

# Meeting of the Cabinet

## Minutes - 11 July 2018

### Attendance

#### Members of the Cabinet

Cllr Roger Lawrence (Chair)  
Cllr Peter Bilson (Vice-Chair)  
Cllr Steve Evans  
Cllr Val Gibson  
Cllr Louise Miles  
Cllr Hazel Malcolm  
Cllr Lynne Moran  
Cllr John Reynolds  
Cllr Sandra Samuels OBE  
Cllr Paul Sweet

#### Employees

Tim Johnson	Deputy Managing Director
Mark Taylor	Strategic Director - People
Kevin O'Keefe	Director of Governance
Claire Nye	Director of Finance
Meredith Teasdale	Director of Education
Emma Bennett	Director of Children's Services
Tracey Christie	Head of Legal
Jaswinder Kaur	Democratic Services Manager

### Part 1 – items open to the press and public

*Item No.*      *Title*

- 1      **Apologies for absence**  
There were no apologies for absence received.
- 2      **Declaration of interests**  
Tim Johnson, Deputy Managing Director, and Mark Taylor, Strategic Director of People declared non-pecuniary interests in Item 17 – WV Living Progress and Business Plan Update as Directors of WV Living.
- 3      **Minutes of the previous meeting**  
That the minutes of the previous meeting held on 6 June 2018 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 **West Midlands Second Devolution Agreement**

Councillor Roger Lawrence presented the West Midlands Second Devolution Agreement for approval and recommendation to Council. The report detailed the contents of the Second Devolution Deal, its implications for Wolverhampton and outlined the implementation plan to support delivery of the agreement. The Second Devolution Deal contained a range of initiatives and commitments with the overall objective to address productivity barriers and support the delivery of a local industrial strategy.

Resolved that the Cabinet recommends that Council:

1. Endorse the Second Devolution Deal following the conclusion of negotiations between the West Midlands Combined Authority and the Government.
2. Approve the action plan for the implementation of the Second Devolution Agreement and agree to further discussions with Government.
3. Agree to receive further reports at the appropriate time resulting from detailed requirements of the devolution deal.

Cabinet resolved:

1. That the contents of the Second Devolution Deal be noted and recognised that it contains a number of commitments to further devolution with the potential for significant further steps.
2. That the implications for Wolverhampton resulting from the contents of the Second Devolution Deal be noted.

6 **Capital budget outturn 2017-2018 including quarter one capital budget monitoring 2018-2019**

Councillor Louise Miles presented the Capital budget outturn 2017-2018 including quarter one capital budget monitoring 2018-2019 for approval and recommendation to Council. The report provided an update on the outturn position for 2017-2018 and on the 2018-2019 financial performance of the General Fund and Housing Revenue Account (HRA) capital programmes. The report also set out a revised forecast for 2018-2019 to 2022-2023 as at quarter one of 2018-2019. Revisions to the current approved General Fund capital programmes covering the period 2018-2019 to 2022-2023 were also recommended.

Resolved that the Cabinet recommends that Council:

1. The revised medium term General Fund capital programme of £385.9 million, an increase of £11.0 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
2. The revised medium-term Housing Revenue Account (HRA) capital programme of £328.8 million, a decrease of £1.0 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.

3. The net additional General Fund resources of £11.0 million identified for;
  - i. 12 new projects totalling £18.3 million (as detailed at paragraph 4.1 of the report);
  - ii. 58 existing projects net decrease totalling £7.3 million (as detailed at paragraph 3.38 of the report).

Cabinet resolved:

1. That the General Fund virements totalling £19.7 million as detailed at Appendix 3 to the report be approved for;
  - a. existing projects totalling £19.4 million (as detailed at paragraph 3.39 of the report);
  - b. new projects totalling £299,000 (as detailed at paragraph 4.2 of the report).
2. That the updated schedules of works for the capital projects be approved under the following directorate;
  - i. Corporate: ICT, WV Active and in relation to Education; Building Schools for the Future (BSF), Primary School Expansion Programme, Secondary School Expansion Programme and Schools Capital Maintenance (as detailed at 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 (as detailed at 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 (as detailed at Appendix 6 to the report).
3. That authority be delegated to the Cabinet Member for Education, in consultation with the Director of Finance, to approve the allocation of the provision of the 'Special Education Needs (SEN) Special Capital Fund Programme' to individual capital projects in order that they may be progressed in a timely manner (as detailed at paragraph 3.41 of the report).
4. That authority be delegated to the Cabinet Member for Resources in consultation with the Director of Finance to approve the allocation of the provision of the 'Parks Strategy and Open Space' to individual capital projects in order that they may be progressed in a timely manner (as detailed at paragraph 3.42 of the report).
5. That authority be delegated to the Cabinet Members for City Environment and Resources, in consultation with the Strategic Director for Place and the Director of Finance, to finalise the business case and budget for a transit site in order that it can be progressed in a timely manner. It was anticipated that budget provision would be met from the Council's Corporate Contingency within the capital programme (as detailed at paragraph 4.9 of the report).

