li> </ul>	Residents Older People's Partnership

Priority / Theme	Comments	Sector
<b>Discretionary Rate Relief Policy</b>	<ul style="list-style-type: none"> <li>• Reduction in DRR will reduce the ability of the organisation to operate</li> <li>• The proposals, in addition to other funding cuts, will exacerbate the existing disadvantages experienced by service users</li> <li>• Loss of 20% discretionary award would result in us passing those costs onto our most vulnerable users</li> <li>• Any change in the policy that results in the club need to pay out any more money, would have a detrimental effect on all of our members irrespective of age, gender, disability, race or relief</li> <li>• The 250 charities affected by the proposals provide many local services across the City, often dealing with very vulnerable people and delivering vital interventions that can significantly shift a person or family from crisis to some level of stability. For some organisations, these changes will mean closure.</li> <li>• The proposed policy threatens the sustainability of sporting organisations and the availability of facilities; undermines volunteerism and community engagement.</li> <li>• The proposed policy is contrary to the councils stated aims of improving the quality of life for Coventry people by working with local communities to create an attractive greener city, improve the health and wellbeing of local residents, and delivering council priorities by active citizens, through strong and involved communities.</li> <li>• Restricting relief to one property is inequitable</li> </ul>	<p>Respondents to online survey</p>
<b>Involving Residents and Communities</b>	<ul style="list-style-type: none"> <li>• Provide more services through the not for profit sector.</li> <li>• Keep pavements in the vicinity of their homes clean</li> <li>• Charities and communities to run libraries</li> <li>• Volunteers to plant flowers instead of the council</li> <li>• Ask business to sponsor flower displays</li> </ul>	<p>Residents Older People's Partnership Chamber of Commerce</p>

**Appendix 2: Revenue Budget Proposals and Equality Issues**

	2014/15		2015/16		2016/17		Description	Equality Issues
	£000		£000		£000			
<b>Starting Budget</b>	275,677		288,071		296,813			
<b>Initial Resources Assumption</b>	(253,679)		(243,294)		(235,406)			
<b>Abc Savings in Programme</b>	(18,072)		(36,372)		(36,372)			
<b>Initial Budget Gap</b>	<b>3,926</b>		<b>8,404</b>		<b>25,035</b>			
<hr/>								
<b>(Improved)/Worsened Resource Forecast - Figures Revised Since Pre-Budget Report</b>	<b>(1,878)</b>		<b>6,462</b>		<b>11,515</b>			



**Appendix 2: Revenue Budget Proposals and Equality Issues**

	2014/15	2015/16	2016/17	Description	Equality Issues
	£000	£000	£000		
<b>Immediate Cost Pressures</b>					
1 Children's Social Care and Early Intervention abc Review	4,000	4,000	4,000	It is now considered impossible to achieve the target saving which rises to £4m in 2014/15 as a result of an increasing population of children, higher numbers of contacts, referrals and caseloads and intervention services now supporting more families. The Council is re-assessing the steps it needs to take, to protect vulnerable young people in the city. This proposal is therefore to reduce the review savings target by £4m.	The Council is revisiting service priorities originally identified for this review to ensure the equality needs of protected groups are identified.
1a People Directorate - Children's Social Care and A Bolder Community Services - <b>Figures Revised Since Pre-Budget Report</b>	5,600	5,000	5,000	The year 1 costs provide for £2.6m relating to additional Looked After Children numbers, a shortfall of £0.4m in relation to an anticipated shortfall in Special Educational Needs and Disability (SEND) provision. The additional resource now being made available is for areas that have a strong relation to temporarily delayed savings identified as part of the A Bolder Community Services Review and £0.7m relating to a range of further pressures within the People Directorate including continued fall-out of existing grant funding.	The Council updated the original equality and additional consultation analyses carried out for each of the reviews following consultation with service users. The additional resource now being made available is for areas that have a strong relation to temporarily delayed savings identified as and adults.
2 Education Support Grant	561	561	561	Proposal to back-fill the loss of Education Support Grant caused by the transfer of schools to academy status.	This item demonstrates the Council's commitment to ensuring the continued delivery of core LEA services in the light of the national government reduction of this grant.



**Appendix 2: Revenue Budget Proposals and Equality Issues**

	2014/15	2015/16	2016/17	
	£000	£000	£000	Equality Issues
3 Pension Contributions Current Service - Figures Revised Since Pre-Budget Report	400	960	1,360	Unavoidable increase in current service employer pension contributions from the current rate of 12.1% to 12.5% in 2014/15 and 13.4% by 2016/17 in line with the Council's external actuarial review in 2013. There are no Schools will bear an equivalent increase. These costs are lower than those included in the Pre-Budget Report as a result of revised arrangements agreed with the West Midlands Pension Fund.
4 Pension Contributions Past Service - Figures Revised Since Pre-Budget Report	2,000	4,080	6,400	Unavoidable increase in past service employer pension contributions in line with external actuarial review in 2013. The estimated lump sum payment for the Council will increase from the current £9m in 2014/15 to £14m by 2016/17. There are no specific equality issues arising from those included in the Pre-Budget Report as a result of revised arrangements agreed with the West Midlands Pension Fund.
4a Local Government Pension Scheme 2014 - Increase in Payroll Costs Subject to Superannuation - Figures Revised Since Pre-Budget Report	533	533	533	The introduction of the Local Government Pension Scheme 2014 changes will see certain elements of the Council's payroll become pensionable for the first time including overtime payments. This represents a cost to the Council in relation to its superannuation contributions.
<b>Total Immediate Cost Pressures</b>	<b>13,094</b>	<b>15,134</b>	<b>17,854</b>	

**Appendix 2: Revenue Budget Proposals and Equality Issues**

	2014/15	2015/16	2016/17	Description	Equality Issues
	£000	£000	£000		
<b>Long-Term Cost Pressures</b>					
5 National Insurance Contracting Out	0	0	3,000	Increase in employer National Insurance contributions for all employees in an occupational pension scheme. This is the result of a change in Government policy expected to be introduced in 2016.	As a change in Government policy it is anticipated that this will be subject to equality analysis at a national level. There are no specific equality issues arising in relation to this.
<b>Total Long-Term Cost Pressures</b>	<b>0</b>	<b>0</b>	<b>3,000</b>		

**Appendix 2: Revenue Budget Proposals and Equality Issues**

	2014/15	2015/16	2016/17	Description	Equality Issues
	£000	£000	£000		
<b>Technical Savings</b>					
6	(5,000)	(5,000)	(5,000)	The 2013/14 Budget introduced a contingency There are no equality issues arising in budget (£6m for 2014/15) to mitigate the risk of lost relation to this area.	
				Business Rates within the newly introduced Business Rates localisation regime. Current trends indicate that the Business Rates base has held up well such that most of this contingency can now be removed from the budget.	
6a	(2,262)	1,625	1,527	This indicates the balance of projected 2013/14 There are no equality issues arising in surpluses and 2014/15 tax-base changes for Council relation to this area.	
				Tax and Business Rates.	
7	(5,000)	(5,000)	(3,000)	The AMRA is a corporate budget which incorporates There are no equality issues arising in the revenue financing costs of capital spending. Re- relation to this area.	
				profiling of such spend and low interest rates mean that there will be a significant saving in this area.	
8	(600)	(300)	0	The phasing out of Housing Benefit Administration There will be no equalities impact in relation Grant received by the Council is now expected to be to the provision of this grant or on the slower than anticipated previously when a provision workforce in the next financial year. An of £1m was set aside. This item assumes a loss of expenditure pressure was allowed for in nearer £0.4m for 2014/15 rising in later years.	2013/14 and this item reflects the updated position in this area.
9	(724)	(788)	(788)	Inflation contingencies allow for planned and ad hoc There are no equality issues arising in expenditure including extra-ordinary rises in energy or relation to this area.	
				contract inflation. The savings here show that part of the existing budget which will not be required for these purposes in 2014/15.	

## Appendix 2: Revenue Budget Proposals and Equality Issues

	2014/15		2015/16		2016/17		Description	Equality Issues
	£000	(298)	£000	(298)	£000	(298)		
9a Carbon Reduction Commitment Levy Exemption - Figures Revised Since Pre-Budget Report		(298)		(298)		(298)	The Council has previously been responsible for paying a levy on its energy usage - the CRC Levy. The Council now has an exemption from paying the levy because it has dropped below the threshold that triggers liability.	There are no equality issues arising in relation to this area.
10 1% Pay Award 2015/16		0		(2,400)		(2,400)	Government has announced a continuation of public sector pay restraint indicating that this will be maintained at 1% in 2015/16.	This proposal is in line with our previous 2014/15 planning assumption. There are no equality implications for 2014/15.
10a Integrated Transport Authority Levy - Figures Revised Since Pre-Budget Report		(608)		(2,102)		(2,565)	The previous financial plan assumed a budget in 2014/15 and thereafter. This updated position shows a 5% saving in the overall West Midlands' ITA levy for 2014/15 and a further 5% in 2015/16. As a result of this reduction and a higher proportionate share of the levy based on population shares the City Council pay an overall levy of £15.4m in 2015/16.	The ITA has undertaken a consultation on increases options to deliver these savings. These options include service changes that would affect protected groups likely to include those living in deprived areas. The ITA will be responsible for undertaking equality analysis on these changes.
<b>Total Technical Savings</b>		<b>(14,492)</b>		<b>(14,263)</b>		<b>(12,524)</b>		

**Appendix 2: Revenue Budget Proposals and Equality Issues**

	2014/15		2015/16		2016/17		Description	Equality Issues
	£000		£000		£000			
<b>Policy Savings</b>								
11	(1,250)		(1,250)		(1,250)		Savings delivered from organisational restructure. These planned changes will be achieved from these savings relate principally to reduced savings across the full spectrum of grades. Employee costs from the creation of the Resources Directorate. The savings will total £3m and will more information is available. deliver £1.75m of existing abc targets and a new target of £1.25m.	
12	(100)		(100)		(100)		Decision to not make a pay award to most senior Council employees in 2013/14. This affects 85 of the highest paid employees in the City Council.	
13	(150)		(150)		(150)		Savings target for proposals coming forward through the JEEP Programme. Savings already identified to through the Programme will be part-meet the target include paper procurement and technical/management type initiatives such as £50k reduction in spend on leaflets. that there will be no equality impact.	
<b>Total Policy Savings</b>								
	<b>(1,500)</b>		<b>(1,500)</b>		<b>(1,500)</b>			

Appendix 2: Revenue Budget Proposals and Equality Issues

	2014/15		2015/16		2016/17		Description	Equality Issues
	£000		£000		£000			
<b>Policy Priorities</b>								
14 Domestic Violence	250		250		250		250 Proposal to extend a city-wide funding model for Domestic Violence service, extending the temporary funding provided for at 2012/13 Outturn.	The equality issues in relation to this policy have been picked up by the detailed policy analysis that has already been conducted.
15 Living Wage - Figures Revised Since Pre-Budget Report	600		600		600		600 Proposal to incorporate the 2013/14 Living Wage increase to £7.45 an hour approved by Council on 25th June 2013 and approve the further increase to £7.65 per hour. Recent data indicated that the combined impact of these changes will be in the region of £0.6m.	Introducing the Living Wage will improve the income levels of a substantial number of low paid individuals in the Council, the majority of whom are female employees. An equality analysis will be undertaken in due course
16 City Deal Clearing House - Figures Revised Since Pre-Budget Report	0		0		0		0 Funding of a dedicated Clearing House service to promote growth across Coventry and Warwickshire LEP region is now anticipated to be funded wholly from a combination of resources identified previously plus funding channelled through the LEP (report to Cabinet 7th January 2013)	There are no equality issues arising in relation to this area.
<b>Total Policy Priorities</b>	<b>850</b>		<b>850</b>		<b>850</b>			
<b>Total Budget Gap</b>	<b>0</b>		<b>15,087</b>		<b>44,230</b>			

2013/14	CABINET MEMBER PORTFOLIO'S	Inflation & Previous Budget Decisions	Budget Changes	2014/15 Final Budget
£'000		£'000	£'000	£'000
(4,577)	Business, Enterprise & Employment	115	0	(4,462)
52,872	Children & Young People	(4,173)	9,061	57,760
14,974	Community Safety & Equalities	(1,562)	0	13,412
16,851	Education	(46)	0	16,805
3,349	Energy & Environment	(65)	(298)	2,986
83,388	Health and Adult Services	(5,846)	250	77,792
7,390	Housing and Heritage	(254)	0	7,136
236	Policy and Leadership	199	0	435
21,247	Public Services	(868)	0	20,379
9,592	Strategic Finance and Resources	598	(780)	9,410
<b>205,322</b>	<b>TOTAL CABINET MEMBER PORTFOLIO'S</b>	<b>(11,902)</b>	<b>8,233</b>	<b>201,653</b>
33,042	Borrowing & Investments	(1,664)	(5,000)	26,378
(942)	Contingencies & Corporate Budgets	4,984	(10)	4,032
17,535	Levies From Other Bodies	0	(612)	16,923
5	Parish Precepts	0	0	5
9,452	Revenue Contribution to Capital Spend	(2,452)	0	7,000
4,000	Contributions to / (from) Reserves	3,814	(5,300)	2,514
<b>268,414</b>	<b>NET BUDGET AFTER SPECIFIC GRANTS, FEES &amp; CHARGES</b>	<b>(7,220)</b>	<b>(2,689)</b>	<b>258,505</b>
	Financed by:			
(121,545)	Central Government Resources	18,817	(172)	(102,900)
(93,813)	Council Tax @ 1.9% increase	(2,451)	(2,524)	(98,788)
(53,056)	Business Rates	(4,219)	458	(56,817)
<b>(268,414)</b>	<b>TOTAL RESOURCES</b>	<b>12,147</b>	<b>(2,238)</b>	<b>(258,505)</b>

