

# Public Document Pack

## Coventry City Council

### Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 5 January 2016

Present:

Cabinet Members: Councillor Mrs Lucas (Chair)  
Councillor A. Khan (Deputy Chair)  
Councillor Caan  
Councillor Gannon  
Councillor Kershaw  
Councillor Maton  
Councillor Ruane

Deputy Cabinet Members: Councillor Dr R Auluck  
Councillor Clifford  
Councillor McNicholas  
Councillor Thomas

Non-voting Opposition Members: Councillor Blundell

Other Members: Councillor P Akhtar  
Councillor Bains  
Councillor Lakha  
Councillor J Mutton  
Councillor M Mutton  
Councillor Seaman

Employees (by Directorate):

Chief Executive's: M Reeves (Chief Executive), F Collingham,

Place: M Yardley (Executive Director), C Barclay, N Clews, N Cowper

People: G Quinton (Executive Director), A Baker, P Fahy, S Lam, J Moore

Resources: C West (Executive Director), G Cowley, B Hastie, P Jennings, L Knight, J Newman,

Apologies: Councillors Abbott, Andrews, Brown and Lancaster

## **Public Business**

### **83. Declarations of Interest**

Councillor Kershaw declared a disclosable pecuniary interest in the matter referred to in Minute 89 below, headed "Results of Public Consultation – Reductions in Grants to External Organisations". He withdrew from the meeting for the consideration and voting on this matter.

84. **Minutes**

The minutes of the meeting held on 26<sup>th</sup> November 2015 were agreed and signed as a true record.

85. **Exclusion of Press And Public**

**RESOLVED to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private reports in minutes 98 headed 'Highways Maintenance Contract – 2016' and 99 headed 'Freehold Purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry' on the grounds that these reports involve the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as they contain information relating to the financial and business affairs of a particular person (including the authority holding that information) and in all circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

86. **Council Plan - Progress at Half Year 2015/16**

The Cabinet considered a report of the Executive Director of People, which set out the progress made against the Council Plan in the first six months of 2015/16.

The Council Plan setting out the strategic direction and priorities for the next ten years was approved by Council in January 2014 and refreshed in July 2015, to reflect the Council's vision to be a top ten city where everybody could share in the benefits of growth, including the City's most vulnerable residents.

The report provided a high-level summary and gave an overview including, where applicable, contextual information to describe what was happening in Coventry and how this compared with elsewhere. Where headline indicators had been reported previously, progress had been compared with previous years; where the indicator was new this would form the baseline against which to measure future progress.

Of the 64 headline indicators 33 had improved (52%); 7 stayed the same (11%); 7 had worsened (11%). 4 did not have a target (6%) and progress could not be determined for the remaining 13 (20%). This was expected at half year as a number of indicators were updated annually. Progress had been made in the context of continued cuts to government grants meaning that by 2015 the Council had £200 less to spend per person as compared to 2010.

In addition, the Council's equality objectives were also aligned to the Council Plan priorities and, where available, the report included analysis to show the impact on protected groups in the city. As a Marmot city, Coventry recognised that health inequalities resulted from other areas of social deprivation. The measures for the wider determinants of health were embedded in the Council Plan helping to make sure that all service areas contributed to reducing health inequality in the city.

The Cabinet noted that the Scrutiny Co-ordination Committee would be considering the report at their meeting on 13<sup>th</sup> January 2016, to determine whether the report highlighted any issues that should be included in the Scrutiny work programmes for the coming year.

**RESOLVED that the Cabinet approve the half year performance report for 2015/16.**

87. **The 2016-17 Council Tax Base Report**

The Cabinet considered a report of the Executive Director of Resources, which established the 2016/17 Council Tax base for tax setting purposes.

The Council Tax base was the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represented the estimated number of Band D equivalent chargeable dwellings for the year. It also took into account the authority's estimated Council Tax collection rate.

The necessary calculations were made in accordance with the Local Authorities (Calculation of Council Tax base) Regulations 2012 to establish the Council Tax base for the City Council and its parishes. These regulations applied to financial years beginning 1 April 2013 onwards, and included the impact of the change from awarding Council Tax benefit to the introduction of a Council Tax Support Scheme (also known as the Council Tax Reduction Scheme).