6. That it be noted, that the General Fund outturn position for 2017-2018 which stands at 70.0% of the approved capital budget.
7. That it be noted, that the HRA outturn position for 2017-2018 which stands at 92.7% of the approved capital budget.
8. That it be noted, that there were four ICT projects requiring additional internal resources included in this report but were subject to a separate detailed project report also on this agenda. The inclusion of these projects was for budget approval purpose and was on the assumption that the approval to progress with the projects was given. As the progression was dependent on that decision, if the projects were not approved, the capital programme would be reduced accordingly. The names of the projects were:
  - ICT General Programme;
  - ICT Disaster Recovery;
  - ICT Desktop Refresh;
  - Service LED ICT Projects.

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#### **Treasury Management – Annual Report 2017-2018 and Activity Monitoring Quarter One 2018-2019**

Councillor Louise Miles presented the Treasury Management – Annual Report 2017-2018 and Activity Monitoring Quarter One 2018-2019 for approval and recommendation to Full Council. The report set out the results of treasury management activities carried out in 2017-2018, together with performance against the Prudential Indicators previously approved by Council. Monitoring and progress on treasury management activity for the first quarter of 2018-2019 was also detailed, in line with the Prudential Indicators approved by Council in March 2018.

Resolved that the Cabinet recommends that Council notes:

1. The Council operated within the approved Prudential and Treasury Management Indicators, and also within the requirements set out in the Council's approved Treasury Management Policy Statement during 2017-2018.
2. Revenue underspends of £1.6 million for the General Fund and £731,000 for the Housing Revenue Account were generated from treasury management activities in 2017-2018.
3. A revenue underspend of £1.2 million for the General Fund and an overspend of £263,000 for the Housing Revenue Account were forecast from treasury management activities in 2018-2019, subject to the impact of the Minimum Revenue Provision (MRP) review.
4. That the detailed guidance notes for the new Code of Practice on Treasury Management and the Prudential Code were still to be published by CIPFA and therefore the Treasury Management Statements for 2018-2019 were still based on the Council's interpretation of these Codes.

5. The revised guidance on Local Government Investments and Minimum Revenue Provision was under review by the Director of Finance and updates would be provided to Councillors in due course.

Cabinet Resolved:

1. That it be noted, that the financial information included in this report was based on the 'Capital budget outturn 2017-2018 including quarter one capital budget monitoring 2018-2019' report also on the agenda for this meeting. The capital report was subject to a report being separately approved by Cabinet also at this meeting. Therefore, if this approval was not obtained, a revised version of this report would be presented to Council on 18 July 2018.
2. That it be noted, that it was proposed that a total of £900,000 of the treasury underspend in 2017-2018 would be transferred into the Treasury Management Equalisation Reserve, this was subject to approval by Cabinet in the Reserves, Provisions and Balances 2017-2018 report which was also being considered at this meeting (paragraph 3.5).

- 8      **Wolverhampton Youth Justice Plan 2018-2019**  
Councillor Paul Sweet presented the Wolverhampton Youth Justice Plan 2018-2019 for approval and recommendation to Council. The Plan referred to the work of the Youth Offending Team (YOT) partnership under the oversight of the YOT Management Board and the Safer Wolverhampton Partnership. The local priorities that had been identified for Wolverhampton responded to local areas of need and also represented an alignment with the strategic priorities identified by the Youth Justice Board.

Resolved that the Cabinet recommends that Council:

Approve the adoption of the Youth Justice Plan 2018-2019.

