



# Cabinet Meeting

Minutes – 8 January 2014

## Attendance

### Members of the Cabinet

Cllr Roger Lawrence (chair)  
Cllr Peter Bilson  
Cllr Steve Evans  
Cllr Val Gibson  
Cllr Andrew Johnson  
Cllr Elias Mattu  
Cllr Philip Page  
Cllr John Reynolds  
Cllr Paul Sweet

### Employees

Keith Ireland	Strategic Director - Delivery
Tim Johnson	Strategic Director - Education and Enterprise
Sarah Norman	Strategic Director - Community
Robert Baldwin	Head of Service, Delivery
Dereck Francis	Democratic Support Officer

## Apologies

Apologies were received from Cllr Sandra Samuels.

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

*Item Title*  
*No.*

### MEETING BUSINESS ITEMS

#### Deferred/Withdrawn items

Cllr Lawrence deferred the report referred to at item 7 on the agenda (Council Tax Base and NNDR (Business Rates) Net Yield 2014/15) to the next meeting on 22 January 2014. He also withdrew the report referred to at agenda item 9 (Living Wage and Wolverhampton Pay Policy) for further research.

#### 2. Declarations of interests

No declarations of interests were made.

3. **Minutes of the previous meeting (4 December 2013)**

Resolved:

That the minutes of the previous meeting held on 4 December 2013 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.

**DECISION ITEMS (Amber – delegated to the Cabinet)**

5. **Draft Budget Strategy 2014/15 and Medium Term Financial Strategy**

Cllr Johnson outlined the salient points of the report on the draft budget strategy for 2014/15 and the medium term financial strategy for the five year period 2014/15 to 2018/19. The report incorporated the outcome of the further detailed budget work that had been performed over the last two months, in order to further develop the strategy to address the projected budget deficit, as well as reflecting the impact of the provisional Local Government finance settlement announced on 18 December 2013. The report focussed solely on the changes arising since the last report to Cabinet during October.

Resolved:

1. That the changes to the budget and medium term financial strategy for the five year period 2014/15 to 2018/19 for general fund services, previously approved by Cabinet on 23 October 2013, as detailed at paragraph 5 of the report and shown in the table below be approved:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
<b>Projected budget challenge – October</b>	<b>26,693</b>	<b>22,240</b>	<b>15,911</b>	<b>18,953</b>	<b>13,762</b>	<b>97,559</b>
Changes to growth projections	2,257	25	1,453	7,379	(1,130)	9,984
Changes to savings projections	2,596	(3,000)	500	(500)	-	(404)
Changes to corporate resources projections	(75)	10,603	2,901	(2,970)	6,100	15,881
<b>Net change to projected budget challenge</b>	<b>4,101</b>	<b>7,628</b>	<b>4,854</b>	<b>3,909</b>	<b>4,970</b>	<b>25,461</b>
<b>Revised projected budget challenge</b>	<b>30,793</b>	<b>29,868</b>	<b>20,765</b>	<b>22,862</b>	<b>18,732</b>	<b>123,020</b>

2. That the adapted strategy to address the increased deficit as set out at paragraph 7.7 of the report, requiring services to be cut deeper and faster be approved, namely:
  - a. Cease expenditure during the remainder of 2013/14 on all but absolutely essential items, in order to limit the call on general balances.
  - b. Subject to the outcome of budget consultation accelerate the implementation of some of the existing 165 savings proposals to bring forward a minimum of £4 million into 2014/15, in time to be incorporated into the February 2014 Cabinet budget report.
  - c. Identify a minimum of £5 million of new savings proposals, or increases in the value of the existing 165 proposals, for 2014/15, in time to be incorporated into the February 2014 Cabinet budget report, subject to consultation as necessary.
  - d. Identify a further minimum of £10 million of new savings proposals, or increases in the value of the existing 165 proposals, for 2015/16, in time to be incorporated into the July 2014 Cabinet budget report.
  - e. That a report be presented to Cabinet to change the terms of the Council's redundancy policy to statutory minimum. It should be noted that it cannot be guaranteed that the Council will be able to allow employees to access a full pension between the ages of 55 and 60 after 31 March 2014.
  - f. Review the capital programme and treasury management strategy to identify further savings
3. That the opening of a phase three of the voluntary redundancy programme with a closing date of 31 March 2014 ahead of the introduction of the revised redundancy policy be approved.
4. That the implications of the provisional local government finance settlement for the Council, as detailed at section 3.3 of the report be noted and in particular:
  - a. The £118 million (42%) cash cut in Government funding from 2010/11 to 2015/16, equivalent to a cut of £147 million (52%) in real terms.
  - b. That the provisional settlement for 2014/15, a cut of 13.2%, was in line with that in the draft budget and medium term financial strategy and, together with other minor adjustments, resulted in an increase in budgeted corporate resources of £0.754 million.
  - c. That the illustrative settlement for 2015/16 was substantially worse than projected with a cut of 19.3% (29.9% over just two years), resulting in a reduction in corporate resources compared to the medium term financial strategy of £9.851 million.

5. That The remaining projected budget deficit for 2014/15 of £14.431 million rising to £58.572 million by 2018/19 after taking account of savings proposals of £64.448 million be noted
6. That it be noted that all other aspects of the budget and medium term financial strategy for the five year period 2014/15 to 2018/19 for general fund services, previously approved by Cabinet on 23 October 2013, remain unchanged;
7. That it be noted that taking account of the revised projections, including the projected cost of redundancy, the Council's general balances could be exhausted by the beginning of 2015/16 and the Council could effectively be insolvent soon after that. Urgent action is therefore required to identify further significant savings before the 2014/15 budget is set by Full Council in March 2014.
8. That it be noted that due to the significant uncertainty facing the Council in the future, particularly relating to Government funding, pay and price pressures and demand for services, the remaining projected deficit of £58.572 million, after savings proposals, over the medium term could change significantly over the coming years as more information becomes available.
9. That it be noted that due to the scale of the projected cuts that are now required over the next five years the ability of the Council to deliver its priorities is now at significant risk.
10. That it be noted that having delivered savings in excess of £100 million since 2009/10, combined with the significant savings already proposed over the next five years, the scope to deliver further savings is ever decreasing and as a result this would almost certainly be the most challenging period that the Council has ever faced.

6. **Collection Fund – Estimated Outturn 2013/2014**

Cllr Johnson presented a report on the estimated outturn for the council tax transactions on the collection fund in 2013/14.

Cllr Lawrence reported that any outstanding council tax would continue to be collected. Slippage in the collection rate would not be acceptable and the Council would continue to work to maintain a high collection rate. He also reported that there would be some residents who had been exempt from paying council tax and but would now be required to do so and collection from some of these residents would make the high collection rate more difficult to attain.

Resolved:

1. That the payment by the precepting authorities' of their share of the deficit in equal instalments be approved.

2. That authority be delegated to the Cabinet Member for Resources, in consultation with the Assistant Director – Finance, to confirm any final changes to the forecast outturn reflecting any further information received ahead of the statutory deadline of 15 January 2014.
3. That it be noted that the estimated outturn on the collection fund's council tax transactions in 2013/14 is a cumulative deficit of £782,000.
4. That it be noted that the precepting authorities' shares of the deficit, based on each of the precepting authorities' proportion of the 2013/14 council tax bill, as approved by Council in March 2013 is calculated as follows:
  - Wolverhampton City Council £700,000
  - West Midlands Police Authority £54,000
  - West Midlands Fire and Civil Defence Authority £28,000