

Coventry City Council
Minutes of the Meeting of Cabinet held at 10.00 am on Tuesday, 12 June 2018

Present:

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

Deputy Cabinet Members Councillor B Kaur
Councillor R Lakha
Councillor T Skipper

Non-Voting Opposition
Members: Councillor G Ridley

Other Members: Councillor J Clifford
Councillor M Mutton

Employees (by Directorate):

Chief Executive M Reeves (Chief Executive)

People P Fahy

Place M Yardley (Deputy Chief Executive (Place), S Bennett,
B Hastie, P Jennings, R Moon, J Newman,

Apologies: Councillors R Ali, A Andrews, D Gannon, J Innes,
J McNicholas

Public Business

1. Declarations of Interest

There were no disclosable pecuniary interests.

2. Minutes

The Minutes of the meeting held on 10 April, 2018 were agreed and signed as a true record, subject to the inclusion of Councillor R Lakha in the list of apologies.

3. **Exclusion of Press And Public**

RESOLVED that the Cabinet agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 11 below headed “Edgwick Point and Wheler Road Seven Stars, Coventry – Property Acquisitions” on the grounds that the report involves the likely disclosure of information as defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

4. **Revenue and Capital Outturn 2017/18**

The Cabinet considered a report of the Deputy Chief Executive (Place) which outlined the final revenue and capital outturn position for 2017/18 and which reviewed treasury management activity and 2017/18 Prudential Indicators reported under the Prudential Code for Capital Finance.

The Cabinet noted that the Audit and Procurement Committee would also be considering the report at their meeting on 18 June, 2018.

The report indicated that the overall financial position included a revenue underspend of £1.6m, which was required to be contributed to the Council’s General Fund reserve. At quarter 3, there had been a projected over-spend of £1.8m and the report identified the underlying movements between quarter 3 and outturn, which had resulted in an overall favourable swing of £3.4m in the final quarter and which had led to the overall underspend of £1.6m. In particular, this related to improvements within Children’s Services and Transformation and Contingency and Central budgets, which were detailed in the report.

This had enabled the Council to bring forward the fulfilment of several policy commitments and/or transactions recommended by the Council’s Director of Finance and Corporate Services to strengthen the Council’s balance sheet position and approval was sought to reserve contributions of £3.25m to meet future UK City of Culture costs and £2.1m into the Business Rates reserve to increase the Council’s financial resilience.

Headline overspends of £2.7m within Children’s Services and £4.2m relating to Housing Benefit payments were detailed in the report and were part of wider budgetary pressures in relation to housing and homelessness issues. An underspend of £6.6m within Corporate budgets related to variations in inflation contingency, pension, treasury management and Business Rates related budgets.

There had been a Capital Programme expenditure of £107m, which was £17m less than envisaged at the start of the year. The quarter 3 monitoring report to Cabinet approved a revised capital budget of £120.9m for 2017/18. Since then there had been a net programme increase of c£1m, giving a final budget for the year of £122.9m. Since February, a total of £14.7m net rescheduled spending had arisen on directorate capital programmes. The report provided a scheme by scheme analysis of rescheduling and accelerated spend.

There was also an increase in the level of Council revenue reserves from £51.3m to £67.1m. In addition, balances generated from capital receipts and capital grants to fund future capital projects had increased from £30.2m to £32.1 and reserve balances belonging to or earmarked to support schools had increased from £22.6m to £24.3m. Table 2 of the report provided a summary of reserve movements during the year.

In relation to Treasury Management Activity, the report indicated that, contrary to expectations following the EU referendum in June 2016, the UK economy strengthened by 1.8% in the calendar year 2017, the same level as 2016. However inflation rose to as high as 3.1% in November 2017, before falling back to 2.7% in February, 2018, meaning that real earnings fell. This meant that the Bank of England increased the Bank Rate by 0.25% to 0.5% in November, 2017, the first increase in ten years. Current forecasts indicated that the Bank Rate would continue to increase gradually.