- 9      **Draft Budget and Medium Term Financial Strategy 2019-2020**  
Councillor Louise Miles presented the Draft Budget and Medium Term Financial Strategy 2019-2020 for approval. The report provided an update on progress towards identifying additional budget reduction proposals in order to address the projected £19.5 million budget deficit for 2019-2020.

Resolved:

1. That the high-level budget strategy for 2019-2020 be approved, including directorate level budget reduction targets, for inclusion in the Draft Budget and Medium Term Financial Strategy 2019-2020, to be reported to Cabinet in October 2018.
2. That work continues between July and October 2018 to further develop and identify new budget reduction and income generation proposals towards the directorate level budget reduction targets for 2019-2020, in order to ensure that a balanced budget can be set in 2019-2020.

3. That progress on the development of budget reduction and income generation proposals be reported to Cabinet in October 2018 for approval to proceed to the formal consultation stage of the budget process.
4. That further options were explored between July and October 2018 to address the updated projected budget deficit of £3.3 million for 2019-2020 based on the Council's high-level strategy.
5. That it be noted, that a significant element of the high-level budget strategy for 2019-2020 relate to oneoff opportunities that can be achieved in 2019-2020.
6. That it be noted, that the updated projected deficit assumes the achievement of budget reduction proposals amounting to £28.3 million over the two-year period from 2018-2019 to 2019-2020.
7. 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.
8. 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 would impact upon the Council's budget. At the point that further information was known it would be incorporated into future reports to Councillors.
9. That it be noted, that the General Fund revenue outturn position for 2017-2018 was a net underspend of £781,000 (-0.35%) against the net budget requirement of £222.6 million, after meeting the net cost of redundancy and pension strain, after the use of capital receipt flexibility and, contributions to essential specific reserves, as reported to Cabinet at this meeting in the Revenue Budget Outturn 2017-2018 report.
10. That it be noted, that whilst the positive General Fund outturn position during 2017-2018, and the resulting adjustments to reserves, would help to support the Council's short term financial position, it did not address the challenging financial position that the Council finds itself in over the medium term; as detailed in this report.
11. That it be noted, that the Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget reductions and income generation proposals to meet the projected budget deficit over the medium term.
12. That it be noted, that the 2019-2020 budget timetable would, as in previous years, include an updated report presented to Cabinet in October 2018 detailing budget reduction and income generation proposals that would be subject to formal budget consultation during October – December 2018. Further to this, an update on all budget assumptions and the Provisional Local Government Settlement would be presented to Cabinet by January 2019, with the final budget report due to be approved by Full Council in March 2019.

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**Reserves Provisions and Balances 2017-2018**

Councillor Louise Miles presented the Reserves Provisions and Balances 2017-2018 for approval. The report outlined the Council's resources that were held as earmarked reserves, provisions and general balances as at 31 March 2018, taking account of the outturn position for 2017-2018.

Resolved:

1. That the transfers (to)/from earmarked reserves, provisions and general balances as detailed in tables 2, 3 and 4 be approved.
2. That the expenditure from provisions for their purposes as set out in Appendix 3 and 4, up to the value held in each provision as at 31 March 2018 be approved.
3. That authority continue to be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to allocate funds from the Budget Contingency Reserve, the Regeneration Reserve, the Efficiency Reserve, the Transformation Reserve, the Development Reserve, the Regional Work Reserve, the Enterprise Zone Business Rates Reserve, the Business Rates Equalisation Reserve, the Treasury Management Equalisation Reserve, the Pension Deficit Recovery Reserve and the Budget Strategy Reserve.
4. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to allocate funds from the Highways Management Reserve.
5. That it be noted, the level of the Council's earmarked reserves, provisions and general balances as at 31 March 2018 and the purposes for which they were being held, as detailed in Appendix 1, 2, 3 and 4.
6. That it be noted, the relevance and adequacy of earmarked reserves and general balances would be reviewed as required by the Constitution during the 2019-2020 budget setting process.
7. That it be noted, the allocation of funding from all earmarked reserves would be reported to Cabinet (Resources) Panel in the scheduled quarterly budget monitoring reports.
8. That it be noted, the Confident Capable Council Scrutiny Panel would scrutinise the use of reserves as part of the budget setting process as in previous years.
9. That it be noted, the Director of Finance considers that the overall level of all reserves, provisions and balances was sufficient to meet the likely level of obligations to be met from reserves, provisions and general balances in the short term.
10. That it be noted, the positive General Fund outturn position during 2017-2018, and the resulting adjustments to reserves, would help to support the Council's short term financial position, enabling one-off investment to support

transformation of the Council. However, it did not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £19.5 million of budget reduction and income generation proposals over the period of 2019-2020. Cabinet would be presented with a report at this meeting detailing the progress towards identifying £19.5 million of budget reduction and income generation proposals for 2019-2020.

