

Meeting of the Cabinet

Minutes - 20 February 2018

Attendance

Members of the Cabinet

Cllr Roger Lawrence (Chair)
Cllr Peter Bilson (Vice-Chair)
Cllr Claire Darke
Cllr Steve Evans
Cllr Val Gibson
Cllr Milkinderpal Jaspal
Cllr Andrew Johnson
Cllr John Reynolds
Cllr Sandra Samuels OBE
Cllr Paul Sweet

In attendance

Cllr Ian Angus
Cllr Lynne Moran

Employees

Keith Ireland	Managing Director
Tim Johnson	Strategic Director - Place
Mark Taylor	Strategic Director - People
Claire Nye	Director of Finance
Kevin O'Keefe	Director of Governance
Meredith Teasdale	Director of Education
Shaun Aldis	Chief Executive - Wolverhampton Homes
Tim Clark	Communications Manager
Jaswinder Kaur	Democratic Services Manager
Philippa Salmon	Democratic Services Officer

Part 1 – items open to the press and public

- | <i>Item No.</i> | <i>Title</i> |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Apologies for absence
There were no apologies for absence received. |
| 2 | Declaration of interests
Tim Johnson, Strategic Director, Place and Mark Taylor, Strategic Director, People declared non-pecuniary interests in Item 19 – WV Living Progress and Business Plan Update as Directors of WV Living. |

Claire Nye, Director of Finance, declared a pecuniary interest in Item 20 – Senior Management Restructure as an employee directly impacted by the recommendations.

3 **Minutes of the previous meeting**

That the minutes of the previous meeting held on 29 November 2017 be approved as a correct record and signed by the Chair.

4 **Matters arising**

There were no matters arising from the minutes of the previous meeting.

5 **Capital Programme 2017-2018 to 2021-22 quarter three review and 2018-2019 to 2022-2023 budget strategy**

Councillor Andrew Johnson presented the Capital Programme 2017-2018 to 2021-2022 quarter three review and 2018-2019 to 2022-2023 budget strategy for approval and recommendation to Council. The report provided an update on the 2017-2018 financial performance of the General Fund and Housing Revenue Account capital programmes and the revised forecast for 2017-2018 to 2022-2023 as at quarter three 2017-2018. Variations to the approved programme were recommended totalling an increase of £33.8 million.

Resolved that the Cabinet recommends that Council:

1. Approves the revised medium term General Fund capital programme of £373.1 million, an increase of £33.8 million from the previously approved programme (paragraph 2.4 of the report), reflecting the latest projected expenditure for the medium term.
2. Approves the net additional General Fund resources of £33.8 million identified for;
 - i. 11 new projects totalling £12.6 million (paragraph 4.1 of the report);
 - ii. Civic Halls, an existing project, of £23.7 million as approved by Council on 31 January 2018 (paragraph 3.23 of the report);
 - iii. i9 Office Development, a new project, of £13.0 million (paragraph 4.5 of the report);
 - iv. 23 existing projects net decrease totalling £15.5 million (paragraph 3.23 of the report).

Cabinet resolved:

1. That the General Fund virements totalling £10.4 million detailed at Appendix 3 to the report be approved for;
 - i. existing projects totalling £6.1 million (paragraph 3.24 of the report);
 - ii. new projects totalling £4.3 million (paragraph 4.2 of the report).
2. That the updated schedules of works for the capital projects be approved under the following directorate (paragraph 3.25 of the report);
 - i. Corporate: ICTS and in relation to Education; Building Schools for the Future (BSF), Primary School Expansion Programme and Schools Capital Maintenance (Appendix 4 to the report).
 - ii. People: Sports Investment Strategy, Co-location Programme, Children in Need - Aiming High for Disabled Children and Early Education - Two Year Education Pilot (Appendix 5 to the report).
 - iii. Place: Corporate Asset Management Programme, Urban Parks Refurbishment Programme, Disposals Programme, Accessing Growth Fund,

Southside Programme, Maintenance of unclassified roads, Non - Highway Structures, Highway Improvement Programme, Safety Programme, Maintenance of classified roads, Lighting up the City and Local Growth Funding (LGF) Feasibility (Appendix 6 to the report).