The Cabinet noted that details of the Council Tax Support Scheme were decided by individual local authorities and that recommendations to revise the details of the scheme in place in Coventry were being proposed to the Council in a report to be considered later at this meeting. The calculations of the Council Tax base proposed had been made under the assumption that the recommendations made in that report would be approved.

In addition, on 23 June 2015 the City Council agreed a reorganisation order to establish a parish and parish council for the Finham area of the City with effect from 1st April 2016. The reorganisation order included details of the proposed budget requirement for the first year of the new parish. As a result, this report included, for the first time, the details of the tax base for the new Finham parish, together with the grant to be paid to Finham Parish Council to compensate it for the reductions made as part of the Council Tax Support Scheme.

Under the Support Scheme, the Council Tax base was reduced according to the amount of reductions awarded under the scheme, as the authority would be foregoing the relevant Council Tax income and instead would receive grant income outside of the Council Tax arrangements. These reductions were reflected in the calculation of the Council Tax base, in order to calculate the correct amount of band D Council Tax for the billing authority (Coventry City Council), the major precepting authorities (West Midlands Police and Crime Commissioner and the West Midlands Fire and Rescue Authority), and the local precepting authorities (Allesley Parish Council, Finham Parish Council and Keresley Parish Council)

It was noted that the proposals would not set the actual level of Council Tax in Coventry and that would be set by Council on the 23<sup>rd</sup> February 2016. The determination of the tax base is one part of the process and must occur before 31st January each year.

The technical nature of the report reflected the fact that the tax base calculation was prescribed by statute. The tax base measured all properties in an area, relative to a band D property even though this was not representative of the typical domestic property in Coventry. In fact 87.3% of properties in Coventry fall into bands A to C, which would attract lower bills than Band D properties.

**RESOLVED that Cabinet recommend that Council approve:-**

1. That the Council Tax collection rate for 2016/17 be set at 98.3%.
2. That, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amounts calculated by the City Council for 2016/17 shall be:

a net tax base of 77,525.1 for the whole of the City Council area made up as follows:

Allesley Parish	318.3
Finham Parish	1,467.8
Keresley Parish	226.2
All Other Coventry City Council Wards	75,512.8
<b>TOTAL</b>	<b>77,525.1</b>

3. That the following grant payments should be made to parish councils to reflect the impact in 2016/17 of Council Tax reductions on their tax bases.

Allesley Parish	£621
Finham Parish	£3821
Keresley Parish	£354
<b>TOTAL</b>	<b>£4,796</b>

**88. Improving Accommodation - Outcome of Consultation**

The Cabinet considered a report of the Executive Director of People, which provided an outcome of consultation on proposals to cease the care and support in four Housing with Care schemes.

The Council had been improving the accommodation provided in the City for people with care and support needs for a number of years, with the origins of the approach in the New Homes for Old Policy in 1996.

The proposals represented the next stage of this ongoing approach to improvement following a consultation held between 25<sup>th</sup> August and 17<sup>th</sup> November 2015, on ceasing the care and support in four Housing with Care schemes. A key element of the proposals was the potential for Whitefriars Housing Group to refurbish the schemes so that they could be used in the future for people aged 55 years and over. This supported the Council's ambitions to enable people to live independently in their own homes for longer.

The schemes that were subject to consultation were Frank Walsh House in Hillfields, Skipton Lodge in Upper Stoke, Farmcote Lodge in Alderman's Green and Halford Lodge in Keresley. In addition, two day services for People with Learning Disabilities, Jenner8 and the Community Zone, which were attached to Frank Walsh House, were included within this consultation as any decision in relation to Frank Walsh House could also affect the future of these day services.

The proposals consulted upon were as a result of the standard of accommodation in the four Housing with Care schemes combined with the number of vacancies across all the Housing with Care stock plus new high quality accommodation becoming available at the Earlsdon Retirement Village in 2016. At the beginning of December 2015 the number of vacancies had exceeded 55 across all internal and external Housing with Care schemes from a total stock of 767 across 20 schemes, the highest number of vacancies being at Frank Walsh House.

During the consultation 287 people were directly spoken to and a total of 25 meetings were held. Those consulted included service users, family carers, external partner groups and voluntary sector organisations. A range of issues were raised during the consultation regarding the rationale for the proposals, the potential disruption of moving to alternative accommodation, and how the implementation of proposals would be managed should they proceed.