Given the interest rates provided by the Public Works Loans Board, it continued to be cheaper for local authorities to use short rather than long term funds for financing. At outturn, the Capital Financing Requirement, which indicated the authority's underlying need to borrow for capital purposes, had increased to £19.7m. No new long term borrowing was actually taken out during 2017/18, however, some borrowing would be required in the future to support current capital expenditure plans and the need for any such borrowing would be kept under review in 2018/19.

Appendix 3 to the report detailed the capital and treasury management related prudential indicators.

The Cabinet agreed to approve:-

1. The final revenue outturn underspend of £1.6m (section 2.1 and Appendix 1 of the report) which will be added to the Council's General Fund reserve.
2. The final capital expenditure and resourcing position (section 2.3 and Appendix 2), incorporating expenditure of £106.5m against a final budget of £121m; £14.7m expenditure rescheduled into 2018/19 and a net underspend £0.7m.
3. The outturn Prudential Indicators position in section 2.4.4 and Appendix 3 of the report.

RESOLVED that the Cabinet recommend that Council approves reserve contributions of £3.25m to meet UK City of Culture commitments and £2.1m to add to the Council's Business Rates reserve.

5. **Care Quality Commission - Outcome of System Review**

The Cabinet considered a report of the Deputy Chief Executive (Place) which indicated that following the 2017 spring budget announcement of additional funding for adult social care, the Secretaries of State for Health and for Communities and Local Government asked the Care Quality Commission (CQC) to undertake a programme of targeted reviews in local authority areas. These

reviews were to be exercised under the Secretary of State's Section 48 (Health and Social Care Act 2008) powers.

In July 2017 it was subsequently announced that there would be 20 reviews of Health and Social Care Systems where there are challenges, particularly in relation to delayed transfers of care. Coventry was selected as one of the first 12 areas to be reviewed.

The review was conducted over a period commencing on 4 December 2017 and concluded on 14 March 2018 with a Health and Well-Being Board (HWBB) summit. Subsequent to the review the HWBB was required to submit an action plan to the CQC describing how the local system will take forward the issues identified in the review and, this was agreed by the HWBB on 9 April 2018. It is the responsibility of the HWBB to deliver the action plan and there is currently no intention for the CQC to undertake any follow up review.

The focus of the review was the interface between health and social care and the outcomes for older people moving through the system. There was an assessment of the governance in place for the management of resources and of commissioning across the interface.

In summary, in the course of the review the CQC found that there was a system wide commitment to serving the people of Coventry well and that Coventry was at the beginning of its journey in ensuring all services worked well in a 'joined up way'. However, the review also highlighted some areas where further work is needed to ensure all those responsible for providing health and care services worked effectively together. These areas are described in the Areas for Improvement section of the CQC report.

The action plan, which was agreed by the HWBB on 9 April 2018 and which was appended to the report, contained the following seven sections which group together the areas for improvement arising from the review:-

- Vision and strategy
- Engagement and involvement
- Performance, pace and drive
- Flow and use of capacity
- Market development
- Workforce
- Information sharing and system navigation

The improvement plan will be monitored through the HWBB.

RESOLVED that the Cabinet support the work of the Health and Well Being Board in delivering the agreed action plan to address the areas for improvement identified in the review.

6. **The Burges Conservation Area Regeneration**

The Cabinet considered a report of the Deputy Chief Executive (Place) which indicated that the Townscape Heritage Project focuses on the Burges Conservation Area that was given Conservation Area status in December 2014 following an expansion of the Lady Herbert's Garden originally designated in 1969.

This area has been chosen for restoration / regeneration because it is one of the city centre's last surviving historic areas with buildings and streets of medieval origin with later 19th century additions. Burges is also home to a number of locally listed buildings. There has been recent public realm investment in the vicinity. Burges, Hales Street and Palmer Lane area would also benefit greatly from investment in the buildings, public realm and by seeking to address and develop gap sites. Together, these improvements would improve the area and provide the incentive for others to invest. In addition, the area has considerable potential boosted by its location next to the Transport Museum and close to the Cathedral Quarter and the Heritage Lottery Funding (HLF) restored St John's Hospital/ Grammar School.