3. That the continuation of delegation to the Cabinet Member for Resources in consultation with the Director of Finance be approved to approve the allocation of the following (paragraph 3.26 of the report);
 - i. Provision of the 'Corporate Contingency' to individual projects in order that corporate priorities may be addressed in a more agile and timely manner;
 - ii. Provision of the 'Transformation Development Efficiency Strategy' to individual transformation projects in order to benefit from the capital receipts flexibility announced in the Autumn Statement 2015 and in line with the Medium Term Financial Strategy.
4. That it be noted that the General Fund expenditure position at quarter three of 2017-2018 for existing projects stands at 84.6% of the profiled projected budget (paragraph 3.3 of the report).
5. That it be noted that the General Fund forecast outturn for existing projects for 2017-2018 stands at 70.4% of the approved capital budget (paragraph 3.1 of the report).
6. That it be noted that the HRA expenditure position at quarter three of 2017-2018 for existing projects stands at 113.5% of the profiled projected budget (paragraph 3.4 of the report).
7. That it be noted that the HRA forecast outturn position for existing projects for 2017-2018 stands at 100% of the approved capital budget (paragraph 3.1 of the report).
8. That it be noted that there is one new project 'i9 Office Development' requiring internal resources included in this report but which is subject to a separate detailed project report also on this agenda. The inclusion of this project is for budget approval purposes and is on the assumption that the approval to progress with the project is given. As the progression is dependent on that decision, if the project is not approved, the capital programme will be reduced accordingly.

6 Treasury Management Strategy 2018-2019

Councillor Andrew Johnson presented the Treasury Management Strategy 2018-2019 for approval and recommendation to Council. The report outlined the borrowing limits and rules by which the Council's finances were managed.

Resolved that Cabinet recommends that Council approves:

1. The authorised borrowing limit for 2018-2019 as required under Section 3(1) of the Local Government Act 2003 be set at £1,087.5 million (PI 3, Appendix 3 to this report).
2. The Treasury Management Strategy Statement 2018-2019 as set out in Appendix 1 to this report.
3. The Annual Investment Strategy 2018-2019 as set out in Appendix 2 to this report.
4. The Prudential and Treasury Management Indicators as set out in Appendix 3 to this report.
5. The Annual Minimum Revenue Provision (MRP) Statement setting out the method used to calculate MRP for 2018-2019 onwards as set out in Appendix 4 to this report.
6. The Treasury Management Policy Statement and Treasury Management Practices as set out in Appendix 5 to this report.

7. That authority continues to be delegated to the Director of Finance to amend the Treasury Management Policy and Practices and any corresponding changes required to the Treasury Management Strategy, the Prudential and Treasury Management Indicators, the Investment Strategy and the Annual MRP Statement to ensure they remain aligned. Any amendments will be reported to the Cabinet Member for Resources and Cabinet (Resources) Panel as appropriate.

Resolved that Cabinet recommends that Council notes:

1. That the MRP charge for the financial year 2018-2019 will be £7.8 million increasing to £14.7 million in 2019-2020 (paragraph 2.16).
2. That Cabinet (Resources) Panel and Council will receive regular Treasury Management reports during 2018-2019 on performance against the key targets and Prudential and Treasury Management Indicators in the Treasury Management Strategy and Investment Strategy as set out in paragraph 2.14 and Appendices 2 and 3 to this report.
3. That the detailed guidance notes for the new Code of Practice on Treasury Management and the Prudential Code are still to be published by CIPFA and therefore the current statements are based on the Council's interpretation of these Codes.
4. Revised guidance on Local Government Investments and Minimum Revenue Provision was issued by the Ministry of Housing, Communities and Local Government on 2 February 2018. The new guidance is currently being reviewed by the Director of Finance and updates will be provided to Councillors in due course.