Whilst the report submitted provided in the appendices an analysis of the consultation responses, in summary it was clear that most people who responded were not in support of the proposals. Although those consulted given the opportunity to put forward alternative options for how savings could be made, the only notable alternative proposed was that two of the schemes should remain open, which would avoid the residents of all four schemes having to move and address the level of vacancies across the schemes as a whole. This was considered but this option would not meet the level of savings required by the financial targets or fully address the issues of vacancies or standard of accommodation.

The Cabinet noted that following the consultation Whitefriars Housing Group had confirmed that they would invest approximately £3m in refurbishing Skipton Lodge and Halford Lodge should the care and support cease, with the potential for further investment in Farmcote Lodge. Frank Walsh House was not considered suitable for refurbishment but was not sustainable due to the number of vacancies. As there were no specific plans for the Frank Walsh House site at this point, the existing day services for People with Learning Disabilities could remain on site until at least April 2017. Over this period of time the City Council would continue to work with those affected to plan for an eventual change in service and develop options to deliver more personalised support for people that use the services.

**RESOLVED that the Cabinet approve:**

1. **The cessation of care and support at the four Housing with Care schemes as follows:**
  - **Frank Walsh House, Hillfields – by September 2016**
  - **Skipton Lodge, Upper Stoke – by September 2016**
  - **Halford Lodge, Keresley – by March 2017**
  - **Farmcote Lodge, Aldermans Green – by March 2017**
2. **The continued development of alternative plans, to include improving opportunities for using personal budgets and direct payments, for the two Learning Disabilities Day Services, Community Zone and Jenner8, to be implemented by April 2017.**

89. **Results of Public Consultation - Reductions in Grants to External Organisations**

The Cabinet considered a report of the Executive Director of Resources, which, following a period of consultation, set out revised proposals regarding grant reductions for a number of organisations, whilst ensuring that the original savings target would be achieved.

The Council makes grant payments approaching £9m in value every year to voluntary, community and other external organisations from its revenue budget. The Council had protected the cash value of many of these grants for a number of years despite the cuts to its own funding from central government since 2010. By 2017, the Council was expecting to have suffered a cut of nearly 50% in its grant from Government since 2010 and an equivalent fall in its net budget of c25%. Given this and the continued expectations of further cuts over the current Spending Review period, the Council took the decision in February 2015 to include a budget saving in its grants to external organisations rising to £1.2m by 2016/17.

On 6<sup>th</sup> October 2015, the Cabinet agreed specific proposals to deliver this overall savings target along with a period of consultation on these proposals. The Council was aware of the potential impact that these proposals could have on some of the organisations affected and had been very keen to engage in meaningful dialogue with them to understand the impacts and to consider ways in which these might, in the most impactful cases, be mitigated. The Council therefore undertook extensive consultation activity between 12<sup>th</sup> October and 6<sup>th</sup> December 2015, contacting all the affected organisations and giving them the opportunity to take part in the consultation including via meetings with the largest organisations and those most affected. Efforts had been made to incorporate views on the impact of any grant reductions, discuss any potential ways of limiting these and to consider, where appropriate, proposed variations to the preferred option put forward in October. The October report made it clear that the Council was open to the potential for the original proposals being moderated as a result of the information assembled during the consultation process.

The report set out the feedback on this consultation exercise and detailed a final set of proposals in the light of the consultation responses and the equality and consultation analyses compiled to assist final decisions to be made. The Cabinet

noted that full consultation responses were provided on the Council's website and a summary was provided at Appendix 1 to the report submitted.

In total the revised proposals recommended that the originally recommended grant reductions be maintained for 10 organisations, amended (lower) reductions for 8 organisations and further savings for small grants that were administered by the Council.

In addition, the Cabinet were advised that it had become apparent through the consultation that a number of services currently managed through a grant agreement may be more appropriately organised through a contractual relationship. It was therefore proposed that grant officers within the Council, in conjunction with the relevant Cabinet Member, consider the appropriateness of the nature of the current arrangements and review these where necessary.