Based on the success of the Far Gosford Street Townscape Heritage Initiative (THI) scheme the Council and its heritage partners were invited to submit an application to develop a further THI scheme. The application has been submitted and retrospective approval was sought for the Council to act as the accountable body and contributor to the delivery of the scheme.

The detailed scheme covers a number of interventions which will enhance the appearance and economic viability of Burges, similar to the model used for Far Gosford Street Regeneration. If successful, the HLF funding (£1,825,000) together with the funding secured from Historic England Partnership Scheme in Conservation Scheme(PSICA) fund (£225,000) and a local match contribution (£1,806,403) will secure capital and revenue funding to deliver the following:-

1. Property improvement grants
2. Public realm improvements
3. Gap site intervention.
4. Community consultation and participation programme

It is intended that the above work will make a positive contribution to the areas local character and distinctiveness.

The report indicated that the area covered by the proposed Townscape Heritage Scheme was in mixed public and private ownership, details of which were contained in appendices to the report.

Consultation was carried out as part of the formal adoption process of the Conservation Area appraisal plan. The report detailed consultation carried out during the development stage and indicated that the feedback and comments received had been positive, welcoming investment into preserving the historic fabric of the area and its overall regeneration.

The Cabinet agreed to:-

1. Approve the delivery of the Townscape Heritage Initiative and the Historic England Partnership Scheme in Conservation (PSICA) Scheme.
2. Note the submission of the stage 2 application to the Heritage Lottery Fund, Townscape Heritage for the Burges Regeneration Project for £1,825,000 and the Historic England Partnership Scheme (PSICA) for £225,000.
3. Acknowledge the Historic Coventry Trust contribution of £175,000 towards the Historic England Partnership Scheme (PSICA) funding pot.
4. Approve a local match contribution of £193,166 (Liveability and Growth Fund) from the Council's own funds towards the £3,856,404 Stage 2 budget which will be utilised if the HLF Stage 2 application is successful.
5. Authorise the Council to act as the accountable body for the above grants awards, if successful and to authorise the spend of the HLF grant and other match funding secured (as detailed in the financial section 5 of this report) to deliver the scheme.
6. Delegate authority to the Deputy Chief Executive (Place) and the Director of Finance and Corporate Services to enter into the appropriate funding agreements to secure the grant funding packages (if successful)
7. Delegate authority to the Deputy Chief Executive (Place) alongside the Procurement Board to agree the most appropriate procurement route for the Townscape Heritage Scheme to be delivered

RESOLVED that the Cabinet recommend that Council:

- 1. Agree (subject to no other funding sources being secured) to underwrite the required gap funding shortfall of £383,704 (as required by Heritage Lottery Fund in order to secure their funding) and to delegate authority to the Deputy Chief Executive (Place) following consultation with the Cabinet Member for Jobs and Regeneration and the Cabinet Member for Strategic Finance and Resources to authorise any spend associated with the funding shortfall up to a limit of £383,704.**
- 2. Authorise the addition of £2,688,871 to the capital programme and £295,000 to revenue budgets, subject to approval of the Townscape Heritage Lottery Bid and match funding, and further authorise applications to other funding providers to secure the final funding package for delivery stage**

7. **West Midlands Joint Committee Dissolution**

The Cabinet considered a report of the Chief Executive which sought approval to a Unifying Resolution to dissolve the West Midlands Joint Committee (WMJC) and to new arrangements for managing the residual business of the Committee once it is dissolved.

The report indicated that WMJC was established in 1985 for the purpose of discharging the residual County Council functions that were deemed inappropriate to pass on to individual Metropolitan Borough Councils (MBCs). Lead responsibilities for different functions across the region were allocated eg support to Fire Authority; support to Passenger Transport Authority etc.