Cabinet resolved:

1. That it be noted that the financial information included in this report is based on the 'Capital programme 2017-2018 to 2021-2022 quarter three review and 2018-2019 to 2022-2023 budget strategy' report also on the agenda for this meeting. The capital report is subject a report being separately approved by Cabinet also at this meeting. Therefore, if this approval is not obtained, a revised version of this report will be presented to Council on 7 March 2018.

7

2018-2019 Budget and Medium Term Financial Strategy

Councillor Andrew Johnson presented the 2018-2019 Budget and Medium Term Financial Strategy for approval and recommendation to Council. The increase in Council Tax of 1.99% in addition to the Government's social care precept of 2% totalled 3.99% for 2018-2019. This was lower than the 5.99% maximum increase allowed. In addition to the budget reductions made over the previous seven financial years, the Council was faced with identifying further estimated reductions.

Resolved that the Cabinet recommends that Council approves:

1. The net budget requirement for 2018-2019 of £229.1 million for General Fund services (paragraph 17.3 of the report).
2. The Medium Term Financial Strategy 2018-2019 to 2019-2020 as detailed in Table 7 and the budget preparation parameters underpinning the MTFS as detailed in Appendix 1 to the report.

3. The budget allocation for Adult Social Care in 2018-2019 outlined in the report, making due consideration to the Minimum Funding Level for Adult Social Care (section 15.0 of the report).
4. A Council Tax for Council services in 2018-2019 of £1,540.21 for a Band D property, being an increase of 3.99% on 2017-2018 levels, which incorporates the 2% increase in relation to Adult Social Care (paragraph 7.5 of the report).
5. That work starts on developing budget reductions for 2019-2020 and progress be reported to Cabinet in July 2018 (paragraph 17.4 of the report).
6. Revisions to the local council tax reduction scheme to introduce: a disregard of bereavement support payment, a disregard of any payments made under 'We love Manchester Emergency Fund' (WLMEF) and the 'London Emergencies Trust' (LET) and to add wording to allow references to legacy benefits to include universal credit.

Cabinet resolved:

1. That the changes to the 2018-2019 draft budget for General Fund services, since the draft budget was last reported to Cabinet on 18 October 2017, be approved as detailed in sections 3 to 16 of the report.
2. That the implementation of the new budget reduction, income generation and efficiency proposals totalling £7.1 million, be approved subject to consultation and equality analysis where necessary (paragraph 14.6 of the report).
3. That the transfer of any additional Section 31 grant monies in 2017-2018 arising as a result of the Revaluation 2017 into a specific reserve be approved to support any future potential business rates pressures (paragraph 9.4 of the report).
4. That it be approved that the findings from the budget consultation process will be used to inform the development of future years' budget strategies (paragraph 13.7 of the report).
5. That the continuation of delegated authority as approved by Cabinet on 19 October 2016 to the Cabinet Member for Resources in consultation with the Director of Finance be approved to continue to consider further opportunities to accelerate contribution payments to the West Midlands Pension Fund to secure additional savings and to agree the timing and amount of payments with the West Midlands Pension Fund (paragraph 5.5 of the report).
6. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to approve the calculation and allocation of growth in the central share of business rates for 2018-2019 and 2019-2020 to be passported to the WMCA (paragraph 9.5 of the report).
7. That it be noted that the budget for 2018-2019 is in balance without the use of general reserves (paragraph 17.2 of the report).
8. That it be noted that, in the opinion of the Director of Finance (Section 151 Officer), the 2018-2019 budget estimates are robust (paragraph 17.3 of the report).
9. That it be noted that, in the opinion of the Director of Finance (Section 151 Officer), the proposed levels of reserves, provisions and balances is adequate in respect of the forthcoming financial year (paragraph 18.7 of the report).
10. That it be noted that a further £19.5 million needs to be identified over the period to 2019-2020 in order to address the projected budget deficit (paragraph 17.4 of the report).
11. That it be noted that, due to external factors, budget assumptions remain subject to significant change, which could, therefore, result in alterations to the financial position facing the Council (paragraph 4.2 of the report).

