

**Coventry City Council**

**Minutes of the Meeting of Council held at 2.00 pm on Tuesday, 11 November 2014**

Present:

Councillor H Noonan, Lord Mayor  
Councillor M Hammon, Deputy Lord Mayor

Councillor F Abbott	Councillor D Kershaw
Councillor N Akhtar	Councillor A Khan
Councillor A Andrews	Councillor R Lancaster
Councillor R Bailey	Councillor J Lepoidevin
Councillor S Bains	Councillor A Lucas
Councillor L Bigham	Councillor K Maton
Councillor J Birdi	Councillor J McNicholas
Councillor J Blundell	Councillor C Miks
Councillor R Brown	Councillor K Mulhall
Councillor K Caan	Councillor J Mutton
Councillor D Chater	Councillor M Mutton
Councillor J Clifford	Councillor J O'Boyle
Councillor G Crookes	Councillor E Ruane
Councillor G Duggins	Councillor R Sandy
Councillor C Fletcher	Councillor T Sawdon
Councillor D Galliers	Councillor B Singh
Councillor D Gannon	Councillor D Skinner
Councillor A Gingell	Councillor T Skipper
Councillor M Hammon	Councillor K Taylor
Councillor L Harvard	Councillor R Thay
Councillor P Hetherton	Councillor S Thomas
Councillor J Innes	Councillor P Townshend
Councillor L Kelly	Councillor S Walsh

Honorary Alderman            D Batten, J Gazey

Apologies:                      Councillor M Ali, M Auluck, D Howells, T Khan, R Lakha,  
H Sweet and D Welsh

**Public Business**

**85. Minutes of the Meeting held on 7th October 2014**

The minutes of the meeting held on 7<sup>th</sup> October 2014 were signed as a true record.

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

**RESOLVED that the press and public be excluded under Section 100(A)(4) of the Local Government Act 1972 relating to the private report entitled "Investment in an Energy Performance Contract (Re:Fit)" on the grounds that the report involved the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as it contained information relating to the financial and business affairs of a particular person (including the authority holding that information) and that in all circumstances of the case,**

**the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**87. Coventry Good Citizen Award**

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

*“Bal’s father settled in the UK in 1951, and, uncertain whether to stay in this country he wanted to ensure that his family in India were supported. Together with others who had settled in Coventry from the same village they started to pool any spare money to put towards projects in India.*

*Bal has inherited this altruistic trait and on a much greater scale. With others spread across the world he has been instrumental in setting up charitable events which benefit the village and help connect the wider community. Through his efforts funds have been raised to build a school, Gurdwara and they are now hoping to provide the village with a sewerage system.*

*In the UK, Bal has helped raise money for a variety of charities through several events. These involved sky diving, abseiling, walking up the 900 steps to the top of the BT tower and climbing mount Kilimanjaro, this event raising £16,000 for Cancer Research UK. A further £89,000 was raised for Childline when a group of employees from his workplace, BT, were set a challenge of a talent development scheme. This entailed finding as many ideas as possible in 24 hours to raise as much money as possible for charity.*

*Bal has invested an enormous amount of time raising large amounts of money for a variety of charities and is truly a deserving award winner.”*

**88. Death of former Councillor**

The Lord Mayor referred to the recent death of former Councillor, Margaret Stoneman.

Mrs Stoneman was a Wainbody Councillor between 1980 and 1986 and previously between 1955-62 and 1967-70. She was Chair of the Education Committee 1967-70.

Members of the City Council paid tribute to the work carried out by former Councillor Stoneman expressed their condolences to her family.

**89. Armistice Day**

The Lord Mayor thanked all Elected Members who had joined her the previous weekend for Remembrance Sunday.

Members stood for two minutes silence to remember all those members of the armed forces who had died in the line of duty.

**90. Petitions**

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

- (1) Request to resurface Knight Avenue – 11 signatures – presented by Councillor O’Boyle.**
- (2) Request to reconsider making cuts to Finham library – 201 signatures – supported by Councillor Sawdon.**
- (3) Request to update and replace play equipment in the Juniper Drive/Woodridge Avenue Park – 115 signatures – presented by Councillor Lepoidevin.**
- (4) Request for parking permits on Franciscan Road – 26 signatures – presented by Councillor Bailey.**
- (5) Request for improvements to footpath along the Tamworth Road between Long Lane and Fivefield Road – 48 signatures – Councillor Birdi.**

**91. Declarations of Interest**

There were no declarations of interest.