2013/14	CABINET MEMBER PORTFOLIO'S	Gross Expenditure	Gross Income	2014/15 Final Budget
£'000		£'000	£'000	£'000
(4,577)	Business, Enterprise & Employment	11,766	(16,228)	(4,462)
52,872	Children & Young People	67,631	(9,871)	57,760
14,974	Community Safety & Equalities	16,620	(3,208)	13,412
16,851	Education	240,888	(224,083)	16,805
3,349	Energy & Environment	6,506	(3,520)	2,986
83,388	Health and Adult Services	121,978	(44,186)	77,792
7,390	Housing & Heritage	7,413	(277)	7,136
236	Policy & Leadership	556	(121)	435
21,247	Public Services	38,877	(18,498)	20,379
9,592	Strategic Finance and Resources	129,149	(119,739)	9,410
<b>205,322</b>	<b>TOTAL CABINET MEMBER PORTFOLIO'S</b>	<b>641,384</b>	<b>(439,731)</b>	<b>201,653</b>
33,042	Asset Management Revenue Account	30,878	(4,500)	26,378
(942)	Contingencies & Corporate Budgets	16,111	(12,079)	4,032
17,535	Levies From Other Bodies	16,923	0	16,923
5	Parish Precepts	5	0	5
9,452	Revenue Contribution to Capital Spend	7,000	0	7,000
4,000	Contributions to / (from) Reserves	2,514	0	2,514
<b>268,414</b>	<b>NET BUDGET AFTER SPECIFIC GRANTS, FEES &amp; CHARGES</b>	<b>714,815</b>	<b>(456,310)</b>	<b>258,505</b>
	Financed by:			
(121,545)	Central Government Resources			(102,900)
(93,813)	Council Tax @ 1.9% increase			(98,788)
(53,056)	Business Rates			(56,817)
<b>(268,414)</b>	<b>TOTAL RESOURCES</b>			<b>(258,505)</b>

<b>CAPITAL PROGRAMME 2014/15 - 2018/19</b>					
<b>Expenditure</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Portfolio:</b>					
Business, Enterprise & Employment	50,139	61,039	39,137	7,851	2,908
Children & Young People and Education	36,628	12,399	5,800	9,268	9,014
Energy & Environment	1,937	322	26	0	0
Health and Adult Services	2,760	2,389	2,389	2,389	2,389
Housing and Heritage	5,618	912	0	0	0
Public Services	42,988	14,741	10,375	8,822	8,858
Strategic Finance and Resources	9,246	2,111	1,000	1,000	1,000
<b>TOTAL PROGRAMME</b>	<b>149,316</b>	<b>93,913</b>	<b>58,727</b>	<b>29,330</b>	<b>24,169</b>
<b>Allowance for 5% Rescheduling</b>	<b>(7,466)</b>	<b>2,397</b>	<b>1,879</b>	<b>1,564</b>	<b>336</b>
<b>PROGRAMME AFTER RESCHEDULING</b>	<b>141,850</b>	<b>96,310</b>	<b>60,606</b>	<b>30,894</b>	<b>24,505</b>
<b>Resources Available to fund the programme</b>	<b>141,850</b>	<b>93,885</b>	<b>60,606</b>	<b>30,894</b>	<b>26,731</b>
<b>Resources in Hand / (Shortfall)</b>	<b>0</b>	<b>(2,425)</b>	<b>0</b>	<b>0</b>	<b>2,226</b>



## CAPITAL PROGRAMME BY CM PORTFOLIO

### CABINET MEMBER: BUSINESS, ENTERPRISE & EMPLOYMENT

CAPITAL SCHEME	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Nuckle	10,574	2,224	0	0	0
Regional Growth Fund (RGF 3, 4 & Wave 2)	8,496	0	0	0	0
Growing Places	6,449	4,370	0	0	0
Coventry Investment Fund (CIF) - Unallocated	5,749	15,000	20,000	5,000	0
Study Inn Loan	5,500	6,000	0	0	0
Kickstart Office	4,528	27,314	16,285	32	90
Far Gosford Street	3,482	755	0	0	0
Property Repairs	2,750	2,750	2,750	2,750	2,750
Canley Regeneration	1,083	25	0	0	0
Coventry & Warks Enterprise and Business Growth	1,082	400	0	0	0
Lythalls Lane (CIF)	335	2,132	33	0	0
New Deal for Communities	111	69	69	69	68
<b>TOTAL APPROVED PROGRAMME</b>	<b>50,139</b>	<b>61,039</b>	<b>39,137</b>	<b>7,851</b>	<b>2,908</b>

RESOURCES	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Corporate Resources	9,919	7,274	2,819	2,819	2,818
Prudential Borrowing	16,112	50,446	36,318	5,032	90
Grant	24,037	3,319	0	0	0
Section 106	71	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>50,139</b>	<b>61,039</b>	<b>39,137</b>	<b>7,851</b>	<b>2,908</b>

### CABINET MEMBER: CHILDREN, YOUNG PEOPLE & EDUCATION

CAPITAL SCHEME	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
School Expansion Programme (Basic Need Grant)	29,214	5,636	0	435	493
School Condition (Maintenance Grant)	5,007	5,830	2,414	3,988	3,712
Infant School Catering Adaptations	755	0	0	0	0
Devolved Formula Capital	631	568	511	460	414
Early Years	334	0	0	0	0
Broad Park House (Breaks for Disabled Grant)	306	0	0	0	0
Pathways to Care (Support to Foster Carers)	206	190	200	210	220
Suitability/Access	100	100	100	100	100
Leased Equipment	75	75	75	75	75
Broad Spectrum School	0	0	2,500	4,000	4,000
<b>TOTAL APPROVED PROGRAMME</b>	<b>36,628</b>	<b>12,399</b>	<b>5,800</b>	<b>9,268</b>	<b>9,014</b>

RESOURCES	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Corporate Resources	14,190	2,390	200	210	220
Grant	22,020	9,816	5,525	8,983	7,962
Leasing	75	75	75	75	75
Section 106	343	118	0	0	757
<b>TOTAL RESOURCES</b>	<b>36,628</b>	<b>12,399</b>	<b>5,800</b>	<b>9,268</b>	<b>9,014</b>

## CABINET MEMBER: ENERGY & ENVIRONMENT

CAPITAL SCHEME	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Play Areas	1,009	252	0	0	0
Lentons Lane Cemetery	748	70	26	0	0
Tackling Fuel Poverty	162	0	0	0	0
Holbrooks Park	11	0	0	0	0
The Lodge - Canley Crematorium	7	0	0	0	0
<b>TOTAL APPROVED PROGRAMME</b>	<b>1,937</b>	<b>322</b>	<b>26</b>	<b>0</b>	<b>0</b>

RESOURCES	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Corporate Resources	11	0	0	0	0
Prudential Borrowing	755	70	26	0	0
Grant	162	0	0	0	0
Section 106	1,009	252	0	0	0
<b>TOTAL RESOURCES</b>	<b>1,937</b>	<b>322</b>	<b>26</b>	<b>0</b>	<b>0</b>

## CABINET MEMBER: HEALTH & ADULT SERVICES

CAPITAL SCHEME	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Disabled Facilities Grants (inc Social Care grant)	2,580	2,389	2,389	2,389	2,389
Recovery Community In Coventry	180	0	0	0	0
<b>TOTAL APPROVED PROGRAMME</b>	<b>2,760</b>	<b>2,389</b>	<b>2,389</b>	<b>2,389</b>	<b>2,389</b>

RESOURCES	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Grant	2,760	2,389	2,389	2,389	2,389
<b>TOTAL RESOURCES</b>	<b>2,760</b>	<b>2,389</b>	<b>2,389</b>	<b>2,389</b>	<b>2,389</b>

## CABINET MEMBER: HOUSING & HERITAGE

CAPITAL SCHEME	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
AT7 Centre	2,521	0	0	0	0
Coventry Transport Museum	1,931	912	0	0	0
Siskin Drive	1,073	0	0	0	0
Investment in Sporting Facilities	93	0	0	0	0
<b>TOTAL APPROVED PROGRAMME</b>	<b>5,618</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>0</b>

RESOURCES	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Corporate Resources	93	0	0	0	0
Prudential Borrowing	2,521	0	0	0	0
Grant	3,004	912	0	0	0
<b>TOTAL RESOURCES</b>	<b>5,618</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CABINET MEMBER: PUBLIC SERVICES

CAPITAL SCHEME	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Friargate Bridgedeck	12,303	4,018	174	0	0
Whitley Junction	6,243	0	0	0	0
Highways Maintenance (inc Maintenance Grant)	5,934	5,600	5,600	5,600	5,600
Vehicle & Plant Replacement	4,499	1,452	2,780	1,401	1,437
A4600 Congestion Relief Scheme	3,770	0	0	0	0
Public Realm Phase 2	2,862	0	0	0	0
Integrated Transport Programme	2,139	1,821	1,821	1,821	1,821
South West Coventry Junction Improvement Programme	1,725	0	0	0	0
Cycle Coventry	1,588	0	0	0	0
Whitefriars Housing Estates	1,000	850	0	0	0
Highways S106	925	1,000	0	0	0
<b>TOTAL APPROVED PROGRAMME</b>	<b>42,988</b>	<b>14,741</b>	<b>10,375</b>	<b>8,822</b>	<b>8,858</b>

RESOURCES	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Corporate Resources	3,588	3,000	3,000	3,000	3,000
Prudential Borrowing	4,319	1,316	1,602	1,383	1,227
Grant	33,976	9,289	4,595	4,421	4,421
Leasing	180	136	1,178	18	210
Section 106	925	1,000	0	0	0
<b>TOTAL RESOURCES</b>	<b>42,988</b>	<b>14,741</b>	<b>10,375</b>	<b>8,822</b>	<b>8,858</b>

## CABINET MEMBER: STRATEGIC FINANCE & RESOURCES

CAPITAL SCHEME	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Strategic ICT Projects	6,771	2,111	1,000	1,000	1,000
Super Connectivity	2,475	0	0	0	0
<b>TOTAL APPROVED PROGRAMME</b>	<b>9,246</b>	<b>2,111</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

RESOURCES	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Corporate Resources	2,115	1,111	1,000	1,000	1,000
Prudential Borrowing	4,175	1,000	0	0	0
Grant	2,350	0	0	0	0
Revenue Contribution to Capital Outlay	606	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>9,246</b>	<b>2,111</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

## **COUNCIL INVESTMENT STRATEGY AND POLICY**

### **1. Governance**

In respect of investments, the key requirement of the government's "Guidance on Local Government Investments" initially issued on 12th March 2004 by the ODPM, and revised by Communities and Local Government (CLG) in April 2010, is for local authorities to draw up an annual investment strategy for the management of its investments. The strategy is to be approved by full Council.

### **2. Principles Governing Investment Criteria**

The fundamental principle governing the City Council's investment criteria is the security of its investments, although investment return will be a consideration. The Council will ensure:

- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counter parties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments, taking into account known and potential cashflow requirements.

### **3. Types of Investments Available to the City Council**

Government guidance on local authority investments categorises investments as either specified or non-specified. Specified investments are:

- denominated in sterling;
- due to be repaid within 12 months;
- not deemed capital expenditure investments under statute;
- invested in one of: UK Government, UK local authority or a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations as those having a credit rating of A- or higher that are domiciled in the UK or a non UK country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

All other investments are classified as non-specified.

The total limit for all non-specified investments is £15m, with specific "sub" limits of:

	£m
Total Long Term Investments	£10m
Total Investments without credit ratings (excluding MMFs)	£10m
Total Investments in foreign countries rated below AA+ (minimum A-)	£5m

#### 4. Counterparties and Investments to be Used by the City Council

The Executive Director Resources will maintain a counterparty list based on the criteria set out below. The credit rating criteria stated below are those determined by the Fitch crediting rating agency. In addition, the Council also has regard to the 2 other agencies that undertake credit ratings: Standards and P oor's and Moody's, in determining the lowest acceptable credit quality.

The following investments can be used by the City Council:

Counterparty	Limit £m	Minimum Long Term Rating	Duration Limit
Banks, financial institutions & other organisations	£8m	A- to A+	1 year
Banks, financial institutions & other organisations	£8m	AA-	3 years
UK Government (irrespective of credit rating)	unlimited		3 years
UK Local Authorities (irrespective of credit rating)	£8m		3 years
Registered Providers (Social Landlords)	£4m	A-	1 year
UK Building Societies without credit ratings	£1m		1 year
Money Market Funds (MMFs) and Collective Investment Schemes *	£8m		n/a
Any other organisation, subject to an external credit assessment and specific advice from the City Council's treasury management advisors	£1m		1 year

In addition to the following category or group limits will apply:

Group	Limit £m
Organisations under the same ownership	Same limit as the organisation. Limit per group
Collective Investment Schemes under the same management	£8m per manager
Negotiable instruments in a nominee account	£16m per broker/custodian
Non UK Countries	£8m per country
Building Societies	£16m in total
Registered Providers (Social Landlords)	£8m in total
Money Market Funds *	£40m in total

\*These are "pooled" investments which entail taking a small share of a large pool, with risk spread across a number of investments. Some MMFs and Collective Investment Schemes are not given a credit rating, reflecting the practice within the financial services industry. In addition there are currently EU proposals to stop MMFs from having credit ratings. Where MMFs are not credit rated investments will only be made in line with the advice of the City Council's Treasury Advisers. This will include an as sessment of whether a M MF is categorised as a specified or non-specified investment.

Investment limits apply at the time the investment is made.

In the event of the City Council's own banker falling below the minimum criteria, balances held at the bank would be minimised as far as possible. In particular, no fixed term deposits would be made with the bank. In such circumstances any balances held would then be classified as non-specified investments.

In addition to credit rating information, in line with best practice, the authority will, through its treasury advisers, consider other information when assessing credit risk and determining organisations with whom the authority will invest. Such information will include:

- Credit Default Swaps (an indicator of risk based on the cost of insuring against non-payment);
- Sovereign support mechanisms;
- Share prices;
- Corporate developments;
- Financial media reviews and commentaries.

The table above sets out the *maximum* limits that provide a sound approach to investment. However, in light of any uncertainty, the Executive Director Resources will, as appropriate, restrict further investment activity to those counterparties considered of higher quality than the minimum. Examples of such precautionary restrictions can include limiting investments to specific organisations, their duration or both. In addition, country limits, whereby investments in certain foreign regulated institutions are restricted will be used to manage risk.

## **5. Investment Instruments to be Used by the City Council**

The City Council may lend or invest money using any of the following financial instruments:

- interest-bearing bank accounts;
- fixed term deposits and loans;
- callable deposits where the Authority may demand repayment at any time (with or without notice);
- callable loans where the borrower may demand repayment at any time;
- certificates of deposit;
- bonds, notes, bills, commercial paper and other marketable instruments; and
- money market funds and other pooled funds.

## **6. The Monitoring of Investment Counter parties**

The credit rating of counter parties will be monitored regularly. The Council receives credit rating information from its advisers, Arlingclose, on a weekly basis. As and when ratings change, the Council will be notified immediately by Arlingclose by telephone and email. There will be a minor time delay between rating changes and the Council receiving notification, and on occasion ratings may be downgraded when an investment has already been made. Any counter party failing to meet the criteria will be removed from the list immediately by the Executive Director Resources and new counter parties which meet the criteria will be added to the list.

In addition, Arlingclose, the City Council's treasury advisers, provide analysis and advice that pulls together credit rating and other information. This facilitates the management of credit risk on a broader base than would credit ratings alone.