12. That it be noted that there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities particularly with regarding 2020-2021 onwards. The Comprehensive Spending Review 2020, the Fair Funding Review and potential pressures arising as a result of new responsibilities will impact upon the Council's budget. At the point that further information is known it will be incorporated into future reports to Councillors (paragraph 17.8 of the report).
- 13 That it be noted that, having identified significant budget reductions over the last eight financial years, the extent of the financial challenge over the medium term continues to represent the most significant challenge that the council has ever faced (paragraph 17.5 of the report).
14. That it be noted that the overall level of risk associated with the 2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020 is assessed as Amber (paragraph 19.1 of the report).
15. That it be noted that Councillors must have due regard to the public sector equality duty (Section 149 of the Equality Act 2010) when making budget decisions (paragraph 24.3 of the report).

8 Wolverhampton Homes - Delivery Plan 2018-2019

Councillor Peter Bilson presented the Wolverhampton Homes – Delivery Plan 2018-2019 for approval and recommendation to Council. Under the terms of the management agreement between the Council and its ALMO, Wolverhampton Homes, the Council was required to produce an annual Delivery Plan to outline how Wolverhampton Homes proposed to deliver services and support the strategic objectives of the Council. The Delivery Plan set out plans to build and let new homes, extend the portfolio of temporary accommodation and the launch of the 'Tenants and Leaseholder Deal'.

Resolved that Cabinet recommends that Council:

1. Approve the Wolverhampton Homes Annual Delivery Plan 2018-2019.
2. Endorse the five-yearly review of Wolverhampton Homes that has been undertaken by the Managing Director and Director of Finance of the Council.

9 i9 Office Development - Investment Case

Councillor John Reynolds presented the i9 Office Development – Investment Case for approval and recommendation to Council. The report outlined the case for the Council investment in the purchasing of the i9 building as the next phase of the Wolverhampton Interchange project, following the success of i10.

A corresponding exempt report detailing confidential aspects of the business case was also submitted to the meeting for consideration.

Resolved that Cabinet recommends that Council:

1. Approve the Investment case for the i9 office development at Wolverhampton Interchange.
2. Authorise the allocation of up to £13 million capital investment by way of prudential borrowing to forward purchase the i9 office development.
3. Approve the proposal to declare the Council's land holdings at Railway Street car park as surplus to requirements to enable the office development.

4. Approve the Council granting a headlease to ION and the grant of an underlease from ION to the Council.
5. Approve delegation to the Cabinet Members for City Economy and Resources, in consultation with the Strategic Director for Place and Director of Finance for: -
 - i. The appointment of ION (being the developer under the Master Development Agreement or their subsidiary) as developer to deliver the scheme;
 - ii. The entering into various legal agreements with ION including Funding/ Phase Agreements, collateral warranties, supplemental agreement to the Master Development Agreement for the Interchange, headlease, underlease, and any other ancillary documentation necessary in order to give effect to the recommendations in this report;
 - iii. Participating in the process for ION to procure and appoint a contractor to build i9;
 - iv. The approval of terms for lettings with occupiers;
 - v. The application for, and granting of, relevant licences to enable the construction of i9;
 - vi. Approval of the terms for the headlease to ION and the underlease to the Council subject to advice from Corporate Landlord;
 - vii. The Council establishing an investment company to hold the asset if this proves to be a preferential option.
6. Approve the use of the Council's powers under s.247 of the Town and Country Planning Act 1990 to stop up parts of the highway at Railway Street to enable development.
7. Agree to receive a further report regarding the appropriation of the development site for planning purposes (if appropriation is required).