11. That it be noted, the figures quoted in the report were still subject to statutory audit by Grant Thornton UK LLP as part of the 2017-2018 accounts closedown process.

## 11 **Revenue Budget Outturn 2017- 2018**

Councillor Louise Miles presented the Revenue Budget Outturn 2017- 2018 for approval. The report outlined the Council's revenue outturn position for 2017-2018 compared with approved budgets and targets. It was detailed that a net underspend of £781,000 had been achieved against the General Fund net budget requirement of £222.6 million, after meeting the net cost of redundancy and pension strain after the use of capital receipt flexibility, and contributions to essential earmarked reserves.

Resolved:

1. That the net surplus after taxation of £74,000 of Yoo Recruit Limited be retained by the company to enable further business development.
2. That the write off of four non-domestic rates totalling £45,817.82 be approved as detailed in Appendix 7 to this report.
3. That the write off of three sundry debts totalling £35,792.68 be approved as detailed in Appendix 8 to this report.
4. That the write off of two council tax accounts totalling £11,600.09 be approved as detailed in Appendix 9 to this report.
5. That 27 virements totalling £5.6 million be approved for transfer within directorates, as detailed in Appendix 10 to this report.
6. That it be noted the revenue outturn position for 2017-2018 for the General Fund; a net underspend of £781,000 (-0.35%) was achieved against the net budget requirement of £222.6 million, after meeting the net cost of redundancy and pension strain, after the use of capital receipt flexibility, and contributions to essential earmarked reserves.
7. That it be noted whilst the positive General Fund outturn position during 2017-2018, and the resulting adjustments to reserves, would help to support the Council's short term financial position, it did not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £19.5 million of budget reduction and income generation proposals over the period to 2019-2020. Cabinet would be presented with a report at this meeting detailing the progress towards identifying £19.5 million of budget reduction and income generation proposals for 2019-2020.

8. That it be noted a comprehensive review of all services would be undertaken following the positive 2017-2018 General Fund outturn position to identify any new budget reduction or income generation opportunities; Cabinet would be provided with an update on progress in the October 2018 budget report.
9. That it be noted the General Fund outturn position takes into account a number of proposed transfers to and from reserves and provisions for which approval was sought in the Reserves, Provisions and Balances 2017-2018 report to be presented at this meeting.
10. That it be noted that Schools which remain under the control of the City of Wolverhampton Council drew down a net £940,000 of their reserves during 2017-2018 and after adjusting for the balance attributable to academies, taking the total accumulated reserves to £6.9 million at 31 March 2018.
11. That it be noted the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £23.6 million, compared to a budgeted surplus of £16.8 million.
12. That it be noted the draft financial statements of Yoo Recruit Limited would be subject to external audit.
13. That it be noted as a result of recruitment through Yoo Recruit Limited, the Council had been able to avoid fees which would have otherwise have been incurred, including approximately £225,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency.
14. That it be noted the Collection Fund outturned with a £13.0 million surplus during 2017-2018; this resulted in an overall deficit of £200,000 to be carried forward. In 2014-2015, as a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council had no control, Cabinet approved the establishment of a Business Rates Equalisation reserve to equalise the impact of appeals on the Council. In the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting, approval was sought to increase that reserve in 2017-2018 to support the Council over the medium term.
15. That it be noted the non-domestic rates accounts totalling £372,552.17 had been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
16. That it be noted that 1,403 council tax accounts totalling £278,262.58 had been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
17. That it be noted 38 sundry debt accounts totalling £125,465.96 had been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

18. That it be noted 18 housing benefit debt accounts totalling £4,819.72 had been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

**12 ICT Capital Investment Programme 2018-2019 to 2019-2020**

Councillor Louise Miles presented the ICT Capital Investment Programme 2018-2019 to 2019-2020 for approval. The report identified the current ICT capital programme and set out the estimated ICT capital programme to fund requirements through to the end of the financial year 2019-2020. Estimated costs for the ICT capital programme for the financial years 2020-2021 to 2022-2023 were also detailed for approval.