## **7. Financial Derivatives**

Due to some uncertainty over Councils' legal powers to use stand alone financial derivative instruments, and the risks associated with their use, the City Council does not intend to use such investment derivatives.

## **8. Operational Investments and Loans**

Separately, the City Council holds long-term investments or provides loans for operational or policy reasons, for example, in order to stimulate economic development and growth. Depending on the nature of the spend these can be accounted for as capital expenditure. Investments made in the past include Birmingham Airport Holdings Ltd and the Coventry and Solihull Waste Disposal Company.

Recent developments include the creation of the Coventry Investment Fund, which will help drive local economic growth.

Operational investments and loans will be assessed and reported on, on a case by case basis. This will include a full assessment of the risk, including credit risk, and how this will be managed.

## Summary Prudential Indicators

## Appendix 6

	Est Outturn 13/14 £000's	Forecast 14/15 £000's	Forecast 15/16 £000's	Forecast 16/17 £000's
<b>1 Ratio of financing costs to net revenue stream:</b>				
(a) General Fund financing costs	34,022	36,805	39,287	41,753
(b) General Fund net revenue stream	268,414	258,505	239,512	227,606
General Fund Percentage	12.68%	14.24%	16.40%	18.34%
<b>2 Estimates of Council Tax Impact ~ Proposed Programme</b>		£162.40	£189.89	£222.19
<b>Estimates of Council Tax Impact ~ Feb 13 Programme</b>		£173.05	£186.04	
<b>3 Gross Debt &amp; Capital Financing Requirement</b>				
Gross debt including PFI liabilities	389,062	417,827	449,419	466,114
Capital Financing Requirement	445,026	479,383	522,962	539,813
<b>Gross Investments</b>	-61,856	-46,854	-10,000	-10,000
<b>Gross Debt to Net Debt:</b>				
Gross debt including PFI liabilities	389,062	417,827	449,419	466,114
less investments	-61,856	-46,854	-10,000	-10,000
less transferred debt reimbursed by others	-18,264	-17,411	-16,471	-15,436
Net Debt	308,942	353,562	422,948	440,678
<b>4 Capital Expenditure (Note this excludes leasing)</b>				
General Fund	60,241	141,595	96,099	59,353
<b>5 Capital Financing Requirement (CFR)</b>				
Capital Financing Requirement	445,026	479,383	522,962	539,813
Capital Financing Requirement excluding transferred debt	426,762	461,972	506,491	524,377
<b>6 Authorised limit for external debt</b>				
Authorised limit for borrowing	403,847	441,514	462,578	477,652
+ authorised limit for other long term liabilities	60,812	73,902	75,370	73,026
= authorised limit for debt	464,659	515,416	537,948	550,678
<b>7 Operational boundary for external debt</b>				
Operational boundary for borrowing	359,847	401,514	422,578	437,652
+ Operational boundary for other long term liabilities	60,812	73,902	75,370	73,026
= Operational boundary for external debt	420,659	475,416	497,948	510,678
<b>8 Actual external debt</b>				
actual borrowing at 31 March 2013	311,511			
+ PFI & Finance Leasing liabilities at 31 March 2013	54,458			
+ transferred debt liabilities at 31 March 2013	19,040			
= actual external debt at 31 March 2013	385,009			
<b>9 CIPFA Treasury Management Code ~ has the authority adopted the code?</b>				Yes
<b>10 Interest rate exposures</b>				
Upper Limit for Fixed Rate Exposures	403,847	441,514	462,578	477,652
Upper Limit for Variable Rate Exposures	80,769	88,303	92,516	95,530
<b>11 Maturity structure of borrowing - limits</b>				
under 12 months	12%	0%	30%	
12 months to within 24 months	13%	0%	20%	
24 months to within 5 years	5%	0%	30%	
5 years to within 10 years	8%	0%	30%	
10 years & above	62%	40%	100%	
<b>12 Investments longer than 364 days: upper limit</b>	10,000	10,000	10,000	10,000



# Coventry City Council

Non Domestic Rate Discretionary Relief Policy  
for Charitable and Non Profit Making  
Organisations



## Introduction

- 1 A National Non-Domestic Rate (NNDR) is payable on all non-domestic properties.
- 2 The amount payable is calculated by multiplying the rateable value (set by the Valuation Office Agency) with a national multiplier (which is increased each year by the retail price index). Councils are responsible for the collection of rates and any business rate growth or loss is shared between Central Government, the Council and its preceptors.
- 3 Councils have the power to grant discretionary rate relief (DRR) to organisations that meet certain criteria.
- 4 The provisions for DRR are set out in Section 47 of the Local Government Finance Act (LGFA) 1988 and subsequent amending legislation. Councils have discretion to grant rate relief from all or part of the amount of non-domestic rates.
- 5 Section 47 of the LGFA 1988 determines the qualifying conditions for DRR as one or more of the following:
  - (a) the ratepayer is a charity or trustees for a charity, and the hereditament is wholly or mainly used for charitable purposes (whether of that charity or of that and other charities);
  - (b) the hereditament is not an excepted hereditament, and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts;
  - (c) the hereditament is not an excepted hereditament, it is wholly or mainly used for purposes of recreation, and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

Section 47(2) Local Government Finance Act 1988

- 6 This Policy outlines Coventry City Council's (hereafter referred to as 'the Council') criteria for granting discretionary relief from non-domestic rates for charitable and non-profit making organisations.
- 7 This Policy takes effect for all applications made in respect of rate liabilities incurred from 1 April 2015 onwards and for applications made after the 1 April 2015 in respect of liabilities incurred prior to 1 April 2015.
- 8 The Council has ultimate discretion in considering an application for DRR. This policy provides an overarching framework for DRR in order that the Council's decision-making in respect of DRR may be fair, consistent and transparent.

- 9 The Council is responsible for 49 per cent of the cost of funding the DRR scheme and therefore DRR represents a direct cost to council tax payers in the city. This policy seeks to ensure that the DRR scheme is fair, transparent and ultimately affordable to the Council and the local council tax payers that it serves.

### **General exclusions**

- 10 In general terms the following organisations are unlikely to be granted DRR:
- Schools
  - housing associations
  - Charity shops who do not operate exclusively in Coventry
  - National charities
  - Organisations that provide gaming facilities and/or a licenced bar as the major function in relation to the services provided
  - Those that do not meet the specific objectives that the Council wishes to promote and which are set out in the Key Criteria below.

### **Key criteria**

- 11 The council may grant up to 100 per cent discretionary rate relief to those charities and other organisations where contractual commitments exist with the Council therefore alleviating the need for the council to provide services direct and where additional costs would fall to council tax payers.

In all cases the following criteria must be satisfied by organisations wishing to claim DRR:

- I. The organisation must submit its two most recent sets of audited accounts in order that the Council may conduct a financial assessment. Where such an assessment shows that an organisation has the means to pay its full rate liability DRR will not be granted;
  - II. Applications must be made annually;
  - III. The organisation must demonstrate that it supports the Council's objectives of attracting business, growth and jobs to the city or that it is a community group or an advice organisation providing advice or support to the most vulnerable residents;
  - IV. The organisation must provide services primarily to people who live in Coventry;
  - V. The organisation must be accessible to all. Membership should be open to all sections of the community. Applicant organisations should operate equal opportunities policies; and
  - VI. In the case of sports clubs the organisation must not provide payments or other significant benefits to players.
- 12 Where an organisation has been successful on the basis of the criteria outlined above, and where that organisation is liable for non-domestic rates at more than one property, the Council will award DRR in respect of one property only – that being the property with the highest rateable value unless additional costs fall to the council tax payers from such a position.

## **General Principles**

- 13 To be eligible for relief properties must be occupied and used for the purposes of the organisation's objectives to the benefit of Coventry people. DRR will not normally be considered for properties that are empty.

## **Relationship to other forms of Rate Relief**

- 14 Applications under this policy will only be considered after consideration of any other forms of rate relief to which the applicant may be eligible (excluding hardship rate relief).

## **Claiming DRR**

- 15 All applicants are required to complete annually the Council's discretionary rate relief application form which will be available on the Council's website.
- 16 The Council may request additional information in support of an application for DRR. If supporting information is not provided within one calendar month from the date of request the Council may deem the application to be unsuccessful.

## **Maximum award**

- 17 The Council will consider the merits of each application and the specific circumstances of each applicant. The maximum amount of DRR that will normally be awarded is 50 per cent of the net rate liability but this is subject to paragraphs 11 above and 18 below.
- 18 Subject to the criteria detailed in 'Key Criteria' above, community groups or advice organisations providing advice or support to the most vulnerable residents may be eligible for up to 100 per cent relief.

## **Timescale for Decisions**

- 19 Decisions will be made within three months of receipt of an application form.

## **Notification**

- 20 The Council will inform the organisation applying, in writing (or email), of the outcome of their application for DRR within seven days of making a decision. Where the application is not successful, the notification will provide full reasons for the decision and confirm the applicant's right to request a review of the decision.
- 21 Where the application is successful, the notification will include the following information:
  - a. The period of the award.
  - b. The percentage of the rate liability awarded for that period.

- c. The amount of Rate Relief to be awarded for the period.
- d. Details of when an amended Non Domestic Rate Demand will be issued.

### **Requirement to Make Payment of Amounts Falling Due**

- 22 Ratepayers must continue to pay any amount of business rates that fall due pending the outcome of a DRR application. The Council may apply its normal recovery procedures in cases where payments are not received.

### **Awards for Retrospective Periods**

- 23 For successful applicants DRR will be effective from the date that the Council receives the application. Rate relief will not normally be awarded in respect of any day prior to the day that an application is received except where:
- The applicant is newly liable for business rates and an application is received within one calendar month of the new liability arising
  - There are exceptional circumstances and the ratepayer can demonstrate good cause for not submitting the application earlier.
- 24 No consideration shall be given to an award for a retrospective period where the Council is not able to verify to its satisfaction that the circumstances giving rise to the application pertained for that period.

### **Reviews and Appeals**

- 25 Decisions on the award or otherwise of rate relief will normally be taken by the Head of Revenues and the decision will normally be final except as set out in this paragraph. An applicant may make a request for the decision maker to review a decision but only where either;
- (a) Additional information that is relevant to the application and that was not available at the time the decision was made becomes available, or
  - (b) There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken.
- 26 A request for a review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.
- 27 Cases will be reviewed by the relevant Assistant Director in consultation with the Executive Director, Resources and Cabinet Member for Strategic Finance and Resources.

### **Payments**

- 28 All awards of DRR will be credited against the applicants business rate account to reduce the amount payable.

### **Duration of Awards**

- 29 Each award of rate relief made in accordance with this policy shall apply for a period of not more than one financial year and applicants will be required to submit a new application annually. Organisations receiving DRR will be notified annually of their requirement to submit a new application for the new financial year.



## Public report Ethics Committee

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**Ethics Committee  
Council**

20<sup>th</sup> February 2014  
18<sup>th</sup> March 2014

**Director Approving Submission of the report:**  
Executive Director, Resources

**Ward(s) affected: N/A**

**Title:**  
**Appointment of Independent Person**

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**Is this a key decision? No**

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**Executive Summary:**

The Localism Act 2011 requires the Council to appoint at least one independent person whose views will be sought when making decisions about allegations that councillors have breached the Council's Code of Conduct.

**Recommendations:**

That Ethics Committee recommends Council appoints Ken Sloan as the Independent Person under section 28 of the Localism Act 2011 with immediate effect.

**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

## **Report title: Appointment of Independent Person.**

### **1. Context**

- 1.1 The Localism Act 2011 contains provisions relating to ethical standards, which replaced the previous arrangements under the Local Government Act 2000.
- 1.2 The Act requires councils to have arrangements in place to investigate and make decisions on allegations that a councillor has breached the code of conduct. The arrangements to make decisions on allegations must include provision for the appointment of one or more 'independent person' through a transparent process, by advertisement and application. A Member, Co-opted Member or Officer of the authority or a relative or close friend of such person cannot be appointed as an "independent person". In addition, a person cannot be appointed as an "independent person" if at any time during the 5 years before the appointment, the person was a Member, Co-opted Member or an Officer of the authority.
- 1.3 The Council must seek and take into account the views of the independent person's views before reaching a decision about an allegation which it has decided to investigate. The Member against whom a complaint is made may also seek the views of the independent person. Whilst the independent person must be consulted, he/she has no vote or binding authority in any determination process with regard to a complaint.
- 1.4 At the Cabinet Member Meeting (Community Safety and Equalities) on 3<sup>rd</sup> October 2013 the Assistant Director (Legal and Democratic Services) was authorised to advertise for up to three independent persons. Advertisements were placed on the Council's website in November 2013 and four applications were received. An interview panel was set up consisting of the Deputy Leader of the Council, the Chair of Ethics Committee, the Leader of the Opposition, the Executive Director Resources and the Corporate Governance & Litigation Manager. Three candidates were invited to interview on 21<sup>st</sup> January 2014 and the Panel decided to recommend the appointment of Ken Sloan through this Committee and Council on 18<sup>th</sup> March 2014.

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

- 2.1 Section 28 of the Localism Act 2011 places a duty on councils to appoint at least one independent person. This is therefore the only option available to the Council. Section 28(8)(c) of the Act requires the vacancy for an independent person to be advertised in such manner as the authority consider is likely to bring it to the attention of the public. A person cannot be appointed as an independent person unless they have submitted an application for the vacancy and their appointment has been approved by a majority of members of the authority.
- 2.2 Section 2.9.1.6 of the Council's Constitution requires any appointment of the independent person to be recommended by the Ethics Committee to Full Council. Section 28(8)(iii) of the Localism Act 2011 requires the appointment of the independent person to be approved by a majority of members of an authority.

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

None

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

- 4.1 Should the recommendations be approved the appointment will take immediate effect.



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

### **5.1 Financial implications**

The role of Independent Person is voluntary but reasonable expenses will be paid. These costs will be met from current budgetary provision.

### **5.2 Legal implications**

The Council must appoint at least one independent person by section 28 of the Localism Act 2011.

## **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 / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

The appointment of an independent person will contribute to the openness and transparency of the Council's ethical standards arrangements by providing external views on complaints against councillors.

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

The key risk in relation to this process was that suitable persons would not come forward to undertake this role. Once the appointment is accepted, then any risk will be limited to conflicts of interest, which should be rare, but if they arise, will need to be determined on an individual case by case basis. In the event of a conflict, the Council will need to secure an alternative view, which can be achieved through informal sharing arrangements with other councils, if required.

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

Arrangements for dealing with allegations of breaches of the Code of Conduct will comply with the Localism Act 2011.

### **6.4 Equalities/EIA**

The recruitment and advertisement process complies with section 28 of the Localism Act 2011.