Initially meetings of the WMJC took place 3 to 4 times a year and dealt with a wide range of matters; Birmingham Airport has always been a substantial item of business but previously many transport-related matters were covered as well as more ad hoc items including waste landfill agreements, spatial planning, Environment Agency Levy.

Over more recent years, as other regional bodies have been introduced, particularly the West Midlands Combined Authority (WMCA), the responsibilities of WMJC have diminished. Only two short meetings per year are held now, often with few items of interest to Members. Birmingham City Council, Coventry City Council, Dudley MBC, Sandwell MBC, Solihull MBC, Walsall Council and City of Wolverhampton Council are member authorities of WMJC with each having one voting and two non-voting members.

Appendix 3 to the report set out the existing functions of the WMJC with recommendations on how they could be carried out in the future. These proposals were discussed and agreed by Metropolitan Chief Executives at their meeting on 27 October 2017 and again on 26 January 2018 and by Metropolitan Leaders at their meeting on 9 February 2018.

Since the majority of the existing business of WMJC is airport related, it is proposed that a WM Shareholders Airport Committee be established to deal with all Birmingham Airport matters. This would allow for more appropriate detailed discussion on issues related to the Districts' shareholding in Birmingham Airport. The new Committee will be administered by the Birmingham-based Airport Adviser. Appendix 4 set out the proposals for the Airport Committee in more detail.

The Cabinet agreed to:-

- (1) Set up a Joint Executive Committee with the other six Councils within the West Midlands for the purpose of airport decisions known as West Midlands Shareholders Airport Committee in accordance within the terms of reference set out at Appendix 4 of the Report.
- (2) Authorise the City Solicitor to negotiate, execute and complete all legal documents necessary to support and deliver the above recommendation.

RESOLVED that the Cabinet recommend that Council:-

- (1) Approves the dissolution of the West Midlands Joint Committee, for the reasons set out in the report.**
- (2) Approves the proposals for managing the remaining residual business of the WMJC once it is dissolved as set out in Appendix 3 of the Report.**
- (3) Approves the appointment of Cllr G Duggins as a voting member of the West Midlands Shareholders Airport Committee and of Cllr A Khan and Cllr G Ridley as non-voting members once the Committee is established.**
- (4) Authorises the City Solicitor and Monitoring Officer to make any relevant changes to the Council's Constitution in order to enact the recommendations.**

8. Edgwick Point and Wheler Road Seven Stars, Coventry - Property Acquisitions

The Cabinet considered a report of the Deputy Chief Executive (Place), which sought approval for the acquisition of commercial properties at Edgwick Point and Wheeler Road, Seven Stars Industrial Estate.

A corresponding private report detailing confidential aspects of the proposals was also submitted to the meeting for consideration (Minute 11 below refers)

The Council is committed to investing capital receipts in order to increase revenue income, supporting services it seeks to deliver. Two opportunities have been presented to the Council to acquire property, which once let, will create income producing investments.

Edgwick Point is currently owned by The Wigley Group. They have secured a planning consent enabling the demolition of the existing buildings and the construction of 65,000sqft of buildings for industrial and warehousing use. A review of the existing consent in order to optimise the efficiency of the scheme is underway. Due to a current lack of supply of new industrial accommodation in the City, demand for space remains strong. The Council's independent property agent, Drake Howard, is confident that the units will let well. This is also supported by the success of the extension to Lythalls Lane Industrial Estate which the Council undertook in the last couple of years. The location of Edgwick Point, just off the A444 and Foleshill Road, affords easy accesses to the motorway and key arterial routes in the north of the city. The site forms part of the larger Edgwick Park, which includes occupiers such as Lidl, Royal Mail and a Mercedes Benz car showroom.

