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Coventry City Council

Minutes of the Meeting of Cabinet held at 10.00 am on Tuesday, 21 February 2017

Present:

Members: Councillor G Duggins (Chair)
Councillor A Khan (Deputy Chair)
Councillor F Abbott
Councillor K Caan
Councillor J Mutton
Councillor J O'Boyle
Councillor E Ruane

Deputy Cabinet Members Councillor P Akhtar
Councillor R Lakha
Councillor P Seaman
Councillor C Thomas
Councillor D Welsh

Non-Voting Opposition Members: Councillor J Blundell

Other Members: Councillor N Akhtar
Councillor R Lancaster
Councillor J McNicholas
Councillor M Mutton

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive)
People G Quinton (Executive Director)
Place M Yardley (Executive Director)
Resources B Hastie, P Jennings, L Knight, J Murphy, J Newman, P Ward

Apologies: Councillors L Bigham, J Innes, K Maton and G Crookes

Public Business

110. Declarations of Interest

There were no disclosable pecuniary interests.

111. 2017/18 Council Tax Setting

The Cabinet considered a report of the Executive Director of Resources, which calculated the Council Tax level for 2017/18 and made appropriate recommendations, consistent with the Budget Report 2017/18.

The report indicated that some of the figures and information set out within the report were identified as provisional as the Fire Authority precept had not been confirmed at the time of publication. The Fire Authority had subsequently met on 20th February 2017 and the figures within the report were now confirmed.

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

The report included a calculation of the Band D Council Tax that would be needed to generate this Council Tax requirement, based on the City's approved Council Tax base. The 2017/18 Band D Council Tax that was calculated through this process was increased by £70.68 from the 2016/17 level.

As part of the Chancellor's Autumn Statement (November 2015) it was announced that councils which provided social care to adults would be allowed to increase their share of Council Tax by up to an extra 2%, provided that the additional resources were all used to fund the increasing costs of adult social care. This additional Council Tax charge was known as the 'Adult Social Care (ASC) precept'. The Government indicated that authorities could include this additional 2% precept in each year of the four year period: 2016/17 to 2019/20.

Coventry City Council made use of this flexibility in 2016/17 and increased its Council Tax charge by a total of 3.9%. This was made up of a basic 1.9% increase plus a further 2% ASC precept.

In December 2016 the Government announced that Councils could opt to bring forward some, or all, of the potential 2% ASC precept available in 2019/20 to earlier years. However the maximum increase in any one year was limited to 3%, and the total over the three year period 2017/18 to 2019/20 was limited to the original total increase of 6%.

In order to maximise the resources available to fund ASC services in the city, the recommendations within the Budget Report 2017/18 were based on a proposed increase in Council Tax of 4.9%. This was made up of a basic 1.9% increase plus a further 3% ASC precept, utilising the additional flexibility described above.

It was noted that the recommendations followed the structure of resolutions drawn up by the Chartered Institute of Public Finance and Accountancy, to ensure that legal requirements were fully adhered to in setting the tax. As a consequence, the wording of the proposed resolutions was necessarily complex.

RESOLVED that the Cabinet recommend that Council:-

- 1. Note the following Council Tax base amounts for the year 2017/18, as approved by Cabinet on 3rd January 2017, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended) ("the Act"):**
 - a) 78,971.9 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;**

b)	Allesley	327.6
	Finham	1491.4
	Keresley	233.8

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

2. That the following amounts be now calculated by the Council for the year 2017/18 in accordance with Sections 31A, 31B and 34 to 36 of the Act:

(a) £703,363,014 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) £584,870,944 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) £118,492,070 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)	£1,500.43	(2)(c)	=	<u>£118,492,070</u>
		(1)(a)		78,971.9

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) £30,271 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (Parish Precepts);

(f)	£1,500.05	= (2)(d) – (2)(e)	=	£1,500.43 – <u>£30,271</u>
		(1)(a)		78,971.9

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	£1,500.05
Allesley	£1,524.85
Finham	£1,513.86
Keresley	£1,506.66