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

None

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

None

**Report author:**

**Name and job title: Helen Lynch, Corporate Governance & Litigation Manager**

**Directorate: Resources**

**Tel and email contact: ext 3011, Helen.lynch@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>				
Gurdip Paddan	Governance Services Officer	Resources	6.2.14	7.2.14
Christine Goodwin	Senior Lawyer, Corporate Governance and Litigation Team	Resources	6.2.14	6.2.14
<b>Names of approvers for submission: (officers and members)</b>				
Finance: Neil Chamberlain	Finance Manager	Resources	6.2.14	6.2.14
Legal: Helen Lynch	Corporate Governance & Litigation Manager	Resources	6.2.14	6.2.14
Director: Chris West	Director Resources	Resources	6.2.14	6.2.14
Councillor Hetherton	Chair, Ethics Committee		6.2.14	

This report is published on the council's website:

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

**Council – 25<sup>th</sup> February 2014**  
**Recommendation from Cabinet**  
**11<sup>th</sup> February 2014**

**Minutes of the meeting of Cabinet held at 2.00 pm. on 11<sup>th</sup> February 2014**

Present:

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

Deputy Cabinet Members: Councillor Caan  
Councillor Howells

Non-voting Opposition Members: Councillor Andrews

Other Members: Councillor McNicholas

Employees (by Directorate):

Chief Executive's: M Reeves (Chief Executive), F Collingham, R Nawaz,  
R Tennant, J Venn

People: Brian Walsh (Executive Director), P Fahy

Place: M Yardley (Executive Director) C Knight, A Williams

Resources: C West (Executive Director), B Hastie, H Lynch,  
M Salmon, L Welton

Apologies: Councillor J Innes, D Kershaw, A Khan, A Lucas

**Public business**

**RECOMMENDATION**

**124. City Deal - Wave 2 Growth Hub Regional Growth Fund Bid**

The Cabinet considered a report of the Executive Director, Place, that sought approval for the City Council to act as accountable body for Regional Growth Funding that aimed to create almost 200 new jobs and 50 placements and support 160 businesses.

Coventry and Warwickshire had successfully negotiated a City Deal with Central Government that aimed to create 15,000 new jobs by developing the local economy, with a particular focus on the Advanced Manufacturing and Engineering sector. Elected Members endorsed the City Deal proposals at the meeting of the Council held on 14<sup>th</sup> January 2014 (their minute 127/13 refers).

One of the most important elements of the Coventry and Warwickshire City Deal was the establishment of a “Clearing House”, where key business support activities would be located in one building. This would make it far easier for businesses to access the support that they needed to grow.

The Council had again been successful in bidding for funding on behalf of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP), and a total of £2.7m of Regional Growth Fund (RGF) money had been secured. This pot of RGF money was managed by Lancaster University, and was intended to fund the first year of City Deal activities, with a particular focus on the activities of the Clearing House.

**RESOLVED that the Cabinet recommend that Council recognise the funding opportunity secured through Wave 2 Business Growth Hubs Funding, and authorise the Council to act as guarantor for the Programme.**

(Meeting finished at 2.25 p.m.)

Cabinet  
Council

11<sup>th</sup> February 2014  
25<sup>th</sup> February 2014

**Name of Cabinet Member:**

Cabinet Member (Business, Enterprise and Employment) – Councillor L Kelly

**Director Approving Submission of the report:**

Executive Director, Place

**Ward(s) affected:**

All

**Title:**

City Deal - Wave 2 Growth Hub Regional Growth Fund Bid

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**Is this a key decision?**

Yes - Regional Growth Fund Programmes affect the City as a whole, and the total expenditure involved is in excess of £500,000.

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**Executive Summary:**

Coventry and Warwickshire has successfully negotiated a City Deal with central government which aims to create 15,000 new jobs by developing the local economy, with a particular focus on the Advanced Manufacturing and Engineering sector. Members endorsed the City Deal Proposals at the Council meeting on 14<sup>th</sup> January 2014.

One of the most important elements of the Coventry and Warwickshire City Deal is the establishment of a “Clearing House”, where key business support activities will be located in one building. This will make it far easier for businesses to access the support that they need to grow.

The Council has again been successful in bidding for funding on behalf of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP), and a total of £2.7m of Regional Growth Fund (RGF) money has been secured. This pot of RGF money is managed by Lancaster University, and is intended to fund the first year of City Deal activities, with a particular focus on the activities of the Clearing House.

This report seeks Cabinet approval for the Council to act as accountable body for this funding, which aims to create almost 200 new jobs, create 50 placements and support 160 businesses.

**Recommendations:**

Cabinet is requested to recommend that Council:

Recognise the funding opportunity secured through Wave 2 Business Growth Hubs Funding, and authorise the Council to act as guarantor for the Programme.

Council are requested to recognise the funding opportunity secured through Wave 2 Business Growth Hubs Funding and authorise the Council to act as guarantor for the Programme.

**List of Appendices included:**

None

**Background Papers:**

None

**Other useful documents:**

Coventry and Warwickshire City Deal document

**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 – 25<sup>th</sup> February 2014

Report title:

## **City Deal - Wave 2 Growth Hub Regional Growth Fund Bid**

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

- 1.1 In 2012, the Government announced that there would be a second wave of City Deals, and Coventry was included in this second wave. City Deals are intended to be a transaction between cities and their wider areas and central Government and aim to give cities the powers and tools they need to drive local economic growth; unlock projects or initiatives that will boost their economies. Coventry City Council, Warwickshire County Council, the five Warwickshire districts and neighbouring Hinckley and Bosworth Borough Council have all signed up to the proposal, which aims to create 15,000 new jobs by developing the local economy, with a particular focus on the Advanced Manufacturing and Engineering sector. Members endorsed the City Deal Proposals at the Council meeting on 14<sup>th</sup> January 2014.
- 1.2 One of the most important features of the Coventry and Warwickshire City Deal is the establishment of a “Clearing House” where key business support activities are located in one building. The aim is to make it much simpler for businesses to understand the support that is available, to build on existing services, and to develop new bespoke activities designed to encourage local businesses to grow, develop new products and to create new jobs. The City Deal proposes that the Clearing House will be located in Cheylesmore House on the edge of Coventry City Centre.
- 1.3 The Council has again been successful in bidding for funding on behalf of CWLEP. A total of £2.7m in grant has been secured, which will be used to support the first year of Clearing House activities. The cash comes from the Wave 2 Growth Hubs Programme, which is managed by Lancaster University using funding from the Regional Growth Fund (RGF). This will allow the following activities to take place during the 2014/15 financial year.
- A £1.25m programme of SME grants
  - A specialised Innovation Amplifier programme worth £0.25m, run by Coventry University Enterprises.
  - Two UK Trade and Investment (UKTI) Advisors who will work exclusively with Coventry and Warwickshire Businesses
  - A pilot Skills for Growth Programme
  - An Innovation Brokerage, which will encourage local SMEs to work with the sub-region’s innovation assets such as the Manufacturing Technology Centre and MIRA (formerly the Motor Industry Research Association).
  - Staffing costs for the Clearing House, including Business Account Managers and Project Management Staff.
  - A Customer Records Management system
  - Programme Management funding to cover the Council’s administrative costs
- 1.4 These activities will produce the following outputs during the 2014-15 financial year:
- 198 new jobs
  - 48 one-year placements in Coventry and Warwickshire-based AME SMEs
  - Provide 160 businesses with at least 12 hours of business support
  - Generate £5.25 million in new private sector investment
  - Successfully refer 300 businesses to nationally funded business support programmes

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

- 2.1 Coventry City Council acts as guarantor for this programme which will be delivered in partnership with the Chamber of Commerce, Warwickshire County Council and Coventry University Enterprises. This approach delivers knowledge, experience and economies of scale through the Resources and New Projects team who already manage RGF3, RGF4, Growing Places and ERDF.
- 2.2 An alternative approach to securing this funding would have been for another organisation to act as the guarantor for this programme, such as the Chamber of Commerce or Warwickshire County Council. However, the City Council is already acting in this role for almost £30m in RGF money and has the necessary financial management expertise readily available, and Warwickshire County Council have also indicated that they support Coventry City Council being the accountable-body.
- 2.3 Partners could have also chosen not to submit a bid for funding, and sought to finance the City Deal and Clearing House from partner resources. The opportunity to secure valuable economic development cash to kick start a major new initiative for Coventry and Warwickshire was too great an opportunity to be overlooked so this option was also ruled out and a bid was submitted.

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

- 3.1 The Jobs Strategy is the Council's proposal for taking forward the economy of the City in the light of the changed circumstances experienced over the last couple of years. This additional RGF funding is aligned to delivering the Jobs Strategy and the priorities of the CWLEP set out in their 5-year strategy based on the Local Economic Assessment and feedback from local businesses which include:
- Creating New Jobs
  - Enterprise Entrepreneurship and Start-Ups
  - Access to Finance, Innovation, Low Carbon

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

- 4.1 If Member approval is given, a funding contract will be completed which will make this funding available for Clearing House activities starting from 1<sup>st</sup> April 2014. The majority of these activities will be completed by the end of March 2015, although funding for some activities will be available in the first quarter of the following financial year.

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

### **5.1 Finance Implications**

- 5.1.1 All spend proposed within this report is grant funded from RGF including Coventry's own administrative costs, and therefore requires no financial investment from the Council.
- 5.1.2 The recommendation seeks authorisation for the Council to act as guarantor / accountable- body for the RGF grant funds and associated outputs as specified in the report, totalling £2.7m. There is some financial risk in the form of grant claw back from non-delivery of outputs which, as discussed further in Section 6 of this report, will be mitigated by formal Grant Aid Agreements with delivery partners for each aspect of the Programme.



## **5.2 HR Implications**

- 5.2.1 There will be a number of staff from the Place Directorate working towards the achievement of the goals within this programme and the overall CWLEP Clearing House. Provision has been made within the funding bid to cover the additional costs of staff based within the City Centre & Development Services Division to programme manage and deliver the project. Any new staff will be recruited on fixed term contracts for the duration of the programme.

## **5.3 Legal implications**

- 5.3.1 The Council has the legal ability to act as guarantor under the general power of competence under the Localism Act 2012 as it confers power where it is for the benefit of the Council, its area or persons resident or present in its area. The projects which will benefit Coventry with the creation of jobs within its area do fall within the power under the said Act. The Council will act as the accountable body for the RGF funding on the terms of the Lancaster University/BIS requirements. The Council will be issued with a grant offer containing the terms and conditions of funding and the Council will pass on certain of the obligations contained in its grant offer from BIS to the grant recipients who receive funding from the Council for delivering projects. In the event that back to back obligations are not put in place there is a risk that there be grant claw in whole or in part if the grant obligations imposed upon the Council are not achieved, as is the case with all government grant funding.
- 5.3.2 The Council will endeavour to have social clauses in its legal agreements with other parties for funding to require job creation as a condition of the funding.

## **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 Council's Jobs Strategy highlights the importance of creating jobs which the City needs. This City Deal and Clearing House will unlock the provision of jobs across the City and sub-region. Coventry's Sustainable Community Strategy sets out the ambitions for "a prosperous Coventry with a good choice of jobs and business opportunities for all the City's residents".

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

- 6.2.1 One of the activities which will be complete using this funding will be a programme of grants to businesses. The Council has well established procedures for handling grants in a way that allows the applicants to achieving their aims whilst minimising the risk to the Council.
- 6.2.2 This risk of claw back will be mitigated by the implementation of strict procedures for the programme management which have been developed for our other External funding work (RGF3, RGF4, ERDF and Growing places) in partnership with the Resources Directorate and have been externally audited by KPMG and Grant Thornton. Close liaison with our contacts at the Lancaster University RGF Secretariat will also help to reduce risk. Other things to note as part of our risk management in awarding grant include:
- (i) A comprehensive scoring process for applications which means that only feasible projects which produce real employment benefits are selected for funding;

- (ii) Detailed financial checks by the Council's Business Investment Team before applications are processed;
- (iii) A well-established grants panel that makes decisions on individual grant applications, chaired by the City Council and including membership of both the Place and Resources Directorates;
- (iv) Cash is only paid to businesses in arrears on receipt of adequate evidence that funds have been used legitimately under the terms of the grant and is connected to job creation activities; and
- (v) Established contracting procedures and processes already used for current external funded programmes.

6.2.3 The grants will be monitored by the Resources and New Projects team who have a strong track record of securing, developing and retaining external funding within Economic Development Projects and programmes.

6.2.4 The financial risks in all RGF projects sits with the Council but is predicated on the creation of jobs in the private sector and achievement of other performance indicators through the activities of the Clearing House. Grant aid agreements with partner organisations will be used to pass on these conditions and mitigate the financial risk to the Council if these performance indicators are not met.

6.2.5 Government holds a "*general power of variation*" over RGF funding, as they do with all other government funding. This gives them the right to reduce funding or cease a programme completely and seek repayment of grants already paid if external funding is not being managed to the correct standards, or it does not appear that the employment outcomes will be met. In this case, the Council's funding contract will be with Lancaster University rather than directly with government, but this principle will still be in operation.

6.2.6 The Accountable Body Group (established as part of the previous report to Cabinet and Council in February 2013, and now renamed External Funding Board) will oversee the management of risk of Wave 2 Growth Hubs RGF funding alongside other RGF and Growing Places.

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

6.3.1 Nothing further to add.

### **6.4 Equalities / EIA**

6.4.1 Although the programme's focus is on business, close attention has been paid to equality and diversity principles. The expectation is that those businesses assisted will generate significant employment opportunities. The crucial issue, therefore, is applying equality and diversity principles to these opportunities. As part of this process the City Council's Economy & Jobs team will engage with businesses as part of the recruitment process.

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

6.5.1 None

## 6.6 Implications for partner organisations?

6.6.1 Partner organisations such as the Chamber of Commerce and Coventry University Enterprises will receive funding from this programme in order to complete their activities which will be passed on using Grant Aid Agreement. It is likely that this funding will allow these partners to maintain budgets for existing members of staff, or to allow the employment of new members of staff. Therefore it is expected that this will have a positive impact on our partner organisations.

