

COUNCIL OF THE CITY OF COVENTRY

26th February, 2013

PRESENT

Lord Mayor (Councillor Sawdon)

Deputy Lord Mayor (Councillor Crookes)

| | |
|-------------------------|---------------------------|
| Councillor Mrs Abbott | Councillor Lakha |
| Councillor Akhtar | Councillor Lancaster |
| Councillor Ali | Councillor Mrs Lepoidevin |
| Councillor Andrews | Councillor Mrs Lucas |
| Councillor Bains | Councillor McNicholas |
| Councillor Mrs Bigham | Councillor Maton |
| Councillor Blundell | Councillor Mrs Miks |
| Councillor Caan | Councillor Mulhall |
| Councillor Chater | Councillor J. Mutton |
| Councillor Clifford | Councillor Mrs M. Mutton |
| Councillor Duggins | Councillor Noonan |
| Councillor Mrs Fletcher | Councillor O'Boyle |
| Councillor Foster | Councillor Ruane |
| Councillor Galliers | Councillor Sandy |
| Councillor Gannon | Councillor Singh |
| Councillor Gingell | Councillor Skinner |
| Councillor Hammon | Councillor Skipper |
| Councillor Harvard | Councillor Mrs Sweet |
| Councillor Howells | Councillor Taylor |
| Councillor Hetherton | Councillor Thay |
| Councillor Innes | Councillor Thomas |
| Councillor Kelly | Councillor Townshend |
| Councillor Kershaw | Councillor Walsh |
| Councillor A. Khan | Councillor Welsh |
| Councillor T. Khan | Councillor Williams |

Apologies: Councillor Auluck
Councillor Sehmi

Honorary
Alderman Present: D. Batten
J. Gazey

Honorary
Alderman Apologies: T. Webb
J. Wright

Public Business

129. Minutes

The minutes of the meeting held on 15th January, 2013 were signed as a true record.

130. **Charity Football Match**

The Lord Mayor referred to the recent charity football match between Councillors and officers of the City Council which had raised £622 for the Coventry Cyrannians. As the match had resulted in an 8-all draw, the Lord Mayor presented the Stan Hodson Memorial Trophy to the captains of both teams, Councillor Bally Singh and John West. Special thanks were given to Chris Boyce, who had organised the match.

As there had been no overall winner, the trophy would remain in the Lord Mayor's office for the time being.

131. **Petitions**

RESOLVED that the following petition be referred to the appropriate City Council body or external organisation:

- (a) Request for resurfacing of Grafton Street and Bramble Street – 52 signatures – presented by Councillor Akhtar.**

132. **Declarations of Interest**

There were no declarations of interest.

133. **Strategic Alignment of Regional Growth Fund Round 3, Growing Places and LEP Core Funding with Coventry City Council as the Accountable Body**

Further to Minute 120/12 of the Cabinet, the Council considered a report of the Director of City Services and Development which sought approval to the City Council acting as guarantor for the Regional Growth Fund, the Growing Places Fund and the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Core funding.

Coventry and Warwickshire Local Enterprise Partnership has been awarded £24.4m in Regional Growth Fund (RGF) money for a programme of economic development activity. The bid was prepared by Coventry City Council staff on behalf of the CWLEP. This is in addition to the £12.8million it received through Growing Places Fund (GPF) in November 2011.

The RGF awards funds to projects that are either privately led, or are submitted by a public-private partnership. The CWLEP has been a key vehicle in the success of this bid; it has provided a focused forum for the area's businesses, universities and local authorities to work together and plan the area's economic growth. By successfully coming together as a partnership and collaborating on this bid to the Department of Business, Innovation and Skills (BIS), we have been able to secure a far greater level of funding than would have been possible if individual organisations developed their own bids.

A total of £24.4m has been awarded which will be available for:

- Grants to businesses for the purchase of assets leading to expansion / job creation: **£1m**

- Support for strategically important companies in the form of Relationship Managers: **£0.270m**
- A programme of investment in infrastructure which will lead to the creation of large numbers of new jobs: **£22.5m**
- Programme management and delivery costs **£0.575m**

The programme will run from early 2013 until March 2015, with all spend being defrayed by 30 June 2015. It is too early to say which businesses will benefit from the grant scheme, or where infrastructure investments will be made, but the examples that were included in the application included Friargate and Coventry Gateway.

In November 2011 the Government announced a £500million Growing Places Fund (GPF) to promote delivery of the key infrastructure needed to unlock developments, helping to generate the jobs and homes communities need, supporting the government's growth ambitions. The fund has three overriding objectives:

- to generate economic activity in the short-term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;
- to allow Local Enterprise Partnerships (LEPs) to prioritise the infrastructure they need, empowering them to deliver their economic strategies; and
- to establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

The Coventry & Warwickshire LEP were allocated £12.8million Growing Places Funding. There are no official spend timescales imposed by central government since part of the aspiration is to set up a revolving fund. The funding is not ring-fenced, and the only condition is that capital allocations are spent on capital projects. Warwickshire County Council were originally appointed as the accountable body for the funds in November 2011. With the recent success in securing the RGF the strategic alignment of both funding pots under one accountable body is now being proposed.