**92. Medium Term Financial Strategy 2015-18**

Further to Minute 75/14 of the Cabinet, the City Council considered a report of the Executive Director, Resources which set out the Medium Term Financial Strategy (MTFS) 2015-2018.

The report had also been considered by the Finance and Corporate Services Scrutiny Board (1) at their meeting held on 3<sup>rd</sup> November 2014.

The MTFS set out the financial planning foundations that supported the Council’s vision and priorities and leads to the setting of the Council’s revenue and capital budgets. Following the Strategy’s consideration by Council, the subsequent meeting of Cabinet will consider the Pre-Budget report that sets out the work undertaken in preparation for the 2015/16 and future years’ revenue budgets and capital programme.

The key backdrop to the Council’s financial position was provided by the Government’s June 2013 Spending Round and subsequent indicative announcements of the main political parties nationally. These confirmed or gave notice of continued cuts in Revenue Support Grant for local government on a trajectory which was broadly consistent with cuts made since 2010. Therefore, the fundamental factor shaping the City Council’s MTFS continued to be one of unprecedented financial pressure leading to further significant reductions in spending levels that were likely to continue in the period up to 2020 and possibly beyond. If the current pattern of local government funding continued, in real terms this indicated that for every £10 of net budget the Council had available in 2010/11 it had just over £7 now and would have nearer £5 in 2024/25.

The report's Executive Summary summarised the national and local contexts which framed the strategy and the City Council's strategic financial approach to the demands faced.

Based on initial estimates of both future funding settlements, the City Council's indicative financial position moving into the 2015/16 budget setting process showed a major funding gap of £15.1m in 2015/16 increasing to £44.2m in 2016/17 and £65m in 2017/18. This picture would be refined as part of the forthcoming Pre-Budget Report but gave a clear picture of massive financial challenges. The position would become yet more acute in the period beyond the MTFs based on ministerial announcements about continued spending cuts.

**RESOLVED that the City Council approve the Medium Term Financial Strategy 2015-18 as the basis of its medium term financial planning process.**

93. **2014/15 Second Quarter Financial Monitoring Report (to September 2014)**

Further to Minute 26/14 of the Cabinet, the City Council considered a report of the Executive Director, Resources, which set out the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2014. The report would also be considered by the Audit and Procurement Committee at its meeting on 1<sup>st</sup> December 2014.

The headline revenue forecast for 2014/15 was an underspend of £0.4m, which incorporated significant areas of overspend within the People Directorate, balanced largely by underspends within the Asset Management Revenue Account. The People Directorate overspends resulted from high numbers of looked after children and increasing numbers of referrals into the service which had occurred despite additional budgetary provision being provided previously by Council. Cabinet was reminded that this was one of the key issues that would need to be addressed in the forthcoming 2015/16 Budget Setting process.

It was noted that, at the same point in 2013/14, there was a reported overspend of £1.5m. Given previous budgetary control trends and management expectations of continued robust control of expenditure, it was anticipated that the Council would be underspent at year-end and would be available to commit to corporate expenditure priorities.

Subject to Council approval, the first call on this would be the Customer Service Centre Scheme, where it was proposed that additional costs of £2m be incurred for a revised and enhanced scheme to construct the new Customer Service Centre as a change to the Capital Programme. This was a key part of the Council's wider customer transformation and property rationalisation plans, which would secure existing £0.5m per annum savings targets and further savings of £5m per annum associated with the Kickstart Customer Journey Programme that would be set out within the Pre-Budget report.

Treasury advice indicated that it was likely that there would soon be a move by credit rating agencies whereby they would no longer include government support in banks' credit ratings. This would mean there was a chance that institutions such as Barclays, Lloyds, Nationwide and Santander could become BBB+ rated, down from their current rating of A- or better. The BBB+ rating was below the

Council's current threshold of acceptable credit ratings of A-. In line with advice from the Council's Treasury Management Advisors, in order that the Council had a sufficient number of counterparties to make investments with, it was proposed that the Council adjusted its Treasury Management Strategy and Investment Policy to enable investments to be made with BBB+ rated institutions. BBB ratings indicated a "good credit quality". In addition, it was proposed that a total limit for such non-specified investments was set at £32m.

The report also set out details of the Recovery Plan in respect of the lease granted to City College Coventry in respect of the multi-storey car park.