### Report author(s):

#### Name and job title:

Stephen Weir, Regional Growth Fund Programme Manager

#### Directorate:

Place

#### Tel and email contact:

024 7683 2036

[stephen.weir@coventry.gov.uk](mailto:stephen.weir@coventry.gov.uk)

(All enquiries should be directed to the above person)

Contributor/ Approver name	Title	Directorate	Date doc sent out	Date response received or approved
<b>Contributors:</b>				
David Cockroft	Assistant Director, City Centre & Development Services	Place	30/12/13	6/1/14
Andy Williams	Resources & New Projects Manager	Place	30/12/13	30/12/13
Michelle Salmon	Governance Services Officer	Resources	30/12/13	2/1/14
<b>Names of approvers: (officers and Members)</b>				
Rosalyn Lilley	Senior Solicitor, Legal and Democratic Services	Resources	30/12/13	30/12/13
Phil Helm	Finance Manager, Place	Resources	30/12/13	6/1/14
Jaz Bilen	Human Resources Manager, Place	Resources	30/12/13	2/1/14
Martin Yardley	Executive Director	Place	30/12/13	6/1/14
Councillor L Kelly	Cabinet Member (Business, Enterprise and Employment)	-	30/12/13	6/1/14

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<p style="text-align: center;"><b>Council – 25<sup>th</sup> February 2014</b> <b>Recommendation from Cabinet</b> <b>11<sup>th</sup> February 2014</b></p>
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**Minutes of the meeting of Cabinet held at 2.00 pm. on 11<sup>th</sup> February 2014**

Present:

Cabinet Members:

Councillor D Chater  
Councillor G Duggins  
Councillor D Gannon  
Councillor A Gingell  
Councillor Kelly  
Councillor R Lancaster  
Councillor E Ruane  
Councillor P Townshend (Chair)

Deputy Cabinet Members:

Councillor Caan  
Councillor Howells

Non-voting Opposition Members:

Councillor Andrews

Other Members:

Councillor McNicholas

Employees (by Directorate):

Chief Executive's:

M Reeves (Chief Executive), F Collingham, R Nawaz,  
R Tennant, J Venn

People:

Brian Walsh (Executive Director), P Fahy

Place:

M Yardley (Executive Director) C Knight, A Williams

Resources:

C West (Executive Director), B Hastie, H Lynch,  
M Salmon, L Welton

Apologies:

Councillor J Innes, D Kershaw, A Khan, A Lucas

## **Public business**

### **RECOMMENDATION**

#### **125. High Speed Rail (London – West Midlands) Bill**

The Cabinet considered a report of the Executive Director, Place that sought approval to formally oppose aspects of the High Speed Rail (London – West Midlands) Bill.

The City Council passed a resolution in June 2013 (minute 27/13 refers) on the Government's commitment to proceed with HS2 and sought to secure the best possible outcome for the City.

The Government had since maintained its position and on 25<sup>th</sup> November 2013 introduced the High Speed Rail (London – West Midlands) Bill (“the Bill”) in the House of Commons. The Bill would grant the powers necessary to construct and operate Phase 1 of HS2 and further detailed the project, including plans of the route and the anticipated environmental and economic impacts which were set out in the Environmental Statement (ES) and other accompanying documents.

To secure the best possible outcome for Coventry, the City Council would need to formally engage in the Hybrid Bill petitioning process. To do this, the Council was required to pass a resolution to formally oppose the Bill in accordance with the Section 239 of the Local Government Act (LGA) 1972. Depositing a petition against the Bill would allow the Council to make representations and give evidence to the House of Commons Select Committee in order to try to secure the best possible outcome for the City. Unless the Council passed a resolution to technically oppose the Bill, it would not be able to appear before Select Committee.

Resolving to oppose the Bill would not change the City Council's resolution of June 2013 on HS2, but would allow it to carry out its intention to secure the best possible outcome for the City from HS2.

**RESOLVED that the Cabinet recommend that, in order to get the best possible outcome from HS2 for the City Bill and in accordance with the Section 239 of the Local Government Act (LGA) 1972, the Council formally opposes aspects of the High Speed Rail (London – West Midlands) Bill and in order to do this passes the following resolutions:**

- (1) That in the judgment of the Coventry City Council it is expedient for the Council to oppose the High Speed Rail (London – West Midlands) Bill introduced in the Session of Parliament 2013-14.**
- (2) That the Cabinet Member (Business, Enterprise and Employment), the Executive Director, Place and Assistant Director, Legal & Democratic Services take all necessary steps to carry the foregoing Resolution into effect, that the Common Seal be affixed to any necessary documents and that confirmation be given that Sharpe Pritchard (Parliamentary Agents) be authorised to sign the Petition of the Council against the Bill.**

(Meeting finished at 2.25 p.m.)

Cabinet  
Council

11 February 2014  
25 February 2014

**Name of Cabinet Member:**

Cabinet Member (Business, Enterprise and Employment) – Councillor Kelly

**Director Approving Submission of the report:**

Executive Director, Place

**Ward(s) affected:**

None

**Title:**

High Speed Rail (London – West Midlands) Bill

---

**Is this a key decision?**

No

---

**Executive Summary:**

The City Council passed a resolution in June 2013 which noted the Government's commitment to proceed with HS2 and sought to secure the best possible outcome for the City.

The Government has since maintained its position and on 25<sup>th</sup> November 2013 introduced the High Speed Rail (London – West Midlands) Bill ("the Bill") in the House of Commons. The Bill will grant the powers necessary to construct and operate phase 1 of HS2 and further details the project, including plans of the route and the anticipated environmental and economic impacts which are set out in the Environmental Statement (ES) and other accompanying documents.

To secure the best possible outcome for Coventry, the City Council will need to formally engage in the Hybrid Bill petitioning process. To do this, the Council is required to pass a resolution to formally oppose the Bill in accordance with the Section 239 of the Local Government Act (LGA) 1972. Depositing a petition against the Bill will allow the Council to make representations and give evidence to the House of Commons Select Committee in order to try to secure the best possible outcome for the City. Unless the Council passes a resolution to technically oppose the Bill, it will not be able to appear before Select Committee.

Resolving to oppose the Bill will not change the City Council's resolution of June 2013 on HS2, but will allow it to carry out its intention to secure the best possible outcome for the City from HS2.

**Recommendations:**

That Cabinet are requested to recommend that the Council:

- (1) In order to get the best possible outcome from HS2 for the City Bill and in accordance with the Section 239 of the Local Government Act (LGA) 1972, the Council formally opposes aspects of the High Speed Rail (London – West Midlands) Bill and in order to do this passes the following resolutions:

RESOLVED–

- (1) That in the judgment of the Coventry City Council it is expedient for the Council to oppose the High Speed Rail (London – West Midlands) Bill introduced in the Session of Parliament 2013-14.
- (2) That the Cabinet Member (Business, Enterprise and Employment), the Executive Director, Place and Assistant Director, Legal & Democratic Services take all necessary steps to carry the foregoing Resolution into effect, that the Common Seal be affixed to any necessary documents and that confirmation be given that Sharpe Pritchard (Parliamentary Agents) be authorised to sign the Petition of the Council against the Bill.

**List of Appendices included:**

None

**Background Papers**

None

**Other useful documents:**

High Speed Rail (London - West Midlands) Bill 2013-14

<http://services.parliament.uk/bills/2013-14/highspeedrailondonwestmidlands.html>

Council Report - High Speed 2 and Coventry - 25 June 2013

<http://internalmoderngov.coventry.gov.uk/documents/s11592/HS2%20Report.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 – 25 February 2014



## **Report title: High Speed Rail (London – West Midlands) Bill**

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

- 1.1 On 25<sup>th</sup> November 2013 the government introduced the published the High Speed Rail (London – West Midlands) Bill (“the Bill”) in Parliament. The Bill deals with phase one which provides the route between London Euston and Birmingham Curzon Street including a new station near Birmingham Airport. The Government anticipates the Bill will gain royal assent in 2015, which will give it parliamentary permission to build the railway and the specific powers needed to operate it. Construction would commence in 2017.
- 1.2 The Hybrid Bill presents the most significant opportunity for Coventry to engage in the process and secure measures which will benefit the City. The parliamentary process includes Select Committee hearings which will provide the opportunity for the Council to petition against the Bill in order to try to gain benefits for the City. The intended areas of petitioning include the following points:
- Petitioning for improvements to the integration and linkage between HS2 and the existing HS1 line in order to provide for direct connectivity to Europe from the West Midlands;
  - Petitioning for improved provision for local jobs and training arising from the design, construction, operation and maintenance of HS2;
  - Petitioning for improved mitigation arising from disruption caused by construction of HS2;
  - Petitioning for changes to the Bill to provide passive provision for line capacity upgrades (West Coast Mainline and Coventry-Leamington);
  - Petitioning for improvements to the integration of the proposed ‘People Mover’ facility provided as part of the Interchange Station with existing West Coast Mainline facilities; and
  - Petitioning for the Select Committee to ask Government for additional investment and commitments related to Coventry Station; West Coast Mainline and other rail line infrastructure capacity and services; and connectivity to HS2.
- 1.3 This list of 6 points is a general one at this stage and is not exhaustive. It may change and develop as part of the process of preparing the petitions.
- 1.4 In accordance with section 239 of the LGA 1972, in order to oppose the Bill a majority of all of the City Council’s members must resolve to oppose it. The Council’s intention to pass a resolution to oppose the Bill must be publicised in newspapers circulating in the Council’s area and 10 clear days’ notice of the meeting must be given. This notice must be given in addition to any other notification given in respect of a full Council meeting.
- 1.5 It has been widely reported that the Bill and accompanying documentation exceeds 50,000 pages. While the petition itself will be a relatively short document, the representations and evidence that will need to be prepared for any Select Committee appearance may be lengthy. As a result of this, the work required in preparing the petition, representations and evidence will need to be undertaken with the assistance of Parliamentary Agents, who the Council need to engage as part of the process. The Council’s Parliamentary Agents, Sharpe Pritchard, will also assist by advising on parliamentary procedure and tactics.
- 1.6 The Select Committee might expect to direct petitioners with similar concerns to work together to present a combined case and, to this end, it is anticipated that partnership working with Warwickshire’s Councils, Centro and other West Midlands Council’s will be necessary and beneficial.

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

- 2.1 If the City Council does not comply with Section 239 of the LGA 1972, it will not be able to petition against the Bill.

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

- 3.1 Consultation on the implications of this report is not required as it does not constitute a change in policy.

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

- 4.1 The Bill has had its First Reading in the House of Commons. First Reading is a formality and the Bill's next significant stage will be Second Reading when its principle will be established. Once established the principle (essentially a brief description of where the railway will begin and end and where any stations, inter-changes and links along the route will be located) will not be challengeable by petition.
- 4.2 Shortly after the Second Reading, which is anticipated to take place in Spring 2014, the deadline for submission of petitions will be set. The Select Committee hearings will then take place and petitioners will present their cases to the committee. Committee stage will be followed by Report Stage and Third Reading and the Bill will then pass to the Lords where the process will be repeated. There will be an opportunity for the Council to petition against the Bill in the Lords also. The Government hopes that the Bill will get the Royal Assent in or around May 2015 which, if achieved, will be much faster than other recent Hybrid Bill processes. This is considered by many (including our parliamentary agents) to be an ambitious timetable.

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

### **5.1 Financial implications**

There are no direct financial implications of the recommendation in this report. However, as previously set out in the June 2013 Council report, it is estimated that technical and legal consultancy costs up to the value of £150,000 will be incurred in order to position the authority sufficiently to respond to Government HS2 proposals. The exact timing of costs is not known, but it is expected that existing revenue budgets, together with expected cost sharing can fund £50,000 of the costs. The remaining £100,000 will result in a budgetary control pressure in Place Directorate.

### **5.2 Legal implications**

Section 239 of the Local Government Act 1972 imposes a legal requirement on any council wishing to either promote or oppose certain types of Bill, including a Hybrid Bill, to first :

- give notice of its intention to pass a resolution in a local newspaper. This is in addition to the duty to give public notice of council meetings; and
- pass a formal resolution of the Council to promote or oppose the Bill.

Ten clear days' notice of an intention to pass a resolution to oppose a Bill must be given. If a resolution is not passed, then the Council cannot participate in the petitioning process. The resolution must be to oppose since the Council will be seeking either amendments to the Bill or for improvements outside the Bill.

## **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)?**

Engagement in the petitioning process will help Coventry to secure the best possible deal it can on the back of HS2 to support improved rail connectivity. Having a good transport network in place is essential if the city is to attract investment. Improving rail connectivity to Coventry will help to support development proposals such as Friargate as well as open up new markets and support local travel to work movements. Encouraging travel by rail will also help to address climate change and reduce congestion on the road network.

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

Not engaging in the Hybrid Bill process would risk Coventry missing out on potential rail investment opportunities. Not securing the best possible deal from projects such as HS2 would put at risk the City's ability to attract inward investment.

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

Much of the work will be led by existing City Council officers; however additional specialist resources such as parliamentary agents will need to be procured in order to assist with the preparation of the evidence base, business cases and engagement with consultations and the Select Committee.

### **6.4 Equalities / EIA**

An equality impact assessment has not been carried out because the recommendation does not constitute a change in service or policy.

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

Rail provides an efficient and sustainable way to travel. The enhancement and promotion of improved rail services which serve Coventry will make rail travel more attractive and will help to reduce congestion, particularly on the strategic road network. This will reduce emissions from traffic which can impact on climate change and air quality.

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

There will not be any direct impact on partner organisation as a result of this decision.

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

Mike Waters, Transportation Manager

**Directorate:**

Place

**Tel and email contact:**Tel: 024 7683 1048 [mike.waters@coventry.gov.uk](mailto:mike.waters@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>				
Colin Knight	Assistant Director – Planning, Transport and Highways	Place	02/01/14	02/01/14
Michelle Salmon	Governance Services Officer	Resources	09/01/14	09/01/14
Councillor McNicholas	Lead Member for Transport	-	14/01/14	28/01/14
<b>Names of approvers for submission: (officers and Members)</b>				
Phil Helm	Finance Manager	Resources	02/01/14	06/01/14
Carol Bradford	Legal Officer, Corporate Governance and Litigation Team	Resources	06/01/14	08/01/14
Martin Yardley	Executive Director Place	Place	09/01/14	10/01/14
Councillor L Kelly	Cabinet Member (Business, Enterprise and Employment)	-	14/01/14	28/01/14

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<p style="text-align: center;"><b>Council – 25<sup>th</sup> February 2014</b></p> <p style="text-align: center;"><b>Recommendation from Cabinet</b></p> <p style="text-align: center;"><b>11<sup>th</sup> February 2014</b></p>
---

**Minutes of the meeting of Cabinet held at 2.00 pm. on 11<sup>th</sup> February 2014**

Present:

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

Deputy Cabinet Members:            Councillor Caan  
    Councillor Howells

Non-voting Opposition Members:    Councillor Andrews

Other Members:                        Councillor McNicholas

Employees (by Directorate):

Chief Executive's:                    M Reeves (Chief Executive), F Collingham, R Nawaz,  
    R Tennant, J Venn

People:                                    Brian Walsh (Executive Director), P Fahy

Place:                                      M Yardley (Executive Director) C Knight, A Williams

Resources:                              C West (Executive Director), B Hastie, H Lynch,  
    M Salmon, L Welton

Apologies:                                Councillor J Innes, D Kershaw, A Khan, A Lucas

## **Public business**

### **RECOMMENDATION**

#### **128. Friargate Bridge – Additional Works**

The Cabinet considered a report of the Executive Director, Place on further funding that had been secured from the European Regional Development Fund (ERDF) for additional works at Friargate Bridge.