**RESOLVED that the Cabinet:**

- 1. Considered the outcome of the consultation and the equality and consultation analysis at Section 2 of the report submitted.**
- 2. Approve the financial proposals in sections 2 and 5.1 and Appendix 1 of the report as the basis of grant allocations for supported organisations.**
- 3. Approve reviews of existing grants to consider whether any should be moved to a contractual basis.**
- 4. Approve Council officers undertaking further joint work with grant partners to explore ways in which future costs and grant support can be maintained.**

**90. Outcome of Consultation and Revised Council Tax Support Scheme**

The Cabinet considered a report of the Executive Director of Resources, which set out the outcome of consultation on proposals for a new Council Tax Support Scheme and made recommendations for the introduction of a new scheme.

Council Tax Support (CTS) was a means tested discount to help low income households with the cost of Council Tax payments. The existing CTS scheme in Coventry broadly mirrored the Council Tax Benefit (CTB) scheme, previously administered under the framework from the Department for Work and Pensions (DWP).

Since the Government announced that CTB was to be localised from April 2013 every council has had the responsibility for designing its own scheme of support. In localising support, the Department for Communities and Local Government had also cut funding by 10 per cent in 2013/14. Notwithstanding this reduction in funding, the Council initially made the decision to implement a new Council Tax Support scheme which effectively mirrored the previous CTB scheme, meaning no change in the level of financial assistance received by recipients. Due to the 10 per cent reduction in funding from central government, this meant that the Council had to find approximately £3 million of additional resources to maintain the equivalent level of support under the CTS scheme.

The Council awarded over £27.6 million in council tax support in 2014/15 to approximately 33,500 households in the City. This has steadily reduced from a level of around £29.3 million two years ago. However, the funding received from Government to provide CTS schemes was no longer separately identified making it very difficult to quantify exactly the level of cost to the Council now. If the amount included notionally for CTS within the Council's overall Government funding had reduced in line with headline funding cuts this would mean that the amount of local CTS funding has fallen below £22m for 2015/16. Hence, the existing scheme was now costing the Council up to £5 million per annum more than the level of funding notionally allocated by government to meet this responsibility. The Cabinet noted that this additional cost would rise even more if government funding continued to fall faster than the cost of the CTS scheme.

The report indicated that the Council faced significant funding pressures for 2016/17 and beyond. Although the Pre-Budget Report previously approved by Cabinet contained proposals that would move the Council towards a balanced Budget in 2016/17, large shortfalls existed in the budget for later years. Given these medium term funding pressures, the 2015/16 Budget Report included a £3 million saving target for CTS from 2016/17. This formed part of the Council's 2015/16 budget consultation process.

It was acknowledged that reducing the CTS scheme was only one of a number of difficult and challenging decisions that the Council would need to take as it reduced and redesigned services to ensure that the Council maintained a sustainable financial position in the wake of unprecedented reductions in funding. Additional cuts to services in other areas to make up the £3 million savings would cause significant impacts across the Council when all service areas were looking at ways of reducing costs.

In proposing to now revise its CTS scheme, the Council would be following the majority of English councils who had now similarly reduced the levels of discounts offered under local schemes than were funded under CTB. In 2015/16 only 42 out of 326 councils had protected all recipients from a cut in support. On average, councils in England had cut scheme discounts compared with levels of benefits previously provided, by 20 per cent.

The Cabinet noted that the rules governing support for pensioners, who comprised approximately 39 per cent of the caseload in Coventry, would continue to be prescribed nationally. People of pension age did not receive any reduction in entitlement under a local scheme when compared to the previous CTB scheme. This meant that pensioners would not be impacted by any proposals to revise the local CTS scheme although this inevitably had the impact of loading the weight of a cut onto people of working age.

In designing local schemes, councils were reminded of their responsibilities in relation to vulnerable groups and individuals. The Equalities Consultation Assessment (ECA) considered these issues and was attached as Appendix 2 to the report submitted.



Various models for revising CTS had been considered and were set out within the report. Some of this work had been informed by the experiences of other Local Authorities who have revised their schemes previously. It was also recognised that to begin collecting relatively small amounts of tax, particularly from those people who are not used to paying Council Tax, would be challenging and potentially costly, particularly as many of the same people would also be affected by other welfare reforms.

Following a period of formal public consultation on the proposed changes, which was undertaken from 17th August 2015 to 26th October 2015, and consideration of the consultation analysis and Equalities Consultation Assessment appended to the report, it was proposed that a minimum contribution approach to pass on a 15 per cent reduction in support to all working age people should be adopted. This approach would apply a blanket reduction regardless of individual circumstances or the type or level of income of the customer. The advantage of this approach would be to disperse the cut across the widest possible section of customers to minimise the average impact. The average weekly award of £20.09 (in a Band A property) would reduce by £3.01 to £17.08, leaving the Council to collect the annual balance of around £156.52 from each of these households (around £2.4 million additional charges if applied equally to all working age residents).