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

(h)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Finham	Parish of Keresley
	£	£	£	£
A	1,000.03	1,016.56	1,009.24	1,004.44
B	1,166.71	1,186.00	1,177.45	1,171.85
C	1,333.38	1,355.42	1,345.66	1,339.26
D	1,500.05	1,524.85	1,513.86	1,506.66
E	1,833.39	1,863.70	1,850.27	1,841.47
F	2,166.74	2,202.56	2,186.69	2,176.29
G	2,500.08	2,541.41	2,523.10	2,511.10
H	3,000.10	3,049.70	3,027.72	3,013.32

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 2017/18 the Police and Crime Commissioner for the West Midlands and West Midlands Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwelling shown below:

Valuation Band	Police and Crime Commissioner for the West Midlands £	West Midlands Fire Authority £
A	77.70	38.09
B	90.65	44.44
C	103.60	50.79
D	116.55	57.14
E	142.45	69.84
F	168.35	82.53
G	194.25	95.23
H	233.10	114.28

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 2017/18 for each part of its area and for each of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates £	Parish of Allesley £	Parish of Finham £	Parish of Keresley £
A	1,115.82	1,132.35	1,125.03	1,120.23
B	1,301.80	1,321.09	1,312.54	1,306.94
C	1,487.77	1,509.81	1,500.05	1,493.65
D	1,673.74	1,698.54	1,687.55	1,680.35
E	2,045.68	2,075.99	2,062.56	2,053.76
F	2,417.62	2,453.44	2,437.57	2,427.17
G	2,789.56	2,830.89	2,812.58	2,800.58
H	3,347.48	3,397.08	3,375.10	3,360.70

5. That the Council determines that its relevant basic amount of Council Tax for 2017/18 is not excessive in accordance with the principles approved under Sections 52ZC and 52ZD of the Act.

112. 2017/18 Budget Report

The Cabinet considered a report of the Executive Director of Resources, which set out proposals for the Council's final revenue and capital budget 2017/18.

The report followed on from the Pre-Budget Report approved by Cabinet on 29th November 2016, which had been subject to a period of public consultation. The proposals within the report now submitted formed the basis of the Council's final revenue and capital budget for 2017/18 incorporating the following details:

- Gross budgeted spend of £703m (£11m and 2% higher than 2016/17).
- Net budgeted spend of £232.5m (£0.9m lower than 2016/17) funded from Council Tax and Business Rates less a tariff payment of £0.7m due to Government.
- A Council Tax Requirement of £118.5m (£7.7m and 7% higher than 2016/17), reflecting a City Council Tax increase of 4.9% detailed in the separate Council Tax Setting report on today's agenda.
- New service savings of £1.4m in 2017/18 rising to £10.4m in 2019/20.
- A Capital Programme of £123.2m (£42.2m and 52% more than the latest estimated 2016/17 programme) including expenditure funded by Prudential Borrowing of £60.9m.
- An updated Treasury Management Strategy.

It was noted that, at the time of producing the report, the final 2017/18 Local Government Finance Settlement had not yet been published. The proposals within the budget report had been made on the basis of the latest information regarding the likely details of the Settlement. In particular, this included the estimated impact of joining the '100% Business Rates Pilot'. The difference between these estimates and the details in the Final Settlement were likely to be insignificant and would be met by reserve contributions.

The Settlement was anticipated to incorporate continued reductions in core Government funding over the next 3 years with a planned reduction of £24m in Coventry's funding assessment. However, along with the other 6 West Midlands councils, Coventry was taking part in a 100% Business Rates Pilot scheme. This would enable Coventry to retain 99% of Business Rates income including an element of growth against an historic baseline which would otherwise have been returned to the Government. This money is available for the Council to use within the budget proposals within this report and is in addition to the resource base assumed within the Pre-Budget Report.

In previous years the City Council has had the flexibility to increase Council Tax by up to 2% without holding a local referendum on the matter. In 2016/17 the Government allowed councils to increase this flexibility by a further 2%, up to a maximum of 4%, recognising the increasing pressure on Adult Social Care (ASC) services across the country. This was the basis on which the Pre-Budget position was reported. The Government had subsequently announced a further extension of this ASC flexibility from 2% up to 3%. The recommended budget assumed taking up this 3% flexibility in order to increase the resources available to fund ASC services in the city. As a result, the budget was being proposed on the basis of increasing Council Tax by 4.9%. This proposed increase would be the equivalent of around a pound a week for a typical Coventry household.