Resolved that Cabinet recommends that Council notes:

1. That an application has been submitted by ION Developments Ltd to the Black Country Local Enterprise Partnership (LEP) for capital support from the Land and Property Investment Fund (LPIF) by way of a grant.
2. The investment case is subject to/ conditional on LEP board approval for the full business case/ economic appraisal and award of the grant. The funding bid has not yet been formally determined.
3. That the maximum capital investment sum in the forward purchase of i9 is £13 million.
4. That discussions and negotiations with potential office occupiers will be intensified once the Council has committed to invest in the forward purchase of i9 and LEP board have approved the full business case.

10

Scrutiny Review of Adult Mental Health Commissioning

Councillor Lynne Moran, Chair of the Scrutiny Review of Adult Mental Health Commissioning presented the final report of the review panel. The report summarised the findings and recommendations to support the work in the City to deliver effective mental health services. The outcome of the review was welcomed and thanks were extended to all involved in the review. It was agreed that an additional recommendation be added to ensure that the outcomes were shared with the Clinical Commissioning Group and Mental Health Trust by way of a joint seminar.

Resolved:

That the recommendations as detailed in Appendix 1 to the report be approved, subject to the addition of a recommendation that the outcomes of the review be shared with the CCG and Mental Health Trust.

11 **Parking Outside Schools Scrutiny Review**

Councillor Ian Angus, Chair of the Parking Outside Schools Scrutiny Review, presented the final report of the review panel. The report outlined the key findings and recommendations following the review into inconsiderate and illegal parking outside or near to the City's primary schools. The work to collect the high level of evidence was commended and thanks were extended to all involved in the review. It was agreed that the recommendations would be implemented in line with the financial remit.

Resolved:

That the recommendations of the Vibrant and Sustainable City Scrutiny Panel, as detailed in the report at Section 9.0, be approved.

12 **Determined Schemes for Co-ordinated School Admissions and Determined Admission Arrangements for Community and Voluntary Controlled Schools 2019-2020**

Councillor Claire Darke presented the Determined Schemes for Co-ordinated School Admissions and Determined Admission Arrangements for Community and Voluntary Controlled Schools 2019-2020 for approval. The Council as the Admission Authority was required to determine admission arrangements annually and there were no proposals for any changes to the current admission arrangements that had been set following a full consultation in 2015.

Resolved:

1. That the Co-ordinated Admission Schemes for secondary and primary school admissions at the normal year of entry for 2019-2020 and that the Secretary of State be notified by 28 February 2018.
2. That the proposed admission arrangements for community and voluntary controlled schools for 2019-2020 be approved.

13 **Final Decision on the Proposed Merger of Whitgreave Infant School with Whitgreave Junior School**

Councillor Claire Darke presented the Final Decision on the Proposed Merger of Whitgreave Infant School with Whitgreave Junior School for approval. The outcomes of the full consultation were positive with widespread support for the merger of the two schools.

Resolved:

1. That, in accordance with statutory guidance, the outcomes of Informal Consultation and Formal Consultation (Representation) on the proposed merger of Whitgreave Infant School with Whitgreave Junior School be endorsed.
2. That the discontinuance of Whitgreave Infant School be approved with effect from 31 August 2018 in accordance with Section 15(1) of the Education and

Inspections Act 2006 to facilitate the merger of Whitgreave Infant School with Whitgreave Junior School with effect from 1 September 2018; and

3. That both the lowering of the age range from 7 to 11 years to 3 to 11 years and the enlargement of the school premises of Whitgreave Junior School (to include the physical capacity of Whitgreave Infant School's buildings) be approved in accordance with Section 19(1) of the Education and Inspections Act 2006 to facilitate the merger of Whitgreave Infant School with Whitgreave Junior School with effect from 1 September 2018.