'Friargate', the proposed commercial development scheme located on approximately 37 acres of land around Coventry Railway Station, would provide a new commercial quarter for the City. With up to 300,000 sqm of new development, of which over 185,000 sqm would comprise high quality office accommodation, it could create up to 13,400 permanent jobs.

The details of the bridge scheme were reported to Cabinet on 18<sup>th</sup> June 2013 (their minute 13/13 refers). Since then a further £7.2million has been secured from the ERDF. The ERDF would be match funded using previously secured £12.7million Regional Growth Fund (RGF), a further £0.07million contribution from RGF for project management, along with a private contribution from Friargate Coventry LLP. The additional ERDF would bring the total investment in public realm around the station and Friargate to over £20million. By maximising grant funding opportunities the City Council was now able to deliver the following works:

- Creation of a high quality tunnel beneath Warwick Road to provide a second entrance to Coventry station.
- Re-modelling of Station Square to allow the early (2015) completion of the pedestrian boulevard from the front of the station to Greyfriars Green.
- Contribution to the Pedestrian Boulevard and public realm.
- Bus priority measures in and around the station to help maintain reliability during and after the works.

This award was fantastic news for the City and would significantly enhance the Friargate development. The early completion of the Pedestrian Boulevard and enhancement to the quality of the public realm would help to attract business and ensure the development's success. It would also kick-start much needed improvement to the City's Railway Station – the fastest growing outside of London. A master plan for the Station was being developed by the Council working jointly with Centro and the rail industry: the new tunnel under Warwick Road and the works to Station Square would provide the first significant steps to achieving this plan.

It was necessary to incur development costs up to June 2014 when the target price for the additional work was known, without certainty that the project was affordable and that it would therefore proceed. The estimated spend up to this point (principally utilities costs, design fees and project management costs) was £0.744million. If the Council chose not to proceed with the additional works, it would not be able to claim from ERDF or RGF for the costs incurred to this date.

The Bridge Deck target price was to be originally agreed in December 2013 as detailed in the June Cabinet Report, however this had slipped to the end of February 2014 to enable the Contractor, Costain, to have more certainty regarding the design to be priced, which would result in a more accurate target contract price and present less risk to the City Council. As a result of this, it was necessary to award Costain with an early works instruction for site clearance and mobilisation during February 2014, to enable them to still meet the programme of substantial completion in March 2015. Previous Cabinet approval was for a total of £0.7million costs to be spent at risk until the target contract price was agreed. To enable the early works to proceed, an Early Works Agreement up to the value of £0.350million was required, along with approval to spend a further £0.350million project management, design and service costs at risk until target cost was agreed, totalling a further £0.7million. This was additional to the £0.7million previously agreed for project management, design and Early Contractor Involvement costs up to agreement of the target price.

The City Council was required to enter into a grant funding agreement for the ERDF funding with the Department for Communities and Local Government (DCLG). In order to meet DCLG's funding programme, the grant funding agreement was required to be completed in January 2014, therefore retrospective approval for delegation of authority is requested for the Executive Director, Place, to enter into the agreement. A contribution of the ERDF would be allocated to Friargate LLP, who would be providing match funding to deliver the pedestrian boulevard. A "back-to-back" Grant Aid Agreement (GAA) was required between the City Council and Friargate Coventry LLP to execute this funding, with the City Council as accountable body. It was standard practice within GAAs to transfer as much risk as possible to the successful applicant and project deliverer.

**RESOLVED that the Cabinet recommends that the Council:**

- a) Approve the addition of this Scheme to the Council's Capital Programme for 2013/14 onwards for the construction of the additional work up to £7.235million.**
- b) Approve the delegation of authority to the Executive Director, Place, in consultation with the Cabinet Member (Business, Enterprise and Employment) to award the ECI works contract for the additional works.**
- c) Approve the delegation of authority of the Executive Director, Place, to enter into a Grant Aid Agreement with Friargate Coventry LLP for the delivery of the Pedestrian Boulevard.**
- d) Retrospectively approve the delegation of authority of the Executive Director, Place, to enter into a Grant Funding Agreement for the European Regional Development Fund funding with the Department for Communities and Local Government.**

(Meeting finished at XXXX p.m.)

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

Cabinet  
Council

11<sup>th</sup> February 2014  
25<sup>th</sup> February 2014

**Name of Cabinet Member:**

Cabinet Member (Business, Enterprise and Employment) - Councillor Kelly

**Director Approving Submission of the report:**

Executive Director, Place

**Ward(s) affected:**

St Michael's

**Title:**

**Friargate Bridge - Additional Works**

---

**Is this a key decision?**

Yes – although geographically the development site is located within one ward it will have an impact on the whole of the City and the costs will be above the financial threshold of £0.5 million.

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**Executive Summary:**

'Friargate' is the proposed commercial development scheme located on approximately 37 acres of land around Coventry Railway Station. When completed the scheme will provide a new commercial quarter for the City with up to 300,000 sqm of new development, of which over 185,000 sqm will comprise high quality office accommodation. It could create up to 13,400 permanent jobs.

The details of the bridge scheme were reported to Cabinet on 18<sup>th</sup> June 2013. Since then a further £7.2million has been secured from the European Regional Development Fund (ERDF). The ERDF will be match funded using previously secured £12.7million Regional Growth Fund (RGF), a further £0.07million contribution from RGF for project management, along with a private contribution from Friargate Coventry LLP. By maximising grant funding opportunities the City Council is now able to deliver the following works:

- Creation of a high quality tunnel beneath Warwick Road to provide a second entrance to Coventry station.

- Re-modelling of Station Square to allow the early (2015) completion of the pedestrian boulevard from the front of the station to Greyfriars Green.
- Contribution to the pedestrian boulevard and public realm.
- Bus priority measures in and around the station to help maintain reliability during and after the works.

This award is fantastic news for the city and will significantly enhance the Friargate development. The early completion of the pedestrian boulevard and enhancement to the quality of the public realm will help to attract business to Friargate and ensure its success.

The works will also kick-start much needed improvement to the city's railway station – the fastest growing outside of London. A master plan for the station is being developed by the Council working jointly with Centro and the rail industry: the new tunnel under Warwick Road and the works to Station Square will provide the first significant steps to achieving this plan. The additional ERDF will bring the total investment in public realm around the station and Friargate to well over £20million.

To achieve this tight timescale it is proposed to extend the Early Contractor Involvement (ECI) arrangement with appointed contractor for the bridge deck, Costain and the City Council's appointed design team, Atkins, to develop the scheme and a target contract price for both Warwick Road Tunnel and the works to Station Square, along with some further minor access improvement works to the site. This target price will be fixed by June 2014 subject to the cost not exceeding the overall £7.2 million programme plus variations allowed under the scheme of delegation. Any further variance beyond this amount would need to be considered by Cabinet and full Council.

It will be necessary to incur development costs up to June 2014 when the target price for the additional work is known, without certainty that the project is affordable and that it will therefore proceed. The estimated spend up to this point (principally utilities costs, design fees and project management costs) is £0.744million. If the Council chooses not to proceed with the additional works, it will not be able to claim from ERDF or RGF for the costs incurred to this date.

The Bridge Deck target price was to be originally agreed in December 2013 as per the June Cabinet Report, however this has slipped to the end of February 2014 to enable the Contractor to have more certainty regarding the design to be priced, which will result in a more accurate target contract price and present less risk to the City Council. As a result of this, it is necessary to award Costain with an early works instruction for site clearance and mobilisation during February, to enable them to still meet the programme of substantial completion in March 2015. The previous Cabinet Approval was for a total of £0.7million costs to be spent at risk until the target contract price was agreed. To enable the early works to proceed an Early Works Agreement up to the value of £0.350million is required, along with approval to spend a further £0.350million project management, design and service costs at risk until target cost is agreed, totalling a further £0.7million. This is additional to the £0.7million previously agreed for project management, design and Early Contractor Involvement costs up to agreement of the target price.

The City Council is required to enter into a grant funding agreement for the ERDF funding with the Department for Communities and Local Government (DCLG). In order to meet DCLG's funding programme, the grant funding agreement was required to be completed in January 2014, therefore retrospective approval for delegation of authority is requested for the Executive Director, Place to enter into the agreement. A contribution of the ERDF will be allocated to Friargate LLP, who will be providing match funding to deliver the pedestrian boulevard. A "back-to-back" Grant Aid Agreement (GAA) is required between the City Council and Friargate Coventry LLP to execute this funding, with the City Council as accountable body. It is standard practice within GAAs to transfer as much risk as possible to the successful applicant and project deliverer.

## **Recommendations:**

Cabinet are requested to:

1. Note the funding award by European Regional Development Fund for £7.235 million for additional works to Friargate Bridge.
2. Approve project management and design costs of £0.744million will be incurred at risk up until June 2014 when contracts are planned to be signed for additional works.
3. Approve the Early Works Agreement for the Bridge Deck and project management and design costs up to February 2014 for £0.7million to enable site clearance and mobilisation prior to target contract price agreement.
4. Authorise the City Council to act as guarantor for this additional funding, and provide delegated authority for the Executive Director, Place to enter into a Grant Aid Agreement with Friargate Coventry LLP in order to fund their element of the additional works
5. Retrospectively approve the delegation of authority of the Executive Director, Place to enter into a Grant Funding Agreement for the ERDF funding with the Department for Communities and Local Government.
6. Recommend that Council:
  - a) Approves the addition of this scheme to the Council's capital programme for 2013/14 onwards for the construction of the additional work up to £7.235million.
  - b) Approve the delegation of authority to the Executive Director, Place in consultation with the Cabinet Member (Business Enterprise & Employment) to award the ECI works contract for the additional works.
  - c) Approve the delegation of authority of the Executive Director, Place to enter into a Grant Aid Agreement with Friargate Coventry LLP for the delivery of the pedestrian boulevard.
  - d) Retrospectively approve the delegation of authority of the Executive Director, Place to enter into a Grant Funding Agreement for the ERDF funding with the Department for Communities and Local Government.

Council are requested to approve the recommendations detailed in 6 (a), 6 (b), 6 (c) and 6 (d) above.

## **List of Appendices included:**

Appendix A – Plan of proposed overview of Friargate Bridge and additional works

Appendix B – Plan of proposed Warwick Road ‘tunnel’.

Appendix C – Plan of proposed Station Square.

Appendix D – Project Delivery Plan

Appendix E – Project delivery structure for additional works

## **Background papers:**

None

## **Other useful documents:**

Cabinet Report: Friargate Bridge – June 18<sup>th</sup> 2013

Cabinet Report: Whitley Junction - Road Improvements - August 13<sup>th</sup> 2013

These documents can be obtained from the Council's website [www.coventry.gov.uk](http://www.coventry.gov.uk)

**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 – 25<sup>th</sup> February 2014

**Report title:  
Friargate Bridge – Additional Works**

**1. Context (or background)**

- 1.1 The redevelopment of the land and buildings adjacent to the Coventry's West Coast Mainline Railway Station to provide a new commercial quarter for the city together with improved connectivity between the station and the city centre has been a long term aspiration of the Council. This vision has been supported and incorporated into planning policy.
- 1.2 'Friargate' is located on approximately 37 acres of land around Coventry Railway Station. When completed the scheme will provide a new commercial quarter for the City of up to 300,000 sqm of new development, of which over 185,000 sqm will comprise high quality office accommodation. There will, in addition, be provision for retail, hotel and leisure uses along with residential. It has the potential to create up to 13,400 jobs.
- 1.3 Friargate is a fundamental part of the future economic growth, job creation and physical regeneration of Coventry and the region over the next 10-15 years. It is an essential element of the plans to regenerate the city centre and complements the 'City Centre South' retail development proposals. Outline permission was granted on July 21st 2011 with reserved matters approved for highways and access being granted by the Planning Committee on September 12<sup>th</sup> 2013, and a further reserved matters application to go before Planning Committee on 6<sup>th</sup> February, 2014.
- 1.4 The success of the development depends on the integration of the site with the city centre. This was covered in detail in the Cabinet report of 18<sup>th</sup> June 2013. It also depends on the connectivity provided by the railway station to London, the rest of the UK and Europe.
- 1.5 To ensure the station can fulfil this role in the future, the City Council has commissioned (in partnership with Centro) a master plan for the station. Working with the rail industry, bus operators, an exciting vision for the future is emerging. The main element of this plan is the expansion of a major new entrance and provision of a transport interchange.
- 1.6 An opportunity arose to bid for additional ERDF using the RGF grant already secured for the bridge deck as match funding. In December 2013 the Council was awarded an additional £7.235million to support the Friargate project. As the ERDF will be matched by RGF, all funding is required to be spent by June 2015.
- 1.7 In addition to the bridge deck, the ERDF will fund:
  - Friargate Boulevard, the pedestrian route that will lead from the bridge to the front of Coventry railway station. The additional ERDF is on top of private match from Friargate Coventry LLP and will enable the delivery of the boulevard to be brought forward to complete the link at the same time as the other additional works. Further details of the Boulevard can be seen in the reserved matters application approved by the Planning Committee on January 9<sup>th</sup> 2014 (RMM/2013/2014).
  - Improvements to the station forecourt, to facilitate better rail/bus interchange and pedestrian access for commuters, linking to the Boulevard and route into the city centre. Coventry railway station has seen the greatest increase in rail passenger users amongst the UK's cities with 30 per cent growth in the past five years (See Appendix C).

- Warwick Road Tunnel, which will connect the railway station and the Friargate site to the new opposite side of Warwick Road, allowing better access to the ERDF funded NUCKLE bay platform when it is completed, the Central Six retail park, and important walking routes into the residential areas further out of the city centre. The tunnel will be 6 m wide and at the same level as the ground either side of Warwick Road. It will be finished in high quality materials and will form part of the new Warwick Road entrance to the station. (See Appendix B).
  - Bus priority measures in and around the site to improve bus journey times. These works are essential to maintaining the quality of the bus/rail interchange at the railway station. . These works were approved in August 2013 in the Whitley Junction Cabinet Report as part of a package of enabling works to be delivered to minimise disruption to travel during the delivery of a number of major works in the city during 2014 and 2015, subject to ERDF funding.
  - An overview plan of the proposed works at Friargate Bridge and additional works can be found in Appendix A.
- 1.8 These additional works will provide a major enhancement to what is already a transformational scheme. The improvement to connectivity by all modes of transport will enhance the ability of Friargate to create jobs and regenerate the city centre.