The report further indicated that, on capital spending the forecast at the second quarter was projected to be £148m. This represented a net decrease of £7.5m compared to the £155.5m reported at the first quarter. This decrease in the Capital Programme comprised £13.6m rescheduling of expenditure into 2015/16, £6.6m new spending approvals, and a small underspend of £0.4m. Spending at this revised level would be met by resources identified previously.

**RESOLVED that the City Council:**

- (1) Approve the revisions to the Treasury Management Strategy and Investment Policy as outlined in section 2.4 of the report submitted, including the lowering of minimum credit ratings to BBB+.**
- (2) Approve the £2m additional cost of works required for the Council's Customer Service Centre and the associated funding proposals outlined in sections 5.3 of the report.**

**94. Investment in an Energy Performance Contract (Re:Fit)**

Further to Minute 79/14 of the Cabinet, the City Council considered a report of the Executive Director, Resources and the Executive Director, Place, which set out proposals to invest in an Energy Performance Contract. A corresponding private report, detailing commercially confidential aspects of the proposal was also submitted to this meeting for consideration (minute 99 below).

The Council had made a commitment in its Carbon Management Plan to achieve a 35% reduction in carbon emissions by 2020. The refurbishment of existing buildings was a key requirement to reduce the carbon emissions to support the achievement of the ambitious carbon reduction targets. The use of an energy performance contract like Re:Fit would support the Council in being able to make energy cost and carbon savings. The contract model would transfer the risk of performance to the Re:Fit contractor / Energy Service Company (ESCO's), as they have to guarantee the energy savings to be made over an agreed period. The initial capital investment would be offset by the guaranteed savings offered by the ESCO's, providing a cost neutral solution for energy efficiency projects over a specific term.

In addition to the Council buildings, the initial phase of the project would include a number of schools and Coombe Abbey Park Hotel. The total value of the project and the capital investment for Re:Fit was estimated to be £1m (plus fees for due diligence and for access to the framework contract), with over 60% of the required

funding being sought from Salix Finance. Salix provide interest free loans for public sector investment in low carbon and energy efficiency measures, with the remaining funding being sought from prudential borrowing.

It was proposed that the Council prudentially borrowed up to a cap of £0.37m to provide investment for the Re:Fit programme as an addition to the existing approved capital programme. Local Partnerships, a joint local government association (LGA) and Treasury agency had undertaken some initial work on the selected buildings. For the Council owned and occupied buildings they had estimated savings of £0.03m pa, for a capital investment of £0.23m funded from prudential borrowing and Salix Finance.

The majority of the prudential borrowing would be used to provide a loan to Coombe Abbey Park Limited (CAPL) to enable them to meet the capital costs for the project. This funding would be provided on commercial terms, allowing the Council to generate a surplus on the margin applied to the capital financing costs. Any costs associated with the due diligence for loan financing would be passed to the CAPL, by adding it to the value of the loan. Energy savings would be used to repay the loan finance secured.

The exact value of the capital investment would not be known until the contractors on the framework returned their procurement response. The project had already received approval to proceed to procurement by the Place Panel, subject to the availability of funding.

**RESOLVED that the City Council:**

- (1) Approve the use of its powers under the Local Government Act 2003 to prudentially borrow the sum of £0.37m to provide investment for the Re:Fit Programme as an addition to the existing approved Capital Programme.**
- (2) Approve the Council entering into a contract with Salix for access to interest free loan finance (£0.16m) for investment in the Council buildings, where the energy efficiency measures meet the conditions for such funding, reducing the need for prudential borrowing.**
- (3) Approve the Council acting as a guarantor for the Salix funding (£0.50m) provided to schools participating in the Re:Fit Programme.**
- (4) Approve the use of its powers under the Localism Act 2011 to provide a loan to Coombe Abbey Park Limited (CAPL) plus the costs of any due diligence, on commercial terms, to be met from prudential borrowing (as detailed in recommendation 1 above)**
- (5) Delegate authority to the Executive Director, Resources and the Council Solicitor to agree detailed terms of the transaction between CAPL and the Council.**
- (6) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, to sign the loan agreement and other ancillary documentation as is necessary to complete the financing transaction with CAPL, based on the proposals detailed in the report.**

95. **Question Time**

Councillor Ruane provided a written response to the question set out in the Questions Booklet, together with an oral response to supplementary questions put to him at the meeting.