14 **West Midlands Combined Authority Powers**

Councillor Roger Lawrence presented the West Midlands Combined Authority Powers for approval. The report ensured that the West Midlands Combined Authority would be able to raise income via a Supplementary Business Rate scheme to assist in funding their Investment Programme.

Resolved:

1. That authority be delegated to the Leader of the Council in consultation with the Managing Director to implement the following recommendations at an appropriate time by way of written notification to the West Midlands Combined Authority:
 - a. Give delegated authority to the West Midlands Combined Authority to approve the amendment to statutory regulations which amend the West Midlands Combined Authority powers as set out in this report, subject to:
 - i. Each of the seven Constituent Authorities approving a complementary paper through their Cabinet to provide the approval to the West Midlands Combined Authority.
 - ii. Consent towards the proposals being obtained specifically from the West Midlands Combined Authority Mayor.

15 **Shared Ownership Lease, Policies and grant approval**

Councillor Peter Bilson presented the Shared Ownership Lease, Policies and grant approval report for approval. The report outlined the need for affordable homes as a key priority and summarised the suite of new policies to support the sale of Shared Ownership properties, and the proposed arrangements for the sale and management of the development of Shared Ownership homes on WV Living housing sites.

Resolved:

1. That the use of the suite of policies appended to the report be approved, with a lease developed to support the sale of homes by the City of Wolverhampton Council on a Shared Ownership basis.
2. That authority be delegated to the Cabinet Member for City Assets and Housing in consultation with the Director of Governance for any variation to the Shared Ownership lease or suite of policies, as required from time to time as a result of review.
3. That the purchase of properties on some WV Living developments for onward sale to residents as Shared Ownership housing be approved.
4. That the use of Wolverhampton Homes leasehold management services to manage the Shared Ownership properties acquired, applying the policies appended to this report, be approved.
5. That it be noted that the intention that WV Living's Sales and Marketing Agent would include these homes in the marketing of the wider market sales offer on WV

Living sites, with the sale of each unit from WV Living to the Council timed to coincide with the onward sale to the owner occupier on a 'back-to-back' basis.

16 **City of Wolverhampton Council Commissioning Strategy**

Councillor Sandra Samuels OBE presented the City of Wolverhampton Council Commissioning Strategy for approval. The Strategy integrated various areas of the Council and brings together a wide range of commissioning activity by creating a single narrative and model for the Council and partners. This ensured a 'whole family approach', and gave flexibility for the Council to provide for families rather than adults and children separately.

Councillors Val Gibson and Paul Sweet were supportive of the integrated approach to the Commissioning Strategy.

Resolved:

That the final version of the City of Wolverhampton Council Commissioning Strategy 2018-2021 entitled Shaping Futures, Changing Lives be approved (attached as Appendix 1 to the report).

17 **Exclusion of press and public**

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information relating to any individual and/or information relating to the financial or business affairs of any particular person (including the authority holding that information).

18 **i9 Office Development - Investment Case**

Councillor John Reynolds presented the second part of the i9 Office Development – Investment Case that was exempt as it contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved:

That the recommendations be approved as detailed in the public report at Item 9.

19 **WV Living Progress and Business Plan Update**

Councillor Peter Bilson presented the WV Living Progress and Business Plan Update that was exempt as it contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved:

That the recommendations be approved as detailed in the exempt report.

20 **Senior Management Restructure**

Claire Nye, Director of Finance and Shaun Aldis, Chief Executive of Wolverhampton Homes, left the room at this point and took no part in the consideration of this item.

Councillor Roger Lawrence presented the Senior Management Restructure that was exempt as it contained information relating to any individual.

Resolved:

That the recommendations be approved as detailed in the exempt report.

21

Secondary School Expansion Programme 2017-2019

Councillor Claire Darke presented the Secondary Schools Expansion Programme 2017-2019 that was exempt as it contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved:

That the recommendations be approved as detailed in the exempt report.