The Council's medium term financial position included the impact of reductions in Government funding that had already been anticipated and savings programmes that had been approved previously. At the start of the 2017/18 Budget Setting process the Council faced a financial gap of £19m after taking these factors into

account, including a temporary delay in the likely achievement of some savings. In broad terms, the Budget had been balanced by additional resources available from Council Tax and Business Rates resources, including those available as a result of the Council's participation in the West Midlands 100% Business Rates Pilot. Costs were also now expected to be lower than planned previously in the areas of contingency budgets, capital financing costs and pensions. New savings totalling £1.4m (rising to £10.4m) had also been identified in service budgets, reduced from £3.2m (rising to £14.7m) following the period of consultation triggered by the Pre-Budget Report. All these proposals were set out in detail in Appendix 1 of the report submitted. The Cabinet noted that, where these are different to the proposals that were included in the Pre-Budget Report, this had been indicated within the appendix.

The proposals had been designed to provide the Council with a robust medium term position and subject to the recommendations being approved the Council would have a balanced budget over the medium term period, 2017/18 to 2019/20.

The report indicated that, given the forthcoming national proposals for local government finance to be based on a 100% Business Rates model from 2020/21, the vibrancy and growth of the city was vital to ensure a secure level of Business Rates income. Proposals within the recommended Capital Programme were designed to help achieve this and amounted to £123m in 2017/18. These represented an ambitious approach to investing in the City and included the completion of the Council's Friargate office building, the initial construction phase of the new city centre leisure facility, the first phases of the City Centre South and Connecting Coventry schemes and continued advancement of the Coventry Station Master Plan. Over the next 5 years the Capital Programme was estimated to be £600m and represented the largest ever investment by and through the City Council.

The annual Treasury Management Strategy was also set out, incorporating the Minimum Revenue Provision policy that was revised in 2016/17 and covered the management of the Council's investments, cash balances and borrowing requirements.

RESOLVED that the Cabinet recommend that Council:-

- 1. Approve the spending and savings proposals in Appendix 1 of the report submitted.**
- 2. Approve the total 2017/18 revenue budget of £703m in Table 1 and Appendix 4, established in line with a 4.9% City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting Report considered on today's agenda.**
- 3. Note the Executive Director of Resources' comments confirming the adequacy of reserves and robustness of the budget in Section 5.1.2 and 5.1.3. of the report**
- 4. Approve the Capital Programme of £123.2m for 2017/18 and the future years' commitments arising from this programme of £480.5m between 2018/19 to 2021/22 detailed in Section 2.3 and Appendix 5.**

5. **Approve the proposed Treasury Management Strategy for 2017/18 in Section 2.4, the revised Investment Strategy and Policy at Appendix 6 of the report for immediate implementation and the Prudential Indicators and limits described in Section 2.4.11 and summarised in Appendix 7.**

113. **2016/17 Third Quarter Financial Monitoring Report (to December 2016)**

The Cabinet considered a report of the Executive Director of Resources which provided the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2016.

Cabinet approved the City Council's revenue budget of £233.4m on the 23rd February 2016 and a Directorate Capital Programme of £123.2m. The report submitted identified the position at the third quarter of 2016/17, to the end of December 2016

The headline revenue forecast for 2016/17 was an over spend of £4.8m. The Cabinet noted that the position had improved since Quarter 2 when it stood at £7.1m. At the same point in 2015/16 there was a projected overspend of £3.3m.

Although the level of overspend had lessened since quarter 2, much of the movement had been the result of windfall income and movements in technical areas. Nevertheless, the pattern of budgetary control variations in previous years would indicate that the position would improve further towards the year-end and officers had been instructed to identify all appropriate ways of minimising the final overspend position.

The underlying expenditure pressures, overwhelmingly within adults and childrens social care, had continued at previous unsustainable levels. Full account had been taken of the underlying budget position moving into 2017/18 within the Budget Setting report.