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 Hammon	Councillor Lancaster	Skateboarding in the City
2	Councillor Bailey	Councillor Abbott	Update on City of Culture
3	Councillor Andrews	Councillor Townshend	Ward Forums
4	Councillor Blundell	Councillor Mrs Lucas	Update on position regarding becoming a combined authority
5	Councillor Skinner	Councillor A Khan	Update on negotiations regarding 50m swimming pool
6	Councillor Crookes	Councillor Lancaster	Penalty notices issued for using bus lanes on Cycling Day.
7	Councillor Crookes	Councillor Lancaster	Road works around Warwick University
8	Councillor Hetherington	Councillor Mrs Lucas	Ward boundaries

In respect of questions 5 and 6 above, the Cabinet Members agreed to provide a written response.

#### 96. **Statements**

The Cabinet Member (Children and Young People), Councillor Ruane, made a statement in respect of the “Children’s Services Improvement Plan”.

Councillor Lepoidevin responded to the statement.

#### 97. **Debate - Inclusion of 16 year olds in future political elections**

On behalf of Councillor Howells, Councillor Singh moved the following Motion which was seconded by Councillor Kelly:

- \* “While wounds may need to be healed following the robust debate that preceded the referendum in Scotland, there was a noticeable success that emerged; a clear majority of the public were engaged in the political discussion that decided the future of Scotland and the United Kingdom. Notably this, for the first time, included 16 year olds. Coventry City Council wishes to lead the way nationally by calling for a widening of the franchise to include 16 year olds in all future political elections as soon as possible”

Councillor Blundell proposed the following amendment which was seconded by Councillor Andrews and lost:

*Delete the remainder of the sentence after the words “lead the way” and replace with “in calling for a national debate on the widening of the franchise to include 16 year olds in future elections”.*

**Amended Motion to then read:**

*“While wounds may need to be healed following the robust debate that preceded the referendum in Scotland there was a noticeable success that emerged; a clear majority of the public were engaged in the political discussion that decided the future of Scotland and the United Kingdom. Notably this for the first time included 16 year olds. Coventry Council wishes to lead the way in calling for a national debate on the widening of the franchise to include 16 year olds in future elections.”*

**RESOLVED that the Motion as set out at \* above be adopted.**

**98. Debate - Timetable for legislation to ensure people living in England are heard**

Councillor Taylor moved the following Motion which was seconded by Councillor Sawdon:

“While wounds may need to be healed following the robust debate that preceded the referendum in Scotland, there was a noticeable success that emerged; a clear majority of the public were engaged in the political discussion that decided the future of Scotland and the United Kingdom. Notably this, for the first time, included 16 year olds. Coventry City Council wishes to lead the way nationally by calling for a widening of the franchise to include 16 year olds in all future political elections as soon as possible”

**RESOLVED that the Motion as set out above not be adopted.**

**PRIVATE BUSINESS**

**99. Investment in an Energy Performance Contract (Re:Fit)**

Further to Minute 82/14 of the Cabinet and Minute 94 above, the City Council considered a report of the Executive Director, Resources and the Executive Director, Place, detailing the commercially confidential aspects of proposals to invest in an Energy Performance Contract.

**RESOLVED that the City Council:**

- (1) Approve the use of its powers under the Local Government Act 2003 to prudentially borrow the sum of £0.37m to provide investment for the Re:Fit Programme as an addition to the existing approved Capital Programme.**
- (2) Approve the Council entering into a contract with Salix for access to interest free loan finance (£0.16m) for investment in the Council buildings, where the energy efficiency measures meet the conditions for such funding, reducing the need for prudential borrowing.**



- (3) Approve the Council acting as a guarantor for the Salix funding (£0.50m) provided to schools participating in the Re:Fit Programme.**
- (4) Approve the use of its powers under the Localism Act 2011 to provide a loan up to the value indicated in the report to Coombe Abbey Park Limited (CAPL) plus the costs of any due diligence, on commercial terms to be met from prudential borrowing (as detailed in recommendation 1 above).**
- (5) Delegate authority to the Executive Director, Resources and the Council Solicitor, to agree detailed terms of the transaction between CAPL and the Council.**
- (6) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, to sign the loan agreement and other ancillary documentation as is necessary to complete the financing transaction with CAPL, based on the proposals**

(Meeting closed at 4.10 pm)