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

- 2.1 The scope of the works is fixed having been set out in the ERDF bid document. However, a major challenge is how to ensure this money, along with the finance for the bridge deck, is spent by June 2015.
- 2.2 An exercise was undertaken for the bridge deck which concluded that only an Early Contractor Involvement arrangement could meet the tight deadline. This entails procuring a contractor early to work with the Council and its appointed design team to develop the scheme and a target price. The options considered therefore, were whether to extend the existing ECI contract under the Highways Agency Asset Support Framework with Costain who are working on the bridge deck, or whether to procure a new contract and let the additional works as a separate contract. The original tender exercise under the Framework and the contract with Costain included provision for additional works if funding became available, subject to their costs being within agreed parameters.
- 2.3 Timescales are extremely tight and going through a procurement process would risk the delivery date, therefore it is proposed to award a proportion of the additional works to Costain which is permissible under the contract framework. The close proximity of the sites means there would be co-ordination issues having two contracts working so closely together such as traffic management and health and safety.
- 2.4 The contractor, design team and City Council staff are co-located. This integrated team approach will deliver value for money and ensure, crucially, that the project is delivered on time.
- 2.5 The team will develop a detailed design and a target cost by June 2014 for the additional works. The target cost will be based on an agreed schedule of rates and will be subject to a 'pain/gain' mechanism whereby the contractor and the council will share the benefits or costs of any variance to the target price. This incentivises the contractor and the client to look for ways of saving costs on the project.

- 2.6 The Council's Direct Labour Organisation (DLO) are to deliver some of the bus priority measures, including improvements to Junction 4, 5 and 7.
- 2.7 In terms of statutory processes, the tunnel under Warwick Road is permitted development. The works to Station Square will be the subject of a further reserved matter application. The new highways layout in Station Square requires a Traffic Regulation Order (TRO) which the City Council are intending to advertise mid-March. Any representations will be reported to the Cabinet Member for Public Services.
- 2.8 It should be noted that in terms of traffic management, the construction of the tunnel has been considered and Warwick Road can be kept open to 2 way traffic at all times. This is important given the need is to maintain access to the station, Central Six retail park and King Henry VIII school whilst Warwick Road is closed at the ring road.
- 2.9 To further mitigate this risk there has been early engagement with stakeholders which is described in section 3.2 below.
- 2.10 Friargate Bridge additional works are part of a series of projects aimed at regenerating this part of the city. To ensure consistency in terms of delivery and specification comprehensive governance structure, as shown in Appendix D, has been established. The strategic Friargate Board includes the Cabinet Member for Business, Enterprise and Employment and the Executive Director for Place. There is a specific project board for Friargate Bridge whose role will be expanded to include the additional works; this is chaired by the Assistant Director of Planning & Transport & Highways (see project delivery structure Appendix E)
- 2.11 It is proposed that the Executive Director, Place is authorised, in collaboration with the Cabinet Member for Business, Enterprise and Employment, to enter into a contract with the successful contractor to deliver the additional works subject to the target price being within the £7.235million programme plus any variations allowed under the scheme of delegations. Any further variance beyond this amount would need to be considered by Cabinet and full Council.

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

- 3.1 The Friargate masterplan proposals were the subject of considerable consultation as part of the planning process. As a result of the discussions at planning committee the Friargate Liaison Group was created where the developers and appropriate council officers have met regularly with local residents to advise them of progress and issues arising from the scheme. The Liaison Group has been advised of the European Regional Development Fund proposal.
- 3.2 For the additional works, there has been early engagement with a number of stakeholders including:
- Friargate Liaison Group
  - Standard Life (owners of Central 6)
  - Network Rail
  - Virgin Trains
  - Stagecoach
  - Travel De-Courcey
  - National Express
  - King Henry VIII School
- 3.3 The purpose of the early engagement has been to explain the proposals, the need for the development, provide reassurance regarding temporary traffic management arrangements

and to establish points of contact for ongoing communication. The project team have developed a communications plan which sets out how consultation and communications will be undertaken throughout the project.

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

4.1 The project delivery plan in Appendix E sets out the implementation timetable.

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

##### **5.1 Finance**

5.1.1 Once the design has been undertaken for additional works the Council will work with Costain to identify a target price with greater certainty. The price for the bridge deck is expected to be known by February 2014, and the remaining works by June 2014. Should funding be required over and above the level of grant awarded, it is proposed that some of the smaller schemes such as station access improvements will be de-scoped to ensure the priority works are delivered, which are principally the bridge deck, Warwick Road pedestrian tunnel and the station forecourt.

5.1.2 Revenue costs are expected to be minimal with any costs being met by existing budgets or revenue income from advertising on the bridge deck.

5.1.3 Works for bus priority measures to be carried out by the DLO will be undertaken prior to Warwick Road in March 2014 for the bridge deck works to commence proper, therefore is not subject to any further formal target cost agreement. Works for bus priority measures to be carried out by Costain will also be delivered within the same time constraints and are subject to an Early Works Agreement.

5.1.4 There are potential abortive costs of up to £0.744million for project management and design which may be incurred if the projects do not proceed to contract. Abortive costs will only be incurred if we opt not to appoint a contractor and before any formal contract is signed. A contract is likely to be signed with the preferred contractor during June 2014 for additional works, after which point we are contractually obliged and there is no opportunity to withdraw. Note that the at risk costs are additional to the £0.7million at risk costs previously reported in the Friargate Bridge Cabinet report with regards to Target Price Agreement with the Contractor for the Bridge Deck.

5.1.5 In the original Friargate Bridge Cabinet Report £0.7million of spend at risk was approved up to target price agreement in December 2013. As the target price will now be agreed in February 2014 a further £0.7million is required to cover and Early Works Agreement with Costain, and includes project management and design costs up to the end of February 2014.

5.1.6 Should the project not proceed for any reason therefore, the overall potential abortive costs including the original £0.7million, additional £0.7million for early works agreement and project management and design, and £0.744million at risk costs for additional works would be up to £2.144million, funding for which would need to be sought.

##### **5.2 Legal implications**

5.2.1 The Council will act as the accountable body for the ERDF projects on the terms of the EU and DCLG requirements. The Council will be issued with a grant offer containing terms and conditions. For the Boulevard project, the terms and conditions will be devolved across to the private sector developer Friargate Coventry LLP in a Grant Aid Agreement. These will



ensure appropriate conditions and obligations which are imposed upon the Council are passed to Friargate Coventry. The Council has power to act as guarantor under Section 1 of the Localism Act 2011.

- 5.2.2 The Council has the power to regulate the flow of traffic and to install pedestrian crossings through the 1984 Road Traffic Regulation Act. As part of the works, the City Council is also required to obtain Stopping Up Orders in exercise of its powers under section 14 of the Highways Act 1980.
- 5.2.3 The Council has not secured its own planning consent for the bridge works but will rely and carry out the works under the outline and reserved matters consent that Friargate has for the development. Friargate have lead on the discharge of the reserved matters supported by the Council under the collaboration agreement. The City Council will secure its own planning consent for the station forecourt works, and Warwick Road tunnel will be permitted development.
- 5.2.4 Any public works carried out that are part of the public realm and are over the EU thresholds will be tendered under the Public Works Contract Regulations 2006. The use of the Highway Agency's framework does comply with 2006 regulations.
- 5.2.5 The station forecourt and Warwick Road tunnel will be subject to Network Rail legal agreement through the Network Rail Basic Asset Protection Agreement and other governing rail industry processes.
- 5.2.6 As part of the wider access improvements to the Friargate site, a land transfer will be sought on Manor House Drive, which will be subject to adoption and a stopping up order.

## 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 delivery of the Friargate project will help achieve many of the priority themes of the Sustainable Community Strategy and objectives within the Councils Corporate Plan. These include:

- ***A prosperous Coventry with a good choice of jobs and business opportunities for all the city's residents*** - by providing significant opportunities for existing and new business to locate into the predominate office development providing them a quality environment which will provide them with the profile to develop and expand their business
- ***A safer and more confident Coventry***- by designing out crime within the new development, removing the subways and bringing more life and activity to the areas of the scheme over a longer period of the day
- ***Making Coventry's streets, neighbourhoods, parks and open spaces attractive and enjoyable places to be*** - by improving and extending Greyfriars Green, providing new high quality public spaces and routes through the development and creating a new predominantly commercial neighbourhood in which the city can be proud
- ***A good choice of housing to meet the needs and aspirations of the people of Coventry***- by providing a range of city centre living opportunities taking advantages of its key sustainable transport location

- ***Making places and services easily accessible for Coventry people*** – by in a physical sense making the scheme area including a new route to the railway station and buildings constructed around it more accessible to those with a disability. Also providing opportunities for new and improved services and activities to locate in the area increasing the opportunities for the people of Coventry and the region
- ***A creative, active and vibrant Coventry*** - by providing a new business district for the City which will bring an increase to the number of people who work, live, use and play in the area improving the visually and economic environment of the area
- ***Improving Coventry's environment and tackling climate change*** – by creating a sustainable business location around a transport interchange and delivering highly resource efficient business premises. Additionally the expansion of green space in the city centre will help reduce the heat trapped in the city and increase biodiversity.

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

- 6.2.1 To mitigate the risk there is a comprehensive and accountable governance structure in place managed within the overall Friargate programme to ensure correct procedures are being followed and that the programme is maintained. A risk workshop has been held to identify the main risks and associated mitigation measures which have been outlined in the report. The principal risks to the project are cost, time (we lose funding if the all project costs aren't defrayed by June 2015) and challenge of the statutory processes.
- 6.2.2 The financial risk associated with the ERDF sits with the Council. However the risk of claw back by DCLG and/or the EU is minimal so long as the expenditure is defrayed against eligible activity and in the permitted timeframe. This risk will be mitigated by the implementation of strict procedures for the project management of ERDF-funded works and ensuring that the risks for the two outside projects are devolved appropriately to the partner organisations. We will maintain close liaison with our monitoring officer in DCLG, who are also managing the RGF funding contract on behalf of BIS.
- 6.2.3 The Council has a good track record for maintenance and achieving significant financial controls and well established procedures for handling public funds and these will be applied to the ERDF projects in order to ensure that the best possible value is achieved for the EU's investment in the schemes. Therefore the view of officers is that risk of claw-back for each scheme is minimal.
- 6.2.4 Friargate Coventry LLP will enter into a "back-to-back" Grant Aid Agreement (GAA) with the City Council as accountable body. It is standard practice within GAAs to transfer as much risk as possible to the successful applicant and project deliverer.

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

- 6.3.1 This has already been addressed in the report for the Friargate development.

## **6.4 Equalities / EIA**

- 6.4.1 Under the Equality Act 2010 the provision of public highway and regulation of traffic are services to which equality must be considered. Access Development and disability groups have been consulted regarding the scheme and will be engaged throughout the design and build process. Contractors bidding for the construction work must demonstrate their approach to involving small firms, ethnic minority businesses, social enterprises and third sector suppliers within the supply chain, and also how they will support the education and

training of young people. Local people will be engaged throughout the project and appropriate consideration given to protected characteristics.

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

6.5.1 The Friargate scheme is a development located in a highly sustainable location with its unrivalled accessibility adjacent to the West Coast main line railway station, bus routes and the city centre. The intention of the developer is to develop the office accommodation to meet the Breeam excellent environmental standards, helping to reduce its occupier's carbon footprint.

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

6.6.1 The impact on partner organisations will continue to be reviewed.

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**Directorate:**

Place

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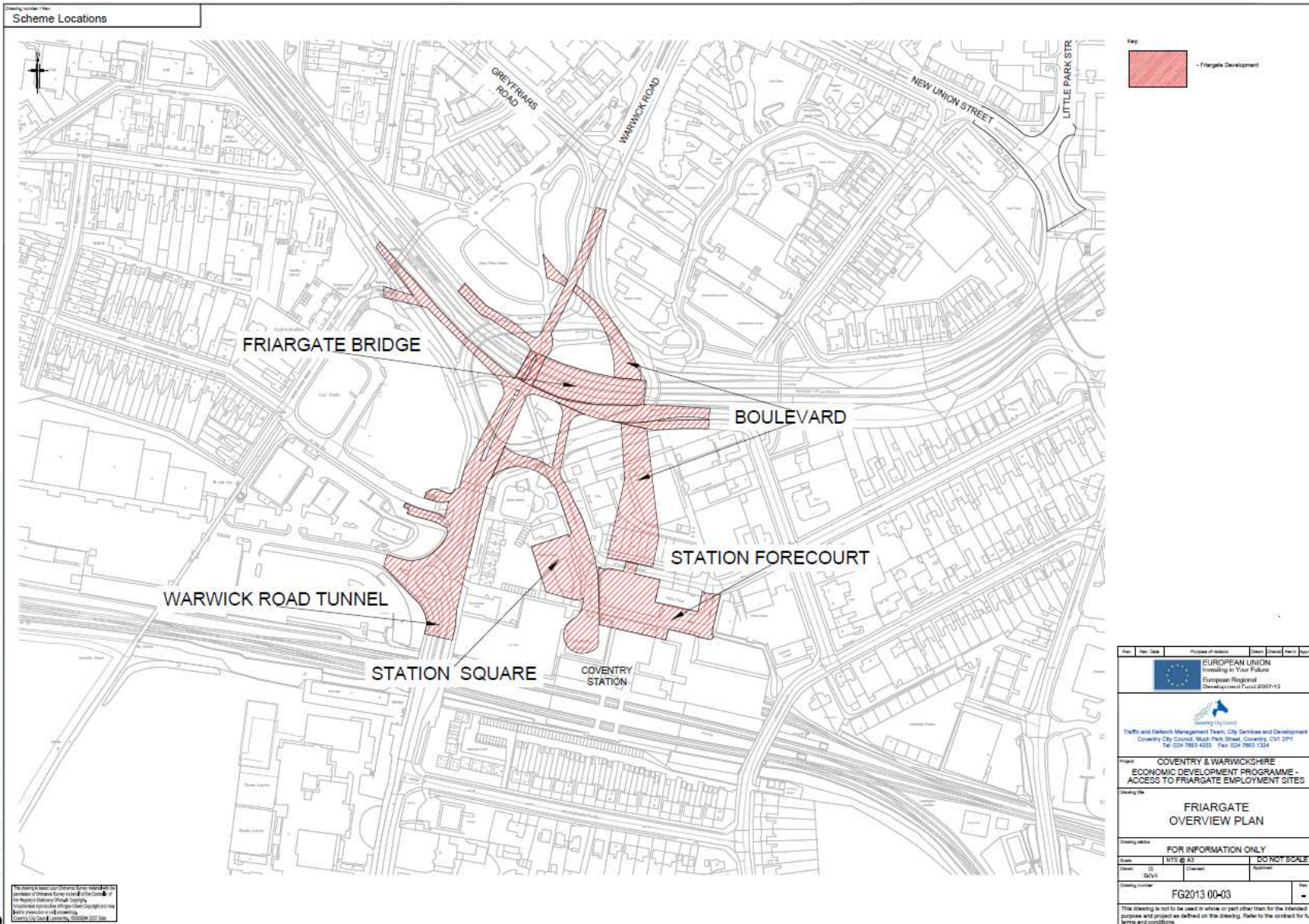
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Councillor R Lancaster	Cabinet Member (Public Services)	-	20/01/14	22/01/14