The Cabinet noted that the Finance and Corporate Services Scrutiny Board (1) had considered the Local Council Tax Support Scheme at their meeting on 11 November 2015. They had recommended that, in considering the proposals, the Cabinet should be mindful of Council policy to protect the most vulnerable in the City and to consider other options to achieve the required savings. The Cabinet Member for Strategic Finance and Resources indicated that these issues had been taken into account when looking at various alternative options as identified within the report.

**RESOLVED that Cabinet recommend that Council:**

- 1 Consider the outcomes of the consultation responses, resulting equality impacts and other information in this report, then make a decision on the proposed new Council Tax Support (CTS) Scheme**
- 2 Approve the proposed Council Tax Support scheme as set out in appendix 1 and delegate authority to the Director of Resources to make final detailed changes to the Scheme and to implement the scheme from 1 April 2016.**

**91. MIPIIM 2016 - Authority for Attendance 15th - 18th March 2016**

The Cabinet considered a report of the Executive Director of Place, which sought approval for the attendance of Elected Members and Officers at Marche International Des Professionals De L'Immobilier (MIPIIM) from 15<sup>th</sup> to 18<sup>th</sup> March 2016.

The report indicated that MIPIIM was Europe's largest and most successful property conference/exhibition with representation from over 79 countries and continued to be widely acknowledged as the place to meet leading international

partners and prospects in the property world. The 2016 conference would witness 27 years of real estate business at MIPIM.

MIPIM continued to be the leading international real estate forum and global market place that brought together industry decision-makers from around the world.

The Cabinet noted that a delegation from the Council had attended MIPIM since 1993 and was one of the first UK cities to realise and exploit its potential. The primary objective from the Council's attendance at the 2016 conference would be to attract and encourage investment into Coventry as part of an overall strategy to create and sustain jobs in the region. Participating and exhibiting at MIPIM would provide a unique opportunity to profile Coventry and Warwickshire projects, achievements and development opportunities to major decision makers and intermediaries in the UK and international property markets. MIPIM would also provide the opportunity to enhance the perception and image of Coventry and Warwickshire.

The travel and accommodation cost of the delegation attending MIPIM 2016 was anticipated to be circa £1,140 per head (£9,120 in total). However, Coventry City Council had achieved a cost neutral position to attend MIPIM since 2012 up until 2015. In 2016 Coventry City Council and Warwickshire County Council would have a combined presence at MIPIM with both Councils funding 50% of the financial costs of attending. Coventry would, as previously, work to secure sufficient private sector funding to cover its half of the costs, including the officers' travel and accommodation.

**RESOLVED that the Cabinet approve a delegation from Coventry to attend MIPIM comprising of:**

**Councillor Lucas, The Leader Coventry City Council; Councillor R Brown, Deputy Cabinet Member (Business, Enterprise and Employment); Martin Reeves, Chief Executive; Martin Yardley, Executive Director Place; David Cockroft, Assistant Director City Centre and Development Services; Déirdre Fitzhugh, Service Manager Destination and Business Relationships; Claire England, Business Development Officer and Rachel Baker, Project Manager (Project Delivery Team).**

## 92. **Revisions to Domestic Vehicle Footway Crossing Policy 2016**

The Cabinet considered a report of the Executive Director of Place, which set out proposals to revise the Council's Domestic Vehicle Footway Crossing Policy.

The Policy was last revised in 2011 to improve the application process, clarify the limitations for approval and to address the balance of needs in terms of the desire for off street parking with the safety of pedestrians and the parking needs of drivers.

Demand for parking spaces in front gardens had not decreased in the four years since the last policy revision, and limitations set by the Policy had led to an increase in complaints about the fairness of the way the policy was implemented. In addition, unauthorised crossings continued to be constructed, and were

currently dealt with on a piecemeal basis when identified. Many hundreds of residents drive over pavements not intended to carry vehicles, resulting in damage to those pavements, costing the Council many thousands of pounds each year, whilst at the same time other residents apply correctly to install a crossing. This creates an unfair and inequitable situation.