The Government is providing LEPs with core revenue resources to provide capacity for them to drive forward their growth priorities, allowing them to do long-term resource planning and strengthen support and autonomy of the business-led boards and is keen to get this funding out to all LEPs as soon as possible and in a way they can easily access. They are using a funding mechanism which has the benefits of speed and minimises the administrative burden locally and at central government. The funding will be paid to the local authority and they will act as accountable body.

It is up to the LEP to set out how the funding will be used. The case made by LEP Chairs nationally to government for core funding set out the need for independent support for Board activities, core development of LEP strategies and further stakeholder engagement. LEPs indicated that this additional resource was needed to pay for 3-4 high-quality, executive staff, and a minimum level of business engagement activity (events, stakeholder engagement activity, sub-board groupings etc.) per year. The Government's expectation is that this funding will be used for these purposes but it will be for the LEP Board to decide. For Coventry & Warwickshire LEP the core funding equates to £125,000 in 2012/13 and £250,000 in 2013/14 and again in 2014/15.

The CWLEP has approved the proposal that the remaining GPF is combined with new RGF award to create a single fund, which will increase the flexibility and co-ordination available to the CWLEP to invest in projects that create jobs and economic growth. The

aim is to create a single scheme with a combined and streamlined governance structure that will enable funds from various sources to be awarded efficiently and effectively to applicant businesses. Warwickshire County Council has proposed to transfer the GPF to the City Council so that the latter can act as accountable body for the new combined scheme that includes both RGF and GPF. This would enable optimal alignment of the funding streams. The aims of the two schemes are fully compatible; GPF must be allocated to capital projects that bring economic growth whereas the RGF programme aims to make grants for infrastructure, which unlocks new employment sites, and will also make grants available directly to businesses looking to expand or take on new staff.

The report detailed other options considered, including keeping two separate funding streams, with both the City Council and the County Council being the accountable body for an individual fund. However this would result in higher programme management costs and the opportunities of alignment would be a significant missed opportunity.

The Jobs, Skills and Growth Scrutiny Board (3) had considered the report at their meeting on 6th February, 2013 and a Briefing Note detailing their consideration was appended to the report. The Scrutiny Board supported the creation of an Accountable Body Group to manage risk and effective resource allocation in relation to the Regional Growth Fund and the Growing Places Fund and had recommended that the relationship and processes between the funds and governance be clarified in a diagram appended to the report when it is submitted to the City Council meeting on 26th February, 2013, which it duly was.

RESOLVED that the City Council:

- 1. Recognises and endorses the funding opportunity from the Regional Growth Fund, Growing Places Fund and Coventry and Warwickshire Local Enterprise Partnership Core Funding as a significant opportunity in delivering the priorities of the Coventry and Warwickshire Local Enterprise Partnership and authorises the City Council to act as guarantor for this package; and**
- 2. Receives an annual report on the progress of the Regional Growth Fund, Growing Places Fund and use of Coventry and Warwickshire Local Enterprise Partnership Core Funding.**

134. Motion Without Notice

In accordance with Paragraph 4.1.35.5 of the City Council's Constitution, a Motion without Notice was moved by Councillor Gannon, seconded by Councillor Hetheron and adopted to combine the debates on agenda items 7 (2013/14 Council Tax Setting report) and 8 (Budget Report 2013/14).

135. 2013/14 Council Tax Setting

Further to Minute 128/12 of the Cabinet, the Council considered a report of the Director of Finance and Legal Services, which calculated the Council Tax level for 2013/14.

The report indicated that, the Pre-Budget Report was approved on the basis of consulting on a Council Tax rise of 2%. This was the maximum increase allowed by Government before the Council would be required to hold a referendum on the matter.

Government clarification had subsequently been received on the calculation of the amount of Council Tax revenue that could be raised before triggering the referendum limit. The result was that it was now to the Council's financial advantage for each of the next two years to freeze the Council Tax at the existing levels and received a Council Tax Freeze Grant of £1.2m, equivalent to a 1% Council Tax rise (and which would be payable for two years). On this basis, the budget for 2013/14 was being proposed on the basis of freezing the Council Tax at the existing levels.

The Director of Finance and Legal Services had reported to the Cabinet at their meeting on 26th February, 2013 that the precepts from the West Midlands Fire and Rescue Authority were approved at their meeting on 19th February 2013 and, as a result, the figures indicated as provisional within the report were now confirmed.