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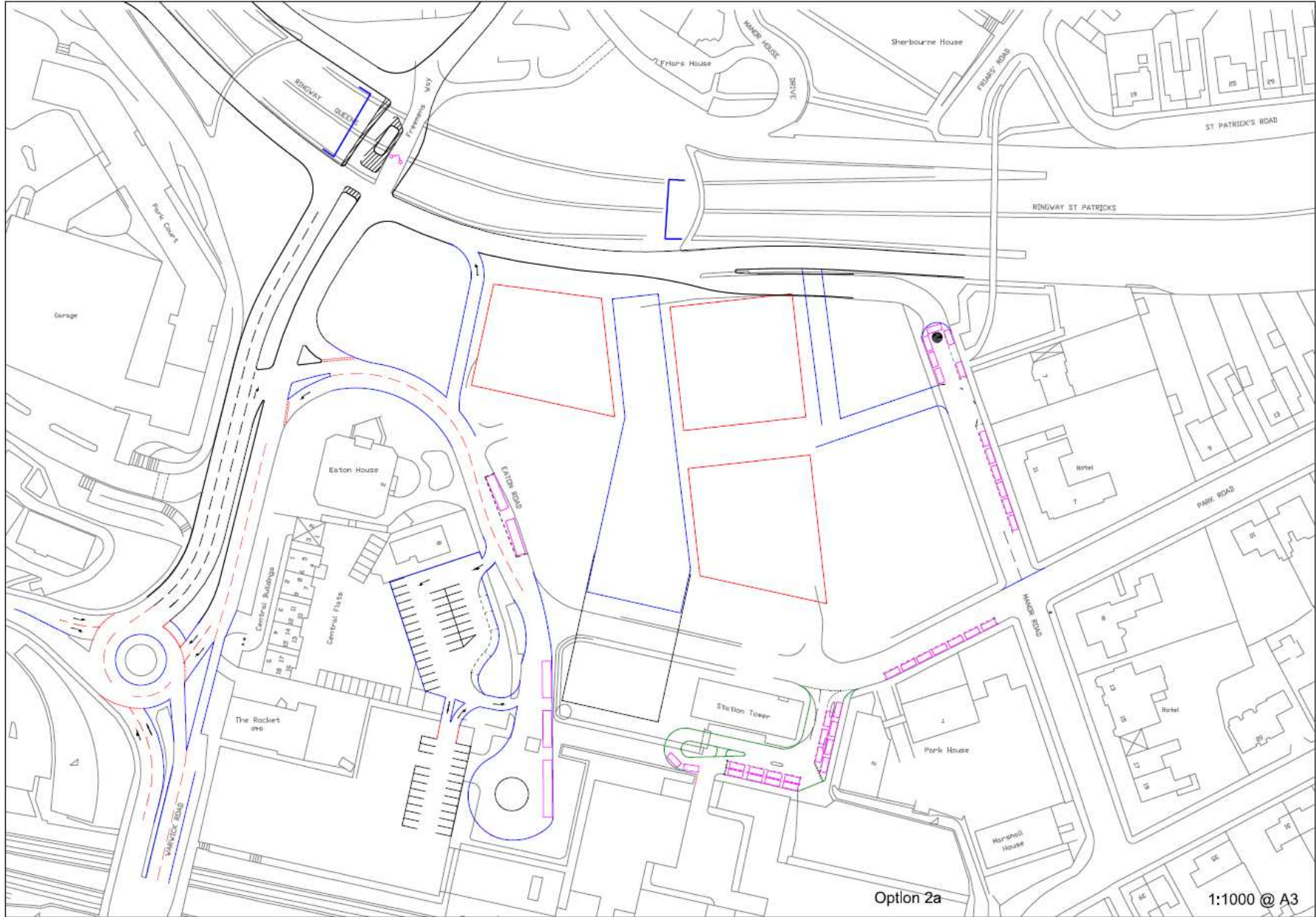
# Appendix A Friargate Bridge Additional Works Summary







Appendix C Proposed Station Forecourt

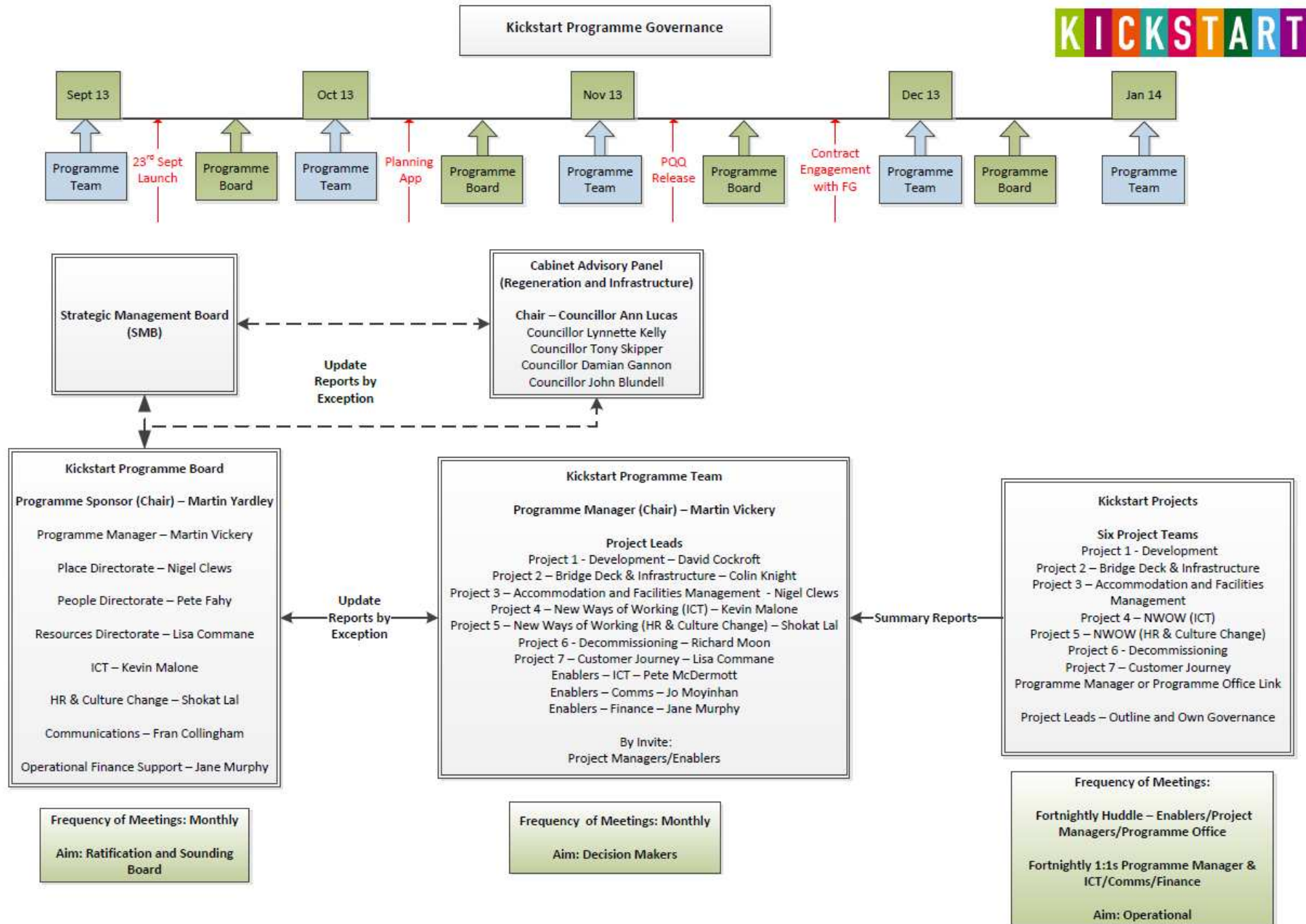


**Appendix D**  
**Project Delivery Plan**

<b>Key milestones/deliverables</b>	<b>Timescales</b>
RGF Final Grant Offer	May 2013
Full Council Approval – Bridge Deck	June 2013
Appointment of Designer	July 2013
Appointment of ECI Contractor	August 2013
Friargate RM Planning Consent (1 of 2)	September 2013
Decision of structural form of bridge deck	September 2013
Approval of Traffic Regulation Orders and road space booking confirmed	November 2013
ERDF Final Grant Offer	December 2013
Completion preliminary design	January 2014
Gross Max issue full design package for public realm and landscaping for pricing	January 2014
Appoint Project Teams for Warwick Road Station Access and Station Forecourt	January 2014
ERDF Funding Contract Sign Off	January 2014
Agree target price	February 2014
Friargate RM Planning Consent (2 of 2)	February 2014
Cabinet Approval – Additional ERDF Works	February 2014
Bridge Deck Site Clearance and compound set up	February 2014
Advertise Temporary Traffic Orders of Bridge Deck	February 2014
ERDF Grant Aid Agreement Sign Off between CCC and Friargate Coventry LLP	February 2014
Completion of junction improvements – bus priority schemes	March 2014
Bridge Deck start on site	March 2014
Approval Stopping Up Orders	March 2014
Completion Bridge Deck detailed design	April 2014
Agree utilities diversions with statutory undertakers, issue payment of C4/C5 detailed estimates	April 2014
Place order for steel beams/long lead in time materials	April 2014
Complete preliminary design for Warwick Road Tunnel	April 2014
Complete preliminary design Station Forecourt	May 2014
Agree target price Warwick Road Tunnel and Station Forecourt	June 2014
Planning Consent Station Forecourt	July 2014
Complete detailed design Station Forecourt	July 2014
Start works on site Station forecourt	August 2014
Pedestrian Boulevard start on site	September 2014
Complete detailed design Warwick Road Tunnel	September 2014
Warwick Road tunnel Network Rail Approval	October 2014
Start works on site Warwick Road Tunnel	October 2014
Warwick Road reopens	March 2015
Warwick Road Tunnel Complete	May 2015
Works complete Station Forecourt	June 2015
Works complete Pedestrian Boulevard	June 2015



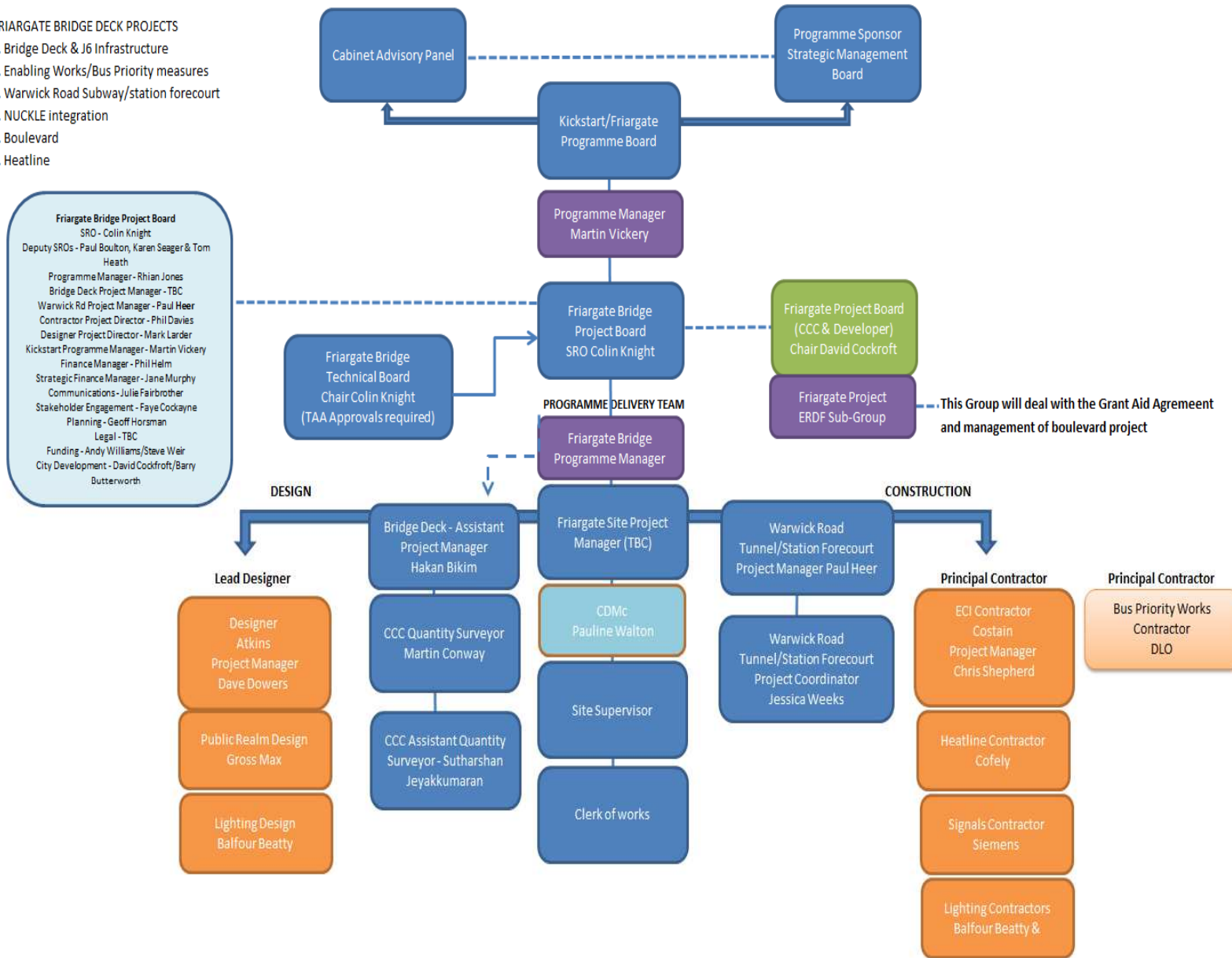
# Appendix E Project Delivery Structure



**FRIARGATE BRIDGE PROGRAMME GOVERNANCE**

**FRIARGATE BRIDGE DECK PROJECTS**

1. Bridge Deck & J6 Infrastructure
2. Enabling Works/Bus Priority measures
3. Warwick Road Subway/station forecourt
4. NUCKLE integration
5. Boulevard
6. Heatline



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of the Local Government Act 1972.

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