It was clear that a further revision of the Policy was required to create a more flexible policy that allowed applications for vehicle crossings to be permitted in a greater number of situations; reduce the number of unauthorised crossings in the City and create a more equitable situation for all and to limit the amount of pavement damage caused by vehicles using unauthorised vehicle crossings across the City and reduce the cost to the taxpayer of funding associated repairs.

The principal policy changes proposed to achieve this were to reduce the depth of private frontage required to meet the Policy from 4.8m to 4.5m, allow approved external contractors to construct crossings in the City, in addition to the Council's own Direct Labour Organisation and to carry out construction of crossings where residents refuse to do so, on a rechargeable basis. A revised Policy was appended to the report submitted.

It was anticipated that there would be a significant increase in workload around supervising external contractors, dealing with residents queries, organising recharges and enforcement related duties. It was therefore proposed to recruit an Officer specifically to deal with this work stream funded through additional application fees.

**RESOLVED that Cabinet:**

- 1. Adopt the revised Domestic Vehicle Footway Crossing Policy 2016 as set out in Appendix 1.**
- 2. Endorse the creation of the post of Vehicle Crossing Officer.**

**93. Highways Asset Management Policy and Strategy**

The Cabinet considered a report of the Executive Director of Place, which sought approval of an Asset Management Policy and Strategy in respect of the City's highways.

In December 2014, the Secretary of State for Transport announced changes to the capital grant funding for highways maintenance. £6 billion was being made available between 2015/16 and 2020/21 nationally and, of this, £578 million had been set aside for an Incentive Fund Scheme, to reward councils who demonstrate they are delivering value for money in carrying out cost effective improvements.

In July 2015 the Government decided to assess the competence of Local Authorities by completion of an asset management self-assessment questionnaire, which must be signed off by the Councils' Section 151 Officer. Local Authorities would be banded from 1 to 3, and the Council would lose funding if it did not achieve Band 2 in 2016/17. The Cabinet noted that, although the Council had a well-established Highways Asset Management Plan, the Government specifically

required the Council to have a published Asset Management Policy and Strategy as a minimum requirement to achieve a Band 2 position.

Highways Asset Management Policy and Strategy documents had therefore been prepared to maximise the Council's grant funding under the DfT Incentive fund and were appended to the report submitted.

**RESOLVED that the Cabinet approve the Highway Asset Management Policy and Strategy documents attached to the report submitted at Appendix 1 and 2 in order to meet the requirements of questions 1 and 2 of the incentive self-questionnaire.**

#### 94. **Highways Maintenance Contract - 2016**

The Cabinet considered a report of the Executive Director of Place, which set out proposals for the Council to use Warwickshire County Council's Highways Maintenance Contract 2016.

A corresponding private report detailing confidential aspects of the proposals was also submitted to the meeting for consideration.

Coventry City Council had a highways maintenance budget of £8.89million for the current year with a forecasted budget of £9.66 million for 16/17. Approximately £2.4million was delivered through the Highways Maintenance Contract (HMC) and up to £4million per year is delivered by the Councils Direct Labour Organisation (DLO). The DLO was unable to carry out some of the specialist treatments which were used on the City's roads and since 2011 these specialist items had been purchased via the Warwickshire County Council's (WCC) Highways Maintenance Contract (HMC 2011). These treatments were road surface treatments and road recycling processes which tended to be carried out by National contractors.

In 2011, Coventry City Council joined a collaborative procurement process with WCC. The result of this was the current contract, which had a 5 year 'core-term', was awarded to Balfour Beatty Work Place in May 2011, and was subsequently novated to Balfour Beatty Living Places (BBLP). This core term was due to end in May 2016.

BBLP were offered the first year's extension detailed in the Contract in May 2014, which they declined, citing that the contract would not be commercially viable to them after May 2016 at the tendered rates and prices. Under the Highways Maintenance Contract BBLP is entitled to refuse the offer of an extension.

BBLP submitted alternative proposals for rates and prices, under which they would accept the offer of extension, which led to extensive negotiations between the parties. The parties tried to reach agreement by attempting to establish current market rates, and the rates which would be acceptable from the start of the extension period (May 2016) but this was not achievable.

Subsequently, Warwickshire County Council had re-tendered the Contract, which had been through pre-qualification questionnaires and Invitation to Tender in 2015. Evaluation of tenders took place in November and award was planned in mid-December.