The Council 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 are fully adhered to in setting the tax. As a consequence, the wording of the proposed resolution was necessarily complex.

RESOLVED that the Council:

(1) Note the following Council Tax base amounts for the year 2013/14, as approved by Cabinet on 8th January 2013, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) ("the Act"):

(a) 70,863.8 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

**(b) Allesley 287.5
 Keresley 187.2**

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 2013/14 in accordance with Sections 31A, 31B and 34 to 36 of the Act:

a) £742,464,000 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) £648,649,995 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) £93,814,005 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 it's Council Tax requirement for the year;

d) £1,323.86 $\frac{(2) c}{(1) a} = \frac{£93,814,005}{70,863.8}$

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) £4,507.00 being the aggregate amount of all special items referred to in Section 34(1) of the Act (*Parish Precepts*);

f) £1,323.80 = (2) d) – $\frac{(2) e}{(1) a} = \frac{£1,323.86 - £4,507.00}{70,863.8}$

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 | £1,323.80 |
| | Allesley | £1,334.11 |
| | Keresley | £1,332.05 |

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 Keresley |
|-----------------------|---|---------------------------|---------------------------|
| | £ | £ | £ |
| A | 882.53 | 889.40 | 888.03 |
| B | 1029.62 | 1037.64 | 1036.04 |
| C | 1176.71 | 1185.87 | 1184.04 |
| D | 1323.80 | 1334.11 | 1332.05 |
| E | 1617.98 | 1630.58 | 1628.06 |
| F | 1912.16 | 1927.05 | 1924.08 |
| G | 2206.33 | 2223.51 | 2220.08 |
| H | 2647.60 | 2668.22 | 2664.10 |

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) That it be noted that for the year 2012/13 the West Midlands Police Authority 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 | 68.29 | 35.21 |
| B | 79.67 | 41.08 |
| C | 91.05 | 46.95 |
| D | 102.43 | 52.82 |
| E | 125.19 | 64.55 |
| F | 147.95 | 76.29 |
| G | 170.72 | 88.03 |
| H | 204.86 | 105.63 |

- (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 2012/13 for each part of its area and for each part of the categories of dwellings shown below:

| Valuation Band | Parts to which no special item relates | Parish of Allesley | Parish of Keresley |
|-----------------------|---|---------------------------|---------------------------|
| | £ | £ | £ |
| A | 986.03 | 992.90 | 991.53 |
| B | 1150.37 | 1158.39 | 1156.79 |
| C | 1314.71 | 1323.87 | 1322.04 |
| D | 1479.05 | 1489.36 | 1487.30 |
| E | 1807.72 | 1820.32 | 1817.80 |
| F | 2136.40 | 2151.29 | 2148.32 |
| G | 2465.08 | 2482.26 | 2478.83 |
| H | 2958.09 | 2978.71 | 2974.59 |

- (5) That the Council determines that its relevant basic amount of Council Tax for 2013/14 is not excessive in accordance with the principles approved under Sections 52ZC and 52ZD of the Act.

136. Budget Report 2013/14

Further to Minute 129/12 of the Cabinet, the Council considered a report of the Director of Finance and Legal Services, which outlined the proposed final revenue budget for 2013/14, following a period of public consultation on a range of budget options which were previously considered by the Cabinet on 11th December 2012.

2013/14 was the third year of four covered by the 2010 Spending Review which set out the Government's spending plans incorporating significant reductions in the real level of resources available to local government. This had been updated by the Chancellor's Autumn Statement released on 5th December 2012 and the Local Government Finance Settlement for 2013/14 announced on 4th February 2013.

The Government had implemented a number of complex technical changes to the system of Local Government Finance. These changes had made it very difficult to compare the Council's financial position clearly with previous years. However, it was clear that Coventry would suffer a cash loss of more than £7m in 2013/14 as a result of the Settlement. In addition, the Council needed to set aside amounts within its budget to take account of the level of Business Rate risk and was faced with expenditure pressures relating to grant loss such as the 2012/13 Council Tax Freeze Grant and the education services related Local Authority Central Share Equivalent Grant (LACSEG – the so called Academy schools adjustment). The combined impact of these changes amounted to £8m. In totality, the Council's settlement represented a resource loss in the region of £15m and when added to other unavoidable spend pressures, confirmed the need to bridge the £28m funding gap outlined in the Pre-Budget Report.

In line with the Medium Term Financial Strategy, the Council had continued to meet the challenge of significantly reduced resources through its abc programme of transformation project and a range of other management approaches and technical measures. The report set out a range of recommended savings proposals and a much smaller number of spending pressures/proposals that together produced a balanced budget. The package of changes allowed the Council to continue to deliver the key policies in 2013/14. However, it was also noted that national spending plans meant that local government would not be able to sustain the current range and level of services in the future. As a result, the Council would need to revise its expectations and those of the citizens and taxpayers as the period of austerity continued.