Capital spending was projected to be £81m for the year, a net decrease of £7.9m on the Quarter 2 position. This decrease in the Capital Programme included £8.3m of expenditure that had been rescheduled into future years.

The Cabinet noted that the report had been considered by the Audit and Procurement Committee at their meeting on 20th February 2017 and that they had requested the Cabinet to establish the Council's current performance in relation to "Bed Blocking" (delayed transfers of care) in respect of Adult Social Care. The Cabinet requested that officers prepare a report on this matter for consideration at future meetings of Cabinet and the Audit and Procurement Committee.

RESOLVED that the Cabinet:-

1. **Note the forecast revenue overspend at Quarter 3.**
2. **Endorse the strategy set out in section 5.1 for dealing with the budgetary challenges in the current and future years.**

3. **Approve the revised capital estimated outturn position for the year of £81m incorporating: £0.4m net increase in spending relating to approved/technical changes (Appendix 2) and £8.3m net rescheduling of expenditure into 2017/18 (Appendix 4).**
4. **Having noted the comments of the Audit and Procurement Committee, request officers to submit a report on the Council's current performance in relation to "Bed Blocking" (delayed transfers of care) in respect of Adult Social Care to future meetings of the Cabinet and the Audit and Procurement Committee.**

114. **Digital Strategy**

The Cabinet considered a report of the Executive Director of Resources, which sought approval of the Digital Coventry Strategy.

The Cabinet noted that to fully realise the benefits that digital technology could bring, the Council needed to pull together its digital work, increase its scope beyond the work that the Council is doing as an organisation and align this work to other partners so that the Council were co-ordinating this work across Coventry.

The Digital Coventry Strategy was being established because it would benefit the people of Coventry, develop Coventry as a place and improve the outcomes that the Council could deliver. It would support the delivery of the Council Plan, including promoting the growth of Coventry's economy, improving the quality of life of Coventry people and delivering the Council's priorities with fewer resources. The report indicated that technology was increasingly present across all sectors and becoming integrated in many aspects of life. Coventry needed a digital strategy because digital technology had the potential to transform the city and lives of residents while generating long-term savings and income and that digital was important for Coventry as a 21st century City. The Council was already responding to this challenge through its transformation work, including Customer Journey and Kickstart programmes, alongside digital innovations within individual services and superfast broadband.

It was clear from speaking to residents, including recent petitions received, that access to high quality internet connections was incredibly important to them. From speaking to businesses, this is also a priority for them as it helps them to grow their business and makes them want to locate in the City. As well as being an essential service, investment in broadband was proven to generate jobs and bring wealth to an area. It was noted that for every £1 of public investment in broadband infrastructure £20 in net economic benefits were gained.

The Council could make the services the Council provided to its customers better by redesigning them and opening up self-service channels through the internet meaning means people could access services 24/7 from the comfort of their home. It's also more efficient for the Council to do things this way. The report indicated that 70% of the Council's customers were already using its online services for booking a tip visit or ordering a copy certificate.

As the Council's budgets reduce further, it was looking at every way to protect the most vulnerable and front line services, with firm savings plans of £1m by reducing its buildings, working in a more digital way and moving more of its services online.

The Digital Coventry Strategy set out the Council's 4 priority themes and case studies that describe existing activity against those themes:

- Digital place – Infrastructure, digital innovation and data are promoted within the city to deliver economic growth and public service reform.
- Digital customer and inclusion – Enabling customers to get the information they need and to access our services through online self-service.
- Digital communities – Using digital technology to engage with our citizens and to work closely with our partners to address complex issues and help people to live independently for longer.
- Digital workforce – Enabling a workforce which has access to the right tools to do its job and is confident in maximising the use and benefits of technology in its daily work.

RESOLVED that the Cabinet recommend that the Council:

- 1. Approve the Digital Coventry Strategy attached to this report at Appendix 1.**
 - 2. Note that the Digital Coventry Strategy will be a regularly reviewed document that will be updated, following the present iteration, to reflect the needs of our customers, advances in technology and the ambitions of the Council.**
115. **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.

(Meeting closed at 10.25 am)