The second option, Wheler Road, comprises the purchase of two modern, detached, office and workshop premises. The total area for both properties extends to 6,200 sqft. benefiting from a total of 28 car parking spaces. Wheler Road forms part of the Seven Stars Industrial Estate. This is an established and well located, commercial business estate. The estate is accessed off the Humber

Road which affords easy access to the main arterial routes across the city and beyond to the motorway network.

Both properties are currently vacant. It is considered that to assist with the re-letting of the property there is a need to undertake some refurbishment work. These costs have been assessed and factored into the financial assessment of the investment.

The estimated income from both properties has been independently assessed by Drake Howard on behalf of the Council and has informed the business case. Drake Howard have also considered and evaluated the purchase prices and confirmed that they represent open market value.

Acquiring vacant units rather than tenanted premises adds an element of risk around the ability to secure tenants. In both property cases these have been mitigated by selecting good quality accommodation located on well connected and established business locations. The accommodation is flexible in terms of the size of accommodation and what each property can be used for, increasing the target market as wide as possible. In addition, independent property advice has been taken which supports the view that the units will attract tenants based on assumed rental levels.

These risks are reflected in the investment yield / return on the capital employed to purchase the property and due to the scarcity of property available are typical of those currently available in the investment market. Based on experience it is believed that the proposed layout can be improved upon, increasing the potential lettings and therefore will be explored.

The Cabinet agreed to:-

1. Approve in principle the acquisition of the freehold interest in land at Edgwick Point, Coventry as shown on the attached plan 1 to the report and to fund the buildings to be constructed. (The financial implications being outlined in the private report.)
2. Authorise the acquisition of the long leasehold interest in the properties on Wheler Road Coventry as shown on the attached plan 2 to the report. (The financial implications being outlined in the private report).
3. Delegate authority to the Deputy Chief Executive (Place) following consultation with the Director of Finance and Corporate Services and the City Solicitor, to undertake the necessary due diligence, negotiate and finalise the terms of the acquisition of the properties and to complete all necessary legal documentation to facilitate the completion of the purchases.
4. Delegate authority to the Deputy Chief Executive (Place), following consultation with the Cabinet Member for Jobs and Regeneration, for any subsequent variation in terms.

RESOLVED that the Cabinet recommends Council to approve the necessary adjustment of the Capital programme to reflect the capital expenditure incurred in the acquisition of the Edgwick Point and Wheler Road interests.

9. **Outstanding Issues**

There were no outstanding issues.

10. **Any Other Items of Urgent Public Business**

There were no other items of urgent public business.

11. **Edgwick Point and Wheler Road Seven Stars Coventry - Property Acquisitions**

Further to Minute 8 above, the Cabinet considered a private report of the Deputy Chief Executive (Place) that set out confidential aspects of proposals for the acquisition of commercial properties at Edgwick Point and Wheler Road Seven Stars Industrial Estate.

Cabinet agreed to:-

1. Approve in principle the acquisition of the freehold interest in land at Edgwick Point, Coventry as shown on the attached plan 1 to the report and to fund the buildings to be constructed for up to a maximum gross expenditure as detailed in the report, to include fees and Stamp Duty Land Tax.
2. Authorise the acquisition of the long leasehold interest in the properties on Wheler Road Coventry as shown on the attached plan 2 to the report for a gross expenditure as detailed in the report to include fees and Stamp Duty Land Tax.
3. Delegate authority to the Deputy Chief Executive (Place), following consultation with the Director of Finance and Corporate Services and the City Solicitor, to undertake the necessary due diligence, negotiate and finalise the terms of the acquisition of the properties and to complete all necessary legal documentation to facilitate the completion of the purchases.
4. Delegate authority to the Deputy Chief Executive (Place) following consultation with the Cabinet Member for Jobs and Regeneration, for any subsequent variation in terms.

RESOLVED that the Cabinet recommends Council to approve the necessary adjustment of the Capital programme to reflect the capital expenditure incurred in the acquisition of the Edgwick Point and Wheler Road interests.

12. **Any Other Items of Urgent Private Business**

There were no items of urgent private business.

(Meeting closed at 10.30 am)