

Coventry City Council
Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held
at 10.00 am on Wednesday, 12 February 2025

Present:

Members: Councillor A Jobbar (Chair)
 Councillor J Blundell
 Councillor J Blundell
 Councillor R Lakha
 Councillor G Lewis
 Councillor P Male
 Councillor J McNicholas
 Councillor D Toulson
 Councillor A Tucker

Other Members: Councillor Brown, Cabinet Member for Strategic Finance and Resources

Employees (by Service area):

Finance and Resources B Hastie (Director of Finance and Resources), P Helm

Law and Governance R Amor, E Jones, C Taylor

People Services S Chilton

Apologies: Councillor J Innes

Public Business

31. Declarations of Interest

There were no disclosable pecuniary interests.

32. Minutes

The minutes of the meeting on 8th January 2025 were agreed and signed as a true record subject to a small amendment.

33. Commercial Investments and Income Generation

The Finance and Corporate Services Scrutiny Board (1) received a briefing note of the Director of Finance and Resources that provided the Board with information on Council's approach to making commercial investment decisions, the statutory framework that the Council works within and how decisions were made, including the policy basis.

The One Coventry Plan provides the broad policy basis for Council's service delivery including its approach to investment activity. The Council's medium term

financial position forecasts revenue funding gaps. The 2024/25 Budget Report (February 2024) identified gaps of £14m and £15m for 2025/26 and 2026/27 and the most recent monitoring report to Cabinet (December 2024) highlighted further budgetary pressure.

Whilst it was difficult to benchmark, it was likely that the Council was broadly 'within the pack' regarding income it generated from charging for discretionary and traded services. Coventry held a large commercial property portfolio and the council had been active in providing external loan finance with similar authorities.

Long term assets held by the council (mainly land, buildings and infrastructure) formed the majority of council's operational assets and the total asset value was circa £1.68bn. Total Return on Investment had risen from 4.9% in 2021/22 to 5.7% in 2023/24.

The council's investment property represented the largest share of commercial assets of £302m. Values were subject to revaluation each year. The total value of the council's external loans 2023/24 was £55.0m. These loans were constructed to deliver commercial returns and a return of 1.7m in 2023/24 was seen however, this was low compared to the Council's budget. Company shares were valued at circa £116m as at 31st March 2024 based on company financial activity and performance. The Council's acquisition or establishment of each company was aligned to its policy and service objectives. The Coventry and Solihull Waste Disposal Company Ltd (CSWDC), Tom White Waste Ltd (TWW) and Sherbourne Recycling Ltd (SRL), provide strong synergies with the Council's waste collection, management and recycling responsibilities, and protected the Council from some of the volatility in waste markets, provided the opportunity to rationalise some of the costs of waste management and enabled the production of a local source of green energy from waste. Some of the companies had lost value compared with the resources initially invested and Council's shareholdings should be viewed as long-term assets. The current balance sheet valuations were not deemed to be a significant factor in terms of the Council's day-to-day financial position.

Cllr Brown introduced the item referring to the One Coventry values that the local authority followed in order to make investments whilst taking account of local and strategic values. The council's investment portfolio in 2023/24 returned an overall investment of 5.7%.

In considering the briefing note, the Board questioned officers, received responses and discussed matters as summarised below:

- The Council had invested £10m in the Coventry and Solihull Waste Disposal Company Ltd in the 1970's and over time, the investment had been paid back, now showing as a balance sheet value of £68m.
- The Council owned $\frac{2}{3}$ ^{rds} of the Coventry and Solihull Waste Disposal Company Ltd, and Solihull Council owned $\frac{1}{3}$ rd.
- Auditors had raised concerns regarding the 2020 accounts however, these accounts were now reliable and had been signed off. Since then, 3 sets of accounts had been signed off but not audited. The 2023/24 accounts was currently being audited.