The proposals within the report would enable the Council to set a balanced budget for 2013/14 and move towards balancing the budget in subsequent years, although the medium term financial position still showed revenue budget gaps of £4m and £8m in 2014/15 and 2015/16 respectively.

The Council noted that Legislation now demanded that the Council Tax Setting Report that had also been submitted to this meeting (Minute 128 refers), recommended a 'Council Tax Requirement' for 2014/15 rather than a 'Budget Requirement' that had been recommended under previous legislation. The Council Tax Requirement for 2013/14 was £93.8m. On the previously reported Budget Requirement basis, the Council's like for like net revenue budget funded by Government Grant, Local Business Rates and Council Tax would decrease by £5.2m from £273.6m in 2012/13 to £268.4m in 2013/14 (a loss of £7.1m Start-Up Funding netted off by £1.9 additional resources from technical changes to Council Tax). This movement needed to be considered alongside the other changes to the Council's financial position. The total or gross revenue budget which also included spending funded by specific grants and fees and charges would be £742.5m.

The budget recommended within the report was based on a city Council Tax freeze for 2013/14. If the Council chose to approve this freeze it would enable the Council to take advantage of the Government's two year Council Tax Freeze Compensation Grant equivalent to a 1% increase in Council Tax. As well as freezing the amount paid by Council Tax payers for City Council services this would actually increase the level of resources available to the City Council in 2013/14 and 2014/15 compared with increasing Council Tax up to the limit allowed before a public referendum. It would however also reduce the level of resources available to the Council by around £1m p.a. from 2015/16 onwards.

The report submitted also included a proposed Capital Programme of £61m for 2013/14 and £179m for the period 2014/15 to 2017/18. This consisted of schemes and programmes that had already been approved plus programmes of essential expenditure in the areas of property, highways and pavements maintenance and ICT infrastructure, plus the NUCKLE rail scheme and provision for new cemetery facilities at the Lenton's Lane site. The future programme contained provision for expenditure on the Regional Growth Fund, Growing Places and a City Deal or equivalent scheme. The 2013/14 programme required a level of prudential borrowing of £8m to support investment in specific schemes. The revenue impact of repaying this borrowing is taken into account in the revenue budget.

The Council was also required to approve its Treasury Management Strategy and Prudential Indicators on an annual basis and these were incorporated within the report submitted.

An amendment, as detailed in the Appendix to these minutes, was moved by Councillor Blundell, seconded by Councillor Foster and lost.

RESOLVED that the Council:

- (1) Approve the final spending and savings proposals as detailed in Appendix 2 of the report.**
- (2) Approve the total 2013/14 revenue budget of £268.4m as detailed in table 2 and Appendix 3 of the report, established in line with a zero City Council Tax increase and the Council Tax Requirement recommended in the Council Tax Setting report.**
- (3) Note the Director of Finance and Legal Services' comments confirming the robustness of the budget and adequacy of reserves, as detailed in Section 9 of the report.**
- (4) Approve the Capital Programme of £61m for 2013/14 and the future years' commitments arising from this programme of £179m in 2014/15 to 2017/18 as detailed in Section 6 and Appendix 4 of the report.**
- (5) Approve the proposed Treasury Management Strategy for 2013/14 (Section 7), the revised Investment Strategy and Policy (Appendix 5) for immediate implementation, and adopt the prudential indicators and limits described in Section 7 and summarised in Appendix 6.**

137. Statement by the Leader

There was no statement.

(Meeting closed at 4.00 pm)

Lord Mayor

Date

APPENDIX

COUNCIL MEETING 26TH FEBRUARY 2013

BUDGET REPORT 2013/14

CONSERVATIVE GROUP AMENDMENT TO THE REVENUE BUDGET

Spending Proposal

| Report Ref | Description | Amount £000 |
|-------------------|---|------------------------|
| New | Introduce Living Wage for Council Employees at £7.45 per hour | 1,043 |
| | Total New Spending Proposals | 1,043 |

Saving Proposals

| Report Ref | Description | Amount £000 |
|--------------------------|--|------------------------|
| New - See Above | Fund Schools Living Wage from within Dedicated Schools Grant | (489) |
| New | Withhold Pay Award for Officers on Hay Grade or Equivalent | (100) |
| Appendix 2 Item 16 | No City Deal Spend in 2013/14 | (200) |
| New | Creation of Resources Directorate | (200) |
| Appendix 4 City Services | Restrict Public Realm Spend (and switch Capital Programme resources to produce revenue saving) | (54) |
| | Total New Savings Proposals | (1,043) |

Total Revenue Impact

Nil