Resolved:

1. That the reprofiling and proposed extension of the ICT capital programme for the years 2018-2019 to 2019-2020 at an additional cost of £4.0 million be approved.
2. That it be noted the additional internal resources required for the reprofiling and extension of the ICT capital programme for the years 2018-2019 to 2019-2020 had been incorporated into the 'Capital budget outturn 2017-2018 including quarter one capital budget monitoring 2018-2019' report which was also on this agenda, and would subsequently be reported to Full Council for approval on the 18 July 2018, assuming that Cabinet approval to progress with the projects was given. As the progression was dependent on that decision, if the projects were not approved, the capital programme would be reduced accordingly.

**13 Local Council Tax Support Scheme**

Councillor Louise Miles presented the Local Council Tax Support Scheme for approval and for delegated authority to approve the consultation documents. Full options had been considered and changes to the scheme would be subject to public consultation prior to consideration by Full Council. The proposals aimed to address some of the expected impacts of the roll-out of Universal Credit on the administration of the local council tax support scheme.

Resolved:

1. That the publication of a draft local council tax support scheme for consultation, for 2019-2020 onwards be approved, containing the following revisions:
  - a. A minimum change rule where changes in weekly entitlement of £3 or less were not applied.
  - b. Financial and household information used to assess entitlement to Universal Credit to be used to determine council tax support entitlement.
  - c. The notification of an award of specified benefits to count as a claim for council tax support.
2. That authority be delegated to the Cabinet Member for Resources, in consultation with the Head of Revenues and Benefits, to approve the documents to be issued for consultation.

3. That it be noted, following the outcome of the consultation a further report would be submitted to Cabinet on 23 January 2019 to enable a final scheme to be recommended to Council on 6 March 2019.

14      **Open Space Strategy and Action Plan Update**

Councillor Reynolds presented the Open Space Strategy and Action Plan Update for approval and adoption. The Open Space Strategy and Action Plan had been updated to direct investment and planning decisions on open space across the City for future years, to help the Council to secure external funding and to release surplus assets to maximise local community and regeneration benefits.

Resolved:

That the City of Wolverhampton Open Space Strategy and Action Plan Update be adopted.

15      **Right to Buy Policy Update**

Councillor Peter Bilson presented the Right to Buy Policy Update for approval and for delegated authority to agree or refuse applications to buy back former Right to Buy Properties. The report summarised the detail of the policy to deal with situations arising from former secure tenants who had exercised their Right to Buy.

Resolved:

1. That the set of criteria as set out at paragraph 3.3 of the report be adopted when considering an application to purchase a former Right to Buy property was received by the Council.
2. That authority be delegated to the Cabinet Member of City Assets and Housing, in consultation with the Service Director City Housing, for agreeing the buy back of a former Right to Buy property as set out at paragraph 3.7 of the report.
3. That authority be delegated to the Service Director City Housing for refusing applications to buy back former Right to Buy properties as set out at paragraph 3.7 of the report.
4. That the use of discretion to waive some or all of the repayment of Right to Buy Discount when a former Right to Buy property was sold on within five years in the exceptional circumstances set out in paragraph 4.4 of the report be approved.
5. That the use of the 'Request to Waive Repayment of Discount Awarded Under The Right to Buy Scheme' form at appendix 1 to assist in the collation of evidence to prove exceptional circumstances and minimise the risk of abuse and the risk of fraud as set out at paragraph 4.8 of the report be approved.
6. That as per paragraph 5.6 of the report, the Council charging professional fees to cover both legal and valuation work required when served with a notice to extend

the lease of a former Right to Buy property be approved.

7. That as per paragraph 6.7 of the report, the Council charging professional fees to cover both legal and valuation work required when served with a notice for the collective purchase of the freehold of a block of flats, where the Council currently holds the freehold be approved.

16      **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, information which was likely to reveal the identity of an individual and/or information relating to the business affairs of any particular person (including the authority holding that information).

17      **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.

18      **Acquisition of properties by the Housing Revenue Account**

Councillor Peter Bilson presented the Acquisition of properties by the Housing Revenue Account 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.