CCC had also considered the option of tendering for these specialist areas of work as individual contracts. However, the value and quantities of the joint contract with Warwickshire County Council and Solihull Metropolitan Borough Council was felt to offer economies of scale which would not be achievable on individual contracts. Continuation of the use of the collaborative Highways Maintenance Contract was recommended and it was therefore proposed that the Council use Warwickshire County Council's HMC 2016 Contract for the contract period (7 year core term plus potential extensions up to a further 3 years) from 6th May 2016.

**RESOLVED that the Cabinet approve the Council's use of Warwickshire County Council's Highways Maintenance Contract 2016 Contract for the contract period (7 year core term plus potential extensions up to a further 3 years) from 6<sup>th</sup> May for the works outlined in the report submitted.**

95. **Freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry**

The Cabinet considered a report of the Executive Director of Place, which set out proposals for the freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry.

A corresponding private report detailing confidential aspects of the proposals was also submitted to the meeting for consideration.

An opportunity had arisen to make an investment purchase of the freehold of an industrial estate let to small businesses where the Council was currently the long leaseholder. In doing so it would convert the Council's current depreciating asset into an appreciating one, on a self-funding basis that avoided future rent increases to the Council and removed dilapidations claims against the Council at the end of the lease.

The freehold interest in Hornchurch Close Industrial Estate was owned by British Grolux Limited, with the Council holding a 99 year ground lease on the estate, which was due to expire in 53 years time (2068). The Council paid a ground rent to British Grolux Limited of £19,250 per annum, which was next subject to review in 2022. The Council's current leasehold interest was a diminishing asset, whose value would decline as the lease end got nearer.

The estate comprised a multi let industrial estate of 14 units built by the Council and let on occupational leases to small businesses. The estate was popular, fully let and currently produced a gross rent for the Council of £103,550 per annum.

British Grolux Limited was currently seeking to dispose of its freehold interest and terms had been agreed for the Council to purchase it subject to the formal approval of the Council and good title.

The purchase of the freehold would enhance the capital value of the Council's asset, buy in an income stream and turn the Council's interest into an appreciating asset.

**RESOLVED that the Cabinet:-**

- 1. Approve the purchase of the freehold interest in Hornchurch Close Industrial Estate.**
- 2. Agree to fund the acquisition from corporate resources, servicing the debt from the saving in ground rent expenditure.**
- 3. Delegate authority to the Executive Director of Resources to complete the purchase of the freehold interest.**
- 4. Recommend that Council approve the adjustment of the capital programme to reflect the expenditure.**

**96. Outstanding Issues**

The Cabinet considered a report of the Executive Director of Resources that contained a list of outstanding issues and summarised the current position in respect of each item.

The Cabinet were advised that, although a revised date had been provided for the consideration of the matter listed at item 3, headed "Improving Accommodation for Older People", this item had in fact been listed on the agenda for this meeting and could therefore be discharged.

**RESOLVED that the Cabinet note the dates for future consideration of matters relating to the outstanding issues items listed in the report.**

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

There were no other items of public business.

**98. Highways Maintenance Contract - 2016**

Further to Minute 94 above, the Cabinet considered a private report of the Executive Director of Place, which set out the confidential aspects of proposals for the Council to use Warwickshire County Council's Highways Maintenance Contract 2016.

**RESOLVED that the Cabinet approve the Councils use of Warwickshire County Council's Highways Maintenance Contract 2016 Contract for the contract period (7 year core term plus potential extensions up to a further 3 years) from 6th May 2016 for the works outlined in the report submitted.**

**99. Freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry**

Further to Minute 95 above, the Cabinet considered a private report of the Executive Director of Place, which set out confidential aspects of proposals for the freehold purchase of Hornchurch Close Industrial Estate, Quinton Road, Coventry.

**RESOLVED that the Cabinet:-**

- 1. Approve the purchase of the freehold interest in Hornchurch Close Industrial Estate for a price indicated within the report submitted**
  - 2. Agree to fund the acquisition from corporate resources, servicing the debt from the saving in ground rent expenditure**
  - 3. Delegate authority to the Executive Director of Resources to complete the purchase of the freehold interest.**
  - 4. Recommend that Council approve the adjustment of the capital programme to reflect the capital expenditure.**
100. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 2.45 pm)

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