- The Council had made good progress in relation to the valuation process for its assets in recent years eg Tom White Waste Ltd, Coombe Abbey Park Ltd and Friargate Joint Venture Project Ltd.
- Tom White Waste Ltd and Coombe Abbey Park Ltd had made a profit in past years however, they were not currently performing as the Council would wish and valuations of these companies had declined due to poor performance.
- Business plans were in place to aid recovery for Tom White Waste Ltd and Coombe Abbey Park Ltd.
- Friargate Joint Venture Project Ltd was not a trading company; it had been bought to facilitate a regeneration scheme in Friargate Business District, which the Council had taken ownership of to influence direction of travel.
- Not all of the companies referred to in the Company Shareholding Values table were part of the Coventry Municipal Holdings umbrella as the council was not the sole shareholder of them. Overheads in those companies were relatively lean.
- Property purchases by the council were long term, strategic investments, bought with the intention of providing a financial return and providing benefits to the city. The return varied from year to year and was currently low due to values being depressed.
- A draft statement of accounts for the current financial year would be produced by the end of June 2025.

The Cabinet Member for Strategic Resources and Finance welcomed Members scrutiny and focus on Tom White Waste Ltd and Coombe Abbey Park Ltd, advising every effort was being made to improve their performance and adding that investments were about strategic value as well as the return.

The Board requested the following:

- Assessment of Coventry's debt to income ratio.
- Income figures provided in future reports relating to companies owned by the Council.

RESOLVED that the Finance and Corporate Services Scrutiny Board (1):

- 1) Notes the contents of the Briefing Note, Presentation and Appendix.**
- 2) Include this item on the Work Programme for 2025/2026.**

34. Procurement Process

The Finance and Corporate Services Scrutiny Board (1) received a Briefing Note of the Director of Finance and Resources which provided the Board with information on Council's processes for undertaking procurement activity, the corporate controls in place and information on the forthcoming Procurement Act 2023 and the changes being implemented.

Scrutiny Board 1 had requested further understanding on the procurement processes that the Council was subject to and updates regarding the Procurement

Act 2023 including changes to the Contract Procedure Rule (“CPRs”). The CPRs which formed part of the Council’s Constitution were the framework that governed the Council for making and entering into contracts on behalf of the Council. The CPRs set clear rules for the procurement of goods, services and works and ensured a system of openness, fairness, transparency and accountability. The Council was subject to multiple Regulations in relation to procurement activity. The Regulations set out the various procedures to be followed when undertaking procurement activity that was deemed ‘above threshold’.

Council’s main objective when undertaking procurement activity was to achieve Value for Money and the preferred option must provide full, fair, transparent and open competition and be identified as the most advantageous tender. The Council also sought to ensure bidders/tenderers were of sufficient technical and financial competency to undertake the requirement of the contract.

The Procurement Act 2023 (PA2023), was a new set of rules governing the procurement of goods and services and/or works in the public sector and was due to come into force on 24 February 2025. The PA2023 replaced the existing procurement rules although transitional arrangements confirmed that any contracts entered into, or tenders commenced prior to the go live date of 28 October 2024, would be subject to the requirements of the current legislation and the local authority would be managing contracts under two sets of legislation for a number of years.

In considering the briefing note, the Board questioned officers, received responses and discussed matters as summarised below:

- Light touch services were defined by common procurement vocabulary codes – previously relating to health care and education eg home to school taxi support/provision of music tutors and tended to be those services delivered by smaller organisations.
- Changes to procurement rules would help to reduce the risk of investment in companies such as ISG, which went into liquidation however, in this case, due diligence was undertaken and as it was a Tier 1 contract, monthly reviews were undertaken.
- The proportion of contracts awarded to SME’s would be published on the council website in April 2025.
- Social value was considered in every procurement process and companies were asked for a commitment. Work was being undertaken relating to priorities in terms of delivering social value.
- SME’s may pass on the cost of the social value portal to the council, which was prohibitive for them.

The Board requested the following:

- Once published on the Council website, data on the proportion of contracts this financial year (and previous financial years) being awarded to SME’s to be circulated to the Board.
- Procurement Governance documents to be circulated.

- Member involvement at each stage of value to be included in the Procurement Procedures chart.

RESOLVED that the Finance and Corporate Services Scrutiny Board (1):

- 1) Notes the procurement processes that the Council is subject to in line with public sector procurement legislation and internal Contract Procedure Rules as outlined in Paragraph 3 of the report.**
- 2) Notes the corporate approach utilised by the Council to deliver value for money and quality assurance through commissioning and procurement.**
- 3) Notes the forthcoming changes with the introduction of the Procurement Act 2023 as outlined in Paragraph 4 of the report and appended presentation.**
- 4) The Procurement Refresh Strategy to be brought to the Board.**

35. Recruitment and Retention

The Finance and Corporate Services Scrutiny Board (1) received a Briefing Note of the Director of People, providing the Board with oversight of current employment levels with a focus on diversity and under-represented groups and an insight into the related metrics of the current workforce analytics in relation to starters, leavers and apprenticeships.

Current Council employee numbers were 5210, equating to 4210fte, with turnover at 14.38%. In comparison, in June 2024, turnover was 13.91%. Changes in recruitment patterns over the past year were partly due to the introduction of the recruitment panel in September 2023, a number of organisational change programmes and greater consideration being given to filling posts in the light of the financial pressures.

In 2020, there were 3 groups of employees who were under-represented at leadership level across the workforce; employees with a disability and who were neuro diverse, employees from visible minority ethnic backgrounds and employees who identify as LGBT+. Since then, the focus had been on the 3 specific areas to increase numbers employed. Support in the workforce, recruiting and retaining was a priority.

Also in 2020, anonymised recruitment was introduced with the introduction of the new recruitment system. The system did not provide recruiting managers with any personal details until shortlisting was completed and candidates selected for interview. This process operated for all appointments including Chief Officer level.

Recruiting for Workforce Diversity Training had been in place for some time and the recruitment webpages had been revised and updated, along with a review of advertising which took place to ensure they were best placed and value for money. A new job description format was being introduced to remove bias in terms and language to ensure inclusivity. Work had also taken place to ensure better and greater access for candidates with disabilities. There were still a number of employees who had not provided their protected characteristics data, significant in

several areas such as disability, with 12% of employees not making a declaration, 9.8% for ethnicity and 23.59% for sexual orientation. These numbers remained an area of concern despite a number of campaigns to improve.

The Apprenticeship and Early Careers Team actively sought to engage with a variety of under-represented groups to promote social mobility and increase the diversity of apprentices. Engagement was prioritised with schools that had the highest percentage of students on free school meals and took the form of school insight days, work experience, careers fairs and school assemblies, targeted advertising, care leavers, general support, young people not in education, employment or training (NEETs) and general engagement.

Employee benefits, including the pension scheme, 28 days annual leave and flexible working were subject to regular reviews and financial well-being was an area that had increased over the past year. The Welfare Loan Scheme and Additional Voluntary Contributions (AVC's) via salary sacrifice, were new along with a reduced travel card offer in conjunction with WMCA.

In considering the briefing note, the Board questioned officers, received responses and discussed matters as summarised below:

- Inclusive panels were not in place to distinguish candidates, but to ensure the successful candidate had a good value set.
- Anonymised recruitment provided confidence to applicants and was undertaken throughout the council however, it was important to ensure the application process was appropriate for the type of role. Managers were being encouraged to use work-based exercises.
- Work was being undertaken with AI in relation to recruitment.
- The council was committed to flexible working and there would be a push on job sharing. The requirement for most employees was to be office based for a minimum of 2 days per week
- Recruitment panels enabled members of the panel to think wider, with more diversity, obtaining a better outcome and a more positive working environment.
- There were recruitment challenges in particular areas eg. social workers, building control.
- The welfare loan scheme was open to all employees.

The Board requested the following:

- General engagement – measurable outcomes to be provided when available.
- An update on apprenticeships.
- The number and breakdown by area of Council vacancies.

RESOLVED that the Finance and Corporate Services Scrutiny Board (1):

- 1) Notes the content of the report and related analytics.**

- 2) **Acknowledges the work being carried out in these areas and the ongoing organisational aim to have a sustained and growing representative workforce.**

36. **Work Programme and Outstanding Issues**

The Finance and Corporate Services Scrutiny Board (1) received a report of the Scrutiny Co-ordinator that detailed issues on the Work Programme for meetings of the Board for 2024/25.

RESOLVED that the Finance and Corporate Services Scrutiny Board (1):

- 1) **Notes the issues on the Board's Work Programme for 2024/25.**
- 2) **Agrees to the addition of the following items to the Work Programme:**
 - i) **'Spending, Saving and Council Tax proposals – a report to review the outcomes and impacts after 12-months of implementation'.**
 - ii) **Council office accommodation.**
 - iii) **Commercial Investments and Income Generation.**

37. **Any other items of Public Business**

There were no other items of public business.

(Meeting closed at 12.00 pm)